

An aerial photograph of Birmingham, Alabama, showing a mix of urban buildings, a large green park area, and a railway line. The city skyline is visible in the background, with several tall skyscrapers. In the foreground, there's a large green park area with a winding path and a small pond. A railway line runs through the middle of the image, with several trains visible. The overall scene is a blend of urban development and green space.

Birmingham Small Businesses

Landscape Assessment & Preliminary Strategic Recommendations

Prepared and presented by Amelia Muller
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City of Birmingham Department of Innovation and Economic Opportunity

Agenda

Research Brief

Why Small Businesses Matter

Data Analysis

Research Insights + Preliminary Recommendations



Bio

Bloomberg Harvard Graduate Fellow

City of Birmingham Department of Innovation and Economic Opportunity

Master in Urban Planning Degree Candidate (2020), Harvard Graduate School of Design

Bachelor of Arts in History of Art and Architecture (2011), Harvard College

Blue State Digital (2014-2018)

Google (2013-2014)

Harvard College Admissions (2011-2013)

Greenville, SC native

Research Brief

Conduct place-based research to help Birmingham's leadership understand existing small businesses and their needs.

Defining “Small Business”

The Small Business Administration sets a wide range to define a “small business.” Based on practical experience and the composition of Birmingham’s business ecosystem, we define “small business” as fewer than 50 employees. A “micro business” is fewer than 10 employees.

Caveat

Given the limitations of available data, many of the analyses that follow reflect *all* businesses in Birmingham, not just small businesses. However, the majority of Birmingham businesses qualify as “small businesses,” so even business-level data are instructive.

Why Small Businesses Matter

Economic Growth

Small businesses provide goods and services while creating pathways to income and wealth creation for workers, owners, and investors.

They create quality jobs, serve the operations of larger companies, and help stoke innovation to drive industry competitiveness.

Why Small Businesses Matter

Neighborhood Vibrancy

Small businesses make Birmingham an attractive place to live by providing goods and services essential to residents' daily lives. They shape Birmingham's streetscapes and create community meeting places. Small business owners are neighborhood stewards who invest in both people and place.

Why Small Businesses Matter

Inclusion and Equity

Small businesses contribute to social equity and inclusion by providing entry points for workers with diverse education and experience levels. Small businesses are an important mechanism for extending economic opportunity to residents across all of Birmingham's 99 neighborhoods.

Inputs for Understanding

Public Data Sets

- U.S. Census 2012 Survey of Business Owners
- American Community Survey 5-Year Estimates (2017)
- City of Birmingham Finance Department Business Licenses (June 2019)

Private Data Sets

- ESRI Business Analyst 2017
- Alabama Power Company Metered Companies

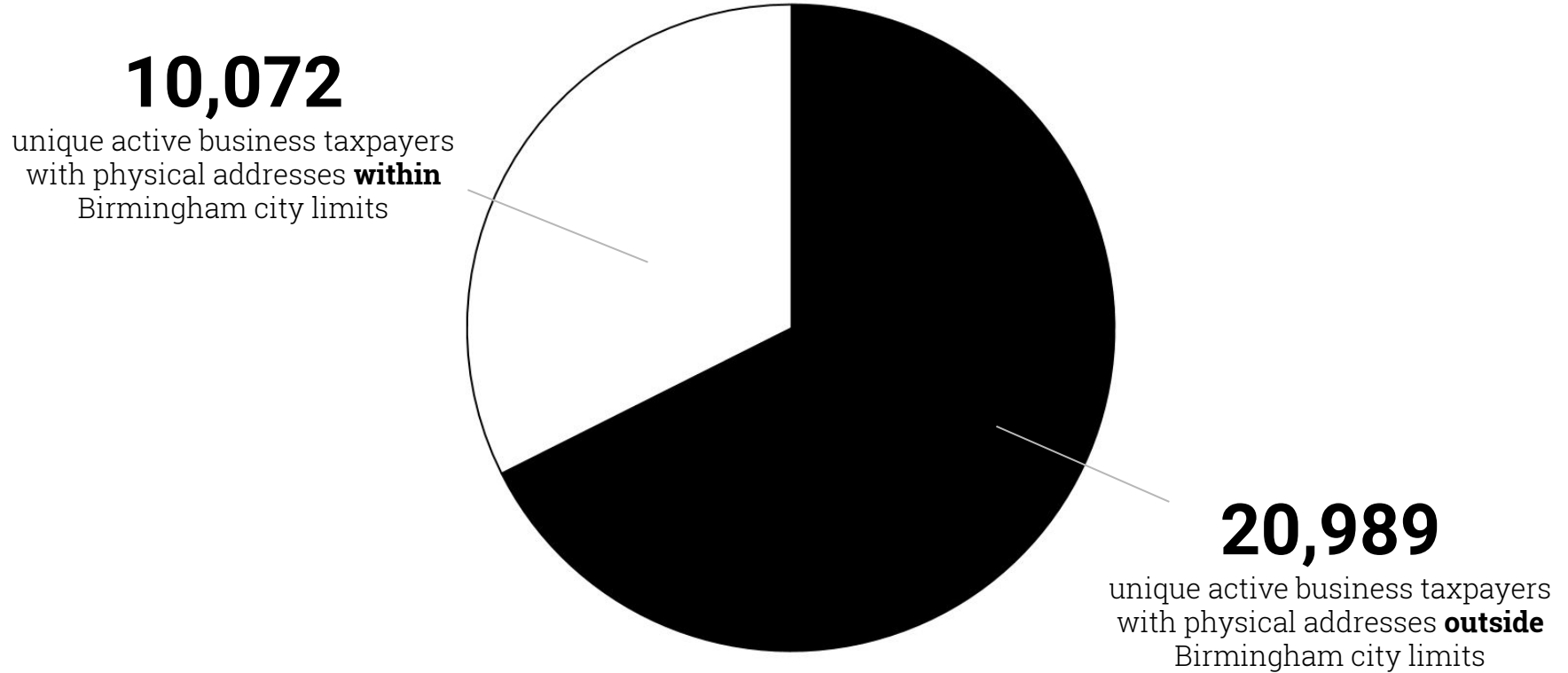
Interviews & Meetings

- Birmingham Business Alliance
- Birmingham Business Resource Center
- Bham Biz Hub
- Birmingham Construction Industry Authority
- City of Boston (former employees)
- Create Birmingham
- Ensley Alive
- Foundation Capital
- Innovation Depot
- Main Street Alabama
- Planning, Engineering, & Permitting (CoB)
- REV Birmingham
- Small Business Council
- TruFund
- UAB Department of Small Business Inclusion
- Urban Impact
- World of Opportunity

A topographic map of a city area, showing a dense grid of streets, contour lines, and various green and blue shaded regions. A black rectangular box is centered over the map, containing the text "Data Analysis".

