



### Secretary of State Business Filings Q4 2019 Data Analysis Summary

- Colorado continues to outperform the nation in many economic indicators
- Employment growth will continue in Q1 2020 and Q2 2020 but at a more modest pace
- New and existing entity filings are both down compared to a year ago
- Total entities in good standing exhibited strong growth in the past year

#### COLORADO INDICATORS

##### Employment



vs. prior quarter



vs. prior year

##### Existing Entity Renewals



vs. prior quarter



vs. prior year

##### New Entity Filings



vs. prior quarter



vs. prior year

##### Unemployment



vs. prior quarter



vs. prior year

#### EMPLOYMENT FORECASTS



Q1 2020 vs. Q4 2019

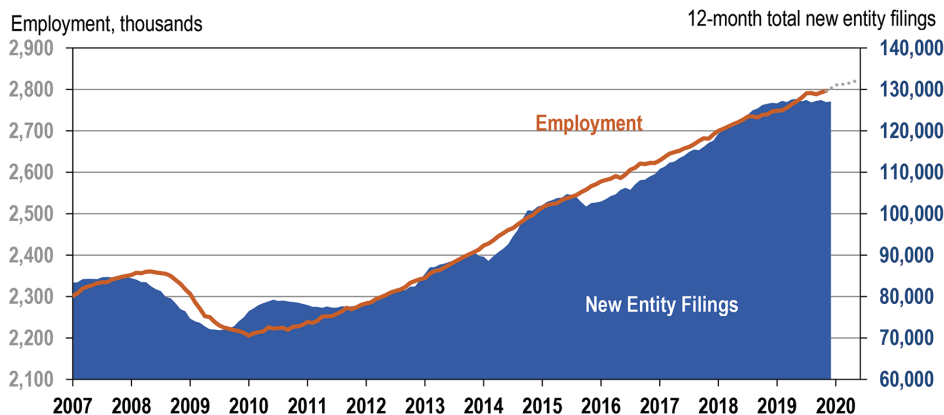


Q1 2020 vs. Q1 2019



Q2 2020 vs. Q1 2020

### Employment and New Entity Filings



**Note:** Solid line displays actual seasonally adjusted employment numbers; dotted line reflects calculated forecasts. **Source:** Seasonally adjusted. Colorado total nonfarm employees from the Bureau of Labor Statistics, Current Employment Statistics (CES), calculations by BRD research team.

**Jena Griswold**  
**Colorado Secretary of State**  
1700 Broadway, Suite 200  
Denver, CO 80290  
[www.sos.state.co.us](http://www.sos.state.co.us)

*The Secretary of State's office makes government easy and accessible for people in order to further democracy, support economic opportunity for all Coloradans, and demonstrate a standard of integrity and excellence.*



**Leeds School of Business**  
UNIVERSITY OF COLORADO BOULDER

## Secretary of State Business Filings Q4 2019 Data Analysis Summary

**GDP growth decelerates.** U.S. GDP grew at a seasonally adjusted annual rate of 2.1% in Q4 2019 according to the advance estimate (first estimate) from the Bureau of Economic Analysis (BEA). This is on par with the 2.1% growth recorded in Q3, and faster than the 1.1% growth recorded in Q4 2018. Personal consumption expenditures recorded slower growth of 1.8%, and government consumption expenditures grew 2.7%, while nonresidential fixed investment fell for the third consecutive quarter.

Colorado's economy grew 3.3% year-over-year in Q3 2019, in line with the growth recorded in Q3 2018. GDP increased at an annualized rate of 2.6% in Q3 2019. The Mining industry recorded the largest year-over-year gains.

**Job growth gains.** A total of 145,000 jobs were added nationally in December 2019 based on preliminary data from the Bureau of Labor Statistics (BLS). This brings the average monthly job growth down to 176,000 for 2019. This compares to average growth of 223,000 jobs per month in 2018 and 179,000 jobs per month in 2017. While December's growth was strong, job growth was relatively inconsistent in 2019, swinging from 312,000 jobs added in January to 62,000 jobs added in May.

In Colorado, 56,600 jobs were added from December 2018 to 2019, an increase of 2.1%. The Professional and Business Services industry saw the largest increase in employment in 2019, while employment in the Natural Resources and Mining and Other Services industries observed the smallest gains.

The national unemployment rate stood at 3.5% in December 2019, the lowest the rate has been since 1969. The national and state labor force participation rates remained steady at around 63% and 69%, respectively. The unemployment rate in Colorado declined to 2.5% in December 2019, which is 1.1 percentage points lower than the same time a year ago.

National initial jobless claims fell to 224,000 in December 2019, but were up 0.4% year-over-year. Continuing claims were flat year-over-year. In Colorado, initial and continuing claims decreased 10.3% and 2.2%, respectively, from January 2019 to January 2020.

**Colorado's relatively strong economic landscape.** Private firm growth in Colorado increased 2.7% annually, and nearly 4,000 private firms have been established in the first half of 2019. Business bankruptcy filings in Colorado also increased at a much slower pace than the nation, and total business filings in Colorado have declined nearly 5% from five years ago.

