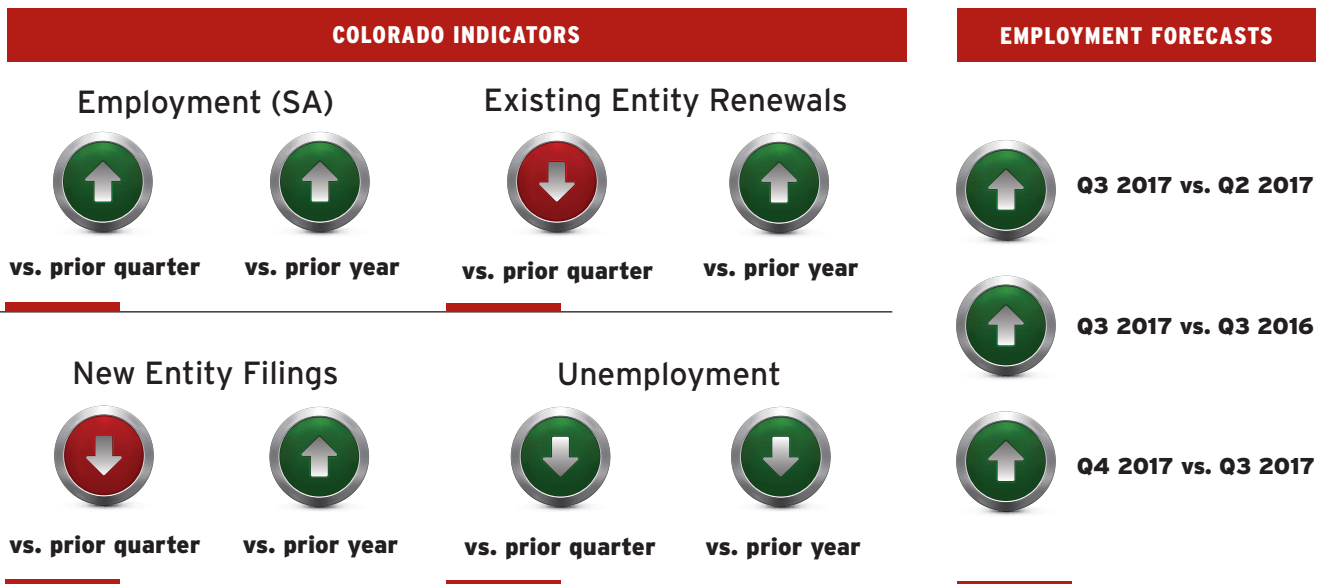
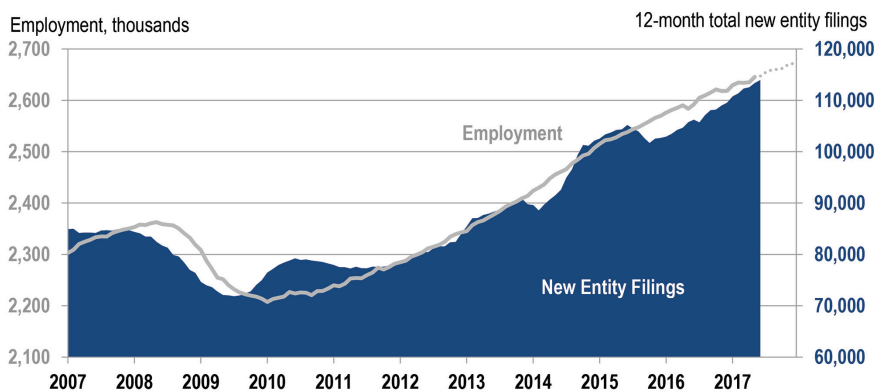


## Secretary of State Business Filings Q2 2017 Data Analysis Summary

- Despite the normal seasonal slowing in quarterly filings, new entity filings continued an upward trajectory in Q2 2017 compared to last year.
- Employment growth expectations improved modestly from Q1 to Q2.
- The fastest pace of employment growth continues to be in metropolitan statistical areas in Colorado, while employment growth in rural communities continues to lag.
- Most Colorado economic indicators are showing strong growth.



### 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.

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*The Secretary of State's office works to grow commerce and foster political freedom by building trust, instilling confidence, and offering innovative, value-driven solutions.*

## Secretary of State Business Filings Q2 2017 Data Analysis Summary

### Colorado will continue to add jobs

**throughout 2017.** Total new entity filings increased 5.9% year-over-year in Q2 2017 and decreased 8.4% compared to last quarter. Over the 12 months ending in Q2 2017, a total of 113,949 new business filings were recorded. The robust growth in business filings bodes well for future job growth in the state. However, rural areas continue to show weakness in job growth—most growth continues to be concentrated in urban communities in the state.

