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Self-employment in Idaho

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What we'll cover today

1. Defining self-employment
2. The numbers: Scale and trends
3. New business formation and startups
4. Idaho in geographical context
5. Outlook and what to watch



Why self-employment matters

Who is self-employed in Idaho?

- A rancher who also runs an equipment-repair business on the side
- A freelance designer working from a home office in Coeur d'Alene
- An independent trucker hauling freight through the Magic Valley
- A licensed contractor building homes in the Treasure Valley

Why it matters

- Often the first step in forming a new business, before the first hire
- An outlet for skilled trades, professional services and creative work
- Scheduling flexibility that can support caregiving, rural living or a gradual move into retirement

Key terms

Figure 1. Key terms

Term	Definition
Nonemployer establishment	A business with no paid employees other than the owner. The U.S. Census Bureau's term for most sole proprietorships, independent contractors and gig businesses.
Sole proprietor	An individual who owns an unincorporated business and reports its net income or loss on a personal federal tax return, typically on Schedule C.
Entrepreneurship rate	New business establishments (startups) per 1,000 participants in the civilian labor force.
Business application (EIN)	An application to the IRS for an Employer Identification Number, usually a new business's first federal registration step. Most never become payroll-employing businesses.
Startup failure rate	The share of new business establishments that close within one year of opening.
Small business (SBA definition)	For most measures here, a firm with fewer than 500 employees.
Census Bureau NES-D	The U.S. Census Bureau Nonemployer Statistics by Demographics, which provides nonemployer business counts by demographic characteristics including sex, ethnicity and race.

Source: Idaho Department of Labor

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What counts as self-employment?

- Sole proprietors: Own an unincorporated business and report its income on a personal tax return.
- Independent contractors and gig workers: Paid per project or task rather than as employees.
- Nonemployer firms: Businesses with no paid employees other than the owner (the U.S. Census Bureau's term).
- Incorporated self-employed: Organized as a partnership or S-corporation, often for liability or tax reasons.

Motivations vary just as widely

- Some are self-employed as a primary occupation, while others are alongside a traditional job. Some value autonomy and flexibility, others want supplemental income and others are building towards a business with employees.

Three ways of counting

Figure 2. Three measures of self-employment in Idaho, 2023

Measure	What it counts	Idaho, 2023	Source
Nonemployer/gig	Businesses with no paid employees. This is most sole proprietors and independent contractors.	165,145 establishments	U.S. Census Bureau, Nonemployer Statistics
Sole proprietor (tax filers)	Individuals reporting business or profession net income on a federal return.	154,470 returns	IRS, Statistics of Income
Incorporated self-employed	Partnership and S-corporation pass-through income, entities. This also includes passive partners and investors.	74,630 returns	IRS, Statistics of Income

These numbers do not add up, and they are not supposed to.

- They overlap heavily. Many nonemployer businesses are run by the same people who file as sole proprietors. Read the table as three lenses on one population, not as a head count to be summed.

Source: U.S. Census Bureau, Internal Revenue Service, Statistics of Income

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Where the numbers come from

Figure 3. Primary data sources used in this presentation

Source	What it is used for
U.S. Census Bureau	Nonemployer Statistics, County Business Patterns, NES-D, Business Formation Statistics and the Annual Business Survey. This includes business counts, receipts, industry, county and firm-size detail.
Internal Revenue Service	Statistics of income: Sole-proprietor and partnership returns, self-employment tax and statewide income totals.
U.S. Bureau of Labor Statistics	Labor force and payroll employment series. Business Employment Dynamics for startup survival.
U.S. Small Business Administration	Annual state rankings used for the cross-state comparisons.

- Where the department calculates its own estimates from underlying data, the estimates are labeled each time they appear.