Foreclosures in Colorado are down 5.1% from Q3 2018 to Q3 2019, and the FHFA Purchase-Only Home Price Index increased 5.1% from Q3 2018 to Q3 2019. Home prices in Colorado are also higher than the nation. According to Zillow, the median home value in Colorado is \$397,820, compared to \$243,225 in the United States.

Colorado personal income increased to \$353.5 billion in Q3 2019, an annual increase of 5.3% according to the BEA. National personal income increased at a slightly slower pace of 4.4% over the same time period. Colorado annual average wages, currently at \$60,340, also continue to outpace the nation by around \$2,100.

Colorado gasoline prices decreased just shy of 5% over the past three months, but increased 24.8% over the past year. The Consumer Price Index in the Denver-Aurora-Lakewood region increased 1.9% (compared to 1.8% nationally) in 2019 (not seasonally adjusted). Core inflation (all items less food and energy) increased 2.5% in Colorado.

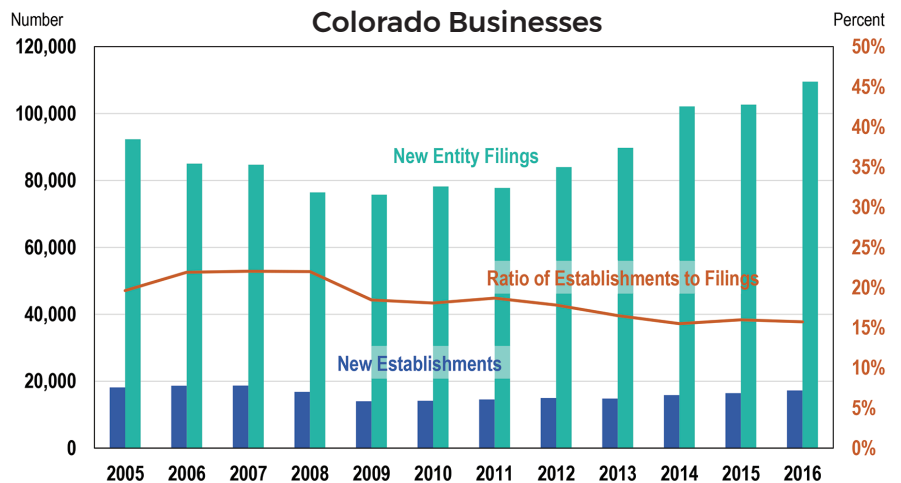
Building permits increased 4% over the past year nationally, but they declined 7.4% over the same time period in

Colorado. The value of building permits also declined by 4.3% in December in Colorado.

**Slowing pace of total new entity filings.** Total new entity filings declined 0.4% year-over-year in Q4 2019 and 8.8% from the preceding quarter. A total of 127,079 total new entities were filed in the twelve months ending in Q4 2019, which is an increase of 0.3% year-over-year. In the preceding quarter, this figure was 5%. The deceleration in new entity filings may point to continued job growth at a slower pace.

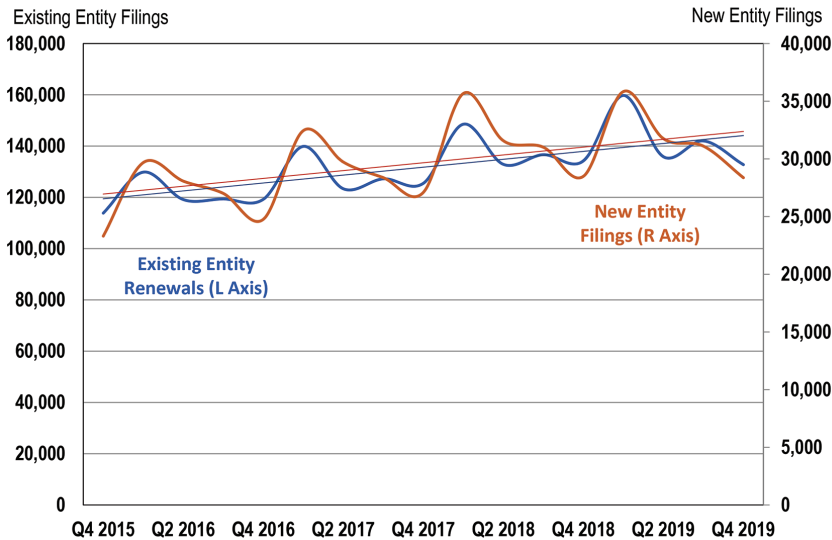
**Similar trends in existing entity filings.** Existing entity renewals in Q4 2019 were 132,754, a 1.1% decline year-over-year. In the twelve months ending in Q4, entity renewals increased 3.3%. This seasonality among quarters is typical, but existing entity filings reflect a similar theme of deceleration. In the twelve months ending in Q3 2019, existing equity renewals grew at a more rapid pace, 7.4%, compared to the 3.3% stated above.

