

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



Q2 2013 vs. Q1 2013



Q2 2013 vs. Q2 2012



Q3 2013 vs. Q3 2012

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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.

Economy on Stronger Footing

Business filings advance in Q2 2013.

New entity filings, trademarks, and entities in good standing all expanded in second quarter 2013. Colorado recorded more than 87,300 new entities over the last 12 months (+10.0%), and 21,400 for the quarter (+6.0%), ending in June. Quarterly existing entity renewals climbed year-over-year in Q2 2013.

Record new entity filings indicate positive employment growth.

Colorado reached peak employment as of June 2013. A higher number of new business filings in Q2 2013 suggests that Colorado will set a new employment record in Q3.

Confidence up among Colorado's business leaders.

Measured confidence going into Q3 2013 improved further after an uptick in Q2. The Leeds Business Confidence Index rose from 58.1 to 60.5 in the Q3 survey, and business leaders were positive about all segments of the index, including the national economy. These individuals were most bullish on sales, which received a reading of 63.7 (50=neutral).

Households more stable in 2013.

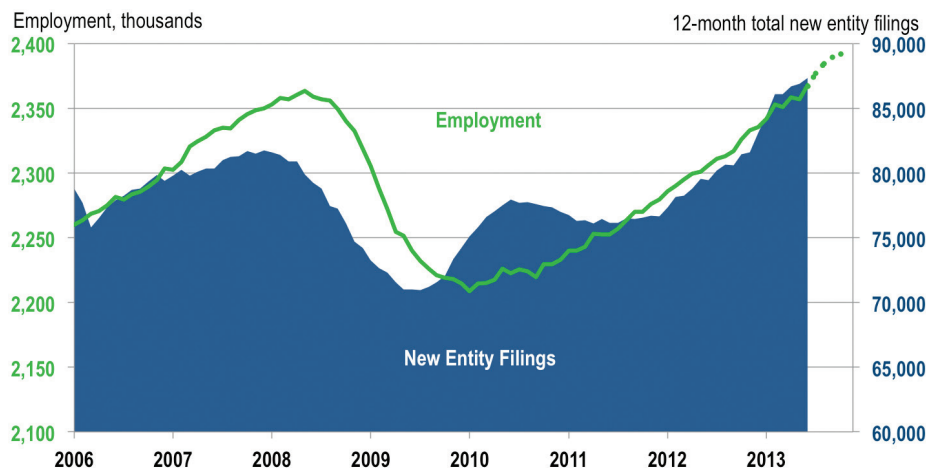
Q2 exhibited year-over-year growth in employment, personal income, and wealth along with hawkish building activity and

valuations in the housing market. Building permits increased 52.6% year-over-year in a 12-month trailing total, and indices point to rising appreciation of homes in select submarkets in the state. Colorado total nonfarm employment grew 2.7%, or by 62,400 jobs, year-over-year in June. Seasonally adjusted employment increased 0.7% over the close of Q1. The unemployment rate dropped to 7.0% in June from 8.2% a year ago. Annual average wages increased 3.3% and personal income rose 4.0% in Colorado year-over-year, translating into retail sales growth.

Lingering risks.

Drought and commodity prices pose local risks to the economy. With Washington still in gridlock over budget reform, sequestration stands to have continued provisional impacts on GDP and employment as the number of federal jobs falls in the state. While the languid European economy continues to threaten exports from the state after almost three years of consistent downturn, economic morale in the eurozone peaked in a 15-month high in July, according to Reuters. As the Fed's September Federal Open Market Committee (FOMC) meeting approaches, decisions regarding the desired reduction of asset purchases also loom over markets.