A methodology note

- The 2022 Nonemployer Statistics revision

Data comparability

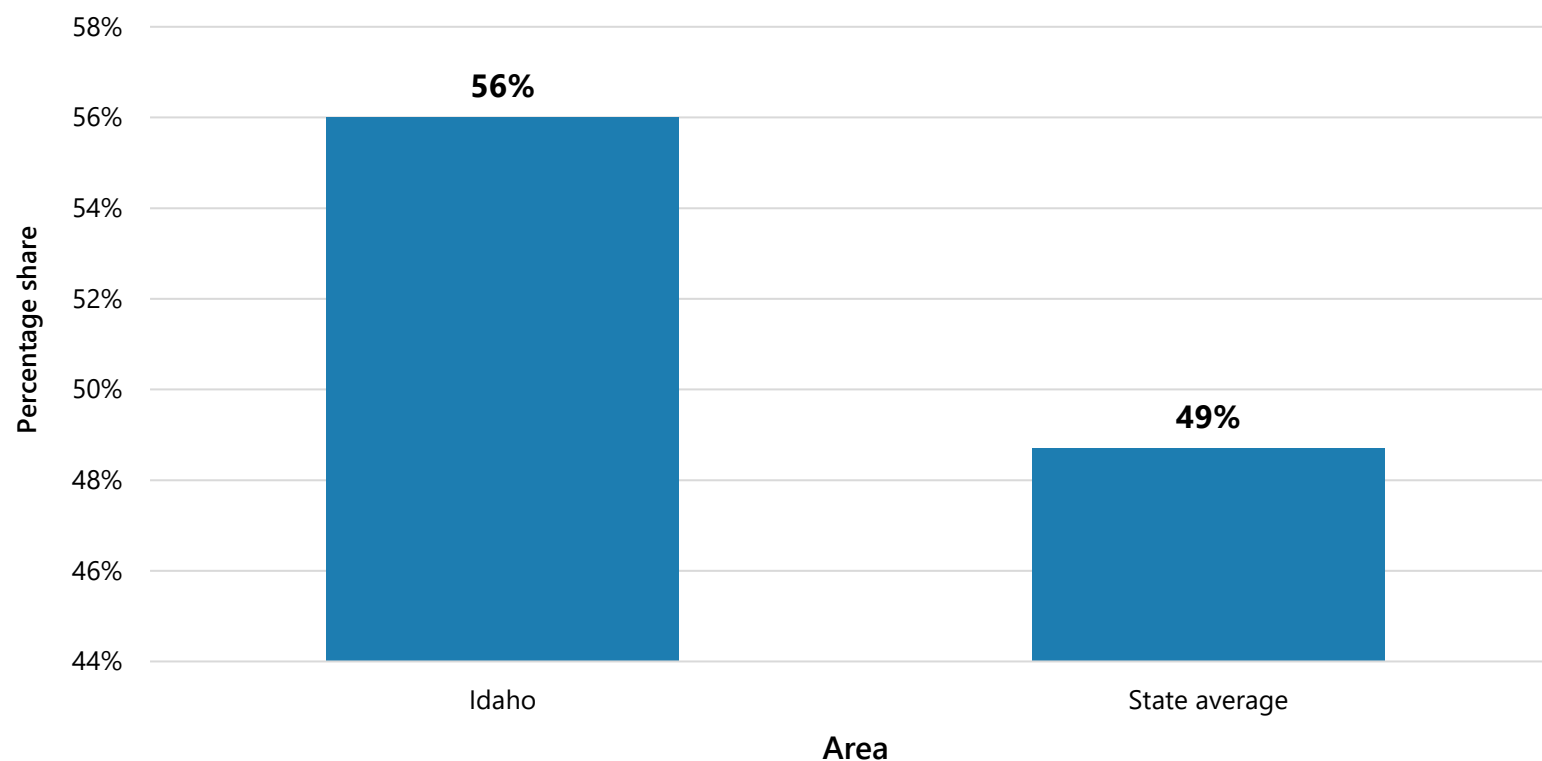
- In 2022 the U.S. Census Bureau updated the Nonemployer Statistics program. It adopted the 2022 NAICS industry classification system and revised the receipt-size cutoffs that determine which businesses are counted.
- The 2021-to-2022 change should therefore not be read as a perfectly clean, uninterrupted trend. Values before and after 2022 remain broadly comparable in direction and magnitude, but any year-over-year comparison spanning 2021 to 2022 deserves caution.
- The direction of the trend is unaffected: Growth is visible on both sides of the break.
- A precise 2021-to-2022 percentage change should be treated with caution.
- Growth was consistent on both sides of the break: over 6.0% in 2021 and over 3.8% in 2022.

A man wearing a light blue jacket, dark green pants, and a brown baseball cap is kneeling on a concrete ledge. He is holding a white bucket and pouring water into a concrete channel. A fish is visible in the water. The background shows a paved area and concrete steps.

The numbers: Scale and trends

Idaho versus average of states

Figure 4. Small-business share of private employment, Idaho and state averages, 2025



- Idaho ranks 6th of 51.
- More than half of all private-sector jobs in Idaho are located at a small business, a firm with fewer than 500 employees, which is the Small Business Administration's standard definition.

Source: U.S. SBA, state rankings, 2025

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Nonemployer businesses per labor force participant

- Estimated self-employment rate, Idaho (not an officially published federal rate)

