

INDICATORS

Employment (SA)



vs. prior quarter



vs. prior year

New Entity Filings



vs. prior quarter



vs. prior year

Existing Entity Renewals



vs. prior quarter



vs. prior year

Unemployment



vs. prior quarter



vs. prior year

EMPLOYMENT FORECASTS



Q4 2012 vs. Q3 2012



Q4 2012 vs. Q4 2011



Q1 2013 vs. Q1 2012

Scott Gessler  
Colorado Secretary of State  
1700 Broadway, Suite 200  
Denver, CO 80290  
www.sos.state.co.us

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.

Growth Sustaining in Colorado

**A positive quarter for business filings.** New entity filings increased year-over-year; Colorado recorded nearly 80,500 new entities over the last 12 months ending in September. Existing entity renewals rebounded in Q3. Dissolutions, trademarks, and trade names all recorded improvement for the quarter.

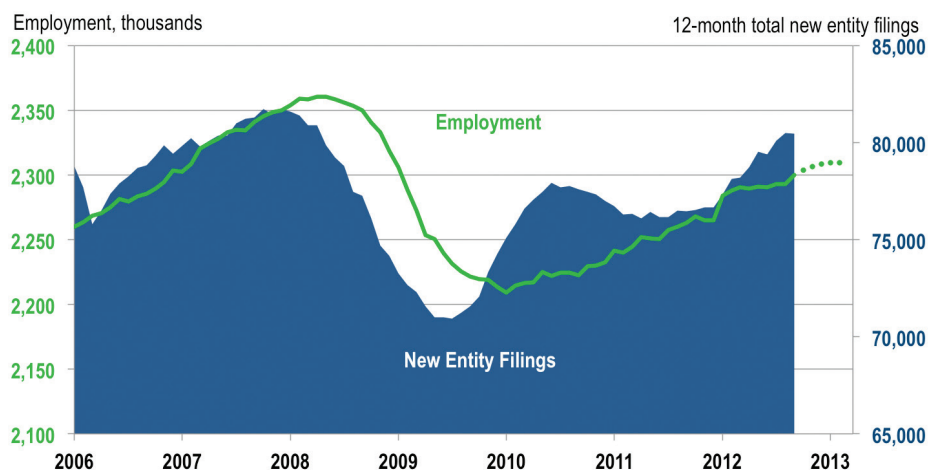
**Predictive model forecasts sustained employment growth.** The strong correlation between new entity filings and total nonfarm employment forecasts year-over-year employment growth in Q4 2012. This growth is expected to continue into the first quarter of 2013.

**Business leaders remain optimistic.** While Colorado business leaders' expectations for economic trends pulled back slightly looking ahead to Q4, they reaffirmed their optimism with the fourth consecutive quarter of positive expectations. Sales, profits, hiring, and capital expenditures all remained positive in the Leeds Business Confidence Index Q4 survey of business leaders. The overall expectation for the state economy, remained positive, while sentiments about the national economy remained below neutral.

**Employment, income, and wealth make gains.** In Q3, Colorado total nonfarm employment grew 1.6%, or by 37,300 jobs, year-over-year. Compared to the end of Q2, employment increased 0.4%, or by 9,800 jobs (seasonally adjusted). In this same period, Colorado's labor force remained steady year-over-year, but declined by 0.7% over Q2 2012, resulting in an improvement in the unemployment rate, which stood at 8% in September. Quarterly data show annual wages and personal income have increased in Colorado, as well as measures of wealth (e.g., home prices and the S&P 500). Fuel prices increased for the quarter, resulting in a negative income effect for consumers, but prices began moderating in mid-October.

**Potential economic disruptions.** There are risks to the current economic footing, including the impending "fiscal cliff." The looming expiration of tax cuts and fiscal sequestration risk an immediate recession, but consensus expectations are for a resolution before the deadline. Uncertainty overseas also poses risks, with growth slowing across Asia and the European debt crisis persisting.