Data Analysis

Active Businesses Licenced in Birmingham



Business Licenses and How They Are Classified

33,235

active business licenses for
active business locations

22,767

unique taxpayer IDs

\$2-\$12K

range of minimum
license amounts

How Business Licenses Are Classified

COMPLETE AND RETURN THIS FORM TO:
City of Birmingham Revenue Division
710 North 20th Street Room TL 100
Birmingham, AL 35203
(205) 254-2188 Office
(205) 254-2952 Fax
www.information@birmingham.com

TAXPAYER IDENTIFICATION NUMBER
(For Other Use Only)

CITY OF BIRMINGHAM
APPLICATION FOR TAX CERTIFICATE

The information that you provide in this Business License Code of the City of B to avoid delays in processing.

Section 1 – WHAT WOULD YOU LIKE
 Register a new business (Please see Add a New Location or Tax Type to)
 Change Business Ownership of your
 Change the Mailing Address only for
 Change the Location Address of your
 Change in Corporate Officers, Members
 Provide a general "update" of your c

Section 2 – LEGAL NAME AND MAIL:
(Note: If mailing address is a post of

Full Legal Name _____
Attention: _____
Address _____
City _____
Area Code and Phone Number _____
Area Code and Fax Number _____
Name of Contact Person _____
E-Mail _____

Section 3 – TRADE NAME AND **OF**
please see reverse side of this form (for

Please select: Commercial Est

Trade (d/b/a) Name _____
Attention: _____
Address _____
City _____
Area Code and Phone Number of Busi
Area Code and Fax Number of Busine
Name of Contact Person at Business L
E-Mail _____

Section 4 – CHANGE OF OWNERSHIP
If applicable, this section **MUST** be

Former Owner _____
Trade (d/b/a) Name _____
Mailing Address of Former Owner _____
Address(es) of Former Location(s) _____
Area Code and Phone Number of Form

APPLICATION FOR TAX CERTIFICATE (CITY OF BIRMINGHAM, ALABAMA)

Section 5 – TYPE OF OWNERSHIP
Please indicate the form of organization. NOTE: Please refer to the accompanying "General Information for Preparing an Application for Tax Certificate Form" instruction sheet for a listing of supplemental documentation to be included with this application.

1. Alabama Corporation (Incorporated in Alabama) 1. Foreign Corporation (Incorporated in another state)
 2. Partnership (two or more owners)
 3. Sole Proprietor (one owner)
 4. Unincorporated Association (i.e., PA)
 5. Other _____
 6. Limited Liability Partnership (LLP)
 7. Limited Liability Company (LLC)

Section 6 – TYPE OF BUSINESS
Please indicate the principal business activity category.

1. Manufacturer 8. Home Occupation/Home Office
 2. Contractor (Please specify) _____ (Please specify the type of occupation or office)
 3. Wholesaler 9. State Certified, State Regulated, or State Licensed
 4. Retailer Occupations (Please specify) _____
 5. Other (Please specify) _____ 10. Transient Vendors/Special Events:
Date(s) of the Event _____
Event Location _____
 6. Food/Eating Establishment
 7. Day Care Center

Section 7 – PRINCIPAL BUSINESS ACTIVITY AND PRODUCT
You should indicate the one business activity that accounts for the largest percentage of gross income. State the broad field of business activity as well as the product or service. For example—Activity: Wholesale Sales / Product: Pharmaceuticals OR Activity: Manufacturing / Product: Automobiles. Note: This information should be the same information as required by the Internal Revenue Service on Schedule C of Form 1040 for Sole Proprietorships.

Activity _____ Product _____

Section 8 - FEDERAL TAX ID NUMBER / NUMBER OF EMPLOYEES
Enter Federal Identification Number (REQUIRED) and the number of employees that will be working in Birmingham.

Federal ID Tax Number _____ Number of Employees in Birmingham (Required) _____

Section 9 – COMMENCEMENT OF BUSINESS ACTIVITY
Enter Date Business Activity Will Begin in Birmingham: Month _____ Day _____ Year _____
Enter Date City of Birmingham Taxpayer Identification Number Applied For: Month _____ Day _____ Year _____

Section 10 – TAX LIABILITIES Check the taxes for which you are liable.

TAX IDENTIFICATION NUMBERS NOW ASSIGNED TO YOU: (Write "None" if no number assigned)	
<input type="checkbox"/> Sales Tax	State of Alabama Sales Tax Number _____
<input type="checkbox"/> Sellers Use Tax	State of Alabama Sellers Use Tax Number _____
<input type="checkbox"/> Consumers Use Tax	State of Alabama Consumers Use Tax Number _____
<input type="checkbox"/> Lease Tax	State of Alabama Lease Tax Number _____
<input type="checkbox"/> Occupational Tax —Employer's	State of Alabama Lodgings Tax Number _____
<input type="checkbox"/> Lodgings Tax	State of Alabama Unemployment Tax Number _____
<input type="checkbox"/> Business License Tax	

If you have more than one business location, it is assumed that you will file consolidated returns for each of the taxes for which you may be liable, including sales, use, lease, occupational, and lodgings taxes. Each separate business location requires a separate business license.