**Colorado business leaders' confidence rebounds slightly ahead of Q1 2020.** After slipping to 46.9 in Q4 2019, business leaders' confidence improved in Q1 2020. The Leeds Business Confidence Index was 50.8 ahead of Q1 2020, reflecting just above neutral expectations. Confidence in the national economy also rebounded ahead of Q1 2020 to 45.9 after falling to 38.5 in Q4 2019. The remaining components of the survey expectations for the state economy, industry sales, hiring, and capital expenditures all slightly increased ahead of Q1 2020 and sit just above neutral.



Source: U.S. Census Bureau, Business Dynamics Statistics, Office of the Secretary of State, Calculations by BRD Staff.

### Existing Entity Renewals and New Entity Filings



### Business Filings Overview

**Mixed results in business filings in Q4 2019.** Total new entity filings and total existing entity renewals declined 0.4% and 1.1%, respectively, on a year-over-year basis. For the four quarters ending in Q4 2019, both increased year-over-year, but at a slower pace than the prior year. A total of 28,371 new entities and 132,754 existing entity renewals were recorded in Q4 2019.

Dissolution filings increased 4.9% year-over-year and 20.4% quarter-over-quarter. Trademarks increased 12.1%, but trade names decreased 6.5%, year-over-year. Total entities in good standing increased 6.6% year-over-year, and all forms of entities in good standing increased on a quarterly and annual basis.

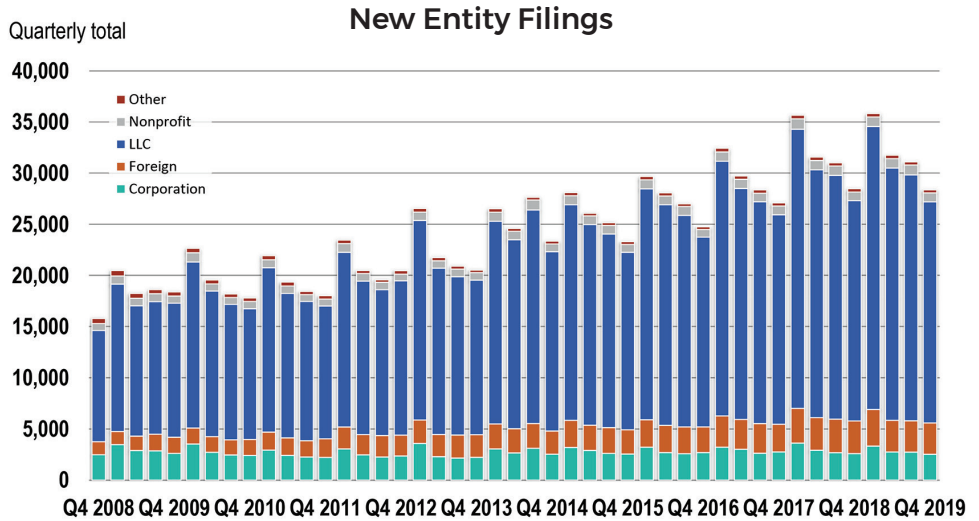
	Q4 2019	Q3 2019	Q4 2018	Percent Change over Prior Year		5-Year CAGR <sup>a</sup>	
<b>New Entity Filings</b>							
Domestic Limited Liability Company	21,620	24,042	21,536	0.4%	▲	4.3%	▲
Domestic Nonprofit Corporation	872	959	839	3.9%	▲	3.1%	▲
Domestic Corporation	2,522	2,730	2,591	-2.7%	▼	-0.1%	▼
Other Entity Types	3,357	3,379	3,523	-4.7%	▼	5.7%	▲
Total New Entity Filings	28,371	31,110	28,489	-0.4%	▼	4.0%	▲
Total New Entity Filings - 12 mo. trailing	127,079	127,197	126,746	0.3%	▲	4.6%	▲
<b>Existing Entity Renewals</b>							
Domestic Limited Liability Company	83,285	86,881	83,654	-0.4%	▼	6.3%	▲
Domestic Nonprofit Corporation	10,234	11,505	10,433	-1.9%	▼	1.1%	▲
Domestic Corporation	24,214	25,361	25,564	-5.3%	▼	-1.0%	▼
Other Entity Types	15,021	18,273	14,569	3.1%	▲	5.7%	▲
Total Existing Entity Renewals	132,754	142,020	134,220	-1.1%	▼	4.2%	▲
Total Existing Entity Renewals - 12 mo. trailing	570,367	571,833	552,271	3.3%	▲	6.0%	▲
<b>Other Business Filings</b>							
Dissolution Filings	9,290	7,719	8,859	4.9%	▲	8.7%	▲
Dissolution Filings - 12 mo. trailing	35,013	34,582	32,276	8.5%	▲	10.0%	▲
Trademarks	906	829	808	12.1%	▲	3.1%	▲
Trademarks - 12 mo. trailing	3,582	3,484	3,677	-2.6%	▼	1.9%	▲
Trade Names	9,273	9,982	9,914	-6.5%	▼	-1.1%	▼
Trade Names - 12 mo. trailing	43,050	43,691	44,590	-3.5%	▼	-0.5%	▼
<b>Entities in Good Standing</b>							
Corporation	124,512	123,146	123,657	0.7%	▲	0.0%	▲
Foreign	81,238	79,626	75,833	7.1%	▲	7.0%	▲
Limited Liability Company	482,876	470,719	444,353	8.7%	▲	7.8%	▲
Nonprofit Corporation	51,396	50,674	49,913	3.0%	▲	2.1%	▲
Other Entity Types	11,788	11,715	11,555	2.0%	▲	2.1%	▲
Total Entities in Good Standing	751,810	735,880	705,311	6.6%	▲	5.7%	▲