### Existing entity filings dipped in Q2.

Existing entity renewals decreased to 123,347 in Q2 2017. Entities in good standing reached 647,246 in Q2 2017, an increase of 6.1% year-over-year.

### Colorado business leaders have tempered optimism approaching Q4.

While business leaders' confidence remained in positive territory ahead of Q3 and Q4 2017, expectations decreased slightly. Overall, business leaders remain bullish on the Colorado economy.

**Stable GDP growth.** In Q2 2016, U.S. real GDP increased by 1.4%, 3.5% in Q3, 2.1% in Q4, and 1.4% in Q1 2017. According to the Bureau of Economic Analysis, the Q4 increase reflected positive contributions from personal consumption, private inventory investment, residential fixed investment, and nonresidential fixed investment, with drag from government spending and exports.

A total of 221,000 jobs were added in the United States in June 2017, while the unemployment rate was 4.4% in June, a slight increase from May 2017.

Total wages dropped \$2.4 million in 12 months for Q4 2016, a year-over-year 3% decrease according to the Bureau of Labor Statistics (BLS). Initial jobless claims were 238,000 in early June, and continuing claims averaged 1.9 million nationwide.

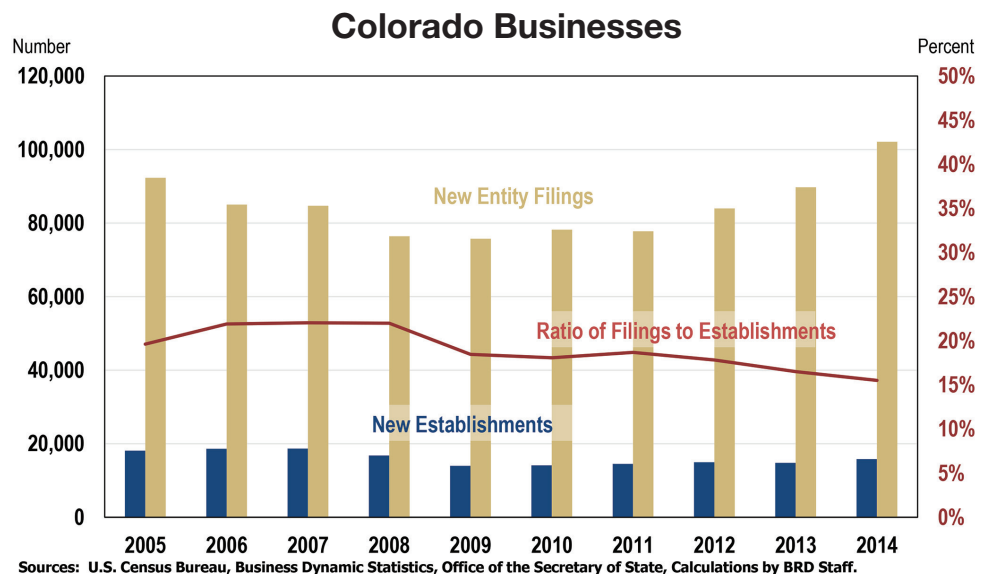
Colorado gasoline prices continue to rise as energy commodities begin to recover. Prices were down 0.3% nationally year-over-year in June 2017. In Colorado, prices were up 1.7% in June, yet they remained below national prices. In April 2017, seasonally adjusted retail and food services sales increased 4.6% year-over-year nationally. According to the Consumer Price Index, national prices increased 1.9% year-over-year in May 2017, while core inflation (all items less food and energy) rose 1.7% and shelter climbed 3.3%. In Colorado, prices increased at an annual rate of 2.6% in the second half of 2016, while core inflation and shelter rose 3.5% and 7%, respectively, according to the Denver-Boulder-Greeley index.

Colorado's economy grew 2.6% year-over-year in Q4 2016, according to the Bureau of Economic Analysis. In May 2017, Colorado added approximately 62,000 jobs year-over-year. Based on data from the BLS, Q4 year-over-year total wages and wages per employee increased 0.7% and 0.9%,

respectively, in Colorado.

