



**JOHNSTON BUSINESS  
LAW GROUP**

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**Testimony Before the Government, Labor, and Elections  
Committee of the Maryland House of Delegates Regarding HB  
1229 Consumer Protection and Labor and Employment, Food  
Services Facilities and Minimum Wage**

**INTRODUCTION**

My name is Matthew Johnston, and I am the Founder and Attorney at the Johnston Business Law Group in Frederick, MD. My practice focuses on advising small business owners through all stages of their life cycle, from formation and registration, operations, to mergers, acquisitions, litigation if needed, and termination. More than 70% of the work I do for my clients focuses on advising clients through the various regulatory and statutory conditions under which they operate and much of that work is in the field of employment law, including advice on wage and hour laws.

All but a very small handful of my clients are considered very small businesses, often employing fewer than ten people. The overwhelming majority of my clients employ fewer than five people. In short, my clientele are the very businesses who are most likely to be deeply impacted by HB 1229. I believe it is entirely possible that some of my clients will not be able to remain in business if the minimum wage is increased to \$25 per hour, no matter how long the phase-in may be.

This statement is not provided at the request of any client. This statement is mine alone and should not be attributed to any client or other small business in the state.

I strongly urge the General Assembly to oppose and not pass into law a reckless piece of legislation that will further damage a state that does not appear to favor small business owners.

**EXECUTIVE SUMMARY**

Any proposal to raise Maryland's minimum wage to \$25 per hour must be evaluated in light of the State's economic structure and public-sector fiscal commitments. Small businesses, defined as firms with fewer than 500 employees, make up roughly 99.5% of all Maryland employers and employ nearly 49% of the State's workforce, according to the most recent U.S. Small Business Administration data. These small firms generally operate with thin margins and limited ability to absorb sharp labor-cost increases without reducing hours, raising prices, cutting staff, or closing. Experimental and local reporting in Maryland suggest small business owners view large minimum wage hikes as unsustainable and potentially detrimental to business viability.

A dramatic increase to \$25, a 67% rise above the current \$15 standard for most Maryland employers, would significantly raise labor costs for low-wage occupations. Because small firms are highly labor-intensive and have less scale and pricing power than larger corporations, they would bear a disproportionate share of cost burdens that could ripple throughout the State's economy.

The public budgetary impact is also material. Medicaid is a core part of Maryland's fiscal landscape, totaling approximately \$17.6 billion in FY 2023. About 28.7% of Medicaid spending is devoted to long-term services and supports (LTSS), including home- and community-based services (HCBS). HCBS is a growing portion of that spending, involving labor-intensive care delivered one-on-one in community settings. Medicare and Medicaid rulemaking now requires states to ensure that at least 80% of HCBS payments go toward direct care worker compensation by 2030, further cementing the link between workforce wages and Medicaid reimbursements.

In Maryland, Medicaid HCBS waivers deliver personal care and homemaker services, often at wage levels near typical market rates for aides. A \$25 wage floor would, all else equal, raise the cost of Medicaid-funded HCBS labor costs substantially. Simple extrapolation from state HCBS spending trends suggests that a significant wage uplift could increase HCBS expenditures by hundreds of millions of dollars annually — with corresponding increases in both federal and state shares of Medicaid costs. In a state where Medicaid already accounts for more than one-fifth of total spending, these added costs would exert pressure on taxpayers and force difficult budgetary trade-offs.

Balanced policy should weigh wage growth objectives against the economic capacity of small employers and the fiscal sustainability of essential public programs like Medicaid.

## **IMPACTS FOR MARYLAND'S BUSINESSES**

Any discussion about sharply increasing Maryland's minimum wage must be grounded in the structure of the State's economy and the capacity of its employers to absorb labor-cost shocks. According to the most recent *Small Business Economic Profile* produced by the U.S. Small Business Administration (SBA), small businesses, defined as firms with fewer than 500 employees, account for approximately 99.5 % of all businesses in Maryland and employ 48.8 % of the state's workforce. *See, 2025 Maryland Small Business Profile*, attached as Ex. 1.

While nearly half of Maryland's workforce is employed by small businesses, those firms constitute well over 99 % of all employers in the Maryland and often have far fewer economic buffers than large corporations. A dramatic minimum wage increase to \$25.00 per hour would therefore disproportionately impact these small employers, threatening business continuity, increasing operational risk, and ultimately altering the State's employment landscape in ways that could outweigh the intended wage benefits. Sound policy formulation requires balancing worker welfare with the economic capacity of the employers who hire and train them.