~250

unique business
license schedules

321

unique business
license titles

447

unique base codes
for calculating
business license fee

186

unique adjustment
codes

1,260

unique NAICS
codes

2,470

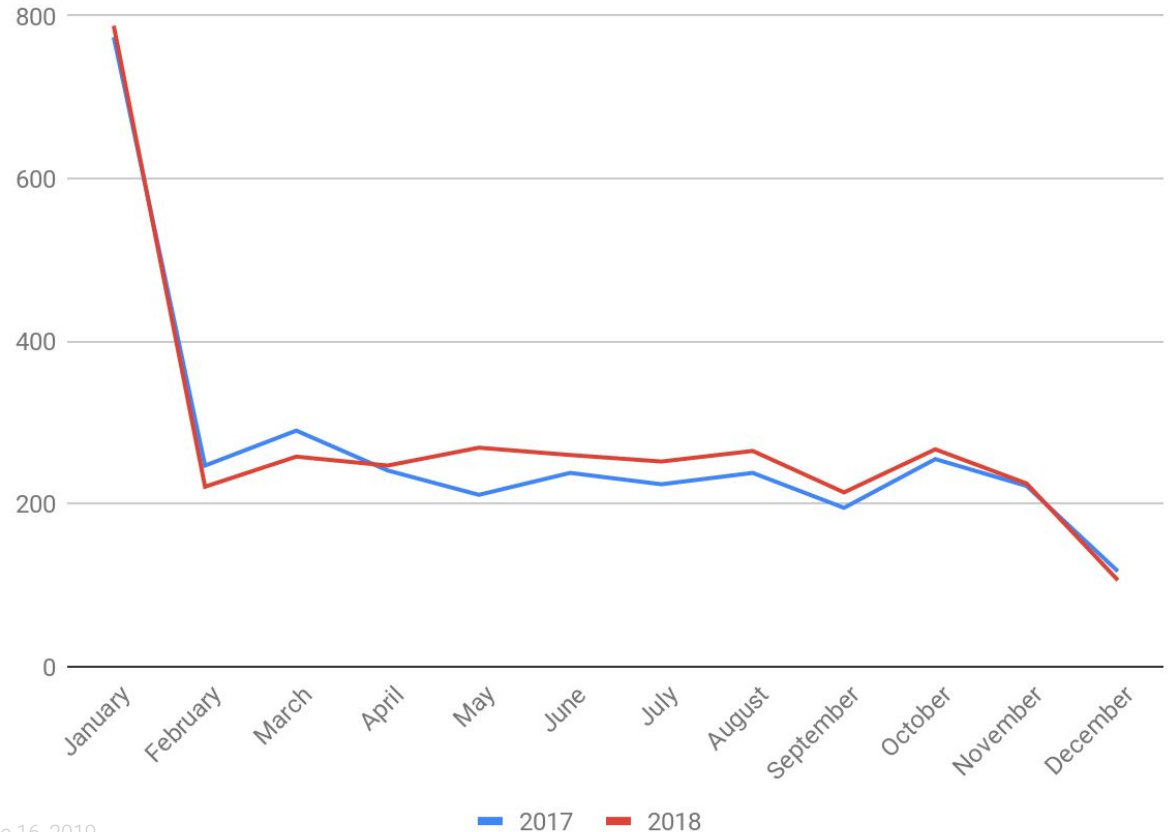
unique City-defined
product types

3,571

unique City-defined
activity types

Month-Over-Month License “Begin Date” | All Active Licenses

On average, 276 licenses are issued each month, as indicated by “begin date.” Removing the outlier of January, the average decreases to 230.



Top License Types

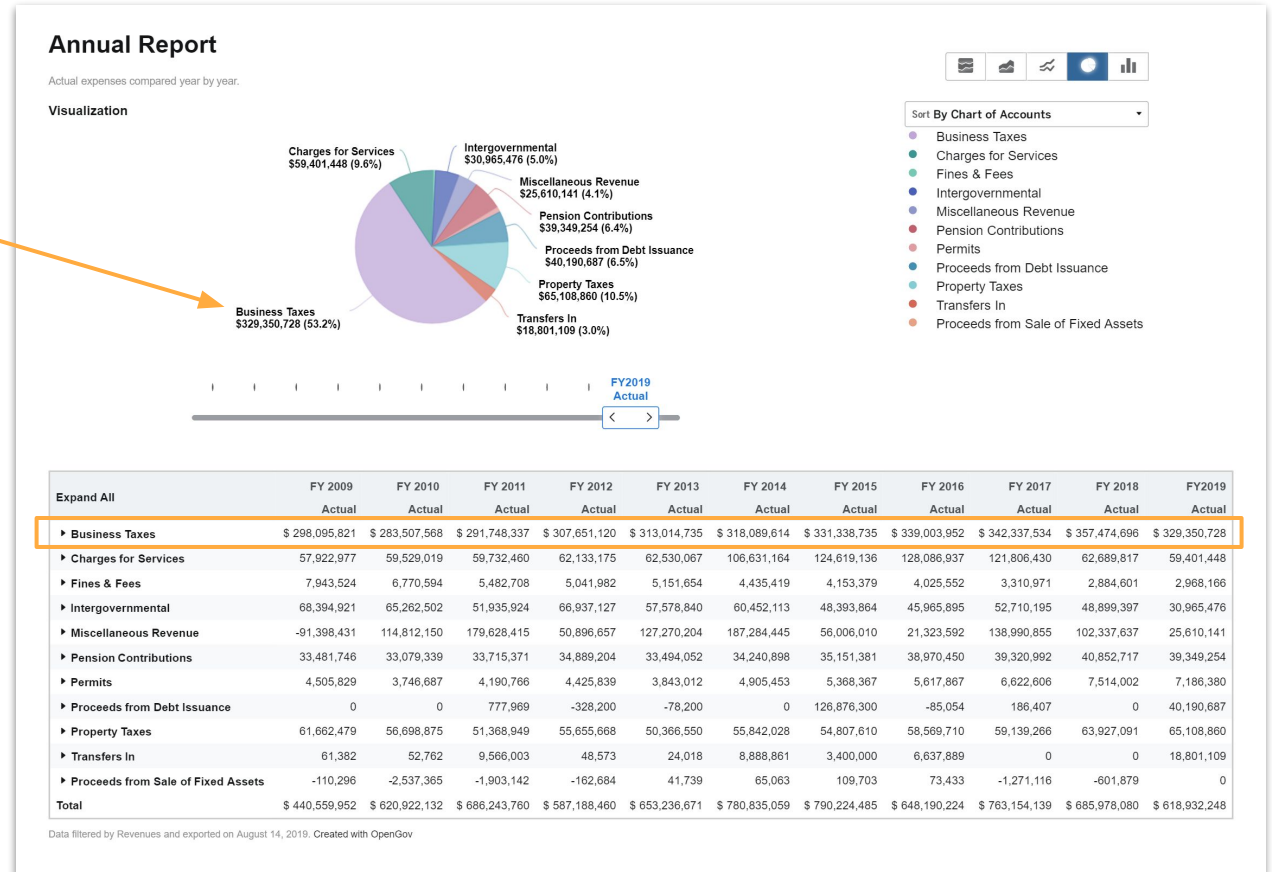
007A is overwhelmingly the top license type. The Tax and License Administration Division of the Finance Department reports that this is the simplest license to acquire.