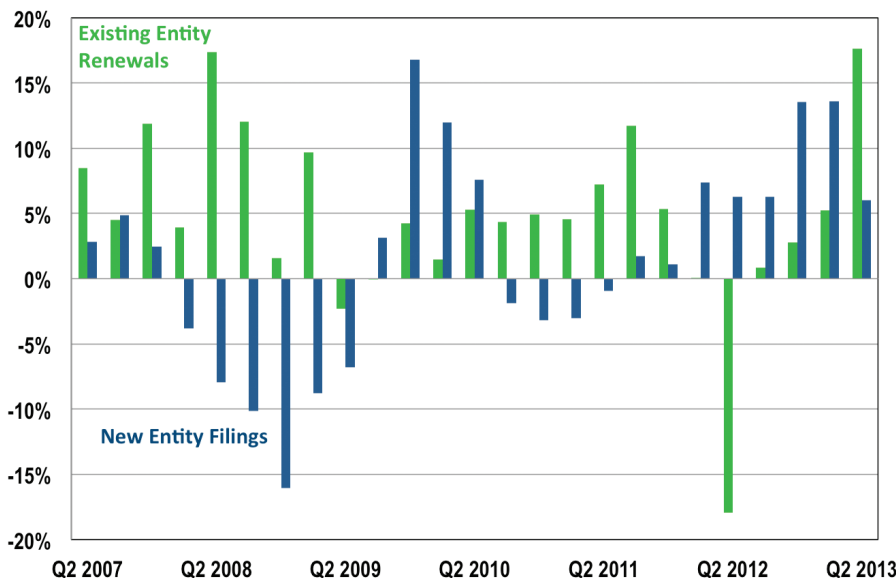
Employment and New Entity Filings



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

### New entity filings forge ahead in Q2.

New entity filings rose 6.0% year-over-year in Q2 2013, suggesting sustained employment growth in the short term. Growth in the trailing four quarters increased 10.0% year-over-year in Q2. Existing entity renewals continued to exhibit “normal” growth, with the anomalous decline a year ago (caused by the switch to electronic-only reminders) now showing as double-digit growth (Q2 filings increased 17.6% year-over-year). Dissolution filings jumped year-over-year and trademark filings improved, but trade name filings declined. The number of entities in good standing grew 9.5% over the year.

	Q2 2013	Q1 2013	Q2 2012	Percent Change over Prior Year		5-Year CAGR <sup>a</sup>	
<b>New Entity Filings</b>							
Domestic Limited Liability Company	15,948	18,779	14,697	8.5%	▲	4.3%	▲
Domestic Nonprofit Corporation	726	809	742	-2.2%	▼	-3.2%	▼
Domestic Corporation	2,301	3,423	2,457	-6.3%	▼	-7.4%	▼
Other Entity Types	2,495	2,665	2,353	6.0%	▲	4.0%	▲
Total New Entity Filings	21,470	25,676	20,249	6.0%	▲	2.3%	▲
Total New Entity Filings - 12 mo. trailing	87,344	86,123	79,419	10.0%	▲	2.0%	▲
<b>Existing Entity Renewals</b>							
Domestic Limited Liability Company	48,908	56,075	39,755	23.0%	▲	5.1%	▲
Domestic Nonprofit Corporation	9,378	10,633	8,328	12.6%	▲	0.1%	▲
Domestic Corporation	23,830	29,392	21,397	11.4%	▲	-4.7%	▼
Other Entity Types	12,326	13,983	10,820	13.9%	▲	2.5%	▲
Total Existing Entity Renewals	94,442	110,083	80,300	17.6%	▲	1.3%	▲
Total Existing Entity Renewals - 12 mo. trailing	395,626	375,990	372,670	6.2%	▲	3.7%	▲
<b>Other Business Filings</b>							
Dissolution Filings	4,616	5,624	3,551	30.0%	▲	0.8%	▲
Dissolution Filings - 12 mo. trailing	20,506	18,450	18,077	13.4%	▲	3.7%	▲
Trademarks	721	729	598	20.6%	▲	1.4%	▲
Trademarks - 12 mo. trailing	3,082	2,668	2,399	28.5%	▲	-3.4%	▼
Trade Names	10,867	10,404	13,348	-18.6%	▼	-0.8%	▼
Trade Names - 12 mo. trailing	47,661	49,884	46,852	1.7%	▲	0.9%	▲
<b>Entities in Good Standing</b>							
Corporation	122,400	122,437	118,088	3.7%	▲	-1.8%	▼
Foreign	51,021	50,118	46,493	9.7%	▲	4.9%	▲
Limited Liability Company	285,039	279,457	252,021	13.1%	▲	7.3%	▲
Nonprofit Corporation	44,088	43,832	41,908	5.2%	▲	2.2%	▲
Other Entity Types	10,515	10,502	9,940	5.8%	▲	1.6%	▲
Total Entities in Good Standing	513,063	506,346	468,450	9.5%	▲	3.9%	▲