The workforce and business size distribution, where virtually all employers are small businesses, has two core implications for minimum wage policy: first, the policy's operational impact will be felt by nearly every employer in the State, and second, the affected workforce is deeply embedded in firms with different cost structures than large corporations. Where large enterprises can absorb cost increases through scale, diversified revenue streams, and bargaining power, Maryland's small employers generally operate with thin margins and limited ability to transfer costs upward.

Even recent surveys by small business organizations indicate that many small owners expect negative consequences from federally mandated minimum wage hikes; According to an NFIB survey, 74% of small business owners said that a federal minimum wage increase to \$15 per hour would have negative impacts.<sup>1</sup>

Small firms are usually more labor intensive and less able to pass cost increases on to consumers without raising prices, cutting other expenses, reducing services, or reducing hours worked by employees. Small businesses tend to pay lower wages and rely more heavily on labor for total costs compared to larger firms which expose small business owners to the damage caused by dramatic increases in wage floors. In other words, small businesses not only employ nearly half of Maryland's workforce, but they do so in cost structures that are disproportionately sensitive to mandated wage hikes.

Legislation to raise the minimum wage to \$25.00 per hour goes well beyond incremental increases and would constitute a 67% increase over the current minimum wage level of \$15.00 just a few years after Maryland small businesses have adjusted to the \$15.00 minimum wage.

Imagine a small retail business in Frederick with 10 employees, half of whom work 40 hours per week, and half working an average of 20 hours per week, all of whom have an average wage of \$17.50 per hour. At those rates, the weekly payroll for the business is \$5,250 per week, and an annual payroll of \$273,000. Add to this total approximately 15% for payroll taxes, unemployment contributions, and mandated worker's compensation insurance, annual payroll costs—without additional, sometimes mandated benefits—total \$313,950. If the business must pay \$25 per hour minimum wage for all those workers, that business' weekly payroll increases to \$7,500 per week and an annual payroll to \$390,000 and with payroll taxes, unemployment, and worker's compensation insurance, the annual payroll balloons to \$448,500. **That represents a staggering 42.9% increase in payroll costs BEFORE the costs of any benefits are applied.**

Many, if not most, small firms are simply not capitalized to absorb such a stunning increase in labor costs without reducing hours, cutting staff, raising prices, cutting benefits, or closing altogether. Such a dramatic change would raise the labor cost of every minimum-wage job statewide by tens of thousands or even hundreds of thousands of dollars annually. Furthermore, in businesses with a mix of hourly workers and salaried workers, a 67% increase in hourly wages will have second order effects of

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<sup>1</sup> <https://kabateckstrategies.com/minimum-wage-impact-businesses>, last visited Feb. 24, 2026.

forcing employers to pay non-minimum wage workers and salaried workers more as well.

When businesses have lower labor cost alternatives, such as Delaware (\$15.00 minimum wage), Pennsylvania (\$7.25 minimum wage), Virginia (\$12.77 minimum wage), and West Virginia (\$8.75 minimum wage). Given the relative geographic proximity of those jurisdictions, many businesses will consider leaving Maryland altogether.

## **Loss of Employment Opportunities**

Beyond the simple mathematics of a minimum wage increase on small business owners, the consequences for employees themselves must also be considered. Although proponents often assert that higher minimum wages boost earnings, increased labor costs borne by small businesses can translate into fewer hours, reduced benefit offerings, or even layoffs when firms adjust to maintain solvency. Historical research on the employment effects of wage floors finds mixed results across firm sizes, with certain studies identifying negative impacts on hiring among the most exposed employers.

According to the Bureau of Labor Statistics, while it is true that 57% of minimum wage workers are over the age of 25, the data shows that most of such employees work part-time.<sup>2</sup> Part-time work in sectors like retail, food service, and hospitality, typical employers of minimum-wage labor, include a mix of students, semi-retired individuals supplementing retirement income, and adults juggling work and caregiving. A one-size-fits-all \$25 wage would hit this group particularly hard: employers in these sectors already face tight labor margins and often rely on flexible hours to match consumer demand.

Many of those earning low wages are adults with real financial responsibilities often cobbling together multiple part-time jobs, a reality that means that any wage policy must consider employment opportunities, hours worked, and the stability of part-time roles alongside hourly wage levels. A sudden jump to \$25 could reduce employer flexibility, shrink part-time opportunities, or accelerate labor substitution (e.g., automation), all outcomes that often hit the very workers such policies intend to help.