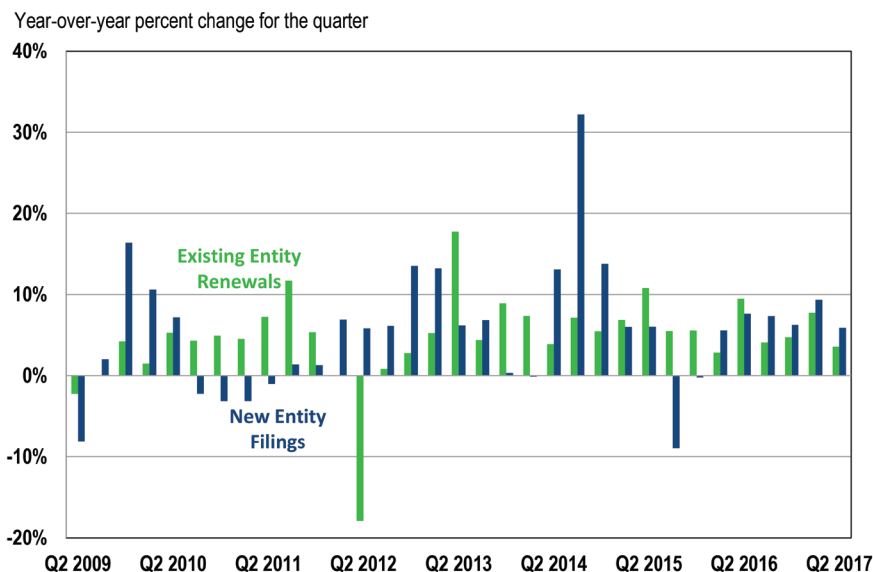
Over the trailing 12 months, national residential construction (building permits) rose 2.5% year-over-year through May based on Census building permit data. Residential construction in Colorado through May 2017 posted 21% growth year-over-year. Home prices in Colorado grew at the third-fastest pace nationally (9.9%) according to the Q1 Federal Housing Finance Agency All Transactions Index.

The ratio of new establishments to new entity filings has remained stable from 2005 to 2014, ranging from 15.5% to 22%. New entity filings may or may not become establishments, which are single physical locations where business is conducted or where services or industrial operations are performed according to the U.S. Census Bureau. The 2015 data will become available in late 2017.



## Business Filings Overview

### Existing Entity Renewals and New Entity Filings



#### Business formation slowed in Q2 2017.

In the second quarter of 2017, a total of 29,728 new business filings were recorded in Colorado, representing a 5.9% increase over the same period in 2016. For the four quarters ending Q2 2017, a total of 113,949 new business filings were recorded in the state, exhibiting both annual growth (7.3%) and quarterly growth (1.5%).

Renewals of existing entities were 123,347 in Q2 2017, a seasonal decrease from the prior quarter, but an increase year-over-year. However, in Q1 dissolution filings increased year-over-year by 10.3%. Trademark filings were up for the year, while trade name filings decreased in Q2. As well, businesses in good standing continued to climb to record levels.

	Q2 2017	Q1 2017	Q2 2016	Percent Change over Prior Year		5-Year CAGR <sup>a</sup>	
<b>New Entity Filings</b>							
Domestic Limited Liability Company	22,582	24,900	21,575	4.7%	▲	8.5%	▲
Domestic Nonprofit Corporation	896	907	853	5.0%	▲	3.9%	▲
Domestic Corporation	3,012	3,218	2,691	11.9%	▲	4.1%	▲
Other Entity Types	3,238	3,425	2,955	9.6%	▲	7.3%	▲
Total New Entity Filings	29,728	32,450	28,074	5.9%	▲	7.7%	▲
Total New Entity Filings - 12 mo. trailing	113,949	112,295	106,225	7.3%	▲	7.2%	▲
<b>Existing Entity Renewals</b>							
Domestic Limited Liability Company	72,753	83,177	68,738	5.8%	▲	12.1%	▲
Domestic Nonprofit Corporation	10,399	11,961	10,433	-0.3%	▼	4.5%	▲
Domestic Corporation	24,975	30,062	25,676	-2.7%	▼	3.1%	▲
Other Entity Types	15,220	14,683	14,285	6.5%	▲	10.1%	▲
Total Existing Entity Renewals	123,347	139,883	119,132	3.5%	▲	9.0%	▲
Total Existing Entity Renewals - 12 mo. trailing	501,854	497,639	477,494	5.1%	▲	6.1%	▲
<b>Other Business Filings</b>							
Dissolution Filings	6,653	7,827	6,009	10.7%	▲	13.4%	▲
Dissolution Filings - 12 mo. trailing	27,602	26,958	25,018	10.3%	▲	8.8%	▲
Trademarks	940	961	878	7.1%	▲	9.5%	▲
Trademarks - 12 mo. trailing	3,593	3,531	3,450	4.1%	▲	8.4%	▲
Trade Names	11,202	12,574	11,359	-1.4%	▼	-3.5%	▼
Trade Names - 12 mo. trailing	43,987	44,144	43,873	0.3%	▲	-1.3%	▼
<b>Entities in Good Standing</b>							
Corporation	123,003	122,374	122,534	0.4%	▲	0.8%	▲
Foreign	68,087	66,745	63,530	7.2%	▲	7.9%	▲
Limited Liability Company	396,655	389,016	366,174	8.3%	▲	9.5%	▲
Nonprofit Corporation	48,210	48,021	47,232	2.1%	▲	2.8%	▲
Other Entity Types	11,291	11,217	10,577	6.8%	▲	2.6%	▲
Total Entities in Good Standing	647,246	637,373	610,047	6.1%	▲	6.7%	▲