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

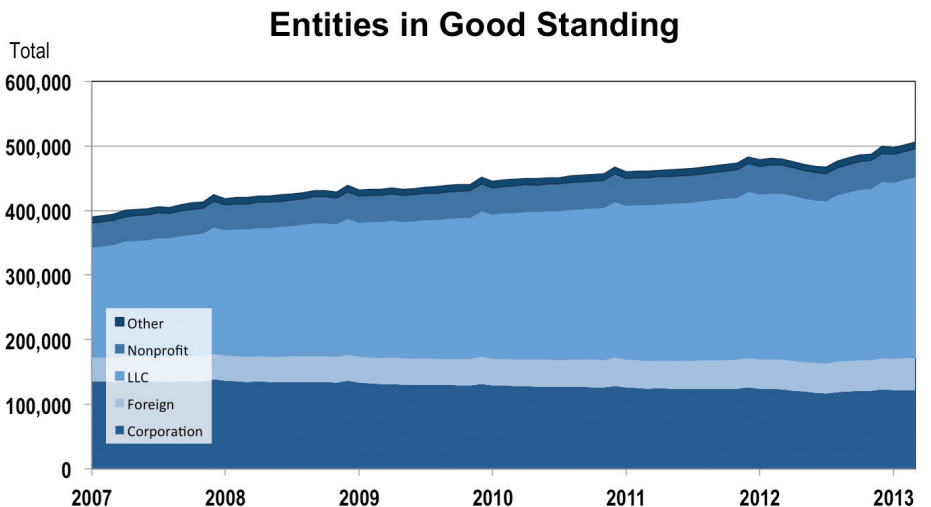
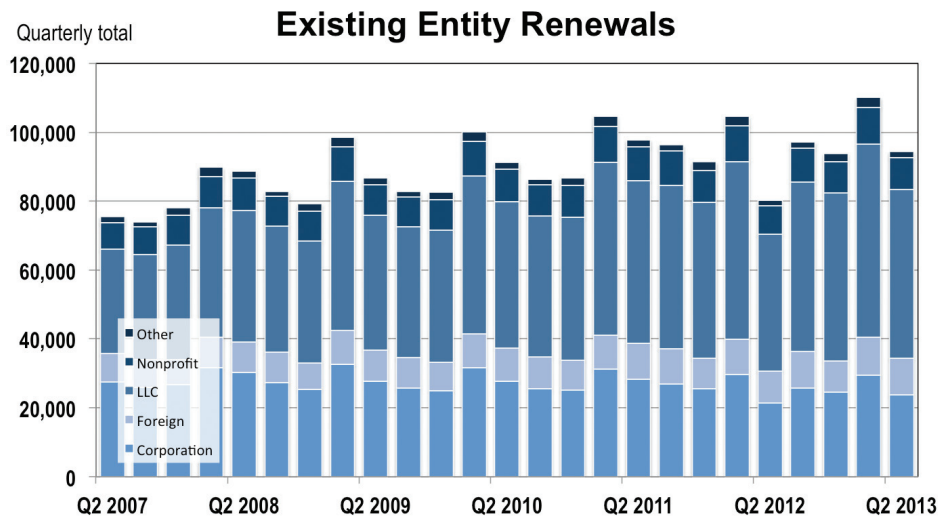
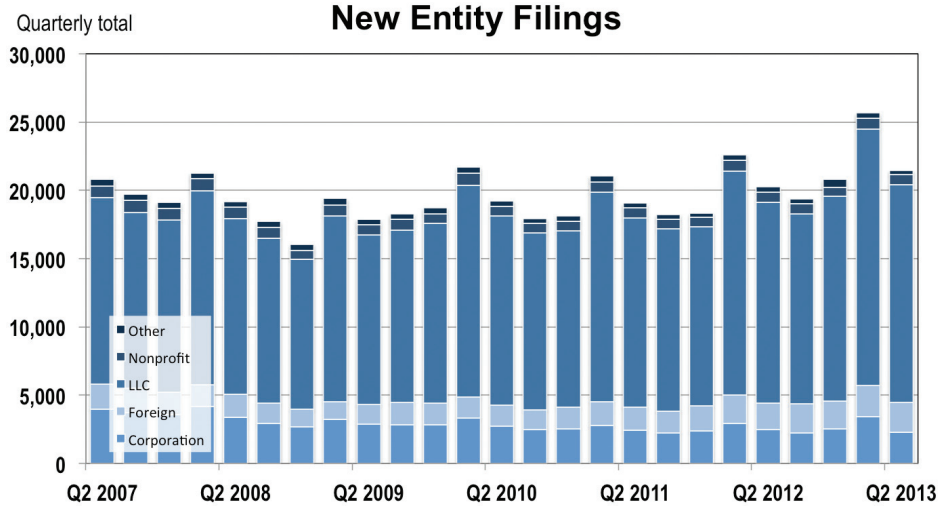
## New Entity Filings & Existing Entity Renewals