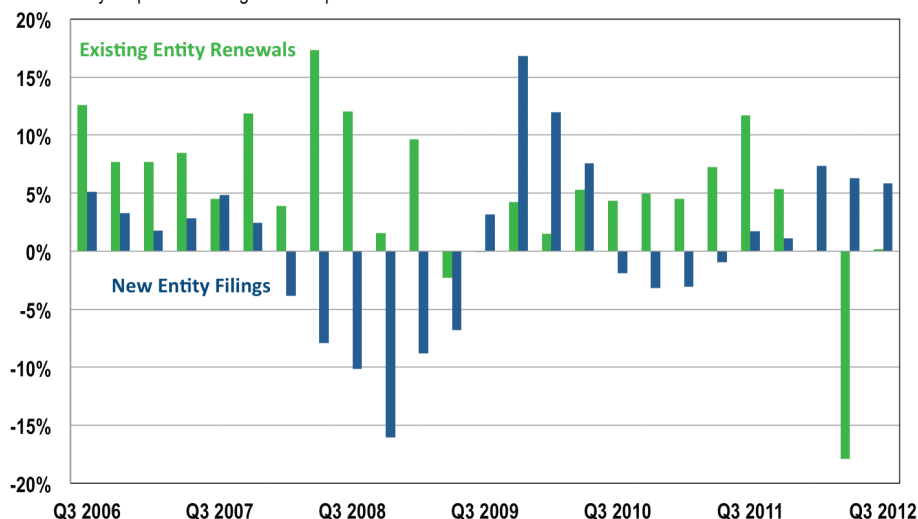
Employment and New Entity Filings



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

## Existing Entity Renewals and New Entity Filings

Year-over-year percent change for the quarter



## Business Filings Overview

**Existing entity renewals normalize in Q3.** Following a 17.9% drop in existing entity renewals in Q2 2012, renewals recorded a slightly positive year-over-year increase in Q3. The sharp decline in Q2 was attributed to the switch from mail renewal reminders to e-mail reminders, and not to a fundamental change in business activity in the state. Over the same period, new entity filings rose 5.8%, posting a fifth-consecutive quarter of growth. Dissolution filings decreased year-over-year, while trademark filings and trade name filings both improved. Overall, the number of entities in good standing increased 2.7% over the year.

	Q3 2012	Q2 2012	Q3 2011	Percent Change over Prior Year		5-Year CAGR <sup>a</sup>	
<b>New Entity Filings</b>							
Domestic Limited Liability Company	13,889	14,697	13,365	3.9%	▲	1.6%	▲
Domestic Nonprofit Corporation	708	742	673	5.2%	▲	-4.5%	▼
Domestic Corporation	2,242	2,457	2,251	-0.4%	▼	-9.6%	▼
Other Entity Types	2,461	2,353	1,945	26.5%	▲	2.0%	▲
Total New Entity Filings	19,300	20,249	18,234	5.8%	▲	-0.4%	▼
Total New Entity Filings - 12 mo. trailing	80,485	79,419	76,470	5.3%	▲	-0.2%	▼
<b>Existing Entity Renewals</b>							
Domestic Limited Liability Company	48,728	39,755	47,516	2.6%	▲	9.8%	▲
Domestic Nonprofit Corporation	9,867	8,328	10,019	-1.5%	▼	3.8%	▲
Domestic Corporation	25,539	21,397	26,844	-4.9%	▼	-0.3%	▼
Other Entity Types	12,415	10,820	12,016	3.3%	▲	6.1%	▲
Total Existing Entity Renewals	96,549	80,300	96,395	0.2%	▲	5.5%	▲
Total Existing Entity Renewals - 12 mo. trailing	372,824	372,670	385,545	-3.3%	▼	4.0%	▲
<b>Other Business Filings</b>							
Dissolution Filings	4,282	3,551	4,468	-4.2%	▼	4.0%	▲
Dissolution Filings - 12 mo. trailing	17,891	18,077	19,822	-9.7%	▼	3.3%	▲
Trademarks	580	598	486	19.3%	▲	-9.6%	▼
Trademarks - 12 mo. trailing	2,493	2,399	2,316	7.6%	▲	-1.0%	▼
Trade Names	13,404	13,348	10,845	23.6%	▲	3.3%	▲
Trade Names - 12 mo. trailing	49,411	46,852	46,353	6.6%	▲	1.2%	▲
<b>Entities in Good Standing</b>							
Corporation	120,325	118,088	123,976	-2.9%	▼	-2.3%	▼
Foreign	47,813	46,493	44,947	6.4%	▲	4.2%	▲
Limited Liability Company	260,881	252,021	247,948	5.2%	▲	6.9%	▲
Nonprofit Corporation	42,859	41,908	42,446	1.0%	▲	2.3%	▲
Other Entity Types	10,205	9,940	10,267	-0.6%	▼	0.6%	▲
Total Entities in Good Standing	482,083	468,450	469,584	2.7%	▲	3.3%	▲

