

Fast Facts on California's Small Businesses

Compiled by: Assembly Committee on Jobs, Economic Development, and the Economy
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Small businesses play an essential role in California's industry sectors and regional economies, generating an annual payroll of \$231.8 billion in 2015.¹ The definition of a small business varies by program and industry. Small businesses are in some cases defined by the number of employees and in other cases are defined by gross receipts and/or other financial data. In this fact sheet, we will use the small business definition of 0 - 99 employees.

California's Economy

- In 2017, California's Gross Domestic Product was \$2.7 trillion², which was 14.2% of the total U.S. GDP of \$19.4 trillion.³
- California has the 5th largest economy in the world, as compared to other major countries.⁵
- In April 2018, California had a labor force of 19.4 million people and an unemployment rate of 4.2%.⁶
- California ranked 1st in the nation for number of patents issued by the U.S. Patent and Trademark Office in 2015, with a total 43,609 patents granted. This accounts for 13.4% of all patents granted in 2015 to U.S. and foreign country of origin applicants.⁷
- California ranked 4th among the 50 states in the 2016 Milken Institute's State Science and Technology Index. The index ranks states based on research and development dollars, number of patents issued, venture capital investment, and business startups.⁸
- The San Francisco-Redwood City-South San Francisco region was ranked 4th in the Best-Performing Large Cities Index for 2017. The Professional, Scientific, and Technical Services sector experienced 46% job growth over the five-year period ending in 2016.⁹
- In the 2018 State Business Tax Climate Index, California ranked 48th overall in the nation. California ranked 32nd in corporate tax, 50th in individual income tax, 41st in sales tax, 13th in property tax, and 13th in unemployment insurance tax.¹⁰

Country	GDP	Country	GDP
United States	19.39 trillion	Brazil	2.06 trillion
China	12.02 trillion	Italy	1.94 trillion
Japan	4.87 trillion	Canada	1.65 trillion
Germany	3.69 trillion	Korea	1.54 trillion
California*	2.75 trillion	Russia	1.53 trillion
United Kingdom	2.63 trillion	Australia	1.38 trillion
India	2.61 trillion	Spain	1.31 trillion
France	2.58 trillion		

Source: Department of Finance⁴

Small Business Facts in the United States

- There were 5.8 million small businesses in the United States in 2015, making up 98.2% of all private firms in the nation.¹¹
- California, New York, Florida, and Texas had the largest number of small businesses in the nation, respectively, totaling 34.5% of all small businesses in the U.S. in 2015.¹²
- California had the most number of small businesses among the 50 states, with 721,121 small businesses or 12.4% of all small businesses in the nation in 2015.¹³
- Small businesses in the United States employed 41.4 million employees in 2015, which accounts for 33.4% of all private sector employees in the nation. In California, small businesses employed 5 million employees, or 34.9% of California's private sector employment and 4.0% of the nation's private sector employment.¹⁴

Small Business Facts in California

- Among all private sector employers in California in 2015, small businesses total 721,121 firms, or 97.4% of all firms in the state.¹⁵
- Small businesses employed 34.9% of California's private sector employees and paid 27.1% of the state's private sector payrolls in 2015.¹⁶
- Changes in Small Business Firms & Employment in California (from 2012 to 2015):
 - The number of small businesses increased 5.4% from 684,183 to 721,121.¹⁷
 - The number of employees employed by small businesses increased 6.9% from 4.7 million to 5 million.¹⁸
- In 2015, there were 581,339 (78.5%) businesses with 9 or fewer employees; 656,542 (88.7%) businesses with 19 or fewer employees; and 721,121 (97.4%) businesses with 99 or fewer employees.¹⁹

California Business Employment Size and Annual Payroll

No. of Employees	0-4	5-9	10-19	20-99	100-499	500+
Percent of All Firms	61.9%	16.7%	10.2%	8.7%	1.8%	0.8%
Percent of all Employment	5.0%	5.7%	7.0%	17.2%	13.9%	51.2%
Percent of All Annual Payroll	4.9%	3.8%	4.9%	13.5%	13.1%	59.9%