**New entity filings increased 6.0% year-over-year in Q2 2013.** New entity filings demonstrated overall improvement in Q2, but domestic nonprofit corporations and domestic corporations showed declines year-over-year. Over the three months ending June, a total of 21,470 new entities were filed with the Colorado Secretary of State. This represents a five-year compound annual growth rate of 2.3%. Domestic limited liability companies represent 74.3% of the new filings and grew 8.5% year-over-year.

**Existing entity renewals were up 17.6% year-over-year in Q2 2013.**

For the three months ending June, 94,442 entities filed annual reports. Total existing entity renewals were up 17.6% in Q2 compared to a year earlier, and the 12-month trailing sum of renewals was up 6.2%, demonstrating consistent, sustained improvement. Note that the 12-month trailing total will now be inflated by the anomaly in Q2 2012 caused by the change in how renewal notices are sent.

**The number of entities in good standing increased in Q2.** The cumulative number of firms in good standing totaled 513,063 in Q2, increasing 9.5% year-over-year and 1.3% quarter-over-quarter. Limited liability companies (LLC) continue to gain market share in the state (56%). While corporations represent 24% of entities in the state, their market share has been on a general trajectory of decline over the past seven years. In Q2, however, corporations in good standing recorded a 3.7% increase year-over-year and LLCs and foreign entities grew 13.1% and 9.7%, respectively.



## Dissolutions, Trade Names, & Trademarks

### Dissolution filings increased in Q2.

Dissolution filings increased in Q2. The number of dissolution filings in Q2 2013 rose 30.0% year-over-year following a gain in Q1. In the 12 months ending Q2 2013, dissolutions were up 13.4% compared to the previous 12 months. During Q2 2013, a total of 4,616 businesses dissolved. This is not, however, indicative of a weak economy as entities do not always voluntarily dissolve without delay, and dissolution filings often lag the actual business dissolution.

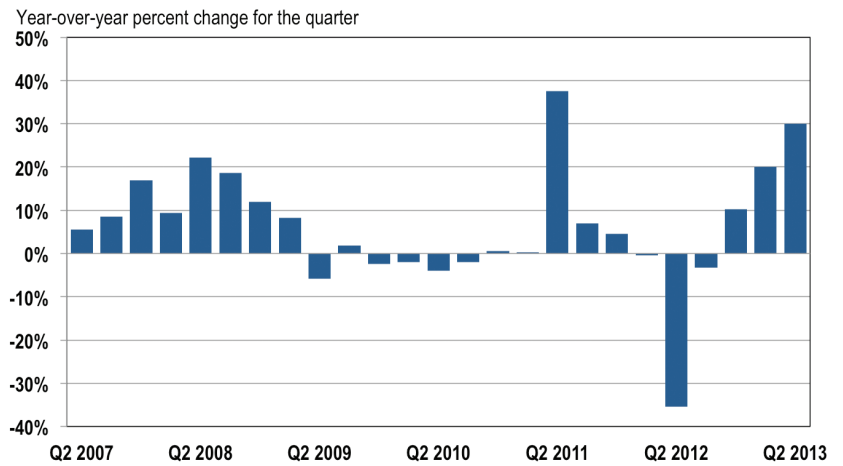
### Trade name filings contracted in Q2 2013 year-over-year.

Entities must file a statement of trade name when operating under any name other than their true name. The Colorado Secretary of State received 10,867 trade name filings in Q2, a decrease of 18.6% year-over-year. These filings are consistently variable from quarter to quarter.