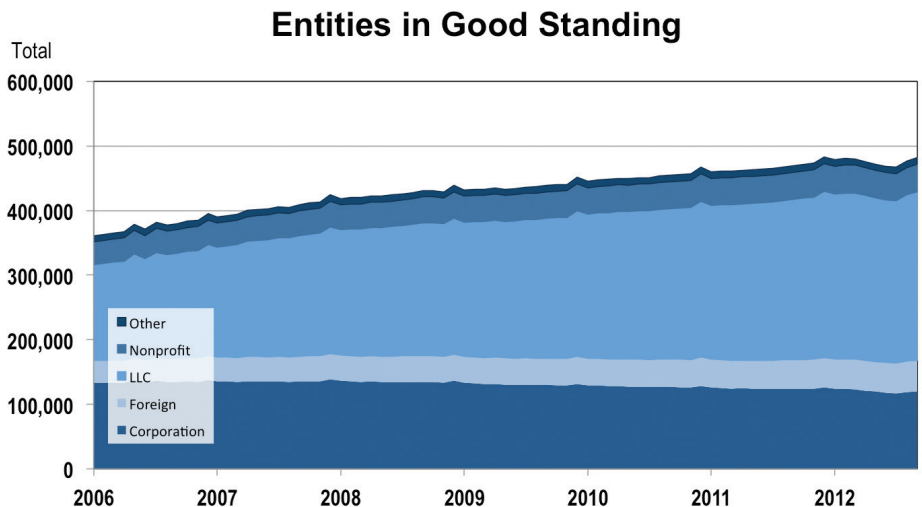
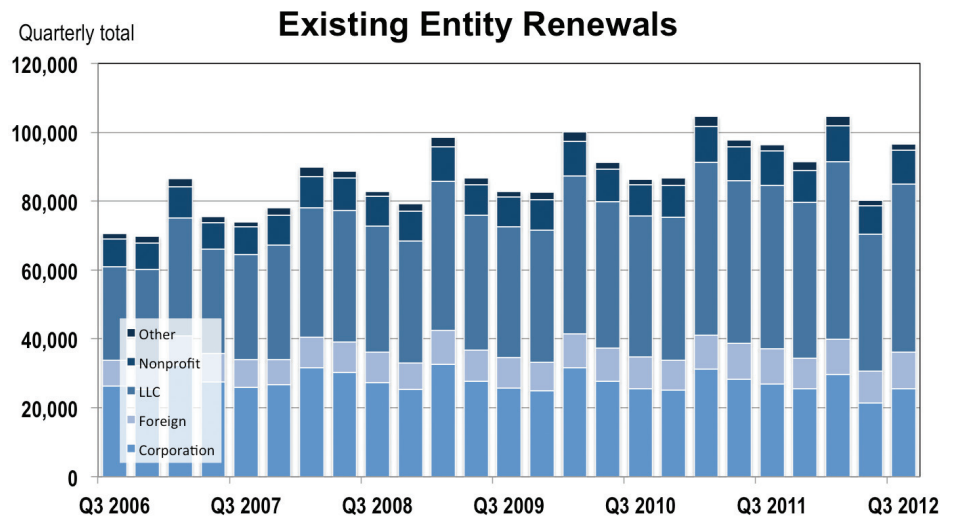
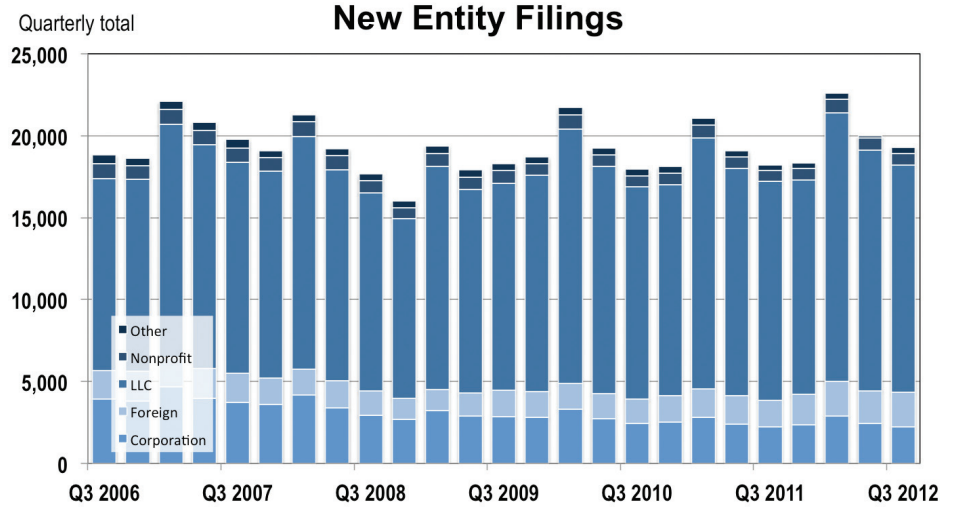
<sup>a</sup>Compound Annual Growth Rate.

