



Maryland Small Business Fact Sheet

Maryland Department of Commerce

1. Employer Firms in 2021ⁱ

Firms with Fewer Than 100 Employees

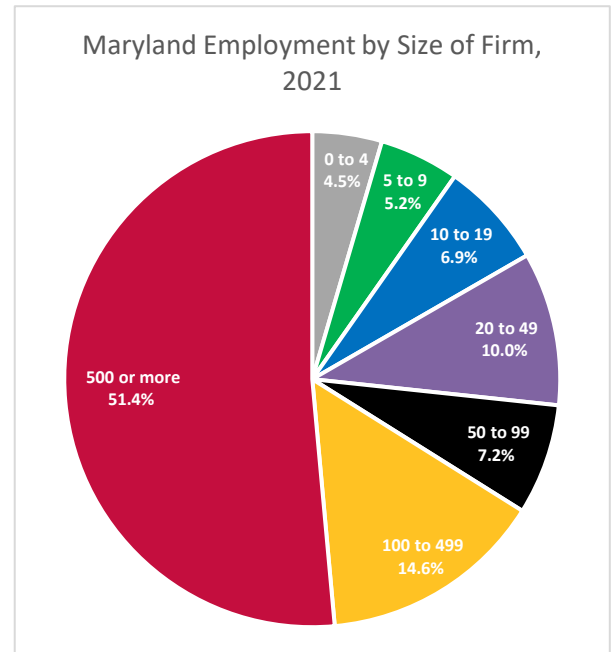
- Maryland had 106,658 firms (95 percent of all employer firms) that had fewer than 100 employees in 2021.
- These firms employed 774,188 workers, 34 percent of the workforce of employer firms in the State.
- These firms had an annual payroll of \$44.1 billion, 30 percent of total payroll that year.

Firms with Fewer Than 50 Employees

- Maryland had 103,957 firms (92 percent of all employer firms) that had fewer than 50 employees.
- These firms employed 609,265 workers, 27 percent of the workforce.
- These firms had an annual payroll of \$33.4 billion, 22 percent of total payroll.

Firms with Fewer Than 10 Employees

- Maryland had 84,192 firms (75 percent of all employer firms) that had fewer than ten employees.
- These firms employed 222,603 workers, or 10 percent of the workforce.
- These firms had an annual payroll of \$12.0 billion, 8 percent of total payroll.



Maryland Firms by Employment Size in 2021

Employment size of enterprise	Firms*	Establishments	Employees	Annual Payroll (\$1,000)
Nonemployer firms	558,928	-	-	-
Employer firms	112,425	141,217	2,283,019	149,507,952
Firms with 0 to 4 employees**	66,106	66,246	103,655	6,183,756
Firms with 5 to 9 employees	18,086	18,271	118,948	5,812,337
Firms with 10 to 19 employees	11,856	12,345	158,159	8,177,215
Firms with 20 to 49 employees	7,909	8,964	228,503	13,207,870
Firms with 50 to 99 employees	2,701	3,716	164,923	10,743,753
Firms with 100 to 499 employees	2,779	6,592	334,289	22,660,366
Firms with 500 employees or more	2,988	25,083	1,174,542	82,722,655

*A firm is an aggregation of all establishments owned by a parent company.

**An establishment with 0 employment is an establishment reporting no paid employees in the mid-March pay period, but paid employees at some time during the year.

ⁱ U.S. Census Bureau, Statistics of U.S. Businesses, 2021 from County Business Patterns (published December 21, 2023), and U.S. Census Bureau Non-Employer Statistics data 2021 (published March 26, 2024). The series excludes employees of private households, railroad employees, agricultural production employees, and most government employees.



Firms with 500 or More Employees

- Maryland had 2,988 firms (3 percent of all employer firms) that had 500 or more employees.
- These firms employed 1.2 million workers, or 51 percent of the workforce.
- These firms had an annual payroll of \$82.7 billion, 55 percent of the State's total payroll.

2. Nonemployer Firmsⁱ

Businesses without paid employees, such as operating a family-run corner store, acting as a real estate agent, pet sitting, blogging, and snowplowing, are referred to as nonemployer businesses. The majority of all business establishments in the United States are nonemployer firms, yet these firms average less than 4 percent of all sales and receipts nationally. The definition of a nonemployer business is one that has no paid employees or payroll, has annual business receipts of \$1,000 or more (\$1 or more in the construction industries), and is subject to federal income taxes.

- In 2021 there were 558,928 nonemployer firms in Maryland, or approximately 83 percent of all firms in the state that year.
- The largest share of nonemployer firms were in Montgomery County with 22 percent of the State total, followed by Prince George's with 16.5 percent and Baltimore County with 14 percent.
- Maryland's nonemployer firms had sales of \$26.5 billion in 2021, approximately 4 percent of Maryland's total business sales.
- At 15 percent, the largest share of Maryland nonemployer firms were engaged in services related to the Professional, Scientific, or Technical Services sector. The share of nonemployer firms in the Transportation and Warehousing sector rose to 14.8%, making it the second-largest sector for nonemployer firms. Many of the nonemployer firms in this sector were classified in NAICS 4853, "Taxi and Limousine Service," which covers rideshare workers.
- A nonemployer business can be unincorporated or incorporated, although incorporated nonemployers are rare, as the owner is considered an employee of the venture and would have to avoid payroll to be considered a nonemployer.
- Most nonemployer firms are organized as individual proprietorships, and may or may not be the owner's principal source of income.
- A nonemployer business may operate from its owner's home address or from a separate business location. Each distinct business income tax return filed by a nonemployer business is counted as an establishment.