License No.	License Description	Count
007A	Agents, Dealers & Other Business	5,597
165	Merchandise	2,745
213B	Real Estate Lease Or Rental	2,144
014	Attorneys	1,580
068	Contractors-Building	1,297
071	Contractors	1,068
198	Physicians, Dentists	920
212	Renting And/Or Leasing	892
136	Insurance Companies	835
216	Restaurants / Cafes	793
201	Plumbing, Gas Fitters	550
096	Electricians	529
069	Contractors, Htg & Ac	481
150M	Beer (On & Off Premises)	443
150Y	Monthly Liquor Tax 3%	437

Business Tax Contribution to City Revenue

53%

of City revenue comes from business taxes

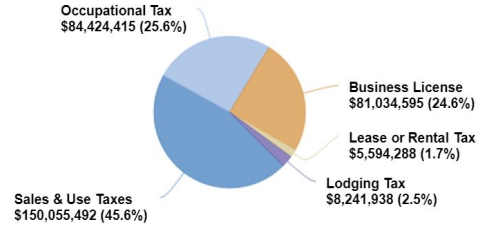


Business Tax Revenue Breakdown

Annual Report

Actual expenses compared year by year.

Visualization



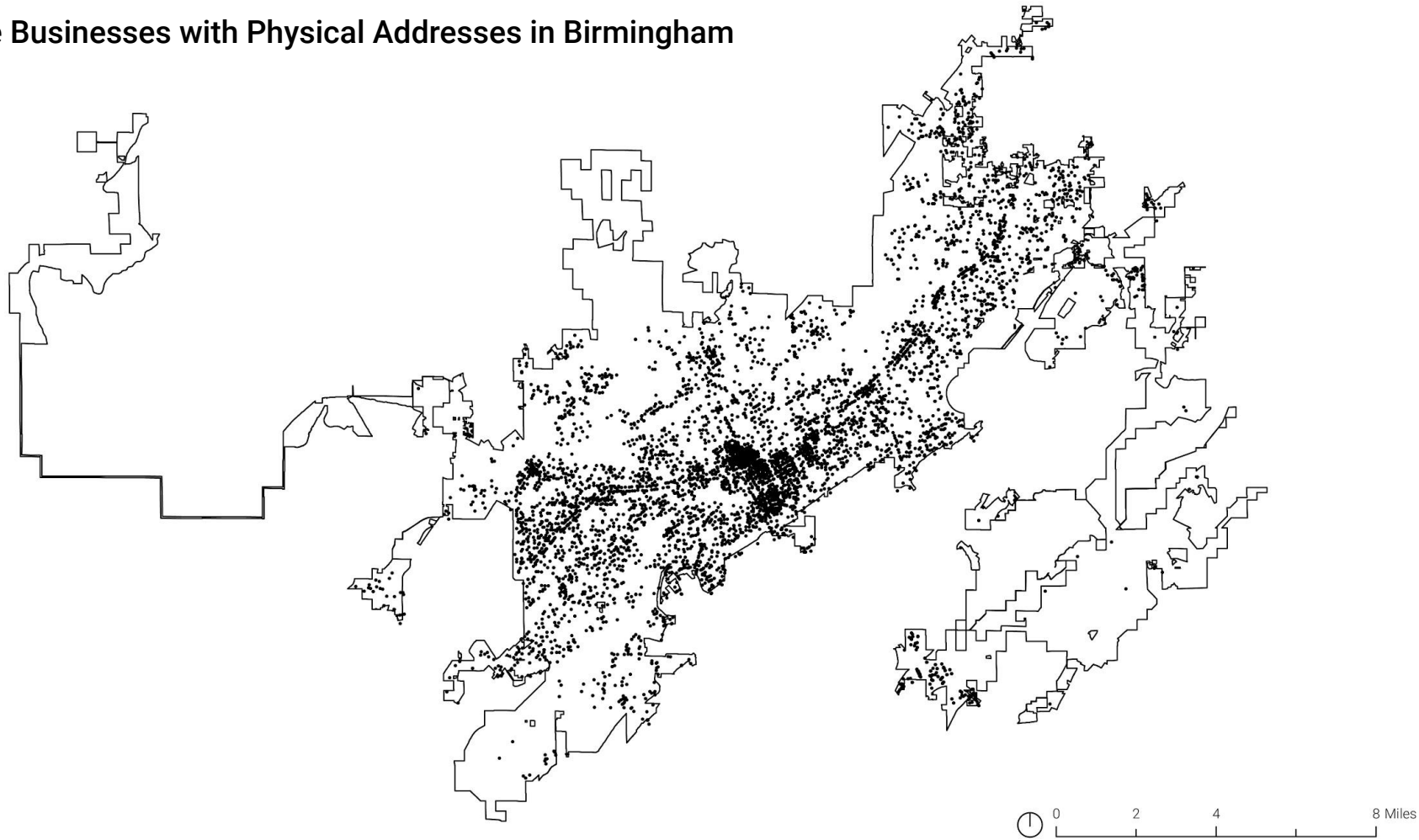
Business license fees account for 24.8% of business tax revenue and **12.5%** of the City's overall revenue.



Expand All	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY2019
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
▶ Sales & Use Taxes	\$ 131,904,244	\$ 127,197,327	\$ 131,162,237	\$ 134,828,954	\$ 140,832,079	\$ 145,393,767	\$ 151,918,701	\$ 160,896,577	\$ 165,320,700	\$ 173,897,561	\$ 150,055,492
▶ Occupational Tax	76,325,428	73,007,914	74,909,158	77,702,883	77,844,189	78,654,089	81,013,132	84,722,141	89,869,514	91,820,469	84,424,415
▶ Business License	83,019,356	74,808,816	75,793,012	83,244,929	82,865,987	82,104,637	85,732,176	79,963,025	74,002,476	77,250,298	81,034,595
▶ Lease or Rental Tax	6,847,080	6,238,280	6,099,038	6,149,116	5,834,818	5,887,998	6,368,296	6,474,672	6,643,384	6,696,957	5,594,288
▶ Lodging Tax	-288	2,255,231	3,784,891	5,725,238	5,637,662	6,049,123	6,306,430	6,947,537	6,501,459	7,809,412	8,241,938
Total	\$ 298,095,821	\$ 283,507,568	\$ 291,748,337	\$ 307,651,120	\$ 313,014,735	\$ 318,089,614	\$ 331,338,735	\$ 339,003,952	\$ 342,337,534	\$ 357,474,696	\$ 329,350,728

Data filtered by Business Taxes and exported on August 14, 2019. Created with OpenGov

Active Businesses with Physical Addresses in Birmingham



“ Between 10,000 and 11,000 businesses call Birmingham home, and over 31,000 businesses are licensed in the City. These range from sole proprietors to Alabama Power, UAB, and national corporations. ”

Types of Businesses | NAICS

The top NAICS codes for Birmingham-located businesses reflect a business ecosystem comprised of non-traded professional services, personal services, and some retail.