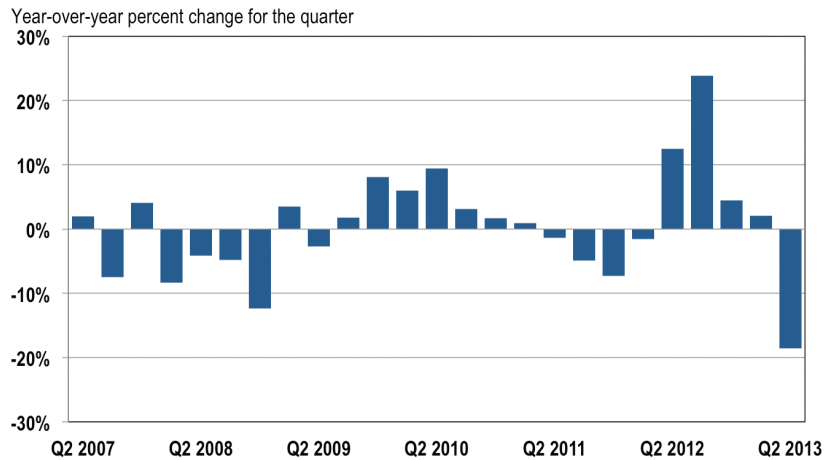
### Trademark filings grew, but at a slower rate, in Q2.

Safeguarding the symbols and words that an entity employs in commerce, trademark filings numbered 721 in Q2 2013, a 20.6% increase year-over-year. Trademark filings for the 12 months ending Q2 2013 totaled 3,082, which was 28.5% higher than the previous year's number.

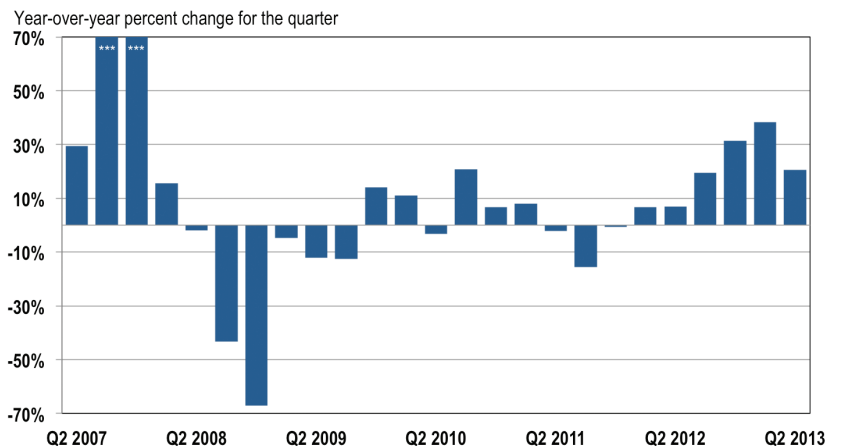
### Dissolution Filings



### Trade Name Filings

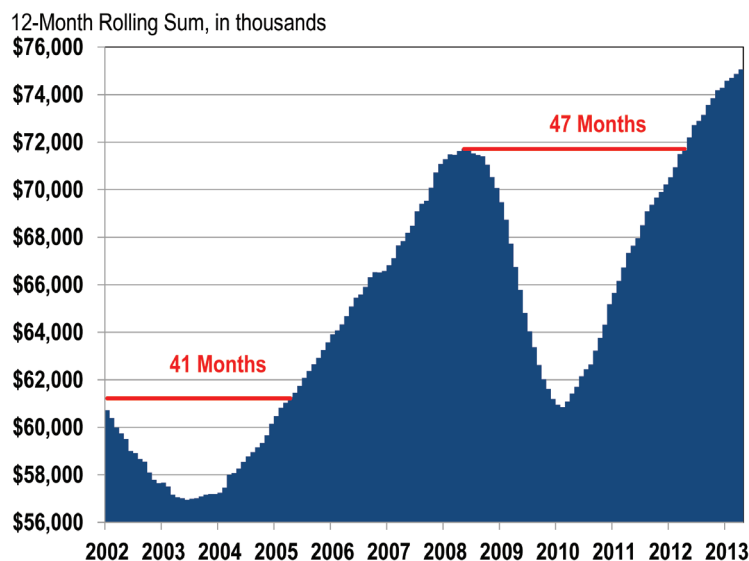


### Trademark Filings



\*\*\*Actual value exceeds 100%.