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



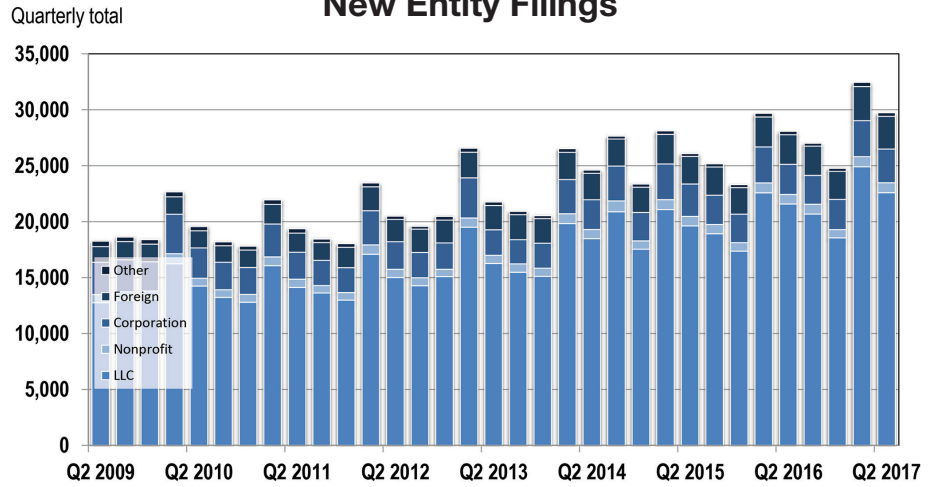
## New Entity Filings & Existing Entity Renewals

**Business filings in Q2 2017 continued an upward climb compared to Q2 2016.** New entity filings increased by 5.9% year-over-year but fell by 8.4% compared to the strong Q1 2017 (the quarterly changes reflect a seasonal nature to the filings). Alternatively, the four-quarter rolling sum of filings—which removes seasonality—recorded a 7.3% increase in Q2 2017 compared to Q2 2016 and a 1.5% rise over Q1 2017. Filings for domestic corporations recorded the highest growth compared to other categories, 11.9% year-over-year, while limited liability companies (LLCs) had the greatest number of new filings.

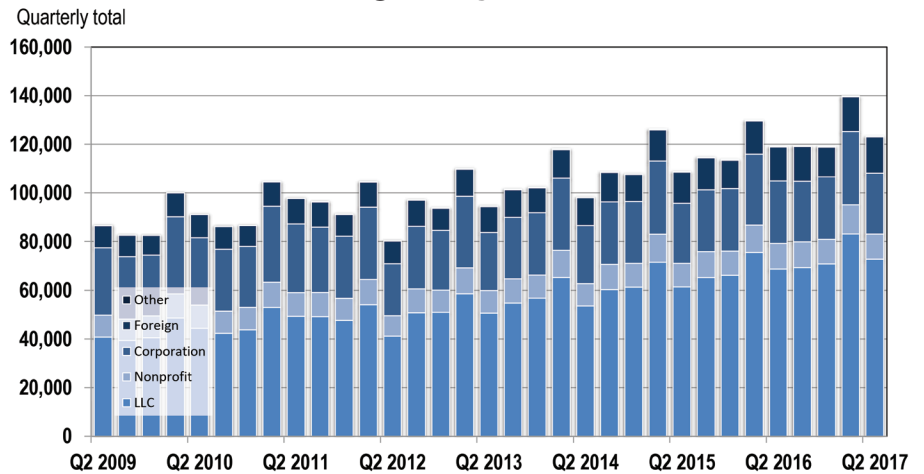
**Business renewals also gained in Q2.** Renewals totaled 123,347 in Q2 2017, increasing 3.5% compared to Q2 2016 but recording a seasonal decline compared to Q1 2017. The four-quarter rolling total in Q2 2017 rose 5.1% year-over-year. LLCs recorded strong growth, while nonprofits and domestic corporations decreased year-over-year.

**Businesses in good standing continued upward march in Q2.** From Q2 2016 to Q2 2017, the number of entities in good standing in the state increased by 6.1%. Over the past five years, the number of entities in good standing has increased at a compound annual growth rate of 6.7%. LLCs drove year-over-year growth (8.3%), followed by foreign entities in good standing (7.2%).