NAICS Code	Official NAICS Description	Count
0	n/a	3,445
541110	Offices of Lawyers	1391
621111	Offices of Physicians (except Mental Health Specialists)	417
454390	Other Direct Selling Establishments	202
531120	Lessors of Nonresidential Buildings (except Miniwarehouses)	179
812112	Beauty Salons	170
813110	Religious Organizations	135
445292	Confectionery and Nut Stores	133
811111	General Automotive Repair	118
722110	<i>Code does not exist in current table</i>	105
561720	Janitorial Services	103
541211	Offices of Certified Public Accountants	101
447110	Gasoline Stations with Convenience Stores	90
561731	<i>Code does not exist in current table</i>	89
722211	<i>Code does not exist in current table</i>	76
812111	Barber Shops	76

Types of Businesses | NAICS

44% of all ~31,000 active business taxpayers have no NAICS code listed or a NAICS code of 0. 34% of Birmingham-located business taxpayers list a NAICS code of 0.

Among the top NAICS codes for Birmingham-located business taxpayers, three codes do not exist in the lookup table.

Various types of food businesses >

Various types of and landscape consulting and service, general repair, and janitorial service >

Various types of food businesses >

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Types of Businesses | Product

The City of Birmingham has its own product classifications for businesses, with **2,470 different product types**. Top products for Birmingham-located business taxpayers follow similar patterns to top NAICS codes.

Once again, “blank” is one of the top categories, indicating incomplete data.

City of Birmingham Product Type	Count
Service	5,913
<i>blank</i>	241
Real Estate	153
Legal Services	132
SVC	114
Services	113
Contractor	91
Real Property	87
Legal Service	84
Food	67
Clothing	59
Property	35
Entertainment	30
Furniture	22
Attorney	22

Types of Businesses | Product

The City of Birmingham also has its own activity classifications for businesses, with **3,571 different activity types**. Top activities for Birmingham-located business taxpayers follow similar patterns to top NAICS codes and products.

Here too, “blank” is one of the top categories, indicating incomplete data.

City of Birmingham Activity Type	Count
Attorney	1,228
Physician	430
Retail Sales	267
Restaurant	191
<i>blank</i>	189
Contractor	176
Peddler	157
Legal Services	138
Church	129
Renting/Leasing	113
Renting	110
Convenience Store	98
Law Firm	89
Rental/Lease	80
Consulting	79

Employment Impact

100,000-155,000
paid employees

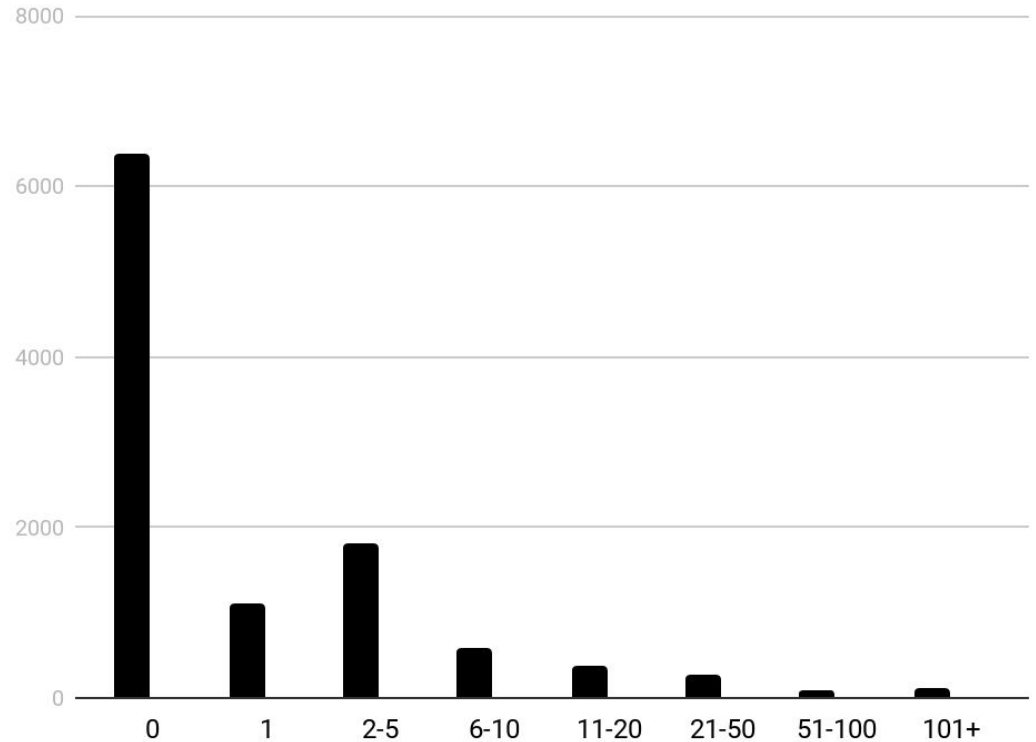
\$8 billion
in payroll

- * Future work necessary to validate these figures, as they fall way short of what we know to be the number of jobs in the city (~385,000).

Self-Reported Employee Count Distribution

According to employee counts self-reported in the business licensing process, 98% of Birmingham businesses are small businesses (<50), and 92% are micro businesses (<10 employees).

The **abundance of micro businesses** is consistent with other sources. Still, we should treat these self-reported numbers with skepticism, as instructive only.



“ Roughly 75% of Birmingham-located businesses may be classified as “micro businesses,” employing ten or fewer employees. Some data report that between 60-76% of Birmingham-located businesses are sole proprietorships or employ just one individual. ”

Ownership Distribution by Race | All Firms

	Population Distribution		Ownership Distribution	
Total Population	212,237		19,386*	
Minority	164,979	77.6%	10,605	54.7%
Non-minority	47,258	22.3%	8,770	45.2%

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Ownership Distribution by Race | All Firms

	Population Distribution		Ownership Distribution	
Total Population	212,237		19,386*	
White	47,258	22.3%	9,040	46.6%
Black or African American	155,791	73.4%	9,772	50.4%
American Indian and Alaskan Native	445	0.2%	53	0.3%
Asian	2,152	1.0%	506	2.6%
Native Hawaiian and Other Pacific Islander	86	0%	-	-
Some Other Race	4,306	2.0%	151	0.8%
Two or More Races	2,199	1.0%	-	-
Hispanic	7,704	3.6%	342	1.8%

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“ Black residents make up 74% of Birmingham’s population but only 50% of businesses are black-owned. In contrast, white residents make up 22% of the population but 47% of businesses are white-owned . ”