≈ 17.0%

Estimated rate, 2023

≈ 15.6%

Estimated rate, 2017

Over 1.4 pts

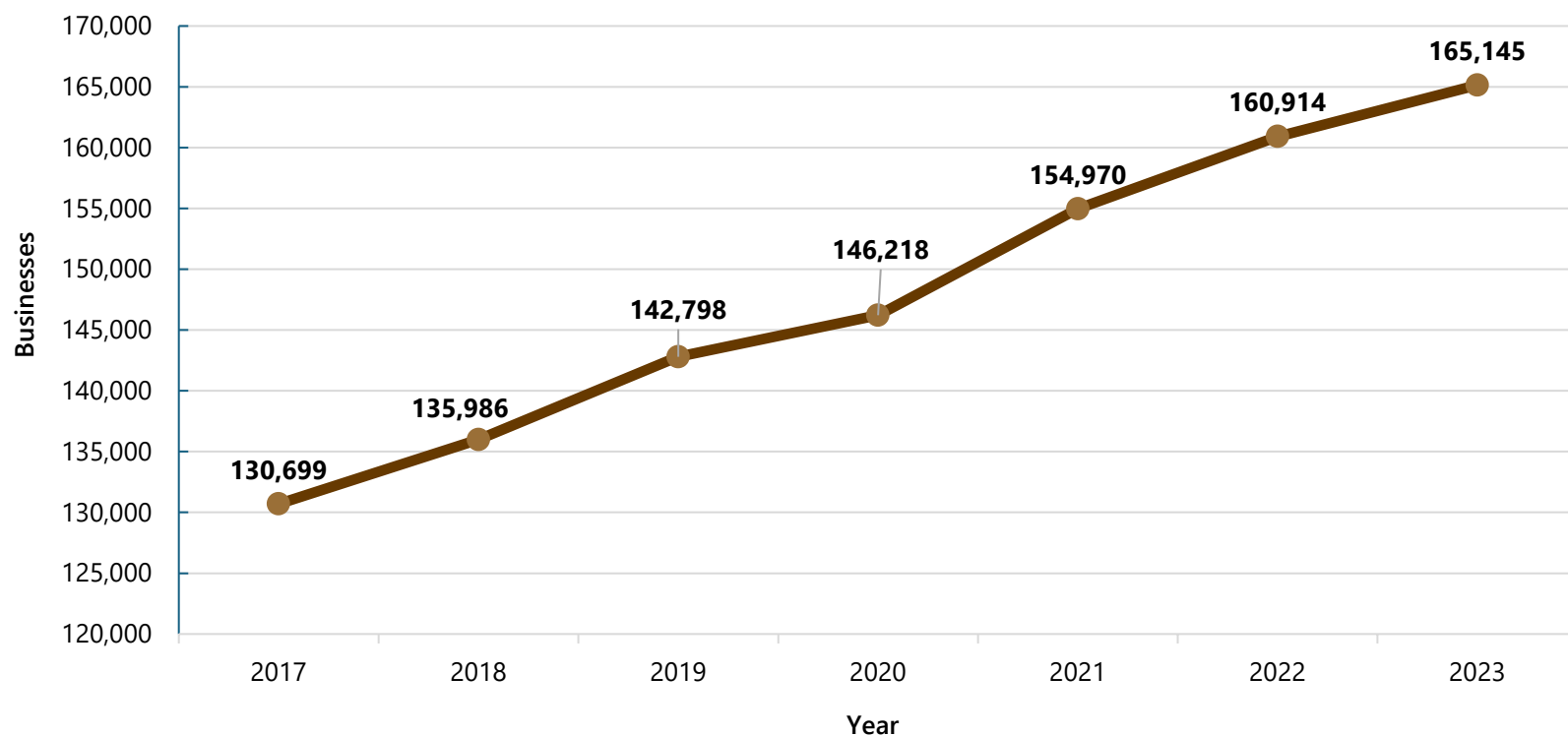
Change, 2017 to 2023

How the estimate is built

- Nonemployer establishments ÷ average annual civilian labor force.
- No federal survey publishes a comparable annual self-employment rate for Idaho, so this proxy is built from two published series. It is a department estimate. Note the 2017–2023 span crosses the 2022 methodology break. ⚠ *Census Nonemployer Statistics revised in 2022; treat 2021→2022 change with caution.*

Nonemployer businesses

Figure 5. Nonemployer establishments, Idaho, 2017–2023



2017 to 2023:

- Over 26.4% growth in establishments
- Labor force grew to 15.8% so growth relative to the labor force is about 9%

△ Census Nonemployer Statistics revised in 2022; treat 2021→2022 change with caution.

Source: U.S. Census Bureau, Nonemployer Statistics

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Revenue growth

- Nonemployer receipts increased twice as fast as the number of businesses

\$5.89B

Receipts, 2017

\$9.24B

Receipts, 2023

Over 56.8%

Growth in receipts

What this shows

- Idaho did not simply add more self-employed businesses. Receipts increased 56.8% while the number of businesses increased 26.4%.
- Average receipts per establishment increased from about \$45,100 in 2017 to about \$56,000 in 2023 (Department calculation from two published figures). These are nominal dollars, not adjusted for inflation.

Note: Methodology break as data crosses 2022.