## New Entity Filings & Existing Entity Renewals

**New entity filings increased 5.8% year-over-year in Q3 2012.** As these filings are a leading indicator, this improvement points to sustained employment growth in the short term. Over the three months ending September 2012, 19,300 new entities were filed with the Colorado Secretary of State. This is the highest number of Q3 new entity filings since 2007. Reflecting seasonality, new entity filings were down 4.7% compared to the previous quarter.

**Existing entity renewals correct in Q3.** For the three months ending September 2012, some 96,500 entities filed annual reports, slightly higher than the number a year ago. This figure is the highest third quarter on record in the time series from 2006 to current. The 12-month trailing total is also on par with a year earlier; however, this annual figure is understated by the filing issue that depressed the Q2 total.

**The number of entities in good standing rebounded in Q3.** The filing issue that plagued existing entity renewals in Q2 had a similar negative effect on the record of entities in good standing. The running tally of the number of entities in good standing improved in Q3 by 2.7% over the same period a year ago and 2.9% over the prior quarter. Corporations recorded the largest declines (-2.9%), while foreign entities made the greatest gains in good standing (6.4%). Foreign entities include entities based in another state but doing business in Colorado.



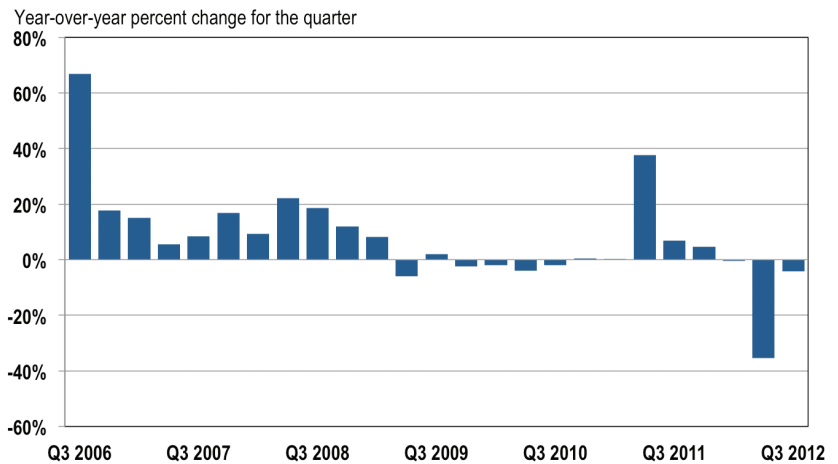
## Dissolutions, Trade Names, & Trademarks