<sup>a</sup> Compound Annual Growth Rate.

## New Entity Filings & Existing Entity Renewals

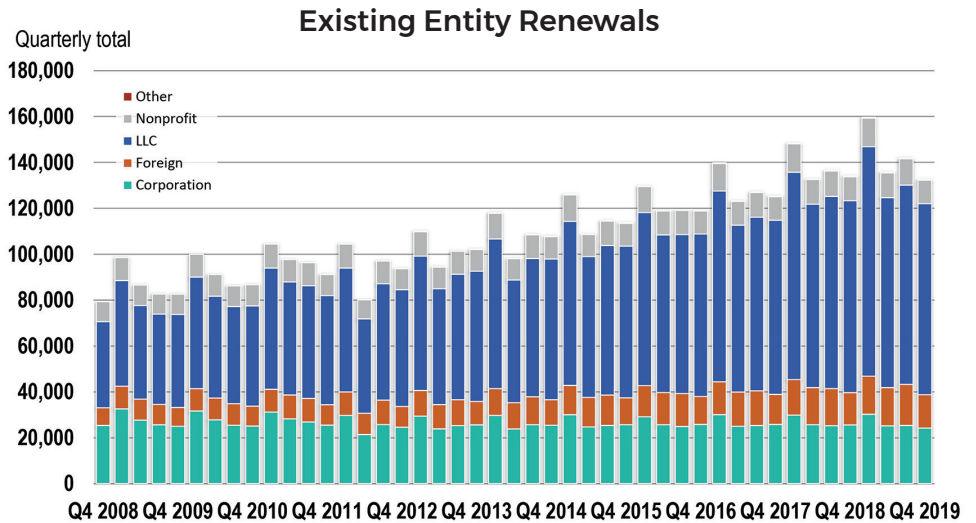
### New business filings in Q4 2019

**decreased over Q3 2019.** New business filings declined 0.4% year-over-year and 8.8% quarter-over-quarter in Q4 2019. The four-quarter rolling sum of filings, which removes seasonality, recorded a 0.3% increase in new entities year-over-year and a 0.1% decrease quarter-over-quarter. New filings for domestic LLCs and nonprofits increased, while filings for domestic corporations and other entities declined in Q4 2019.



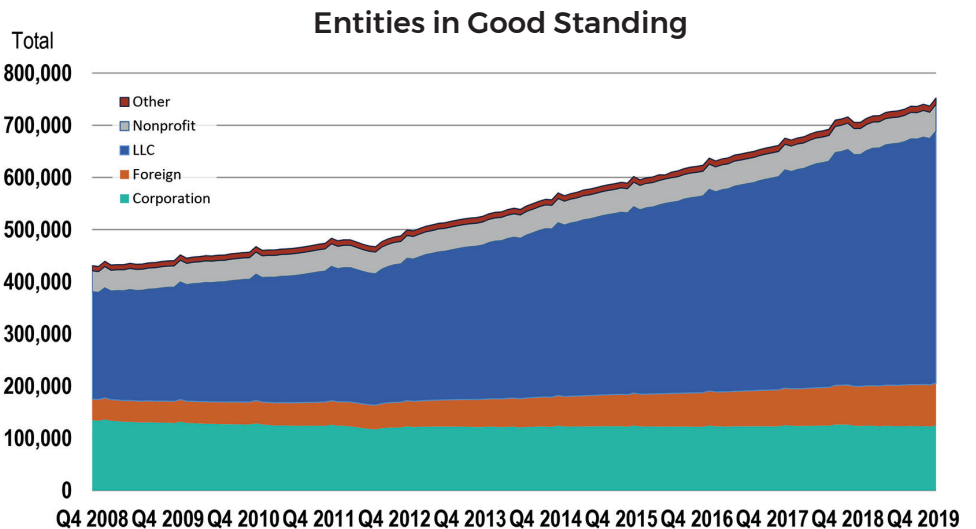
### Business renewals also declined in Q4.

There were 132,754 renewals in Q4 2019, down 6.5% from the previous quarter and 1.1% from the previous year. Using a four-quarter rolling sum to remove seasonality, renewals demonstrated an annual increase of 3.3% and a quarterly decrease of 0.3%.