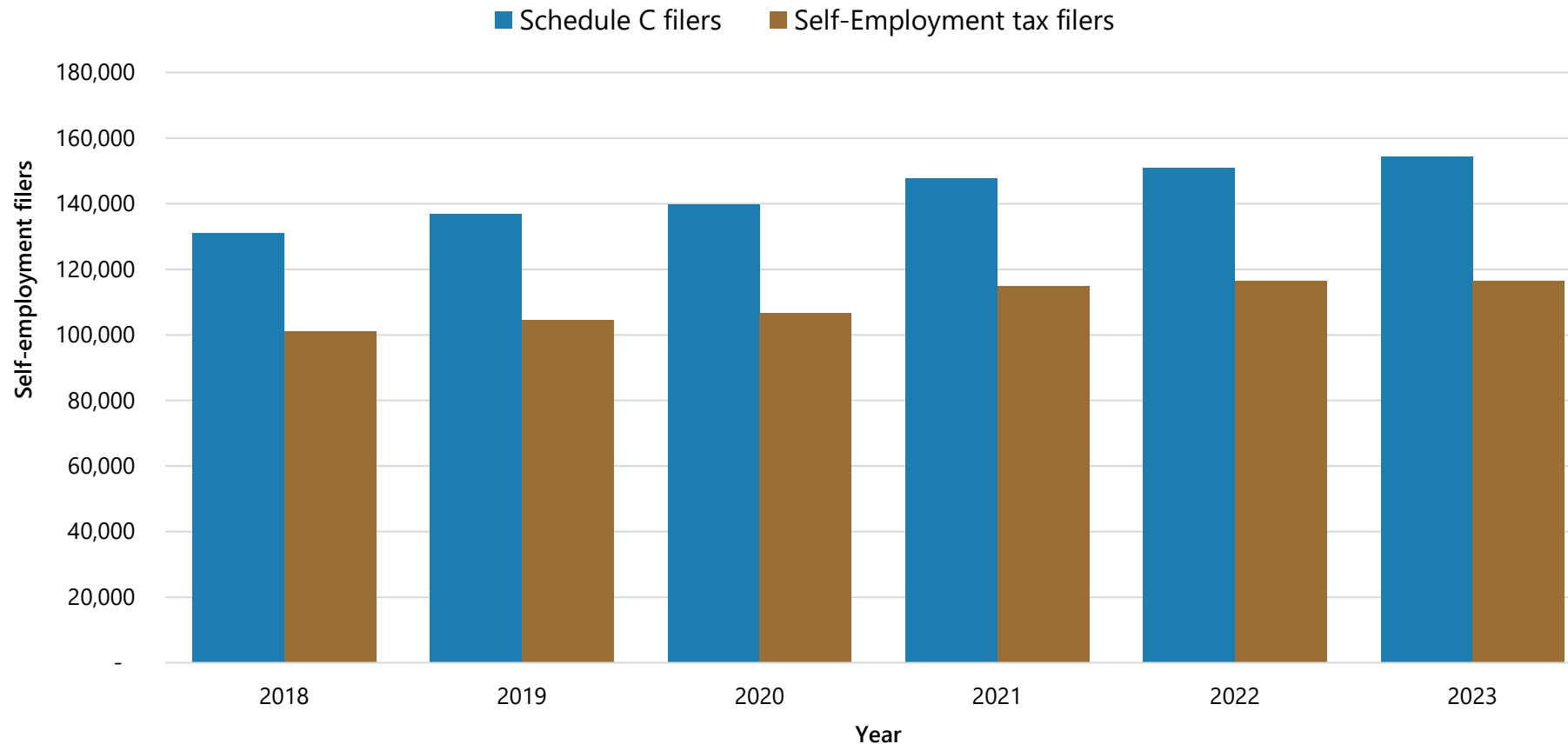
Source: U.S. Census Bureau, Nonemployer Statistics

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Tax filings

Figure 6. Schedule C filers and self-employment tax filers, Idaho, 2018–2023



- 2018 to 2023
- Schedule C: +17.8%
- 131,130 to 154,470
- SE tax filers: +15.3%
- 101,100 to 116,610

Source: Internal Revenue, Statistics of Income, Idaho

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Income in context

Figure 7. Sole-proprietor income compared with total Idaho adjusted gross income, 2018 and 2023

Measure	2018	2023	Change
Sole-proprietor net business income	\$1.51 billion	\$1.93 billion	Over 27.9%
Total Idaho adjusted gross income (AGI)	\$49.7 billion	\$76.1 million	Over 53.0%
Business income as a share of AGI	3.0%	2.5%	-0.5 pts
Self-employment tax paid	\$300.2 million	\$405.5 million	Over 35.1%

What this does and does not mean

- Self-employment income increased, but total Idaho income increased faster, so sole-proprietor income has decreased comparatively over time. Adjusted gross income (AGI) includes wages, investment income, and other sources, which can increase at different rates.

Employer businesses

- Employer businesses and nonemployer businesses both increased, 2017–2023

+21.8%

Employer establishments
(47,257 to 57,557)