**Dissolution filings continue to improve year-over-year.** The number of dissolution filings in Q3 2012 dropped 4.2% year-over-year, marking the third quarter of improvement in dissolutions. Examining the annual figures (12 months ending Q3 2012), dissolutions were down 9.7% compared to the previous year. During Q3 2012, a total of 4,300 businesses submitted dissolution filings. As entities do not always voluntarily dissolve promptly, dissolution filings often lag the actual business dissolution.

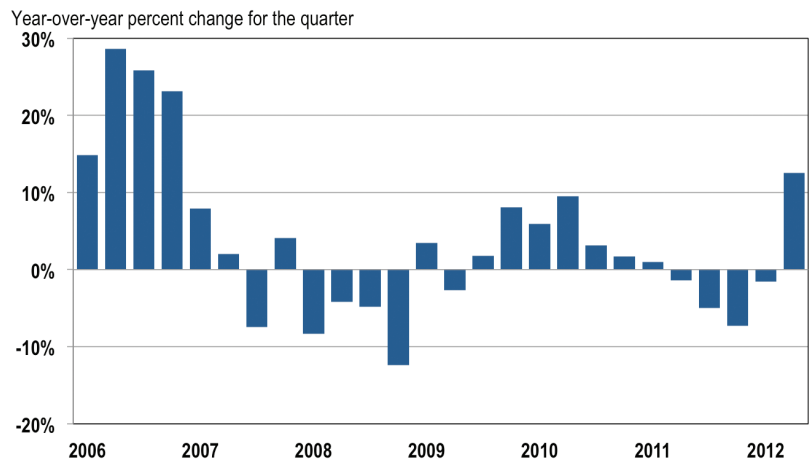
**Trade name filings expanded further in Q3 2012.** Entities must file a statement of trade name in order to register the name a business operates under. The Colorado Secretary of State received more than 13,400 trade name filings in Q3, an increase of 23.6% year-over-year and a modest increase over the previous quarter. Q3 marks the highest number of trade name filings on record.

**Trademark filings increased modestly.** Registering a trademark protects symbols and words that an entity uses in commerce. In Q3 2012, trademarks amounted to 580 filings, a 19.3% increase year-over-year. Trademark filings for the 12 months ending Q3 2012 totaled 2,493, or 7.6% higher than the previous year's number. Even so, the annual number of trademark filings is down over the past five years.