### Q4 increase in number of businesses in good standing.

Total entities in good standing increased 6.6% from Q4 2018 to Q4 2019, which is slightly higher than the five-year compound annual growth rate of 5.7%. LLCs and foreign firms saw the largest increase in entities in good standing, while corporations in good standing remained relatively stagnant.



## Dissolutions, Trade Names, & Trademarks

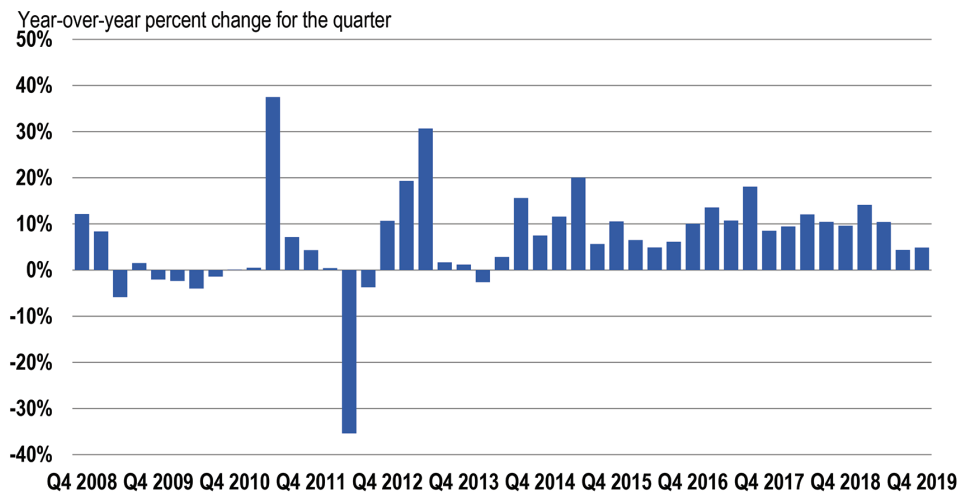
### Annual increases in dissolution filings.

A total of 9,290 businesses dissolved in Q4 2019, a 4.9% increase from the previous year. The 12-month trailing total of dissolution filings—35,013— was up 8.5% year-over-year and 1.2% quarter-over-quarter. Some businesses do not voluntarily dissolve without delay, and dissolution filings often lag the actual business dissolution.

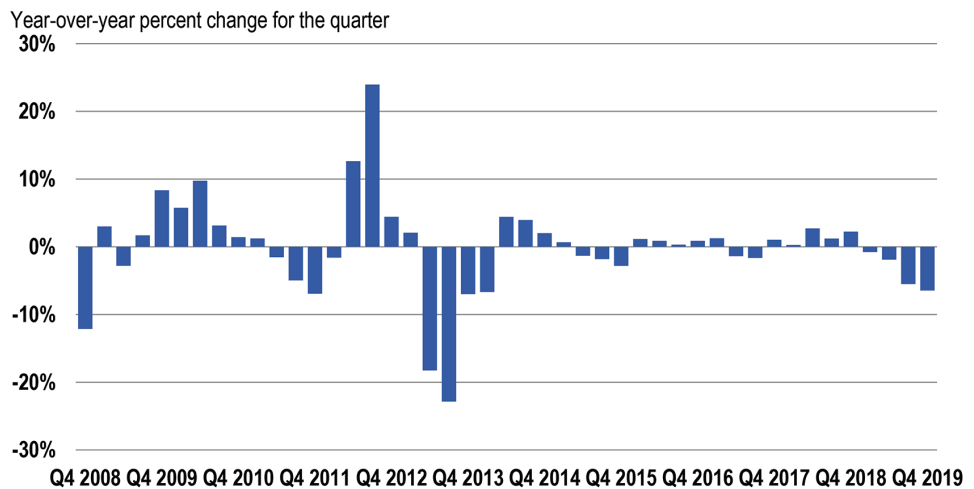
**Decline in trade name filings.** Trade name filings declined year-over-year in each quarter of 2019. The year ended with 9,273 filings, a 6.5% decline from Q4 2018 and a 7.1% decline from the prior quarter. The annual rate of decline for trade name filings also grew each quarter in 2019. Entities must file a statement of trade name when operating under any name other than their true name.

**Q4 rebound in trademark filings.** After four consecutive quarters of annual decline in trademark filings, Q4 saw a 12.1% year-over-year increase in filings. There were 906 trademark filings in Q4 2019, a 9.3% increase from the prior quarter. Using a 12-month trailing sum to adjust for seasonality, filings declined in each quarter of 2019, and they declined 2.6% in Q4. Trademarks protect the symbols and words used in commerce.