+22.0%

Employment at those establishments

+26.4%

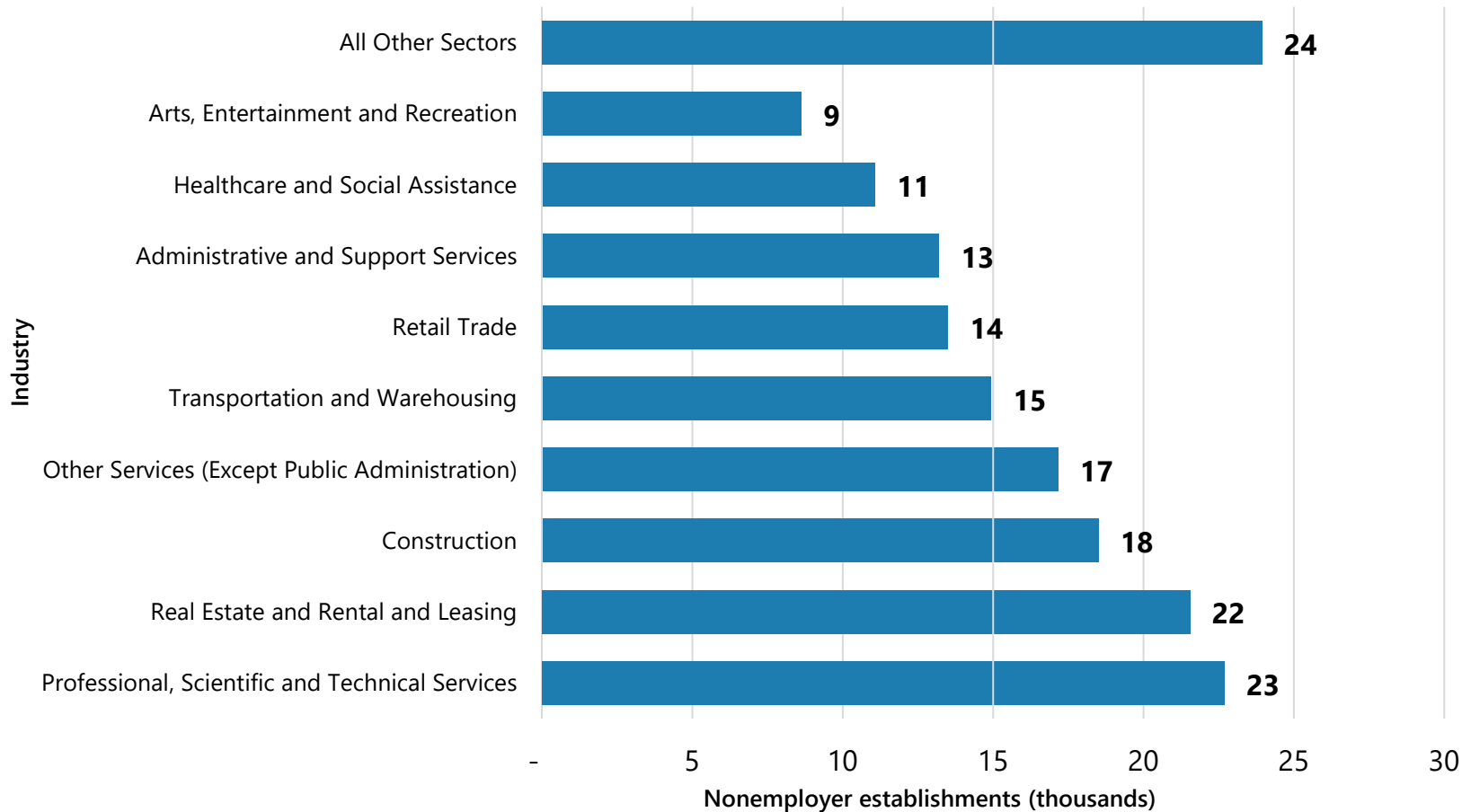
Nonemployer establishments

Reading the comparison

- Both segments of Idaho's business community increased. Self-employment increased somewhat faster than the employer base, but this is a story of both increasing together, not of one replacing the other.

Nonemployer industries

Figure 8. Nonemployer establishments by industry, Idaho, 2023



Receipts

- Real estate: \$2.16B
23.4% of receipts from
13.0% of establishments



Broader context

Primary versus supplemental work

- The sources do not distinguish self-employment as someone's main occupation from self-employment pursued alongside a traditional job. Both are counted identically.

Informal activity is undercounted

- Tax-based and business-registration sources miss the most informal end of the spectrum. This includes cash-based side work, casual gig activity below tax-filing thresholds and unregistered microenterprises.
- Treat these figures as a reliable picture of the formal, measurable self-employment economy. The true scale of all self-employment activity in Idaho is likely somewhat higher.



Broader context (cont.)

Rural and urban Idaho may differ

- Rural areas may see self-employment driven more by agriculture and skilled trades. Urban and suburban areas, particularly the fast-growing Treasure Valley, may see more in professional services and real estate. These are estimates, not firm data points.

