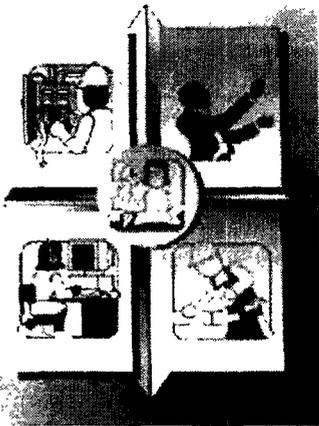


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U.S. Census Bureau**NONEMPLOYER
STATISTICS****PURPOSE AND USE OF NONEMPLOYER STATISTICS**

Nonemployer statistics provide U.S. and subnational economic data by industry for businesses without paid employees that are subject to federal income tax. The series is useful for studying the economic activity of small businesses at various geographic levels. Businesses use the data for analyzing market potential, measuring the effectiveness of sales and advertising programs, and developing budgets. Government agencies use the data for administration and planning.

Most types of businesses covered by the Census Bureau economic statistics programs are included in the nonemployer statistics. Tax-exempt businesses are excluded. All of the Agriculture, Forestry, Fishing, and Hunting sector, except crop and animal production, are covered in nonemployer statistics; these industries typically are not covered in other Census Bureau economic programs. Nonemployer businesses are generally small, such as real estate agents and independent contractors. Although nonemployers constitute a large part of the business universe in terms of number of establishments, they contribute a relatively small portion of the overall sales and receipts data.

Nonemployer statistics have been released every 5 years since 1972, for years ending in "2" and "7" for selected industries in conjunction with economic census publications. Comparability of data over time may be affected by definitional changes for establishments, activity status, industrial classifications, and processing methodology. For more details on these changes, see the section "Comparability With Other Data." The 1997 Nonemployer Statistics was part of the 1997 Economic Census Core Business Statistics Series, and also was the first release of an annual series. The year of the report represents the reference year for which data are collected.

SOURCES OF DATA

Nonemployer statistics data originate chiefly from administrative records of the Internal Revenue Service (IRS). Data are primarily comprised of sole proprietorship businesses filing IRS Form 1040, Schedule C, although a small percentage of the data is derived from filers of partnership and corporation

tax returns that report no paid employees. These data undergo complex processing, editing, and analytical review at the Census Bureau to distinguish nonemployers from employers, correct and complete data items, and form the final nonemployer universe.

INDUSTRY, GEOGRAPHY, AND LEGAL FORM OF ORGANIZATION CLASSIFICATIONS

New Industry Classifications

The Nonemployer Statistics is published based on the North American Industry Classification System (NAICS). For more information on NAICS, go to <http://www.census.gov/epcd/www/naics.html>

The nonemployer statistics series includes the following NAICS sectors:

Sector	Description
11(pt)	Agricultural Support, Forestry, Fishing, and Hunting
21	Mining
22	Utilities
23	Construction
31-33	Manufacturing
42	Wholesale Trade
44-45	Retail Trade
48-49	Transportation and Warehousing
51	Information
52	Finance and Insurance
53	Real Estate and Rental and Leasing
54	Professional, Scientific, and Technical Services
56	Administrative and Support and Waste Management and Remediation Services
61	Educational Services
62	Health Care and Social Assistance
71	Arts, Entertainment, and Recreation
72	Accommodation and Foodservices
81	Other Services (except Public Administration)

Nonemployer statistics data are tabulated by industry as defined in the manual entitled North American Industry Classification System: United States, 1997, with some exceptions. Investment Funds, Trusts, and Other Financial Vehicles (NAICS subsector 525) are excluded from nonemployer statistics. Crop Production (NAICS subsector 111), Animal Production (NAICS subsector 112) and Management of Companies and Enterprises (NAICS sector 55) also are excluded from nonemployer statistics.

Nonemployer establishments coded to Department Stores (NAICS industry group 4521), Hospitals (NAICS subsector 622), New Car Dealers (NAICS industry 44111), and Rail Transportation (NAICS industry 48211) are assumed to be misclassified and are reclassified as General Merchandise Stores (NAICS subsector 452), Other Ambulatory Health Care Services (NAICS industry group 6219), Used Car Dealers (NAICS industry 44112), and Support Activities for Transportation (NAICS subsector 488), respectively. Similarly, nonemployer establishments classified in Oil and Gas Extraction (NAICS industry group 2111) that are located in areas without oil and gas production are reclassified as Other Financial Investment Activities (NAICS industry group 5239).

Sources for assigning nonemployer statistics industry classifications are the Social Security

Administration, the Internal Revenue Service (IRS), and the Bureau of Labor Statistics. Industry classifications derived from the IRS are self-classified by tax filers.

The industry titles used in this series are the short NAICS titles; complete descriptions are contained in the manual entitled North American Industry Classification System: United States, 1997. A limited number of NAICS classifications are available to administrative-record filers. Thus, nonemployer data are compiled for a subset of NAICS codes. Because of this, data for nonemployers generally are provided at broader levels of industry detail than data for employers.

The NAICS codes identified in nonemployer statistics are further restricted to those NAICS codes that are common to all legal form of organization classifications assigned to nonemployer businesses. For those nonemployer businesses that were unclassified, NAICS classifications were imputed by assigning the code of a nonemployer business with comparable receipts located in the same county. Two to 10 percent of the nonemployer universe have imputed NAICS values. For more information, refer to Appendix C, Coverage and Methodology.