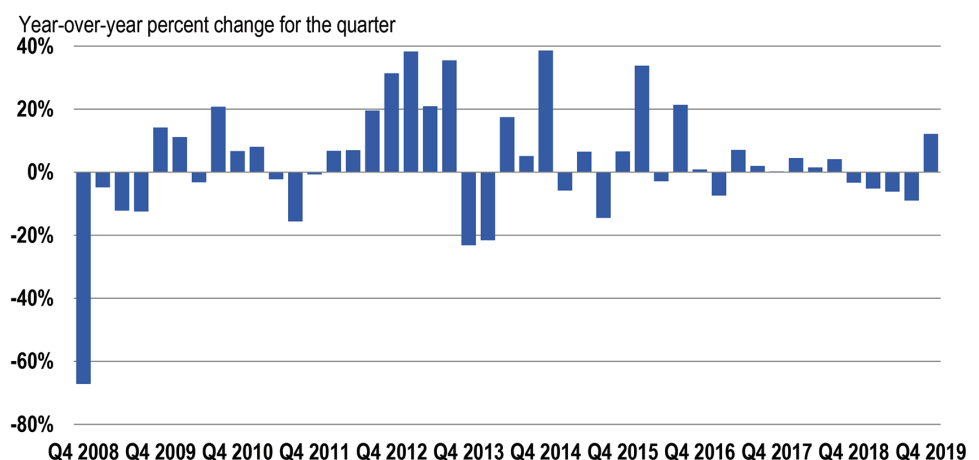
### Dissolution Filings



### Trade Name Filings



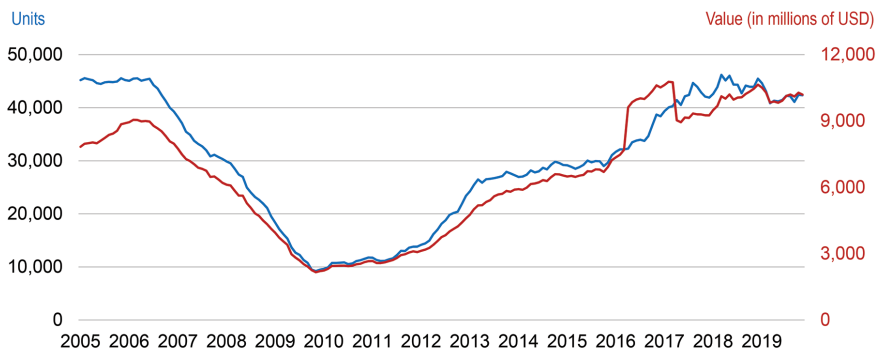
### Trademark Filings





## Colorado Economic Indicators

### Building Permits: New Residential Construction



Source: Census Bureau, New Privately Owned Housing Units Authorized (NSA).  
 Note: Values based on a 12-month rolling sum.

The number of building permits and the valuation of new residential construction decreased 7.7% and 3.8% year-over-year during the 12 months ending in December. The number of building permits in 2019 totaled nearly 42,000 with a value in excess of \$10.2 billion.

Permits declined more than 18% in the first half of 2019, year-over-year. However, permits increased year-over-year from July through December, marking an improvement in the housing market. Nonetheless, both single family and multifamily permits recorded slower growth in 2019.

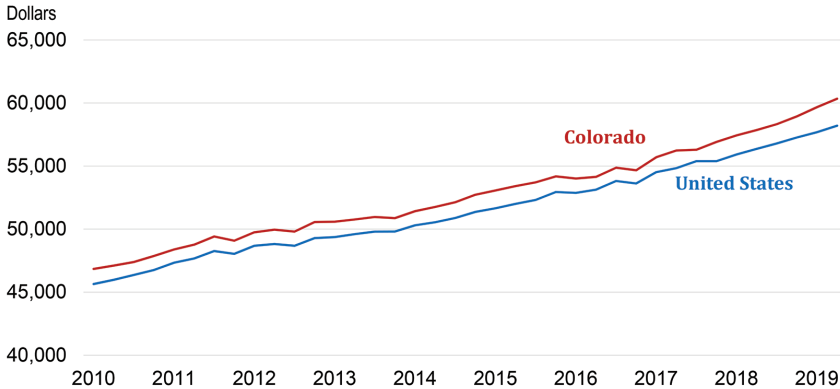
	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR <sup>a</sup>		
<b>Wealth &amp; Income</b>									
Personal Income (billions of dollars)	353.5	351.4	0.6%	▲	5.3%	▲	5.3%	▲	
Colorado Sales Tax Receipts, 12 mo. trailing (billions of dollars)	3.1	3.1	2.1%	▲	5.2%	▲	4.8%	▲	
Sales Expectations (LBCI)	54.1	51.3	5.3%	▲	1.0%	▲	-2.6%	▼	
Profit Expectations (LBCI)	52.1	49.7	4.9%	▲	2.3%	▲	-2.4%	▼	
<b>Business Outlays</b>									
Annual Wages Per Employee (\$)	60,341	59,674	1.1%	▲	4.3%	▲	3.1%	▲	
Hiring Expectations (LBCI)	50.6	48.3	4.9%	▲	-2.1%	▼	-2.7%	▼	
Capital Expenditures Expectations (LBCI)	50.6	45.9	10.3%	▲	-0.4%	▼	-5.2%	▼	
Retail Gasoline Price (dollars per gallon)	2.69	2.83	-4.9%	▼	24.8%	▲	6.9%	▲	
<b>Economic Overview</b>									
Real Quarterly GDP (billions of chained 2012 dollars)	354.3	352.0	2.6%	▲	3.3%	▲	3.6%	▲	
Employment (in thousands)	2,803.5	2,788.4	0.5%	▲	2.1%	▲	2.3%	▲	
Unemployment Rate <sup>b</sup>	2.5%	2.7%	-0.2%	▼	-1.1%	▼	-1.8%	▼	
Initial Jobless Claims	3,001	2,002	49.9%	▲	-2.5%	▼	0.3%	▲	
Continuing Jobless Claims	21,492	14,966	43.6%	▲	1.3%	▲	-4.0%	▼	
Building Permits, Number of Units, 12 mo. trailing	41,973	41,156	2.0%	▲	-7.7%	▼	7.5%	▲	
Valuation (millions of dollars), 12 mo. trailing	10,246	10,190	0.6%	▲	-3.8%	▼	9.4%	▲	
Foreclosures Filings, Number of Units	1,360	1,357	0.2%	▲	-8.9%	▼	-9.5%	▼	
Number of Sales	335	315	6.3%	▲	-5.1%	▼	-25.3%	▼	
FHFA Purchase-Only Home Price Index	485	480	1.2%	▲	5.1%	▲	9.1%	▲	
Private Firms	206,857	205,091	0.9%	▲	2.7%	▲	3.4%	▲	
Rotary Rig Count	21	24	-12.5%	▼	-38.2%	▼	-20.0%	▼	
Total Business Bankruptcy Filings	89	99	-10.1%	▼	4.7%	▲	-4.8%	▼	
Chapter 7	69	76	-9.2%	▼	3.0%	▲	-5.2%	▼	
Chapter 11	15	13	15.4%	▲	25.0%	▲	-4.6%	▼	
Chapter 13	3	9	-66.7%	▼	-50.0%	▼	-5.6%	▼	
State Economy Expectations (LBCI)	51.5	47.4	8.6%	▲	1.0%	▲	-4.9%	▼	