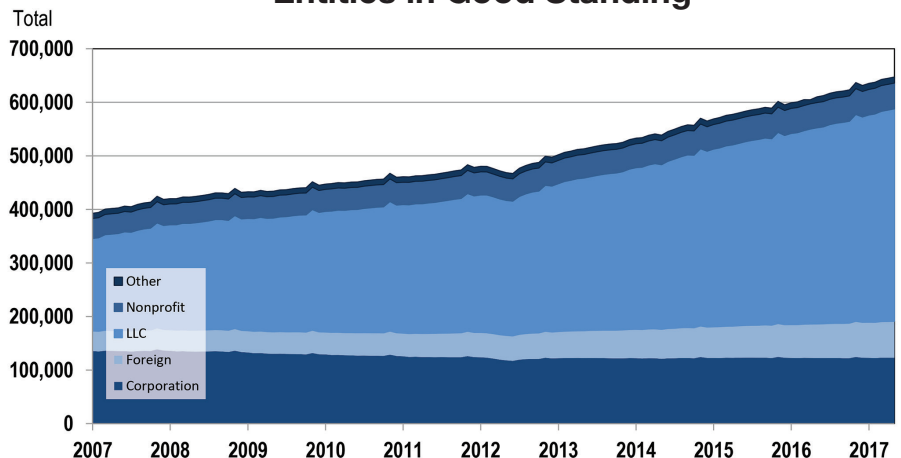
### New Entity Filings



### Existing Entity Renewals



### Entities in Good Standing

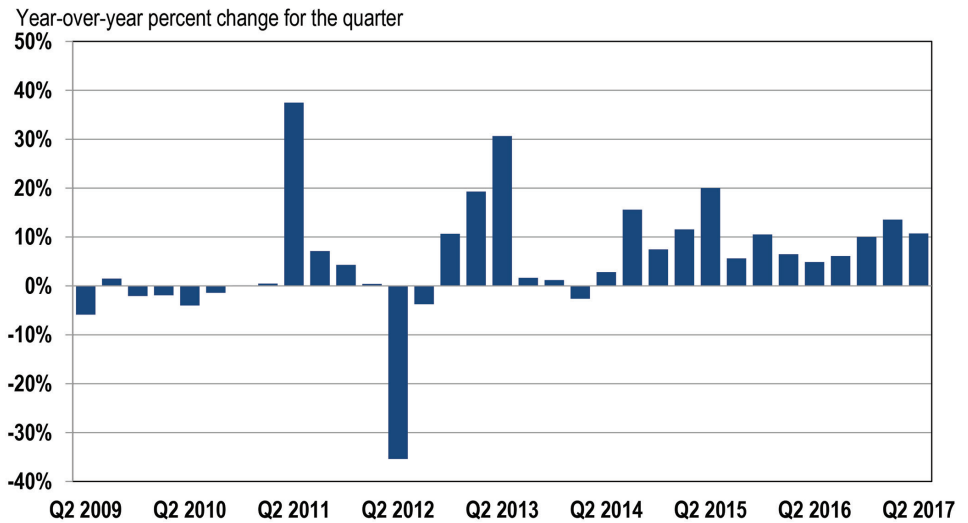




## Dissolutions, Trade Names, & Trademarks

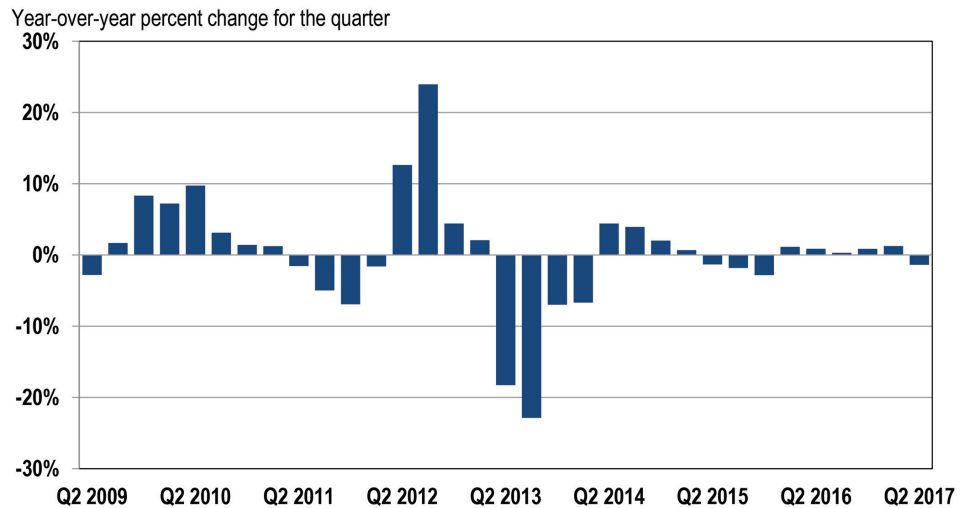
**The pace of dissolution filings accelerated in Q2 2017.** Dissolution filings increased 10.7% in Q2 2017 compared to Q2 2016, representing a total of 6,653 businesses dissolving. However, compared to the prior quarter dissolution filings fell 15%. The 12-month rolling sum increased by 10.3% year-over-year. Some businesses do not voluntarily dissolve without delay, and dissolution filings often lag the actual business dissolution.