Geography Classification

The nonemployer statistics data series provides summary tabulations for Metropolitan Statistical Areas (MSA), each county (and county equivalent), each state, the District of Columbia, and the United States.

Most geography codes are derived from the business owner's mailing address identified in administrative records. For administrative-record data, the filing address determines the geography code. In some instances, geography codes determined by filing address misrepresent where business is actually conducted.

A record is not included in the nonemployer tabulations if the geographic codes are invalid or represent a military site or foreign location. The independent cities in Virginia and the cities of Baltimore, MD, Carson City, NV, and St. Louis, MO, are treated as separate counties. Puerto Rico and Outlying Areas are not included in the nonemployer tabulations.

Legal Form of Organization Classification

The legal form of organization for nonemployer businesses is determined primarily by the business tax return filed. Nonemployer statistics presents U.S.-level data by the following legal forms:

- Individual proprietorships
- Partnerships
- Corporations

DEFINITIONS OF BASIC DATA ITEMS

Establishments

Generally, an establishment is a single physical location at which business is conducted or services or industrial operations are performed. However, we count each distinct business income tax return filed by a nonemployer business as an establishment. Nonemployer businesses may operate from a home address or a separate business location. Most geography codes are derived from the business owner's mailing address, which may not be the same as the physical location of the business.

Receipts

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

The composition of nonemployer receipts may differ from that of the related data item that is published for employer establishments. For example, for wholesale agents and brokers without payroll, the receipts item contains commissions received or earnings. In contrast, for wholesale agents and brokers with payroll, the sales item published in the 1997 Economic Census represents the value of the goods involved in the transactions.

COMPARABILITY WITH OTHER DATA

Earlier Nonemployer Statistics

The comparability of data with previous nonemployer statistics series may be affected by the following changes:

The change to NAICS codes in 1997.

The change to imputing industry classifications for unclassified nonemployer businesses. Prior to 1997, unclassified businesses were excluded from the nonemployer tabulations.

The inclusion of more industry sectors; prior to 1997, previous nonemployer tabulations covered businesses in the Services, Retail, Finance, Insurance, Real Estate, Transportation, Communications, Utilities, and Construction sectors.

The change to providing county- and MSA-level data for all industry sectors in 1997.

DATA WITHHELD FROM PUBLICATION

In accordance with U.S. Code, Title 13, Section 9, no data are published that would disclose the operations of an individual business. Because the preponderance of nonemployer statistics data items originate with the IRS, we adhere to both Census Bureau and IRS disclosure guidelines. For U.S.- and state-level data, we publish the number of establishments and receipts in a data cell only if it contains three or more nonemployer businesses. For county- and MSA-level data, we publish the number of establishments and receipts in a data cell only if it contains ten or more nonemployer businesses. According to Census Bureau disclosure rules, when a small number of nonemployer businesses have a dominant share of receipts in a data cell, establishments and receipts are suppressed to protect the dominant businesses. These suppressions are assigned a flag of "D."

If more than 40 percent of either receipts or establishments in a published row are imputed, we suppress both items because the data do not meet publication standards. These suppressions are assigned a flag of "S." The "D" and "S" flags indicate that there are establishments engaged in economic activity for that industry level, but that the number of establishments and receipts cannot be shown. Data cells that fail both conditions are assigned a flag of "D."

DATA PRODUCTS

Electronic Data Formats

Nonemployer statistics series data are available electronically in CD-ROM and hypertext table (html) formats for U.S., state, county, and MSA levels and in Portable Document Format (PDF) for U.S. and state level only. No printed publications of 1997 Nonemployer Statistics are available. However, our Customer Service Branch will print and bind the pdf version for a fee. See contact information below.

The NAICS classifications common to all three legal form of organization classifications assigned to nonemployer businesses are shown in the tabulations. Only those NAICS classifications with economic activity are displayed.

The Nonemployer Statistics CD-ROM contains menu-driven access software. The CD-ROM also includes software for creating nonemployer data files compatible with popular database and spreadsheet software. The CD-ROM is a powerful software tool to search and manipulate nonemployer data.

The nonemployer statistics data products on html and PDF can be accessed at <http://www.census.gov/epcd/nonemployer/>. In order to view the PDF files, you will need the Adobe Acrobat Reader which is available for free from the Adobe Web site at <http://www.adobe.com>. Two tabulations are presented in PDF. The U.S.-level tabulation presents the number of establishments and receipts by NAICS industry and by legal form of organization. The state-level tabulation presents number of establishments and receipts by NAICS industry.

For information and options to order Nonemployer Statistics data products, contact:

Customer Services Branch
Marketing Services Office
U.S. Census Bureau
Washington, DC 20233

Telephone: 301-763-INFO

Internet address: <http://www.census.gov/mp/www/censtore.html>

Special Tabulations

For more information on nonemployer statistics, contact:

U.S. Census Bureau
Economic Planning and Coordination Division
Register Analysis Branch
Washington, DC 20233

Telephone: 301-763-2580

Fax: 301-457-4433

E-mail: epcd.nonemployer.statistics@census.gov

ABBREVIATIONS AND SYMBOLS

The following abbreviations and symbols are used in this data series:

(D) - Withheld to avoid disclosing data for individual businesses; data are included in broader industry

totals.

(S) - Withheld to avoid releasing data that do not meet publication standards; data are included in broader industry totals.

NAICS - North American Industry Classification System

PMSA - Primary Metropolitan Statistical Area

CMSA - Consolidated Metropolitan Statistical Area

MSA - Metropolitan Statistical Area

Source: U.S. Census Bureau, EPCD, Nonemployer Statistics.
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