Sources in order as metrics appear and dates in parentheses indicate most recent data at time of publication: Bureau of Economic Analysis, Quarterly Personal Income (SA) (Q3 19); Colorado Department of Revenue, Office of Research and Analysis (NSA) (11/19); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q1 20); Colorado Department of Labor and Employment, QCEW (NSA) (Q2 19); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (01/20/20); Bureau of Economic Analysis, (SAAR) (Q3 19); Bureau of Labor Statistics, CES (SA) (12/19); Bureau of Labor Statistics, LAUS (SA) (12/19); U.S. Department of Labor, Employment and Training Administration (NSA) (01/11/20); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (12/19); Colorado Division of Housing, Foreclosure Report (Q3 19); FHFA Purchase-Only Home Price Index (SA) (Q3 19); Bureau of Labor Statistics, QCEW (Q2 2019); Baker-Hughes (01/17/20); Administrative Office of the U.S. Courts (Q3 19); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q1 20).

<sup>a</sup>Compound Annual Growth Rate. <sup>b</sup>Percentage point change.

## National Economic Indicators

### Annual Wages per Employee



Source: Bureau of Labor Statistics, QCEW (NSA).

According to data from the Bureau of Labor Statistics' Quarterly Census of Employment and Wages, average annual wages increased to \$58,200 as of Q2 2019, and Colorado's wages remained about \$2,100 higher than the national level. Monthly wage data from the Bureau of Labor Statistics' Current Employment Statistics survey through December illustrate continued growth in private wages (up 2.3% year-over-year).