California's 2024 experience of increasing the minimum wage for fast food workers from \$16 to \$20 is instructive. California's fast-food industry shed approximately 18,000 jobs and saw price increases that were double the rates of increases nationwide.<sup>3</sup> A University of Washington study on the increase of Seattle's minimum wage increase saw a 7% reduction in the number of hours worked as the minimum wage increased.<sup>4</sup> Even a modest increase in the minimum wage in Seattle produced a decrease in the number of hours worked by low wage workers as employers tried to absorb the costs of the new wage floor.

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<sup>2</sup> <https://www.bls.gov/opub/reports/minimum-wage/2024/>, last visited Feb. 24, 2026.

<sup>3</sup> <https://nypost.com/2025/07/27/business/california-20-minimum-wage-cost-state-thousands-of-jobs/>, last visited Feb. 24, 2026.

<sup>4</sup> <https://evans.uw.edu/new-evidence-from-the-seattle-minimum-wage-study/>, last visited Feb. 24, 2026.

Low wage workers are thus more likely to see fewer hours, undercutting the desired effect of increased wage earnings. Thus, in order to make ends meet, low wage workers will often find themselves juggling multiple part-time jobs to meet their personal and household financial needs.

## **IMPACTS FOR MARYLAND'S MEDICAID BUDGET**

The impact on Labor Economics is hardly the only cost that will face the citizens and lawmakers of the State. The State will face and is facing significant increases in Medicaid spending. Increasing the state minimum wage means there will be a significant impact on Maryland's Medicaid Budget. Even looking at a discrete area of home health aides, who now make an average of \$18-\$22 per hour, the increase in minimum wage will significantly add to the State's already dire budget woes.

Maryland's Medicaid program is a cornerstone of health and long-term care funding for low-income residents, seniors, and people with disabilities. In FY 2023, Medicaid expenditures in Maryland totaled about \$17.6 billion in combined federal and state funds, with the federal government covering 63.5% and the state covering 36.5% of costs. Medicaid accounted for over 21% of Maryland's total state government spending.<sup>5</sup>

A substantial portion of that spending goes to long-term services and supports (LTSS), which include both institutional care such as nursing homes and non-institutional, community-based services. In Maryland, LTSS comprises 28.7 % of Medicaid benefit spending, or \$5.05 billion annually. This reflects a national trend as states increasingly shift care to home- and community-based settings preferred by beneficiaries and often more cost-effective than institutional care. Nationally, HCBS comprised a majority share of LTSS spending in recent reports, indicating that states are investing heavily in home care options.<sup>6</sup>

### **HCBS Is a Major Medicaid Spending Category**

In Maryland, Home and Community-Based Services are delivered through the regular Medicaid program and through multiple waiver programs that allow individuals who qualify for long-term care to receive support in their homes rather than institutions.<sup>7</sup> HCBS encompasses a range of labor-intensive services, including personal care, homemaker assistance, and home health aide support for older adults and individuals with disabilities. These services are designed to help beneficiaries remain independent in their communities and avoid significantly more expensive institutional care. These services are often provided by lower-waged workers, often on a part-time basis, and often at or just above the current \$15 minimum wage.

Although Maryland's official budget reporting does not break out precise paid totals for home health aides, it does provide trend data on LTSS and HCBS expenditures

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<sup>5</sup> <https://usafacts.org/answers/how-much-does-medicaid-cost-in-the-us/state/maryland/>, last visited Feb. 24, 2026.

<sup>6</sup> <https://ltsschoices.aarp.org/scorecard-report/2023/dimensions-and-indicators/medicaid-ltss-balance-spending>, last visited Feb. 24, 2026.

<sup>7</sup> <https://health.maryland.gov/mmcp/waiverprograms/pages/home.aspx>, last visited Feb. 24, 2026.

and utilization. Available LTSS reports historically show that HCBS expenditures have grown consistently over time, indicating that more Medicaid dollars are spent on HCBS than on nursing facilities or other institutional care.<sup>8</sup>

Furthermore, national reporting shows that HCBS has become an increasingly significant share of total Medicaid LTSS spending—over half of LTSS spending for older adults and people with disabilities was going to HCBS in recent years.<sup>9</sup> This national indicator strongly suggests similar dynamics apply in Maryland, given State policy priorities on community care.