## Colorado Taxable Sales



## Colorado Economic Indicators

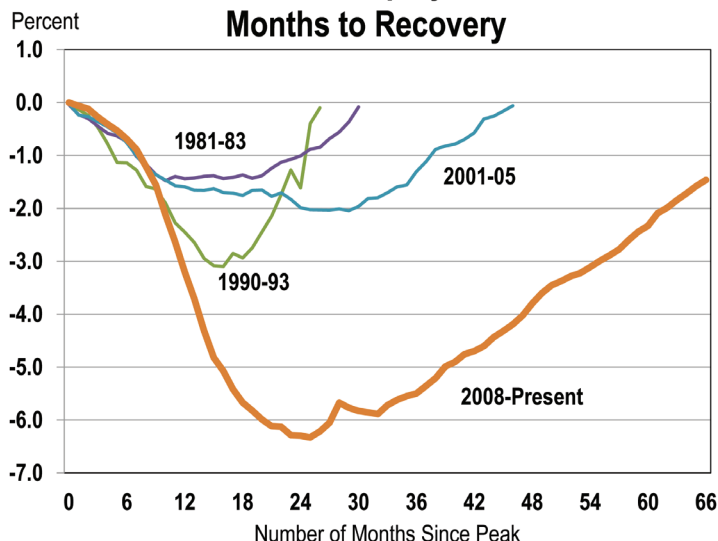
### Colorado construction a bright spot in Q2.

The state economy continues to march to recovery, buoyed by growth in employment, consumption, and construction. Preliminary June figures show Colorado's employment growth at roughly 2.7% over the same period last year. Construction employment jumped 8.0% in the same period, gaining 9,200 positions over June 2012. Residential building permits rose 52.6% year-over-year in May 2013 and valuations rose 51.3% year-over-year. Colorado's taxable retail sales in a 12-month rolling sum grew 4.7% year-over-year in May 2013, and initial jobless claims declined 20.1% year-over-year as of July 6. Continuing claims dropped 9.3% across the same period, while the unemployment rate inched forward (0.1%), to 7.0%. The Federal Housing Finance Agency recently ranked Colorado seventh in the nation in home price appreciation.

	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)	239,115	242,867	-1.5%	▼	4.0%	▲	2.1%	▲
Retail Sales, 12 mo. trailing (millions of dollars)	164,875	163,388	0.9%	▲	3.7%	▲	1.8%	▲
Taxable Sales, 12 mo. trailing (millions of dollars)	75,594	74,710	1.2%	▲	4.7%	▲	1.1%	▲
Sales Expectations (LBCI) <sup>b</sup>	63.7	62.3	2.2%	▲	9.7%	▲	4.6%	▲
Profit Expectations (LBCI)	58.5	59.4	-1.5%	▼	-3.7%	▼	5.8%	▲
<b>Business Outlays</b>								
Annual Wages Per Employee	49,697	48,831	1.8%	▲	3.3%	▲	2.2%	▲
Hiring Expectations (LBCI)	58.9	57.5	2.5%	▲	9.6%	▲	5.8%	▲
Capital Expenditures Expectations (LBCI)	59.3	56.9	4.2%	▲	12.7%	▲	7.7%	▲
Retail Gasoline Price (dollars per gallon)	3.58	3.57	0.4%	▲	0.3%	▲	-2.5%	▼
<b>Economic Overview</b>								
Employment (in thousands)	2,368.3	2,351.1	0.7%	▲	2.7%	▲	0.1%	▲
Unemployment Rate	7.0%	7.1%	-0.1%	▼	-1.2%	▼	--	--
Initial Jobless Claims	2,783	3,199	-13.0%	▼	-20.1%	▼	3.4%	▲
Continuing Jobless Claims	37,026	48,304	-23.3%	▼	-9.3%	▼	7.0%	▲
Building Permits, Number of Units, 12 mo. trailing	24,942	23,411	6.5%	▲	52.6%	▲	-1.6%	▼
Valuation (millions of dollars), 12 mo. trailing	5,243	4,868	7.7%	▲	51.3%	▲	-1.4%	▼
FHFA Purchase-Only Home Price Index	291	285	2.2%	▲	11.9%	▲	1.3%	▲
Foreclosure Filings	4,571	5,685	-19.6%	▼	-41.3%	▼	-17.0%	▼
Foreclosure Sales	2,935	3,760	-21.9%	▼	-27.8%	▼	-13.0%	▼
Total Business Bankruptcy Filings	180	205	-12.2%	▼	-17.8%	▼	0.7%	▲
Chapter 7	134	143	-6.3%	▼	-26.4%	▼	-1.6%	▼
Chapter 11	34	50	-32.0%	▼	36.0%	▲	8.1%	▲
Chapter 13	1	2	-50.0%	▼	0.0%	▷	0.0%	▷
State Economy Expectations (LBCI)	64.6	62.1	4.1%	▲	14.2%	▲	7.2%	▲

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) (Q1 13); Colorado Department of Revenue (NSA) (4/13); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q3 13); Colorado Department of Labor and Employment, OCEW (NSA) (Q4 12); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (7/22/13); Bureau of Labor Statistics, CES (SA) (6/13); Bureau of Labor Statistics (SA) (6/13); U.S. Department of Labor, Employment and Training Administration (NSA) (7/6/13); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (5/13); FHFA Purchase-Only Home Price Index (SA) (Q1 13); Colorado Department of Local Affairs, Colorado Division of Housing (Q1 13); Administrative Office of the U.S. Courts (Q1 13); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q3 13); <sup>a</sup>Compound Annual Growth Rate.

