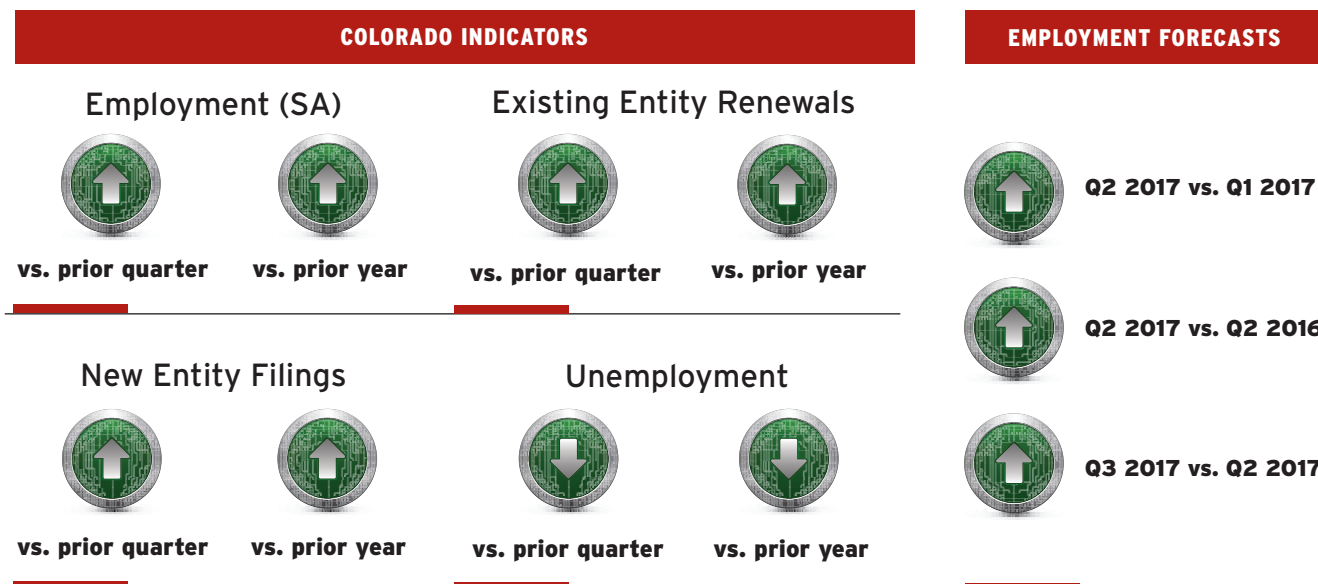
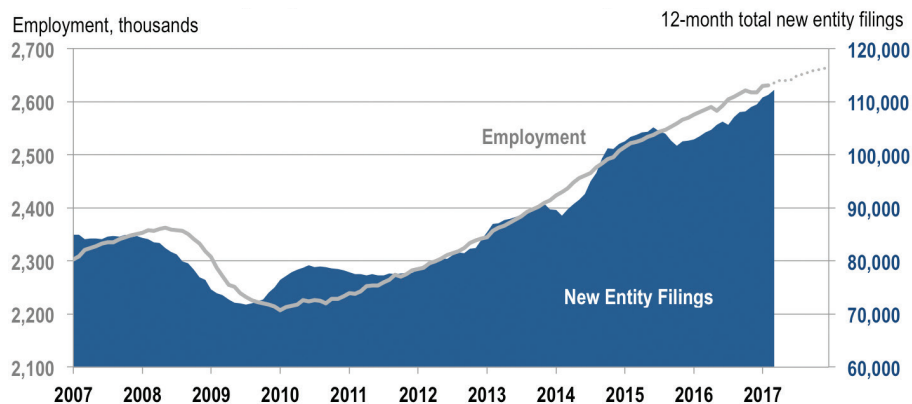


Secretary of State Business Filings Q1 2017 Data Analysis Summary

- New entity filings accelerated in Q1 2017.
- Employment growth expectations increased from last quarter.
- 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 Q1 2017 Data Analysis Summary

Colorado will continue to add jobs throughout 2017. Total new entity filings increased by 9.3% year-over-year in Q1 2017, and 31% over last quarter. Over the 12 months ending in December 2016, a total of 112,295 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 environments in the state.