Ownership Distribution by Race | Sole Proprietorships vs. Employing Firms

	Sole Proprietorships		Employing Firms	
All firms classifiable by gender, ethnicity, race, and veteran status	15,548		3,838	
White	5,766	37.1%	3,274	85.3%
Black or African American	9,460	60.8%	312	8.1%
American Indian and Alaskan Native	44	0.3%	9	0.2%
Asian	265	0.8%	240	6.3%
Some Other Race	129	0.8%	22	0.6%
Hispanic	285	1.8%	58	1.5%

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Some Other Race	129	0.8%	22	0.6%
Hispanic	285	1.8%	58	1.5%

“ Black-owned firms make up 61% of sole proprietorships but only 8% of firms with one or more employees. In contrast, white-owned firms make up 37% of sole proprietorships but 85% of firms with one or more employees. ”

Ownership Distribution by Gender | Sole Proprietorships vs. Employing Firms

	Population Distribution		Sole Proprietorships		Employing Firms	
Total Population	212,237		15,548*		3,838*	
Female	99,337	46.8%	7,703	49.5%	583	15.2%
Male	112,900	53.2%	7,425	47.8%	2,893	75.4%
Equally Female- and Male-Owned	-	-	420	2.7%	363	9.5%

Ownership Distribution by Gender | Sole Proprietorships vs. Employing Firms

	Population Distribution		Sole Proprietorships		Employing Firms	
	Count	%	Count	%	Count	%
Total Population	212,237		15,548*		3,838*	
Female	99,337	46.8%	7,703	49.5%	583	15.2%
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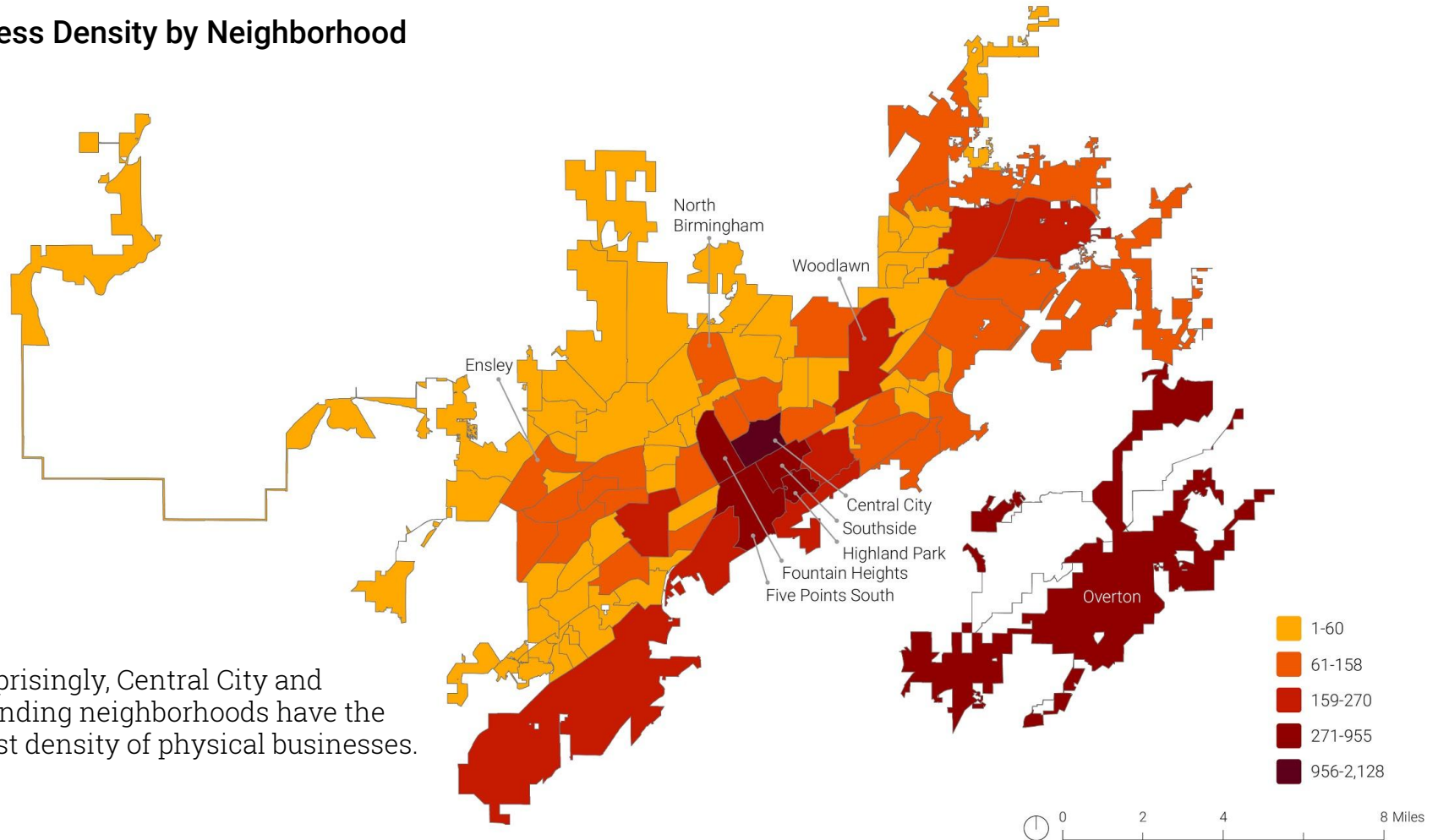
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Equally Female- and Male-Owned	-	-	420	2.7%	363	9.5%

“ Women and men reflect near parity in ownership of sole proprietorships. However, just 15% of firms with one or more employees are owned by women, while 75% are owned by men. ”