### **Medicaid Labor Costs Underpin HCBS Delivery**

HCBS services are highly labor intensive because they involve direct care workers such as home health aides, personal care attendants, and similar roles. Unlike a hospital visit or medical procedure, these services are delivered one-on-one in a beneficiary's home, often for several hours per day. As such, labor costs make up a large portion of HCBS spending.

Under the existing federal HCBS system, states set rate structures that Medicaid programs use to reimburse providers for these services. Historically, states have grappled with how reimbursement rates relate to actual labor costs, and often inaccurate and inadequate rate levels can lead to workforce shortages and reduced access to care.<sup>10</sup>

To address this and ensure access to care, the federal government finalized the Medicaid Access Rule (often referred to as the “HCBS 80/20 Rule”), which requires that at least 80% of all Medicaid payments to HCBS providers must be spent on direct care worker compensation. States and providers have generally until the end of 2030 to demonstrate compliance with this requirement.<sup>11</sup> A phased in minimum wage increase during the same time frame will complicate the adoption of the Access Rule, add to provider and worker administrative costs, and force the State to adjust all reimbursement rates in a process that is not designed to act quickly to reset rates.

This new rule enforces the link between Medicaid reimbursement rates and workforce compensation. It reflects a federal policy recognition that HCBS payment adequacy must be tied to real labor costs and that states should have transparent data on how payments are spent, including average hourly rates for personal care and home health aide services.

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<sup>8</sup> <https://health.maryland.gov/mmcp/longtermcare/SiteAssets/Pages/Nursing-Facility-Providers/MedicaidLTSSInMaryland-2016-2020-NursingFacility-ChartBook-FINAL-Nov22.pdf>, last visited Feb. 24, 2026

<sup>9</sup> <https://ltsschoices.aarp.org/scorecard-report/2023/dimensions-and-indicators/medicaid-ltss-balance-spending>, last visited Feb. 24, 2026.

<sup>10</sup> <https://www.ropesgray.com/en/insights/alerts/2024/04/cms-finalizes-hcbs-payment-adequacy-requirements-but-critical-questions-remain>, last visited Feb. 24, 2026.

<sup>11</sup> <https://www.ebglaw.com/insights/publications/cms-finalizes-medicare-access-rule-significant-changes-ahead-for-hcbs-industry>, last visited Feb. 24, 2026.

## A \$25 Minimum Wage Would Increase Medicaid HCBS Costs Significantly

If Maryland were to adopt a \$25 per hour state minimum wage, the most direct impact on Medicaid HCBS would be through increased effective labor costs for direct care workers funded by Medicaid.

Even under current conditions, many Maryland home care services (especially non-medical personal care) are reimbursed at rates roughly aligned with typical market costs near \$18–\$24 per hour for private payment as shown by cost surveys.<sup>12</sup> But Medicaid reimbursement rates often lag behind, in some case far behind, actual market wages, especially in areas with tight labor markets.

Under a \$25 wage floor, every direct care worker funded through Medicaid would effectively have a higher wage baseline, and providers would need reimbursement rates sufficient to support those wages especially given the new Access Rule. Unless the State is prepared for and more importantly actually budgets for, these increases in labor compensation without appropriate reimbursement rates, providers would face margin pressure, workforce shortages, decreased service availability, or outright closure of the business.

A simple financial extrapolation based on the latest Medicaid LTSS expenditure data illustrates the potential scale of the fiscal impact:

- LTSS spending in Maryland: ~\$5.05 billion (28.7 % of total Medicaid) in FY 2023.
- Assume HCBS is ~50 % of LTSS, consistent with national patterns means ~\$2.525 billion HCBS.
- Assume 70 % of HCBS costs are direct labor compensation, acknowledging that payment systems (like the Access Rule) push toward higher labor share equates to ~\$1.77 billion in labor costs.
- A shift from an average effective wage of ~\$18/hr. to \$25/hr. is roughly a 39 % increase in direct labor costs.

Applying that increase proportionally to the \$1.77 billion labor segment yields an estimated additional \$690 million in total HCBS spending annually ***IF*** reimbursement rates were adjusted and ***IF*** utilization remained constant. National trends and an aging population do not suggest anything remotely suggesting constant utilization.

### Broader Medicaid Budget and Taxpayer Impacts

An incremental \$690 million increase in HCBS spending would ripple through the entire Medicaid budget:

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<sup>12</sup> <https://www.insuraty.com/maryland-assisted-living-home-care-costs-and-financial-assistance>, last visited Feb. 24. 2026.