### Dissolution Filings



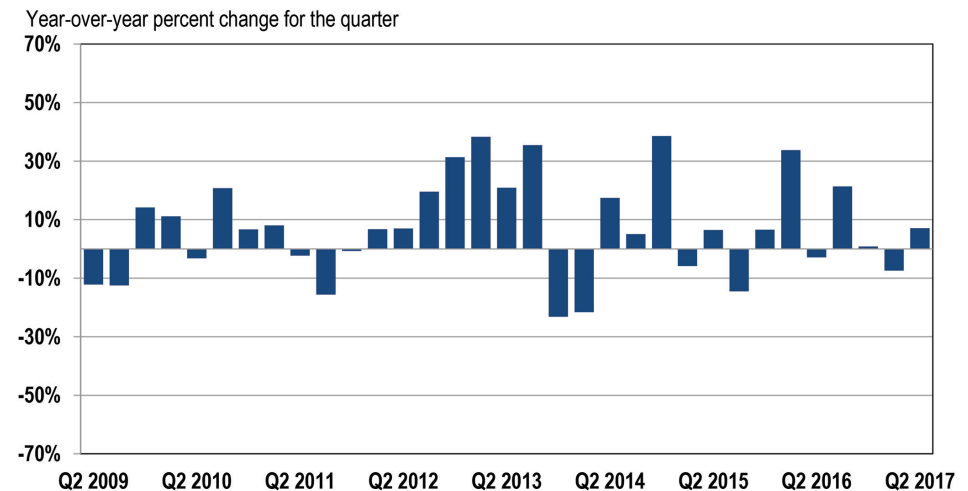
**Trade name filings fell modestly.** In Q2 2017, a total of 11,202 trade names were filed, a decrease of 1.4% year-over-year and 10.9% quarter-over-quarter. The 12-month trailing total of trade name filings—43,987—was up only slightly (0.3%) year-over-year and fell 0.4% compared to the prior quarter. Entities must file a statement of trade name when operating under any name other than their true name.

### Trade Name Filings

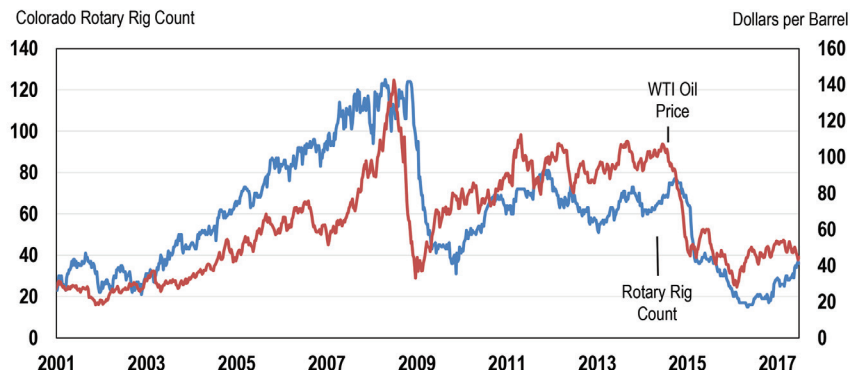


**The total number of trademark filings increased compared to last year.** Trademark filings increased from 878 in Q2 2016 to 940 in Q2 2017, but quarter-over-quarter growth was down modestly. The four-quarter rolling total of trademark filings increased in Q2 2017 by 4.1% over the prior year and 1.8% from Q1. Trademarks protect the symbols and words used in commerce.

### Trademark Filings



## Colorado Rotary Rig Count



Source: Baker Hughes North America Rig Count.

## Colorado Economic Indicators

**Colorado's energy sector may be ready for a rebound.** As of July 7, 2017, Colorado had 36 rotary rigs, an increase of 89.5% year-over-year. Although positive, the current rig count is down 53% compared to the peak on September 26, 2014. Further growth in this sector depends on an increase in oil and gas prices. Before firms are willing to increase rig counts, the price of oil must increase further above the cost of production. The WTI spot price is looking positive, at \$48.48 per barrel in May 2017, an increase of 59.9% from the low in February 2016. Yet, oil is still 58.4% below the peak price level in June 2014. According to the Energy Information Administration, Colorado produced 9.45 million barrels of crude oil in April 2017. Although

growth has occurred in the past five years, oil production has fallen in the past year, with a year-over-year decrease of 0.5%. Despite positive indicators in oil price, production and employment have dropped in 2017. The industry accounts for 0.9% of Colorado's total nonfarm employment. As of May, the industry had lost 1,300 jobs year-over-year, a 5.4% decrease. Employment decreases may be correlated to improved efficiency of oil companies as they are constrained by low oil prices. With a modest rebound in prices, a lagged rebound will follow in rig counts, employment, and production. Colorado coal employment declined 12.8% year-over-year in April 2017.