### National Employment Months to Recovery



Source: Bureau of Labor Statistics (Seasonally Adjusted).

### National Economic Indicators

**Personal consumption fuels GDP growth in Q2 2013.** GDP rose 1.7% in Q2 2013, according to the advance estimate released by the Bureau of Economic Analysis. Q1 was revised downward to 1.1%. Q2 GDP was primarily driven by rising consumption expenditures, an upturn in exports, and positive contributions from residential (+13.4%) and nonresidential fixed investment (+4.6%). Private business inventories increased by \$56.7 billion in Q2 following an uptick of \$42.2 billion in Q1. Federal government spending decreased at a slower rate in Q2, falling 1.5% compared to 8.4% in Q1. Housing continues to forge ahead as prices jumped 6.7% year-over-year, and building permits and valuation rose 31.2% and 36.1%, respectively. Total nonfarm employment grew 1.7% year-over-year in July, and the national rate of unemployment fell slightly (-0.2%) to 7.4%. The Consumer Confidence Index waned marginally (-0.2%) in July, to 80.3, after rising to its highest level since January 2008 in June.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR <sup>a</sup>		
<b>Wealth</b>									
Personal Income (billions of dollars)	13,601	13,764	-1.2%	▼	2.8%	▲	1.8%	▲	
Retail Sales, 12 mo. trailing (billions of dollars)	4,417.5	4,379.7	0.9%	▲	3.6%	▲	1.8%	▲	
S&P 500	1,695.5	1,562.5	8.5%	▲	25.5%	▲	5.8%	▲	
<b>Business Outlays</b>									
Annual Wages Per Employee	49,289	48,684	1.2%	▲	2.6%	▲	2.1%	▲	
Consumer Price Index	232.9	232.3	0.3%	▲	1.8%	▲	1.4%	▲	
Energy	245.9	247.5	-0.7%	▼	3.2%	▲	-1.3%	▼	
Transportation Services	279.3	279.1	0.1%	▲	2.5%	▲	2.7%	▲	
Retail Gasoline Price (dollars per gallon)	3.75	3.60	4.1%	▲	5.5%	▲	-1.8%	▼	
<b>Economic Overview</b>									
Real Gross Domestic Output (billions of chained 2009 dollars)	15,649	15,584	0.4%	▲	1.4%	▲	0.9%	▲	
Employment (in thousands)	136,038	135,512	0.4%	▲	1.7%	▲	-0.2%	▼	
Unemployment Rate	7.4%	7.5%	-0.1%	▼	-0.8%	▼	--	--	
Initial Jobless Claims	348,000	357,000	-2.5%	▼	-8.7%	▼	-1.8%	▼	
Continuing Jobless Claims	2,953,000	3,091,000	-4.5%	▼	-11.1%	▼	-0.7%	▼	
Building Permits, Number of Units, 12 mo. trailing	892,941	836,949	6.7%	▲	31.2%	▲	-4.8%	▼	
Valuation (millions of dollars), 12 mo. trailing	155,370	143,875	8.0%	▲	36.1%	▲	-3.3%	▼	
FHFA Home Price Index	194.1	190.3	1.9%	▲	6.7%	▲	-1.9%	▼	
Total Business Bankruptcy Filings	8,512	9,231	-7.8%	▼	-22.6%	▼	-0.5%	▼	
Chapter 7	5,703	6,288	-9.3%	▼	-22.8%	▼	-0.9%	▼	
Chapter 11	1,990	2,131	-6.6%	▼	-19.2%	▼	1.9%	▲	
Chapter 13	689	706	-2.4%	▼	-24.3%	▼	-4.3%	▼	
National Economy Expectations (LBCI)	58.1	50.4	15.2%	▲	26.4%	▲	13.9%	▲	

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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.

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