- The federal share of this increase (63.5%) would be ~\$438 million — federally funded, but still part of total program growth, assuming the federal government continues to provide 63.5% of Medicaid funds.
- The Maryland state share (36.5%) would be ~\$252 million — newly required from the state’s general fund and an annual and growing basis.
- This \$252 million would equate to roughly a 4% increase in total state Medicaid spending, before accounting for administrative costs, managed care adjustments, or enrollment growth. (As total Medicaid spending in Maryland was approximately \$17.6 billion in FY 2023.)

Given that Medicaid already comprised more than one-fifth of Maryland’s state spending in recent budget years, even modest percentage increases in labor costs and reimbursements require either tax revenue increases, expenditure reductions elsewhere, or budget reshuffling. This comes at a time when states are grappling with federal policy changes and potential funding cliffs tied to reconciliation law impacts, which could reduce federal support and force states to make difficult fiscal choices.

In a state that has struggled to balance its budget amid multi-billion dollar annual structural deficits, adding a massive, unfunded liability to the balance sheet seems imprudent at best and foolishly reckless at worst.

Add to this the administrative and reporting requirements imposed by the Access Rule — including annual publication of HCBS rates and compensation tracking by service and by state — and Medicaid agencies will face additional workload and potential compliance costs that compound the fiscal impact over time.

### **A \$25 Minimum Wage Would Burden Medicaid Budgets and Taxpayers**

A \$25 per hour minimum wage in Maryland would accelerate labor cost growth across sectors, but nowhere would the fiscal pressure be more direct and quantifiable than within Medicaid’s HCBS programs. HCBS constitutes a substantial share of Medicaid LTSS spending, is highly labor cost-intensive, and is now bound by a federal rule requiring high proportions of payment to go directly to worker compensation.

Under reasonable assumptions, the State could face hundreds of millions of dollars in annual increased Medicaid HCBS expenses, requiring either higher taxes, reallocation of general fund dollars, or cuts in other priority areas of state spending. These pressures would fall on Maryland taxpayers even as the State continues to serve vulnerable beneficiaries who depend on Medicaid for essential care.

Albeit important, this analysis looks only at one aspect of Maryland’s budget. But minimum wage increases will affect many other segments of the Maryland Budget. The State should anticipate increases in infrastructure construction costs through prevailing wage laws that will make construction projects more expensive. The State, as an employer, will be required to raise base pay for hourly workers to keep up with labor

demands or union requirements. Other union contracts may also have similar escalator clauses tied to the minimum wage for salaried workers or workers who are paid higher than minimum wage.

The minimum wage increase will be borne by the taxpayers, who despite the supposed largesse of a minimum wage increase may actually see their take home pay dramatically reduced by the taxes necessary to pay the additional costs to the State budget that a \$25 minimum wage may impose.

All this in State that doesn't seem to care for the taxpayer.

This fiscal reality underscores the importance of careful analysis and balancing labor policy with sustainable public-sector financing — especially when proposed wage changes would have disproportionate cost implications for publicly funded health and long-term care programs.

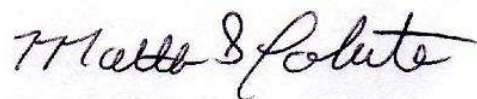
### **CONCLUSION**

House Bill 1229 would impose draconian costs upon nearly every one of Maryland's businesses. Despite the feel-good nature of a such a significant increase in the earning potential of such a move, the history of such actions often portend a loss of employment opportunities, a reduction in hours and perhaps closure of businesses. A 67% increase in the hourly wage may result in a more than 40% increase in the payroll costs for small businesses. Small businesses that do not have the financial capacity to implement and absorb the costs of such a massive increase.

But the increase will not be felt only by small, private businesses, but by the State of Maryland as well and every taxpayer who resides here.

I ask this Committee and the House of Delegates to oppose and vote AGAINST HB 1229.