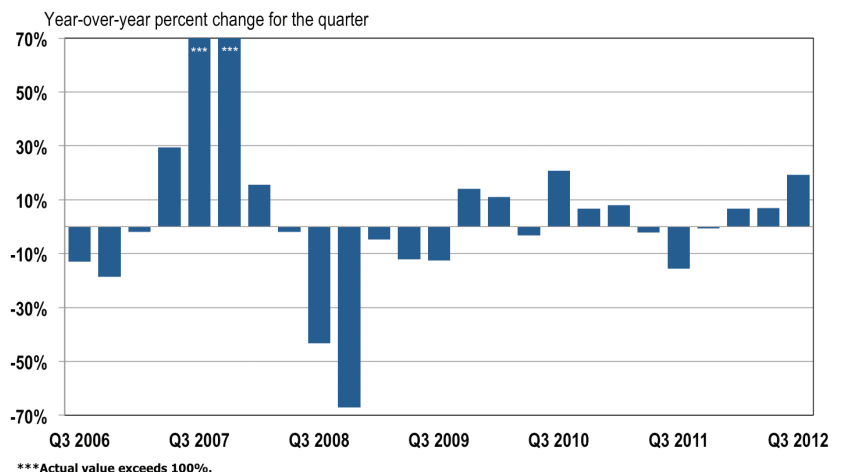
### Dissolution Filings



### Trade Name Filings

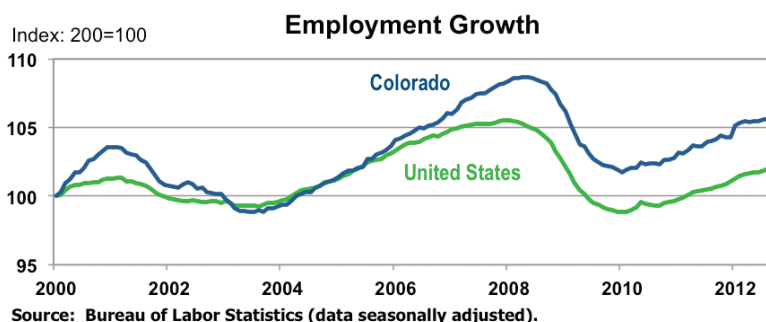
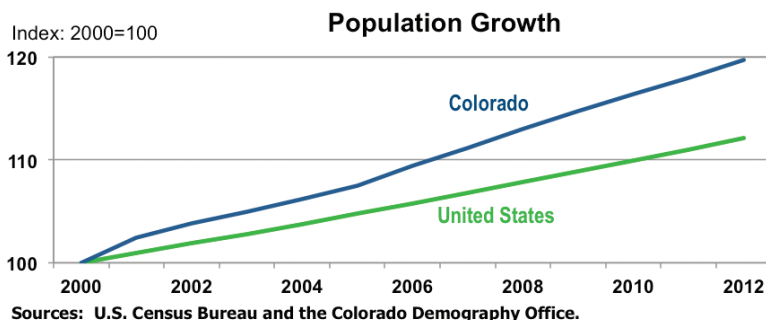


### Trademark Filings



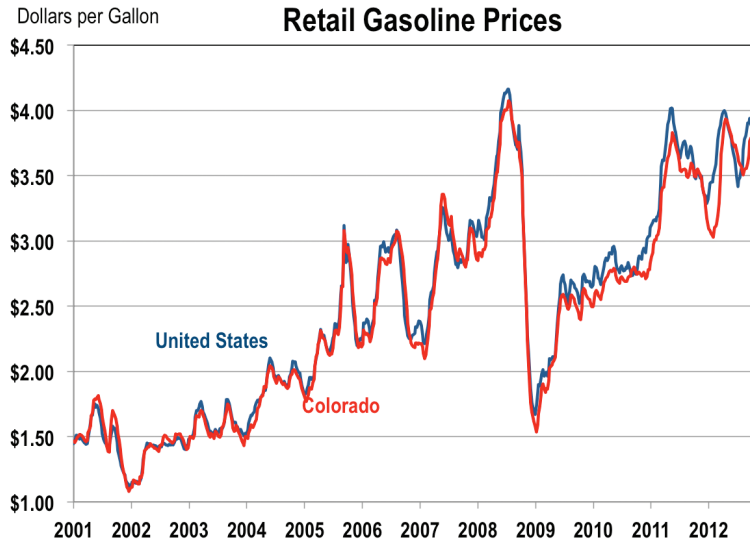
## Colorado Economic Indicators

**Economic gains continue in Colorado.** The economic recovery persists in Colorado, with improvements recorded in employment and income that outpace improvements nationally. The state benefits from continued positive net migration that leads to a population growth rate of 1.5% in 2012. Colorado retail sales now exceed the previous peak, a positive signal about household consumption abilities and state and local budgets. The construction industry is also rebounding, with strong year-over-year increases in residential and nonresidential construction activity. Home prices appear to have stabilized, especially in the Denver Metro region. While Colorado business leaders expectations decreased from Q3 to Q4, their confidence remained in positive territory (above 50), according to the Leeds Business Confidence Index.