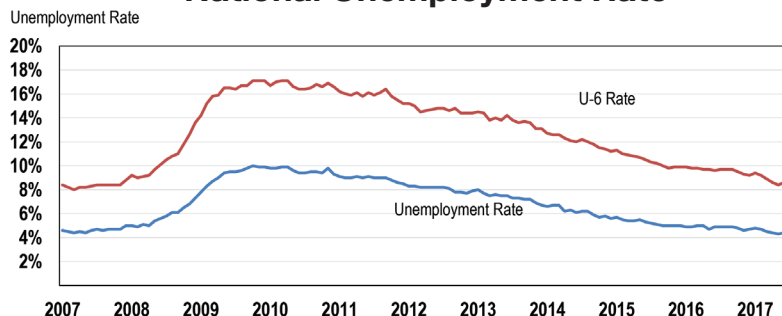
	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR <sup>a</sup>	
<b>Wealth &amp; Income</b>								
Personal Income (millions of dollars)	294,370	291,877	0.9%	▲	4.2%	▲	5.2%	▲
Colorado Sales Tax Receipts, 12 mo. trailing (billions of dollars)	2.7	2.7	1.4%	▲	4.2%	▲	5.4%	▲
Sales Expectations (LBCI)	62.4	64.3	-2.9%	▼	6.4%	▲	1.4%	▲
Profit Expectations (LBCI)	61.2	62.8	-2.6%	▼	7.6%	▲	2.2%	▲
<b>Business Outlays</b>								
Annual Wages Per Employee (\$)	54,669	54,872	-0.4%	▼	0.9%	▲	2.2%	▲
Hiring Expectations (LBCI)	59.7	61.7	-3.1%	▼	11.9%	▲	2.2%	▲
Capital Expenditures Expectations (LBCI)	59.5	61.0	-2.4%	▼	9.4%	▲	2.5%	▲
Retail Gasoline Price (dollars per gallon)	2.30	2.29	0.3%	▲	-1.4%	▼	-8.8%	▼
<b>Economic Overview</b>								
Real Quarterly GDP (millions of chained 2009 dollars)	295,727	294,930	1.1%	▲	2.6%	▲	3.0%	▲
Employment (in thousands)	2,645.6	2,634.4	0.4%	▲	2.4%	▲	2.8%	▲
Unemployment Rate <sup>b</sup>	2.3%	2.9%	-0.6%	▼	-1.1%	▼	-5.7%	▼
Initial Jobless Claims	1,581	1,849	-14.5%	▼	-24.2%	▼	-10.8%	▼
Continuing Jobless Claims	22,792	26,278	-13.3%	▼	-18.0%	▼	-12.0%	▼
Building Permits, Number of Units, 12 mo. trailing	40,530	40,062	1.2%	▲	21.0%	▲	19.0%	▲
Valuation (millions of dollars), 12 mo. trailing	8,946	10,776	-17.0%	▼	-9.2%	▼	20.2%	▲
Foreclosures Filings, Number of Units	1,756	1,794	-2.1%	▼	-22.9%	▼	-25.8%	▼
Number of Sales	648	633	2.4%	▲	-24.7%	▼	-30.7%	▼
FHFA Purchase-Only Home Price Index	414	401	3.1%	▲	10.9%	▲	10.3%	▲
Private Firms	189,175	190,148	-0.5%	▼	2.7%	▲	2.6%	▲
Rotary Rig Count	36	28	28.6%	▲	89.5%	▲	-12.2%	▼
Total Business Bankruptcy Filings	91	88	3.4%	▲	-21.6%	▼	-16.1%	▼
Chapter 7	69	59	16.9%	▲	-15.9%	▼	-17.6%	▼
Chapter 11	18	23	-21.7%	▼	-25.0%	▼	-6.4%	▼
Chapter 13	4	6	-33.3%	▼	-60.0%	▼	-19.7%	▼
State Economy Expectations (LBCI)	60.9	67.0	-9.2%	▼	6.1%	▲	1.5%	▲

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) (Q1 17); Colorado Department of Revenue (NSA) (02/16); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q4 17); Colorado Department of Labor and Employment, QCEW (NSA) (Q4 16); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (07/03/17); Bureau of Economic Analysis, (SAAR) (Q4 16); Bureau of Labor Statistics, CES (SA) (5/17); Bureau of Labor Statistics, LAUS (SA) (5/17); U.S. Department of Labor, Employment and Training Administration (NSA) (6/24/17); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (5/17); Colorado Division of Housing, Foreclosure Report (Q1 17); FHFA Purchase-Only Home Price Index (SA) (Q1 17); Bureau of Labor Statistics, QCEW (Q4 2016); Baker-Hughes (07/17); Administrative Office of the U.S. Courts (Q1 17); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q4 17).