Respectfully submitted,

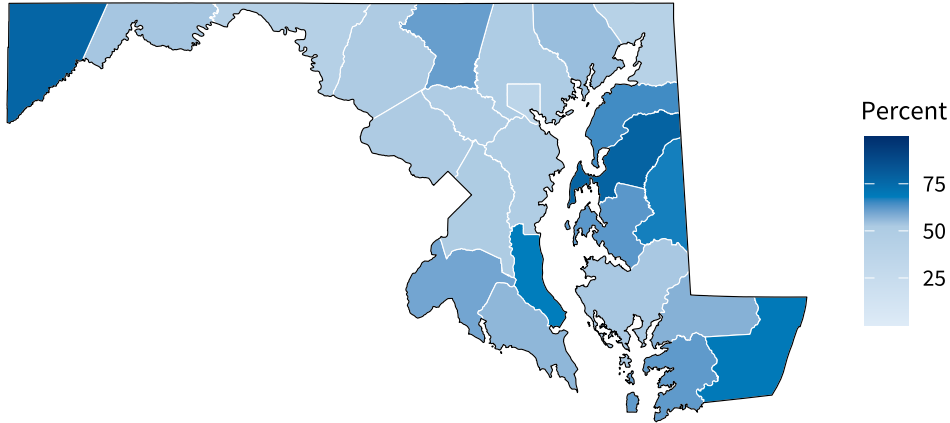
A handwritten signature in cursive script that reads "Matthew S. Johnston".

Matthew S. Johnston, Esq.

## Maryland

**696,710** small businesses  
99.6 percent of Maryland businesses

**1.2 million** small business employees  
47.9 percent of Maryland employees



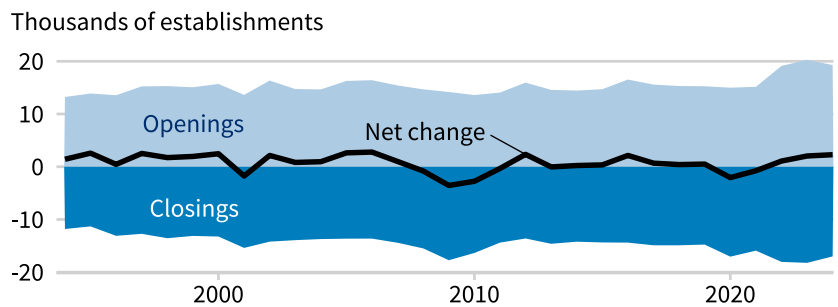
### Share of employees working at small businesses by county or independent city

Sources of original data: [Nonemployer Statistics](#) (Census), [Statistics of U.S. Businesses](#) (Census)

## Employer and employment dynamics

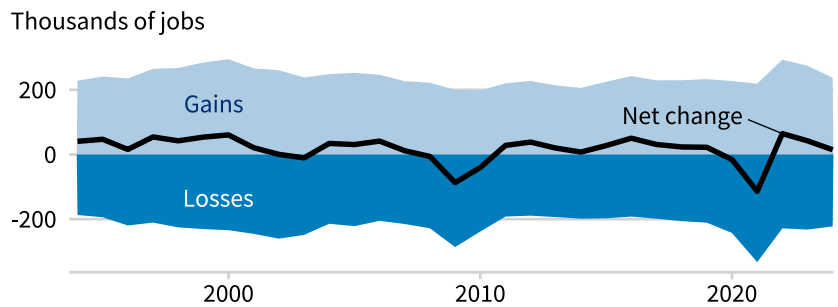
### Establishments

Between March 2023 and March 2024, 19,289 Maryland establishments opened and 17,008 closed, for a net increase of 2,281. Employment expanded at 34,023 establishments and contracted at 34,100. Small businesses accounted for 17,678 openings and for 15,270 closings.



### Employment

Opening and expanding Maryland establishments added 237,172 jobs, while closing and contracting establishments lost 222,539, for a net increase of 14,633 jobs. Small businesses gained 172,789 jobs and lost 156,176, for a net increase of 16,613 jobs.



Counts include temporary closures and reopenings.

Source: [Business Employment Dynamics](#) (Bureau of Labor Statistics)

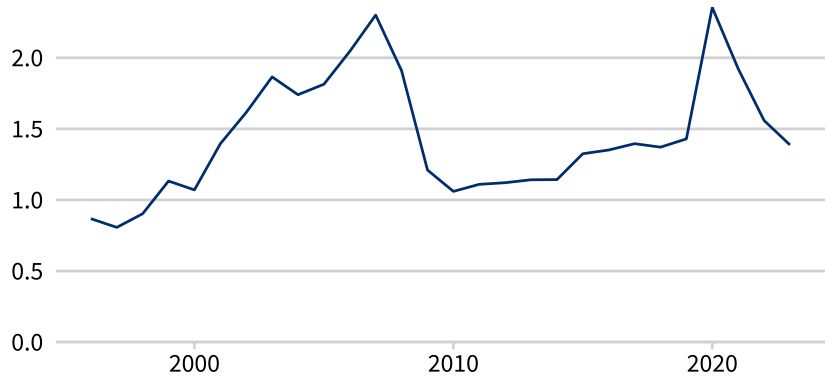
## Small business loans

The Community Reinvestment Act requires large banks to report new small business loans. In 2023, reporting banks issued \$1.4 billion in loans to Maryland businesses with revenues of \$1 million or less. Total reported new lending to businesses through loans of \$1 million or less was \$3.7 billion. Total reported new lending to businesses through loans of \$100,000 or less was \$1.9 billion.