	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR <sup>a</sup>		
<b>Wealth</b>									
Personal Income (millions of dollars)	232,436	230,203	1.0%	▲	3.2%	▲	2.7%	▲	
Retail Sales, 12 mo. trailing (millions of dollars)	159,036	156,964	1.3%	▲	4.9%	▲	2.3%	▲	
Taxable Sales, 12 mo. trailing (millions of dollars)	72,057	70,907	1.6%	▲	5.4%	▲	0.8%	▲	
Sales Expectations (LBCI) <sup>b</sup>	53.2	58.1	-8.3%	▼	5.4%	▲	0.8%	▲	
Profit Expectations (LBCI)	52.2	54.9	-5.0%	▼	5.5%	▲	0.5%	▲	
<b>Business Outlays</b>									
Annual Wages Per Employee	49,814	49,148	1.4%	▲	3.0%	▲	2.6%	▲	
Hiring Expectations (LBCI)	51.0	53.7	-5.0%	▼	9.0%	▲	0.9%	▲	
Capital Expenditures Expectations (LBCI)	50.2	52.6	-4.5%	▼	7.5%	▲	0.9%	▲	
Retail Gasoline Price (dollars per gallon)	3.75	3.59	4.6%	▲	5.7%	▲	6.0%	▲	
<b>Economic Overview</b>									
Employment (in thousands)	2,300.2	2,290.4	0.4%	▲	1.6%	▲	-0.4%	▼	
Unemployment Rate	8.0%	8.2%	-0.2%	▼	0.2%	▲	--	--	
Initial Jobless Claims	3,738	3,484	7.3%	▲	-19.3%	▼	7.4%	▲	
Continuing Jobless Claims	36,003	40,831	-11.8%	▼	-14.8%	▼	13.8%	▲	
Building Permits, Number of Units	2,703	1,913	41.3%	▲	61.3%	▲	1.0%	▲	
Building Permits, Valuation (millions of dollars)	512,384	429,154	19.4%	▲	46.5%	▲	-3.5%	▼	
FHFA Purchase-Only Home Price Index	270	260	4.0%	▲	4.8%	▲	-0.7%	▼	
Foreclosure Filings	8,061	7,783	3.6%	▲	9.9%	▲	-4.3%	▼	
Total Business Bankruptcy Filings	243	219	11.0%	▲	-20.3%	▼	11.3%	▲	
Chapter 7	199	182	9.3%	▲	-25.2%	▼	11.4%	▲	
Chapter 11	32	25	28.0%	▲	10.3%	▲	16.4%	▲	
Chapter 13	11	12	-8.3%	▼	10.0%	▲	0.0%	▷	
State Economy Expectations (LBCI)	56.3	56.6	-0.5%	▼	14.9%	▲	3.6%	▲	

**Sources:** Bureau of Economic Analysis, Quarterly Personal Income (SA); Colorado Department of Revenue (NSA); Leeds School of Business, Leeds Business Confidence Index (LBCI); Colorado Department of Labor and Employment, QCEW (NSA); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices; Bureau of Labor Statistics, CES (SA); Bureau of Labor Statistics, (SA); U.S. Department of Labor, Employment and Training Administration (NSA); Census Bureau, New Privately Owned Housing Units Authorized (NSA); FHFA Purchase-Only Home Price Index (SA); Colorado Department of Local Affairs, Colorado Division of Housing; Administrative Office of the U. S. Courts, Leeds School of Business, Leeds Business Confidence Index (LBCI); Current data available as of October 20, 2012. <sup>a</sup>Compound Annual Growth Rate.



Source: Energy Information Administration (All Grades/All Formulations).