Demographic impacts

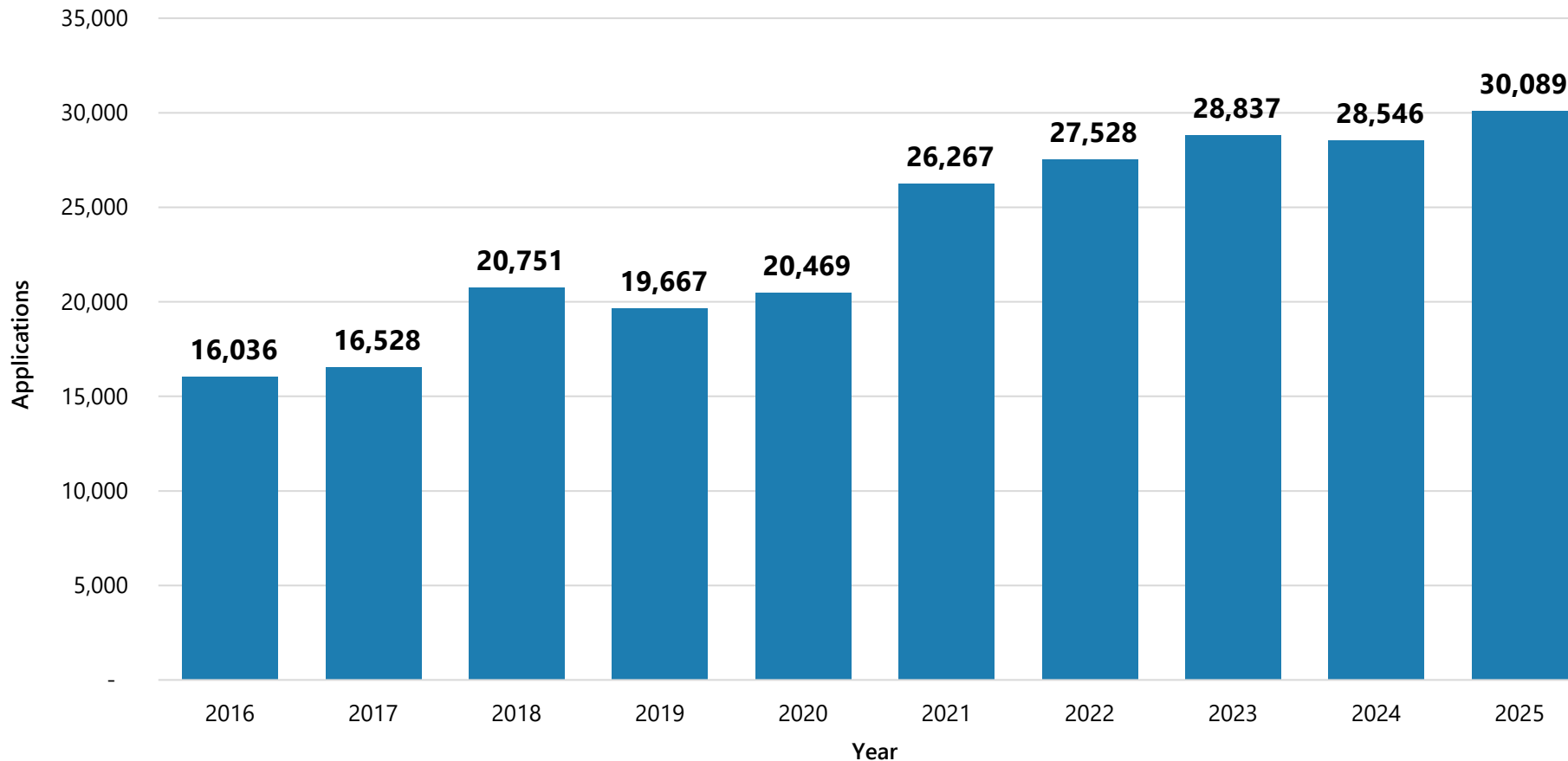
- The data does not explain why differences exist or how experiences vary by geography, income, industry or other factors.
- National research on entrepreneurship finds that self-employment experiences vary across groups. Family embeddedness and caregiving responsibilities are frequently cited as factors for some entrepreneurs.
- Context from the broader research literature, not Idaho-specific findings.

A close-up photograph of a person's hands working on a small, orange, cylindrical robot. The robot has several black wires connected to its top. The person is wearing a blue shirt. In the background, there are some papers and a computer mouse on a desk. The text "New business formation and startups" is overlaid in the center of the image.

New business formation and startups

Business applications

Figure 9. Business applications filed, Idaho, 2017–2025



2016 to 2025

- Over 85.9% growth in applications
- Per 1,000 in the labor force: 19.7 to 29.9
- Most applications never become employers

Source: U.S. Census Bureau, Business Formation Statistics (via FRED)

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Two similar statistics

- Applications versus establishments opened (Not comparable as they measure different things.)

~30,100

Business applications filed

~10,400

Establishments opened by small businesses

- Counts EIN applications in a recent year. The majority come from sole proprietors, contractors and other nonemployer businesses that never hire staff.
- Counts a narrower group: Small businesses that actually opened and began hiring employees.

Entrepreneurship and survival

- Startup activity and first-year survival, Idaho

5.9

Idaho startups per 1,000 in the labor
force (average, 1994-2025)