3. Self-Employment

In 2015 Maryland's self-employment rate - the proportion of total employment made up of self-employed workers - was 8.6%. The U.S. rate in that year was 10.1%.ⁱⁱ

Data on self-employment and nonemployer businesses are similar, but different in important ways. Because most business ventures are unincorporated one-person operations, data on self-employment and nonemployers overlap significantly. The difference between the two is that a self-employed person is generally earning the majority (or all) of their income from their self-

ⁱ U.S. Census Bureau, 2021 Nonemployer Statistics, published March 26, 2024

ⁱⁱ Bureau of Labor Statistics, Spotlight on Statistics, March 2016



employment, while a nonemployer business can also include employment that does not represent the main source of income for a worker (e.g. “gig” jobs).

The tax status of a self-employment venture can be unincorporated (generally sole proprietors filing Schedule Cs with their personal tax returns) or incorporated. Approximately half of Maryland’s self-employed workers were incorporated in 2015, the last year for which detailed data was available.

4. Maryland Business Ownership by Race, Ethnicity, Gender, and Veteran Status (Covers employer businesses only and includes all business sizes)

According to the 2021 Annual Business Survey:

- Maryland was home to 104,579 employer businesses with 26,606 of these firms owned by minorities and 24,615 owned by women.
 - Minority-owned firms employed a total of 224,566 workers and had payroll of \$12.1 billion.
 - Women-owned firms employed a total of 231,842 workers and had payroll of \$11.8 billion.
- There were 7,793 African American-owned firms with payroll, employing 77,808 workers. Payroll for these firms totaled \$4.8 billion.
- There were 4,851 Hispanic-owned firms with payroll, employing 34,872 workers. Payroll for these firms totaled \$1.5 billion.
- There were 13,721 Asian American-owned firms with payroll, employing 109,842 workers. Payroll for these firms totaled \$5.7 billion.
- There were 5,951 Veteran-owned firms with payroll, employing 62,291 workers. Payroll for these firms totaled \$4.4 billion.
- There were 12,822 family-owned firms with payroll, employing 196,505 workers.
- There were 14,045 immigrant-owned firms with payroll in 2020, the last year that data was available on this topic.

Maryland held the following rankings among the states for women and minority business ownership in 2021 (ranking includes D.C.):

- **Sixth** in the percentage of minority-owned firms as a share of all firms with paid employees (25.4%).
- **Second** in the percentage of women-owned firms as a share of all firms with paid employees (23.5%), exceeded only by Florida.
- **Third** in the percentage of African American-owned firms as a share of all firms with paid employees (7.5%), exceed only by Washington, D.C. and Georgia.
- **Eighth** in the percentage of Asian-owned firms as a share of all firms with paid employees (13.1%).
- **14th** in the percentage of Hispanic-owned firms as a share of all firms with paid employees (4.6%).

Maryland ranked **15th** in the percentage of veteran-owned firms as a share of all firms with paid employees (5.7%) and **44th** in the percentage of family-owned firms (24.7%) in 2021. It ranked **eighth** in the percentage of immigrant-owned firms (23.5%) in 2020.



5. Glossary of Terms

Annual Payroll

Total annual payroll includes all forms of compensation, such as salaries, wages, commissions, bonuses, vacation allowances, sick-leave pay, and the value of payments in-kind (e.g., free meals and lodgings) paid during the year to all employees.

Employment

Paid employment consists of full and part-time employees, including salaried officers and executives of corporations, who were on the payroll in the pay period including March 12. Included are employees on sick leave, holidays, and vacations; not included are proprietors and partners of unincorporated businesses.

Establishments

Generally, an establishment is a single physical location where business is conducted or services or industrial operations are performed. However, for nonemployers we count each distinct business income tax return filed by a nonemployer business as an establishment. A nonemployer business may operate from its owner's home address or from a separate business location.

Firm

A firm is a business organization consisting of one or more domestic establishments in the same state and industry that were specified under common ownership or control. The firm and the establishment are the same for single-establishment firms. For each multi-establishment firm, establishments in the same industry within a state will be counted as one firm- the firm employment and annual payroll are summed from the associated establishments.

Nonemployer

A nonemployer business is one that has no paid employees, has annual business receipts of \$1,000 or more (\$1 or more in the construction industries), and is subject to federal income taxes.

Receipts

Includes gross receipts, sales, commissions, and income received from trades and businesses, as reported on annual business income tax returns. Business income consists of all payments received for services rendered by nonemployer businesses, such as payments received as independent agents and contractors.

Sole proprietors

Some may refer to the self-employed or nonemployers as sole proprietors, but this is not always the case. Self-employed individuals can choose to incorporate or file as sole proprietors. Nonemployers can also be unincorporated or incorporated, although incorporated nonemployers are rare, as the owner is often considered an employee of the venture and would have to avoid payroll to be considered a nonemployer.