## National Economic Indicators

### Gains in employment, income, and wealth underscore growth in the national economy.

Housing prices are increasing modestly off the long-awaited floor. The residential construction industry is responding with increases in building permits and permit values. As total nonfarm employment grew 1.4% year-over-year, the national rate of unemployment improved to 7.8%. While this unemployment rate is the lowest reported in nearly four years, it leaves much room for improvement. National retail sales continued to rise over the quarter and over the year. Examining data on household debt, household balance sheets have improved markedly since the beginning of the recession. However, energy prices were a drag on the economy in Q3, with gasoline prices, specifically, increasing 5.7% over the quarter nationally.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR <sup>a</sup>		
<b>Wealth</b>									
Personal Income (millions of dollars)	232,436	230,203	1.0%	▲	3.2%	▲	2.7%	▲	
Retail Sales, 12 mo. trailing (millions of dollars)	159,036	156,964	1.3%	▲	4.9%	▲	2.3%	▲	
Taxable Sales, 12 mo. trailing (millions of dollars)	72,057	70,907	1.6%	▲	5.4%	▲	0.8%	▲	
Sales Expectations (LBCI) <sup>b</sup>	53.2	58.1	-8.3%	▼	5.4%	▲	0.8%	▲	
Profit Expectations (LBCI)	52.2	54.9	-5.0%	▼	5.5%	▲	0.5%	▲	
<b>Business Outlays</b>									
Annual Wages Per Employee	49,814	49,148	1.4%	▲	3.0%	▲	2.6%	▲	
Hiring Expectations (LBCI)	51.0	53.7	-5.0%	▼	9.0%	▲	0.9%	▲	
Capital Expenditures Expectations (LBCI)	50.2	52.6	-4.5%	▼	7.5%	▲	0.9%	▲	
Retail Gasoline Price (dollars per gallon)	3.75	3.59	4.6%	▲	5.7%	▲	6.0%	▲	
<b>Economic Overview</b>									
Employment (in thousands)	2,300.2	2,290.4	0.4%	▲	1.6%	▲	-0.4%	▼	
Unemployment Rate	8.0%	8.2%	-0.2%	▼	0.2%	▲	--	--	
Initial Jobless Claims	3,738	3,484	7.3%	▲	-19.3%	▼	7.4%	▲	
Continuing Jobless Claims	36,003	40,831	-11.8%	▼	-14.8%	▼	13.8%	▲	
Building Permits, Number of Units	2,703	1,913	41.3%	▲	61.3%	▲	1.0%	▲	
Building Permits, Valuation (millions of dollars)	512,384	429,154	19.4%	▲	46.5%	▲	-3.5%	▼	
FHFA Purchase-Only Home Price Index	270	260	4.0%	▲	4.8%	▲	-0.7%	▼	
Foreclosure Filings	8,061	7,783	3.6%	▲	9.9%	▲	-4.3%	▼	
Total Business Bankruptcy Filings	243	219	11.0%	▲	-20.3%	▼	11.3%	▲	
Chapter 7	199	182	9.3%	▲	-25.2%	▼	11.4%	▲	
Chapter 11	32	25	28.0%	▲	10.3%	▲	16.4%	▲	
Chapter 13	11	12	-8.3%	▼	10.0%	▲	0.0%	▶	
State Economy Expectations (LBCI)	56.3	56.6	-0.5%	▼	14.9%	▲	3.6%	▲	

Sources, in order as they appear: Bureau of Economic Analysis, Quarterly Personal Income (SA); U.S. Census Bureau (NSA); Bloomberg; Bureau of Labor Statistics, OCEW (NSA); Bureau of Labor Statistics, All Urban Consumers, U.S. City Average (NSA); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices; Bureau of Economic Analysis (SA); Bureau of Labor Statistics, CES (SA); Bureau of Labor Statistics, (SA); U.S. Department of Labor, Employment and Training Administration (NSA); Census Bureau, New Privately Owned Housing Units Authorized (NSA); FHFA Purchase-Only Home Price Index (SA); Administrative Office of the U. S. Courts; Leeds School of Business, Leeds Business Confidence Index (LBCI); Current data available as of October 20, 2012. <sup>a</sup>Compound Annual Growth Rate.

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) of the Leeds School of Business 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 [www.leeds.colorado.edu/brd](http://www.leeds.colorado.edu/brd) to learn more.

Copyright © 2012. Business Research Division, Leeds School of Business, University of Colorado Boulder, and the Colorado Department of State.