Source: 2015 County Business Patterns²⁰

- The top three industry sectors for the percentage of the sector made up of small business in 2015 were: Other Services (except Public Administration) (98.6%); Construction (98.5%); and Real Estate and Rental and Leasing (98.2%).²¹
- The top three industry sectors for the percentage of the sector made up of small business employees in 2015 were: Other Services (except Public Administration) (68.0%); Construction (65.2%); and Real Estate and Rental and Leasing (55.1%).²²

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¹ U.S. Census Bureau, 2015 County Business Patterns, <https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html>, accessed May 16, 2018

² Department of Finance, CA World Ranking 2017, http://www.dof.ca.gov/Forecasting/Economics/Indicators/Gross_State_Product/, accessed May 16, 2018

³ Department of Finance, CA World Ranking 2017, http://www.dof.ca.gov/Forecasting/Economics/Indicators/Gross_State_Product/, accessed May 16, 2018

⁴ Department of Finance, CA World Ranking 2017, http://www.dof.ca.gov/Forecasting/Economics/Indicators/Gross_State_Product/, accessed May 16, 2018

⁵ Department of Finance, CA World Ranking 2017, http://www.dof.ca.gov/Forecasting/Economics/Indicators/Gross_State_Product/, accessed May 16, 2018

⁶ EDD, Labor Market Review, April 2018, <http://www.labormarketinfo.edd.ca.gov/Publications/Labor-Market-Analysis/calmr.pdf>, accessed May 22, 2018

⁷ U.S. Patent and Trademark Office, Patent Counts by Country, State, and Year, http://www.uspto.gov/web/offices/ac/ido/oeip/taf/cst_all.htm, accessed May 17, 2018

⁸ Milken Institute, 2016 State Technology and Science Index, <http://statetechandscience.org/statetech.taf?page=state&state=CA>, accessed May 17, 2018

⁹ Milken Institute, 2017 Best-Performing Cities, <https://assets1c.milkeninstitute.org/assets/Publication/ResearchReport/PDF/BPC-US-2017-WEB-REVISED2.pdf>, accessed May 17, 2018

¹⁰ Tax Foundation, 2018 State Business Tax Climate Index, https://files.taxfoundation.org/20171016171625/SBTCLI_2018.pdf, accessed May 17, 2018

¹¹ U.S. Census Bureau, 2015 County Business Patterns, <https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html>, accessed May 17, 2018

¹² U.S. Census Bureau, 2015 County Business Patterns, <https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html>, accessed May 17, 2018

¹³ U.S. Census Bureau, 2015 County Business Patterns, <https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html>, accessed May 17, 2018

¹⁴ U.S. Census Bureau, 2015 County Business Patterns, <https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html>, accessed May 17, 2018

¹⁵ U.S. Census Bureau, 2015 County Business Patterns, <https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html>, accessed May 17, 2018

¹⁶ U.S. Census Bureau, 2015 County Business Patterns, <https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html>, accessed May 21, 2018

¹⁷ U.S. Census Bureau, 2012 County Business Patterns, <https://www.census.gov/data/tables/2012/econ/susb/2012-susb-annual.html>, and U.S. Census Bureau, 2015 County Business Patterns, <https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html>, accessed May 21, 2018

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¹⁹ U.S. Census Bureau, 2015 County Business Patterns, <https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html>, accessed May 21, 2018

²⁰ U.S. Census Bureau, 2015 County Business Patterns, <https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html>, accessed May 21, 2018

²¹ U.S. Census Bureau, 2015 County Business Patterns, <https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html>, accessed May 21, 2018

²² U.S. Census Bureau, 2015 County Business Patterns, <https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html>, accessed May 21, 2018