Business Density by Neighborhood

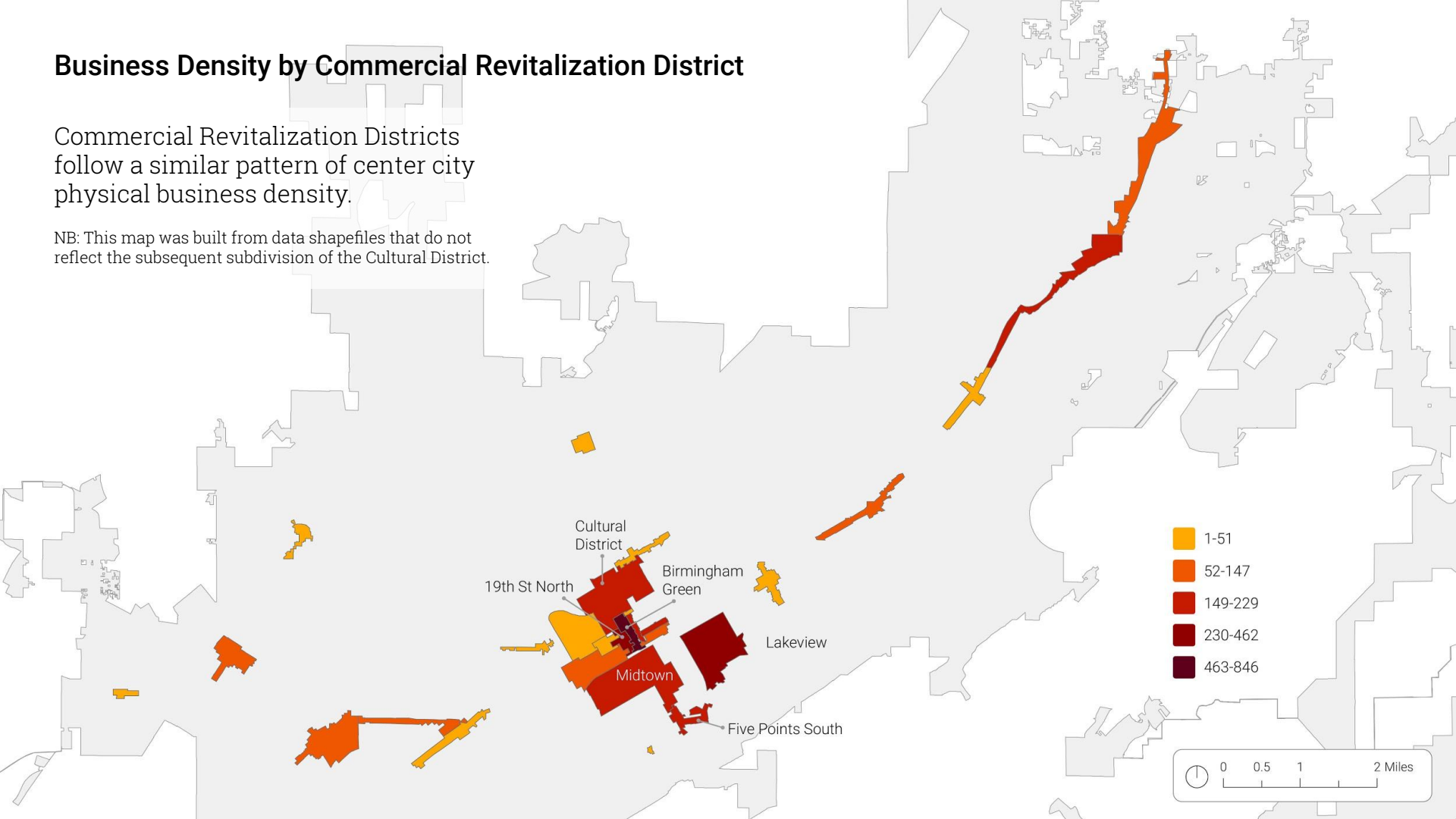
Unsurprisingly, Central City and surrounding neighborhoods have the greatest density of physical businesses.



Business Density by Commercial Revitalization District

Commercial Revitalization Districts follow a similar pattern of center city physical business density.

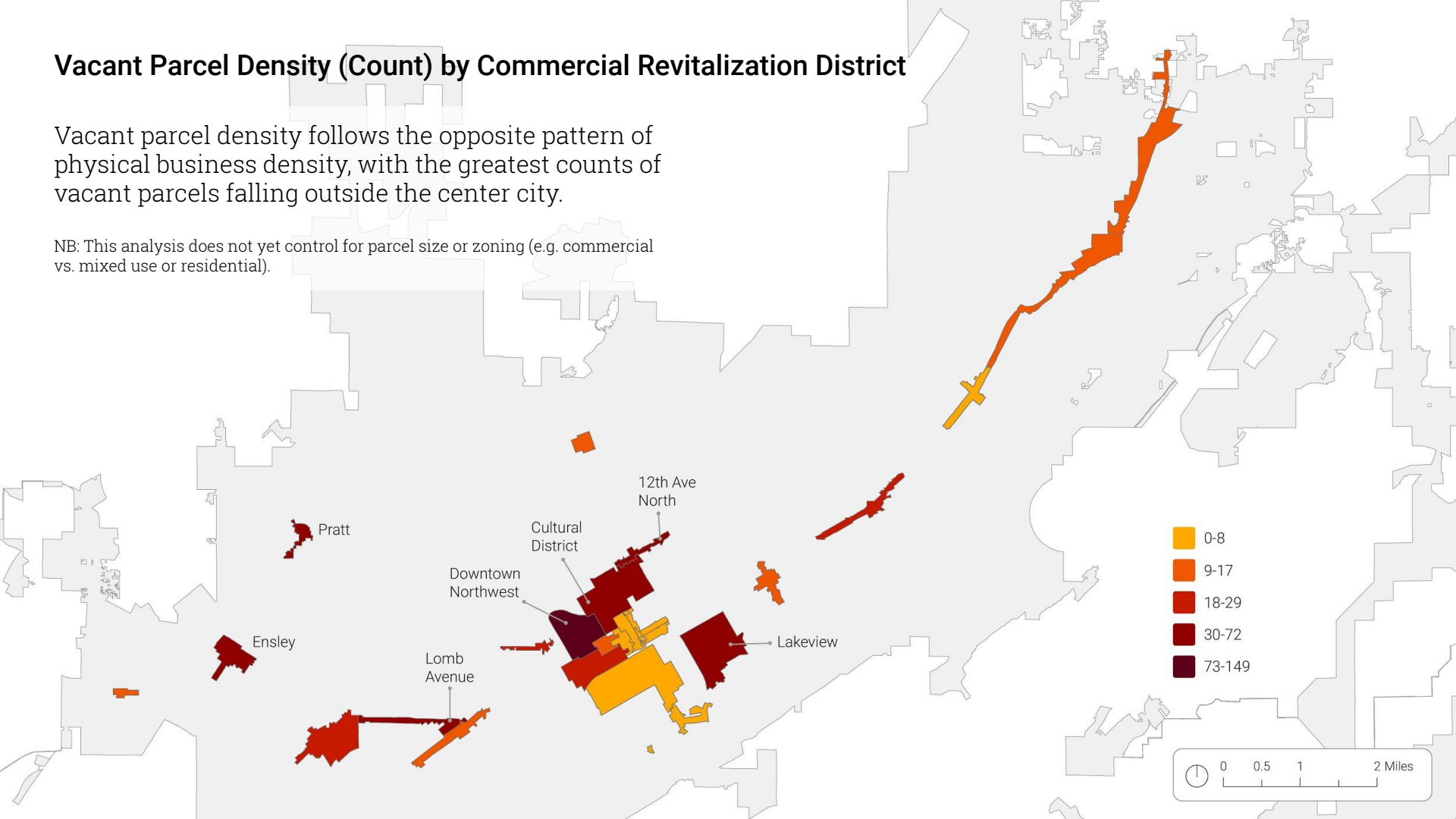
NB: This map was built from data shapefiles that do not reflect the subsequent subdivision of the Cultural District.