Prices also increased according to the Bureau of Labor Statistics. The national All Items index increased 1.8% in 2019, the All Items less Shelter index increased 1%, and Medical Care increased 2.8%. Comparatively, the Colorado All Items index increased 1.9% in 2019, the All Items less Shelter index increased 0.9%, and Medical Care increased 3.4%.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR <sup>a</sup>	
<b>Wealth &amp; Income</b>								
Personal Income (billions of dollars)	18,718	18,556	0.9%	▲	4.4%	▲	4.4%	▲
Retail and Food Services Sales, 12 mo. trailing (billions of dollars)	6,203.7	6,151.6	0.8%	▲	3.1%	▲	3.6%	▲
S&P 500	3,323.2	2,996.0	10.9%	▲	25.9%	▲	10.4%	▲
Annual Wages Per Employee	58,201	57,689	0.9%	▲	3.3%	▲	3.6%	▲
<b>Business Outlays</b>								
Consumer Price Index	258.5	256.4	0.8%	▲	2.3%	▲	1.8%	▲
Core Inflation (All Items Less Food & Energy)	265.9	264.6	0.5%	▲	2.2%	▲	2.1%	▲
Shelter	322.1	320.5	0.5%	▲	3.2%	▲	3.3%	▲
Retail Gasoline Price (dollars per gallon)	2.63	2.74	-4.0%	▼	12.2%	▲	4.2%	▲
<b>Economic Overview</b>								
Real Quarterly GDP (billions of chained 2012 dollars)	19,220	19,121	2.1%	▲	2.3%	▲	2.3%	▲
Employment (in thousands)	152,383	151,830	0.4%	▲	1.4%	▲	1.7%	▲
Unemployment Rate <sup>b</sup>	3.5%	3.5%	0.0%	▷	-0.4%	▼	-2.1%	▼
Initial Jobless Claims (4-Week Moving Average)	224,000	215,000	4.2%	▲	0.4%	▲	-4.1%	▼
Continuing Jobless Claims (4-Week Moving Average)	1,728,000	1,655,000	4.4%	▲	0.0%	▷	-5.9%	▼
Building Permits, Number of Units, 12 mo. trailing	1,370,347	1,331,156	2.9%	▲	4.0%	▲	5.7%	▲
Valuation (millions of dollars), 12 mo. trailing	276,611	267,964	3.2%	▲	3.0%	▲	7.6%	▲
FHFA Home Price Index	274.4	271.4	1.1%	▲	4.9%	▲	5.9%	▲
Rotary Rig Count	796	851	-6.5%	▼	-24.2%	▼	-13.8%	▼
Total Business Bankruptcy Filings	5,595	5,799	-3.5%	▼	8.5%	▲	-2.5%	▼
Chapter 7	3,579	3,623	-1.2%	▼	8.0%	▲	-3.8%	▼
Chapter 11	1,381	1,503	-8.1%	▼	11.8%	▲	0.3%	▲
Chapter 13	449	458	-2.0%	▼	-0.2%	▼	-4.2%	▼
National Economy Expectations (LBCI)	45.9	38.5	19.3%	▲	8.0%	▲	-5.2%	▼

Sources in order as metrics appear and dates in parentheses indicate most recent data at time of publication: Bureau of Economic Analysis, Quarterly Personal Income (SA) (Q3 19); U.S. Census Bureau (NSA) (11/20); Yahoo Finance (1/22/20); Bureau of Labor Statistics, QCEW (NSA) (Q2 2019); Bureau of Labor Statistics, All Urban Consumers, U.S. City Average (SA) (12/20); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (1/20/20); Bureau of Economic Analysis (SAAR) (Q4 19); Bureau of Labor Statistics, CES (SA) (12/20); Bureau of Labor Statistics (SA) (12/20); U.S. Department of Labor, Employment and Training Administration (SA) (12/21/19); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (12/20); FHFA Purchase-Only Home Price Index (SA) (Q3 19); Baker-Hughes (1/17/20); Administrative Office of the U.S. Courts (Q3 19); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q1 20).

<sup>a</sup>Compound Annual Growth Rate. <sup>b</sup>Percentage point change.

The Quarterly Business & Economic Indicators, produced by the Business Research Division (BRD) on behalf of the Colorado Secretary of State, reports on the correlations between various business filing data and economic metrics. The Business Research Division (BRD) conducts marketing and economic impact studies and customized research projects that assist companies, associations, nonprofits, and governmental agencies with making sound business and policy decisions. Visit [colorado.edu/business/brd](http://colorado.edu/business/brd) to learn more.

Copyright © 2020. Business Research Division, Leeds School of Business, University of Colorado Boulder, and the Colorado Department of State.



PUBLISHED BY BUSINESS RESEARCH DIVISION, LEEDS SCHOOL OF BUSINESS, UNIVERSITY OF COLORADO BOULDER

## Secretary of State Business Filings Q4 2019 Data Analysis

Businesses are established under several different entity types. The most commonly formed is a **domestic limited liability company** (DLLC), blending structures from both corporations and partnerships/sole proprietorships. DLLCs provide owners with protection from personal liability and also offer benefits from the effects of pass-through income taxation. As an example, Indigo Partners is the parent company of Frontier Airlines, a low-cost carrier headquartered in Denver.

**Domestic corporations** (DCs) are the second-most popular business filing received by the Secretary of State. DCs provide owners with limited liability, similar to DLLCs, and business must be conducted in the state in which it was formed. Coors Brewing Company is a well-known DC in Colorado.

A third entity type is a **domestic nonprofit corporation** (DNC). DNCs differ from DLLCs and DCs in that they

are formed not for profit and pursue an agenda of social responsibility. Building a Better Colorado operates as a DNC with the goal of facilitating conversation between Colorado voters to improve the state government.

**Public benefit corporations** create a framework for companies that seek to solve social and environmental problems while benefiting their shareholders. Group14 Engineering, which provides sustainable energy and environmental solutions for buildings, is an example of this type of corporation in Colorado.

**Foreign entities**, or business entities registered in a different state, are authorized to transact business or conduct activities in the state of Colorado. According to the Colorado Secretary of State, all foreign entity types are functionally equivalent to their domestic counterparts. Simple Energy Inc. is an example of a foreign entity in Colorado.

A partnership between the  
**Colorado Secretary of State's Office**  
and the  
**University of Colorado Boulder**  
**Leeds School of Business**  
**Business Research Division**



**Leeds** School of Business  
UNIVERSITY OF COLORADO BOULDER