Source: [CRA Aggregate Data](#) (FFIEC)

### New lending to businesses with revenues under \$1 million

\$Billion



## Small business count by size and industry

Industry	Without employees	1–19 employees	20–499 employees	All small businesses
Professional, Scientific, and Technical Services	87,981	16,899	2,089	106,969
Transportation and Warehousing	88,039	2,899	498	91,436
Health Care and Social Assistance	56,803	11,071	1,925	69,799
Other Services (except Public Administration)	54,341	12,305	1,026	67,672
Construction	49,695	12,652	1,560	63,907
Real Estate and Rental and Leasing	54,213	4,954	357	59,524
Administrative, Support, and Waste Management	49,185	5,915	1,131	56,231
Retail Trade	43,311	9,178	1,032	53,521
Arts, Entertainment, and Recreation	33,404	1,720	317	35,441
Educational Services	21,023	1,641	458	23,122
Accommodation and Food Services	12,083	7,312	2,187	21,582
Finance and Insurance	12,010	3,335	355	15,700
Wholesale Trade	6,945	2,822	799	10,566
Information	7,812	1,085	228	9,125
Manufacturing	5,256	1,883	597	7,736
Agriculture, Forestry, Fishing and Hunting	3,759	198	7	3,964
Utilities	372	61	15	448
Management of Companies and Enterprises	*	81	249	330
Industries not classified	*	148	1	149
Mining, Quarrying, and Oil and Gas Extraction	95	18	11	124
All industries	586,327	96,098	14,285	696,710

\* Not reported by the Census Bureau

Sources: [Nonemployer Statistics](#), 2022 (Census); [Statistics of U.S. Businesses](#), 2022 (Census)



### Small business exports

A total of 6,046 identified firms exported goods worth \$16.1 billion from Maryland in 2023. Of those exporters, 5,288—or 87.5 percent—were small. At \$4.8 billion, exports by small firms made up 30.0 percent of exports by identified firms.

Source: [A profile of U.S. importing and exporting companies, 2022–2023](#) (Census)

## Business ownership share by demographic group

### Women



Women made up 48.7 percent of workers and owned 46.1 percent of businesses.

### Veterans



Veterans made up 5.4 percent of workers and owned 5.8 percent of businesses.

### Hispanics



Hispanics made up 10.5 percent of workers and owned 11.0 percent of businesses.

Ownership shares include equal and majority ownership.

Sources of original data: [American Community Survey](#), 2022 5-Year Data (Census); [Annual Business Survey](#), 2022 (Census); [Nonemployer Statistics by Demographics](#), 2022 (Census)

## Business count by owner demographic group or location type

Group	Without employees		With employees		Total businesses
		%		%	
Female	265,000	91.6	24,360	8.4	289,360
Male	298,000	82.4	63,745	17.6	361,745
Owned equally by both groups	10,500	52.4	9,528	47.6	20,028
Veteran	30,000	83.9	5,747	16.1	35,747
Not Veteran	543,000	85.7	90,504	14.3	633,504
Owned equally by both groups	1,700	55.2	1,382	44.8	3,082
Hispanic	67,000	92.5	5,428	7.5	72,428
Not Hispanic	506,000	84.7	91,635	15.3	597,635
Owned equally by both groups	800	58.4	569	41.6	1,369
Rural	77,000	84.3	14,379	15.7	91,379
Urban	482,000	84.7	86,990	15.3	568,990
American Indian and Alaska Native	4,900	85.5	834	14.5	5,734
Asian	60,500	80.2	14,931	19.8	75,431
Black or African American	203,000	95.4	9,680	4.6	212,680
Native Hawaiian and Other Pacific Islander	950	*	*	*	*
White	315,000	81.3	72,278	18.7	387,278
Hispanic or Racial Minority	310,000	91.2	30,011	8.8	340,011
White and Not Hispanic	263,000	79.8	66,549	20.2	329,549
Owned equally by both groups	1,800	62.7	1,072	37.3	2,872