Vacant Parcel Density (Count) by Commercial Revitalization District

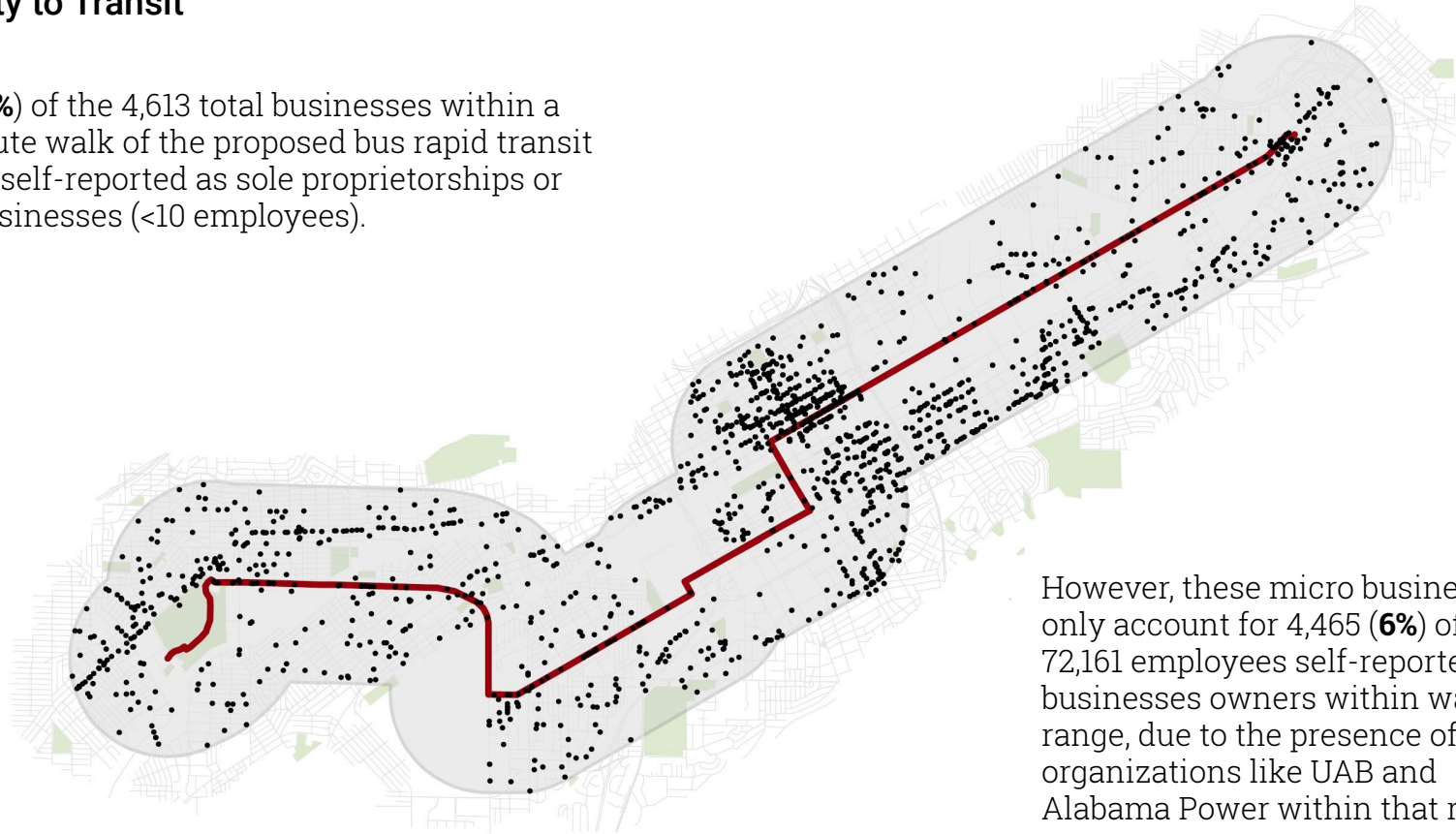
Vacant parcel density follows the opposite pattern of physical business density, with the greatest counts of vacant parcels falling outside the center city.

NB: This analysis does not yet control for parcel size or zoning (e.g. commercial vs. mixed use or residential).

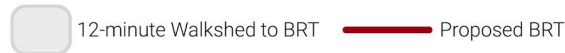


Proximity to Transit

4,124 (**89%**) of the 4,613 total businesses within a ~12-minute walk of the proposed bus rapid transit line* are self-reported as sole proprietorships or micro businesses (<10 employees).



However, these micro businesses only account for 4,465 (**6%**) of the 72,161 employees self-reported by businesses owners within walking range, due to the presence of large organizations like UAB and Alabama Power within that range.



In short, the data tell us...

Between 10,000 and 11,000 business taxpayers have physical addresses in Birmingham. Of those, about three quarters are “micro businesses.” Unsurprisingly, businesses are concentrated in the city center.

Women- and black-owned firms are trailing their male- and white-owned counterparts in growth, as measured in employment.

We'd like to know more about...

- Owner demographics
- Owner education
- Business type (products, services)
- Revenue
- Capital stack
- Employment
- Date of business founding
- Renter vs. owner of space
- Customer base
- Contributions to street life
- M/W/DBE certification
- Technical assistance utilization

What we can learn through licensing

- Owner demographics
- Owner education
- Business type (products, services)
- Revenue
- Capital stack
- Employment
- Date of business founding
- Renter vs. owner of space
- Customer base
- Contributions to street life
- M/W/DBE certification
- Technical assistance utilization

What a survey might answer

- Owner demographics
- Owner education
- Business type (products, services)
- Revenue
- Capital stack
- Employment
- Date of business founding
- Renter vs. owner of space
- Customer base
- Contributions to street life
- M/W/DBE certification
- Technical assistance utilization

“ If you can't measure it, you can't manage it. ”

- Mike Bloomberg

It's nice

TO HAVE
YOU IN

BIRMINGHAM

TRINITY BREWING

THANK YOU