4.6

U.S. average, same measure

25.5%

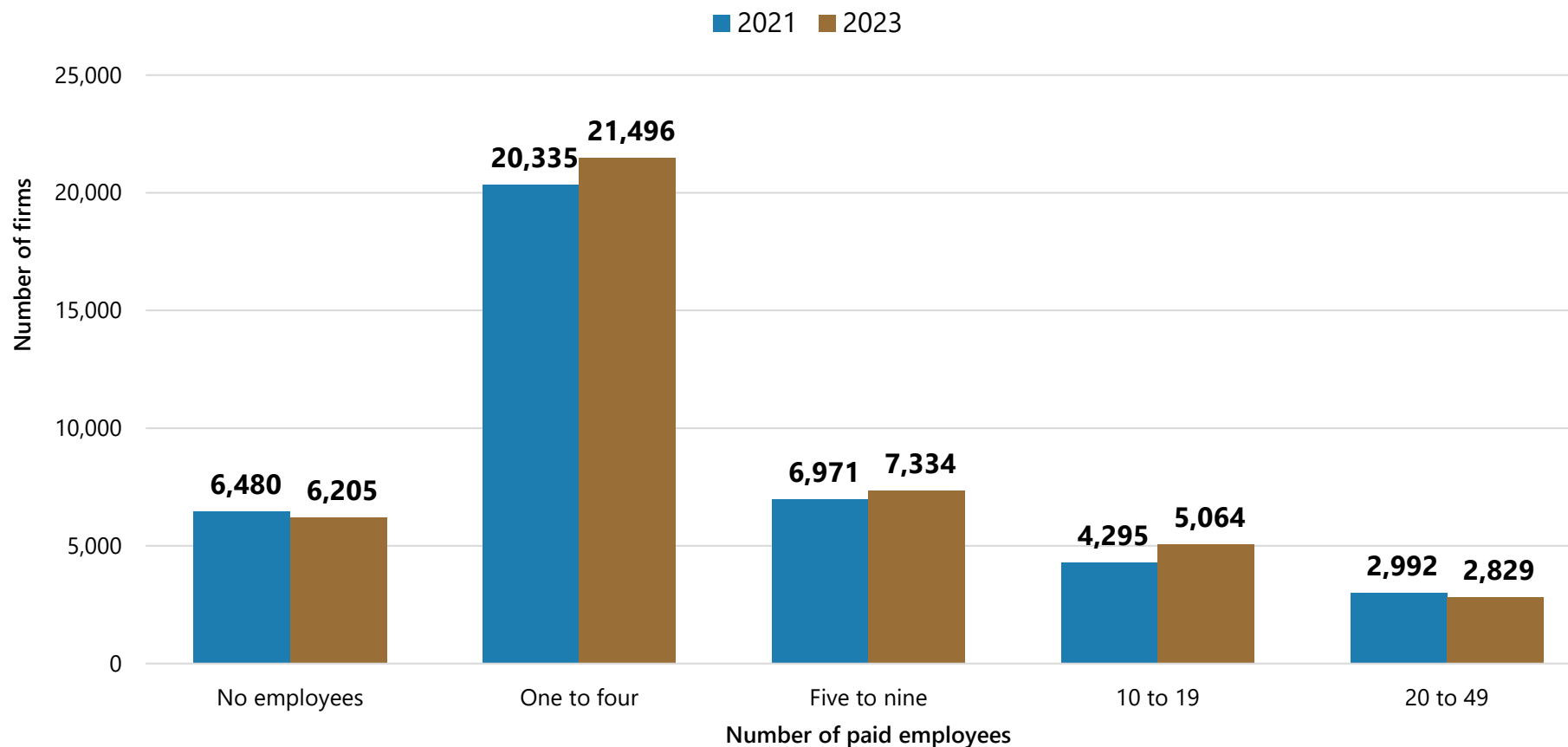
Idaho first-year failure rate, 2023
(30.5% in 2022)

Survival is improving

- The share of new Idaho establishments closing within their first year decreased from 30.5% in 2022 to 25.5% in 2023. Roughly three out of four new Idaho establishments are still in business after a year.

Small employer firms

Figure 10. Employer firms by number of employees, Idaho, 2021 and 2023



Firms under 500 employees

- 44,662 in 2023
an increase from 42,807 in 2021
- The one to four employee class peaked at 22,540 in 2022

A welder wearing an orange hard hat and an orange t-shirt with "I AM OWN" printed on the back is working on a large metal structure. Sparks are flying from the welding point. The background is a plain, light-colored wall.

Idaho in geographical context

Small-business benchmarks

Figure 11. Idaho small-business indicators and rank among 50 states and D.C., 2025

Measure	Idaho	Rank (of 51)	U.S. average
Small-business share of employment	56.0%	6th	48.7%
Veteran-owned business share	7.4%	13th	6.3%
Women-owned business share	46.2%	15th	44.7%
Net new jobs from small businesses	17,233	21st	23,895
Hispanic-owned business share	7.5%	25th	9.9%
Establishments opened by small businesses	10,350	32nd	—
Number of small businesses	207,670	36th	—

- Sorted by Idaho's rank, strongest first. Idaho leads on the structural measure and sits mid-pack on measures that scale with population.

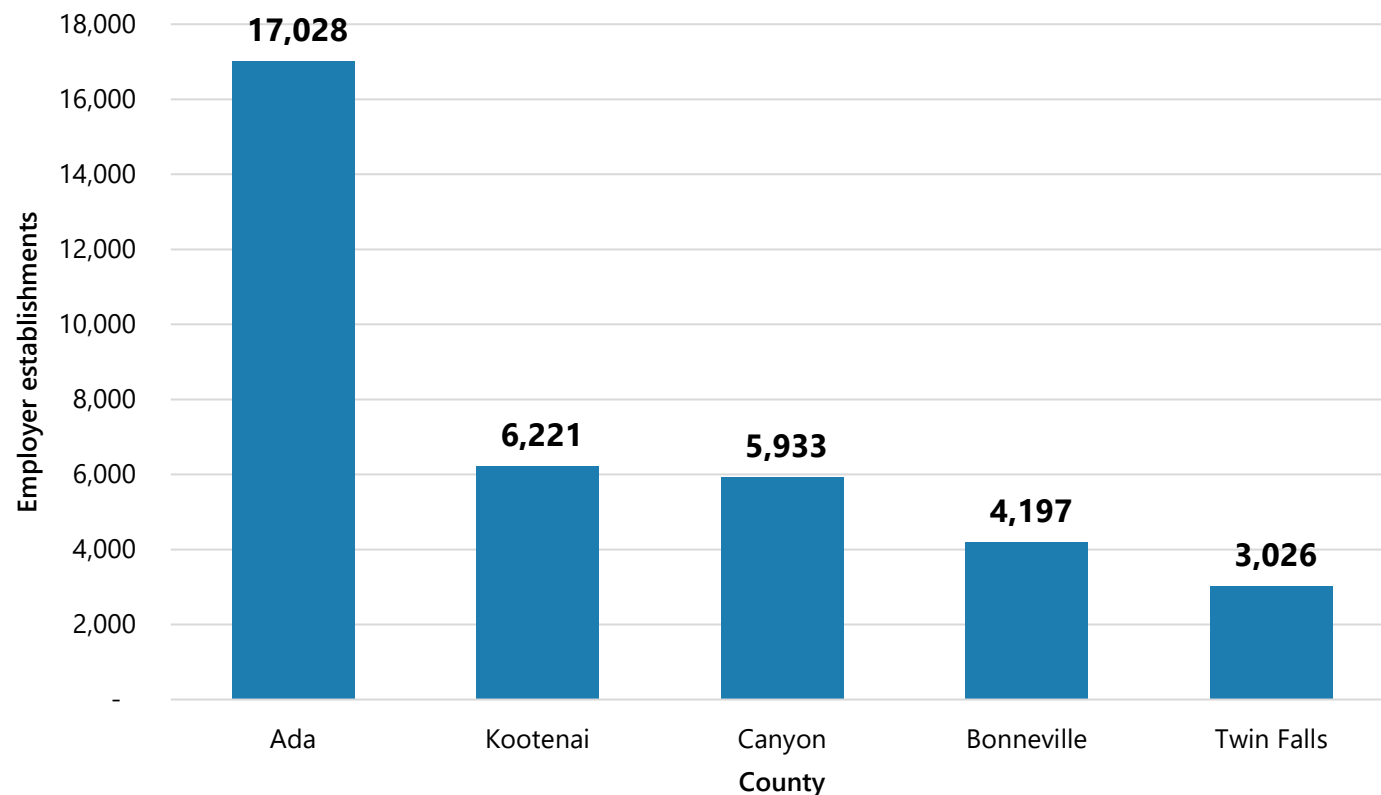
Source: U.S. Small Business Administration state rankings, 2025 vintage