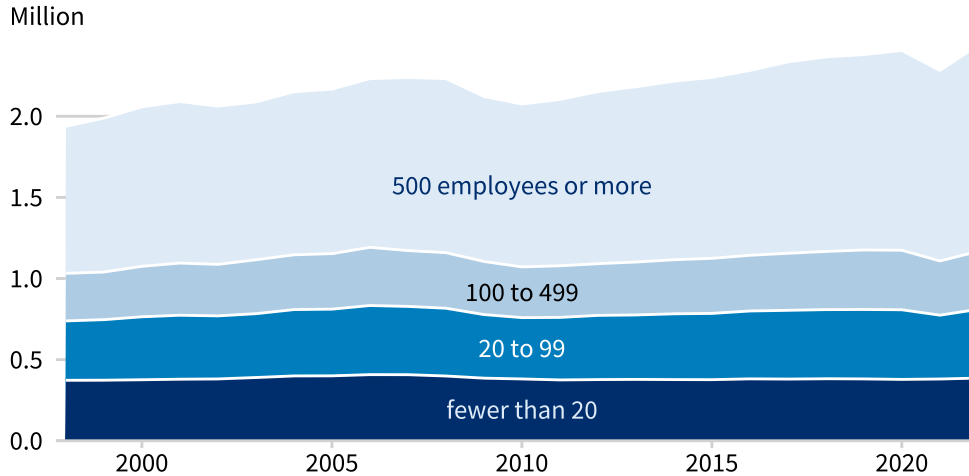
\* Not available

Counts include only businesses classifiable by owner demographic group or location type.

Sources: [Annual Business Survey](#), 2022 (Census); [Nonemployer Statistics by Demographics](#), 2022 (Census)

## Total Maryland employment by business size

Source of original data: [Statistics of U.S. Businesses](#) (Census)



Small businesses accounted for 47.9 percent of Maryland employment in 2022, which exceeded the national small business employment share.

### Small business employment and payroll by industry

Industry	Employers		Employees		Payroll (\$1,000s)	
	Small	%	Small	%	Small	%
Professional, Scientific, and Technical Services	18,988	97.5	165,328	55.3	16,259,343	50.8
Construction	14,212	99.0	134,309	82.0	9,262,600	76.8
Other Services (except Public Administration)	13,331	98.9	94,351	86.7	4,317,782	78.5
Health Care and Social Assistance	12,996	97.8	178,430	45.7	9,129,177	38.9
Retail Trade	10,210	96.0	86,249	29.5	3,803,873	36.1
Accommodation and Food Services	9,499	97.8	143,009	62.7	3,730,360	63.6
Administrative, Support, and Waste Management	7,046	95.4	89,513	32.1	4,358,393	32.1
Real Estate and Rental and Leasing	5,311	97.1	28,713	63.0	2,144,243	58.8
Finance and Insurance	3,690	91.5	31,866	30.5	3,742,680	28.9
Wholesale Trade	3,621	89.6	48,186	54.0	3,877,891	51.5
Transportation and Warehousing	3,397	93.5	32,767	34.4	1,472,742	30.3
Manufacturing	2,480	92.0	45,260	43.2	2,649,996	32.8
Educational Services	2,099	97.2	36,527	44.6	1,597,621	32.9
Arts, Entertainment, and Recreation	2,037	97.4	25,051	61.4	856,052	50.6
Information	1,313	87.1	17,011	34.9	1,596,060	31.2
Management of Companies and Enterprises	330	57.9	7,580	14.2	764,316	12.1
Agriculture, Forestry, Fishing and Hunting	205	97.2	643	51.8	29,206	48.1
Industries not classified	149	100.0	259	100.0	12,087	100.0
Utilities	76	77.6	1,435	15.1	167,874	13.2
Mining, Quarrying, and Oil and Gas Extraction	29	82.9	564	61.2	39,133	59.0
All industries	110,383	97.3	1,167,051	47.9	69,811,429	43.8

Percentages were calculated by dividing industry totals for small employers by industry totals for all employers.

Source: [Statistics of U.S. Businesses](#), 2022 (Census)

#### About this profile

Small businesses are generally defined here as firms with fewer than 500 employees. Statistics of U.S. Businesses and Nonemployer Statistics by Demographics are produced through a partnership between the Office of Advocacy and the Census Bureau. Where notes say “Source of original data,” values may have been approximated because of missing values in the original data. Electronic versions of this and other [geographic profiles](#) are available online, along with technical notes about data, methods, and definitions. Visit [advocacy.sba.gov](http://advocacy.sba.gov) for additional resources.