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



## National Unemployment Rate



Source: Bureau of Labor Statistics-Unemployment Rate.

the lowest since 2013. Labor shortages continue to affect the nation as employers struggle to find employees with the necessary skills to be competitive. Labor shortages are especially affecting the construction industry. According to Forbes, “the share of builders reporting either some or a serious shortage has skyrocketed from a low of 21 percent in 2012, to 46 percent in 2014, 52 percent in 2015, and now 56 percent in 2016.” The labor force participation rate continues to highlight the changing demographics of the labor force. While holding at 62.8% in June, the labor force participation rate is 4.5 percentage points below the peak in January 2000. The labor force participation rate has been driven down by changing demographic trends. While the general drop in unemployment is encouraging, stagnating wages and the failure to find qualified workers in a changing workforce signal uncertainty for the economy.

## National Economic Indicators

**Unemployment continues to stay low as the labor force changes.** The national unemployment rate, at 4.4%, decreased by 0.1 percentage points compared to three months prior. The annual percent change decreased 0.5 percentage points and the five-year change decreased by 3.8 percentage points. Although unemployment remains low, national wages are stagnant. (The unemployment rate did not incorporate the 1.7 million people who have been out of work for six months or more.) As of Q4 2016, total wages increased 3% year-over-year. Although positive, annual wage growth in 2016 is

	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)	16,329	16,166	1.0%	▲	3.7%	▲	3.6%	▲
Retail and Food Services Sales, 12 mo. trailing (billions of dollars)	5,585.5	5,543.4	0.8%	▲	3.2%	▲	3.5%	▲
S&P 500	2,429.0	2,362.7	2.8%	▲	15.7%	▲	12.2%	▲
Annual Wages Per Employee	53,611	53,811	-0.4%	▼	1.3%	▲	2.8%	▲
<b>Business Outlays</b>								
Consumer Price Index	243.8	244.5	-0.2%	▼	1.9%	▲	1.3%	▲
Core Inflation (All Items Less Food & Energy)	251.3	251.3	0.0%	▲	1.7%	▲	1.9%	▲
Shelter	296.5	294.6	0.6%	▲	3.3%	▲	2.9%	▲
Retail Gasoline Price (dollars per gallon)	2.38	2.47	-3.8%	▼	-0.8%	▼	-7.0%	▼
<b>Economic Overview</b>								
Real Quarterly GDP (billions of chained 2009 dollars)	16,873	16,813	1.4%	▲	2.0%	▲	2.0%	▲
Employment (in thousands)	146,135	145,773	0.2%	▲	1.6%	▲	1.8%	▲
Unemployment Rate <sup>b</sup>	4.4%	4.5%	-0.1%	▼	-0.5%	▼	-3.8%	▼
Initial Jobless Claims	238,000	246,000	-3.3%	▼	-12.8%	▼	-9.1%	▼
Continuing Jobless Claims	1,942,000	1,987,000	-2.3%	▼	-9.4%	▼	-10.3%	▼
Building Permits, Number of Units, 12 mo. trailing	1,220,878	1,202,474	1.5%	▲	2.5%	▲	12.2%	▲
Valuation (millions of dollars), 12 mo. trailing	242,480	235,735	2.9%	▲	7.1%	▲	16.0%	▲
FHFA Home Price Index	241.2	237.9	1.4%	▲	6.0%	▲	6.1%	▲
Rotary Rig Count	940	824	14.1%	▲	118.1%	▲	-13.7%	▼
Total Business Bankruptcy Filings	5,715	5,666	0.9%	▲	-8.2%	▼	-12.3%	▼
Chapter 7	3,604	3,697	-2.5%	▼	-7.2%	▼	-13.4%	▼
Chapter 11	1,435	1,287	11.5%	▲	-10.1%	▼	-10.2%	▼
Chapter 13	539	519	3.9%	▲	-6.7%	▼	-9.9%	▼
National Economy Expectations (LBCI)	53.4	54.6	-2.2%	▼	10.6%	▲	2.7%	▲

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) (Q1 17); U.S. Census Bureau (NSA) (4/17); Yahoo Finance (07/03/17); Bureau of Labor Statistics, QCEW (NSA) (Q4 16); Bureau of Labor Statistics, All Urban Consumers, U.S. City Average (SA) (5/17); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (07/03/17); Bureau of Economic Analysis (SAAR) (Q1 17); Bureau of Labor Statistics, CES (SA) (5/17); Bureau of Labor Statistics (SA) (6/17); U.S. Department of Labor, Employment and Training Administration (SA) (06/10/17); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (05/17); FHFA Purchase-Only Home Price Index (SA) (Q1 17); Baker-Hughes (06/17); Administrative Office of the U.S. Courts (Q1 17); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q4 17).

<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.





## Overview of Business Types

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 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*  
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