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County business density

Figure 12. Employer establishments in the five largest Idaho counties, 2023



Source: U.S. Census Bureau, County Business Patterns, 2023

Figure 13. County employment

County	Establishments	Employment
Ada	17,028	243,004
Kootenai	6,221	64,571
Canyon	5,993	72,117
Bonneville	4,197	63,119
Twin Falls	3,026	34,229



A caveat on county data

- Employer businesses, not self-employment

This county view shows employer businesses, not self-employment

- The previous slide counts businesses with at least one paid employee. It does not count nonemployer, or self-employed, businesses.
- The reason is a data limitation: The U.S. Census Bureau's Nonemployer Statistics data reviewed for this report is available for Idaho at the state level and not by county.
- Read the county chart as general employer-business density across Idaho.



Outlook and what to watch

The broader economy

- Idaho labor market, January 2016 to June 2026 - Labor force, unemployment, and payroll jobs

1,000,382

Civilian labor force, June 2026
(810,355 in January 2016)

3.7%

Unemployment rate, June 2026
(3.8% in January 2016)

Over 29.9%

Nonfarm payroll jobs: 682,700 to
886,500

Why this matters for reading the self-employment numbers

- A labor market growing on all of these dimensions at once suggests Idaho's self-employment growth has largely occurred alongside, rather than as a substitute for, growth in wage-and-salary employment. Distinguishing cause from coincidence is beyond what this data can support.

The numbers at a glance

Figure 14. Summary of headline findings

Metric	Latest value	Change
Nonemployer establishments (2023)	165,145	Over 26.4% since 2017
Nonemployer receipts (2023)	\$9.24 billion	Over 56.8% since 2017
Sole-proprietor tax filers (2023)	154,470	Over 17.8% since 2018
Idaho Department of Labor self-employment rate estimate (2023)	≈17.0%	Over 1.4 pts since 2017
Small-business share of employment (2025)	56.0%	6th nationally
Business applications filed (2025)	30,100	Over 85.9% since 2016
Startup failure rate, one year (2023)	25.5%	A decrease from 30.5% in 2022

- Seven measures, from several independent sources, pointing in the same direction.

Source: See individual slides

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Factors to monitor

Figure 15. Variables that have historically mattered for self-employment and new business activity

Factor	Why it is worth watching
Population growth	Idaho's self-employment growth occurred during sustained population increases, which expands both the customer base and the labor pool. A decrease would be a relevant factor to track.
Economic cycles and interest rates	New business formation and self-employment nationally tend to be sensitive to economic cycles and the cost of borrowing, which affect a prospective owner's decision to start or expand.
Data methodology continuity	The U.S. Census Bureau's 2022 revision to Nonemployer Statistics means trend comparisons spanning 2021 to 2022 continue to be flagged.



Summary

Scale and growth:

- Idaho has 165,145 nonemployer businesses generating \$9.24 billion in receipts, an increase of 26.4% and 56.8% since 2017. Tax filings from a separate agency show the same upward trend.

Formation and survival:

- Business applications increased 85.9% from 2016 to 2025, and the share of new establishments closing in their first year decreased from 30.5% to 25.5% between 2022 and 2023.

National context:

- Small businesses hold 56.0% of Idaho private employment, 6th in the nation. On measures that scale with population, Idaho sits mid-pack.

How to read these numbers:

- Always ask which population a statistic is counting: businesses, tax filers, or employers; applications or actual openings.



Thank you. Any questions?

Need more information?

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