Existing entity filings also improved in Q1. Existing entity renewals increased to 497,632 for the four quarters ending Q1 2017. Entities in good standing reached a new peak for the quarter, increasing 6.1% year-over-year.

Colorado business leaders' optimism stays high ahead of Q2. Confidence increased among state business leaders ahead of both Q2 2017 and Q3 2017. Q2 expectations rose to the highest level since Q1 2005. The highest optimism was recorded for the state economy, which also recorded the greatest quarter-over-quarter gains.

Stable GDP growth. U.S. real GDP increased at an annualized rate of 0.8% in Q1 2016, 1.4% in Q2, 3.5% in Q3, and 2.1% in Q4. Growth was 1.6% for the year. 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 533,000 jobs were added in the United States in Q1 2017 (98,000 in March, seasonally adjusted), while the unemployment rate was 4.5% in March—a level not observed since 2007. Total wages grew by \$315.6 billion in Q4 2016, a 3.9% increase from Q4 2015 according to the Bureau of Economic Analysis. Initial jobless claims were one-quarter million in early

March, and continuing claims averaged just over 2 million nationwide.

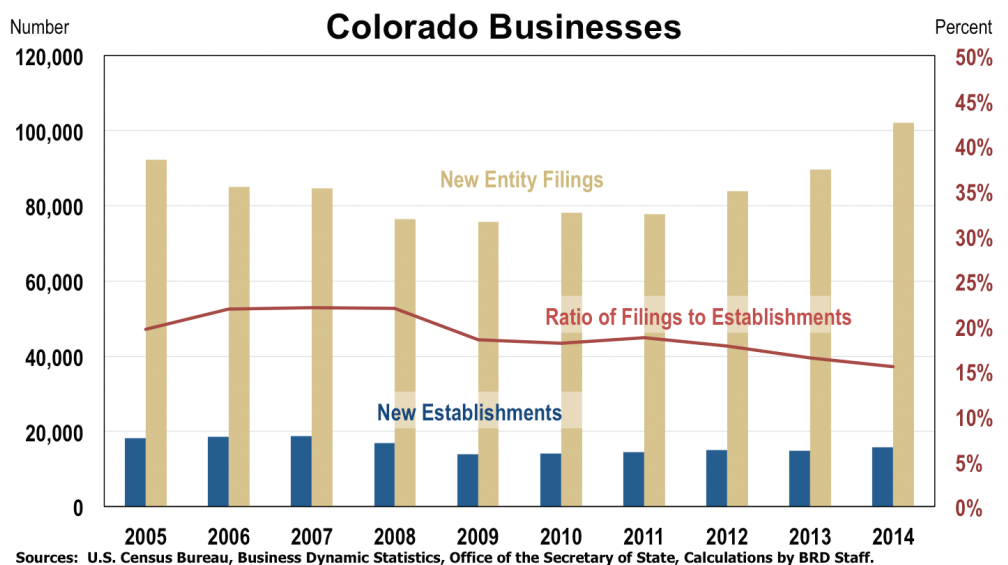
Gasoline prices continue to rise as energy commodities begin to recover. Prices were up 13.1% nationally year-over-year in early April 2017. In Colorado, prices remained below national prices, but they were also up 12% in early April. In January 2017, seasonally adjusted retail and food services sales increased 3.6% year-over-year nationally. According to the Consumer Price Index, national prices increased by 2.8% year-over-year in February 2017, while core inflation (all items less food and energy) rose 2.2% and shelter rose 3.5%. In Colorado, prices increased 2.6% in the second half of 2016, while core inflation and shelter climbed 3.5% and 7%, respectively, according to the Denver-Boulder-Greeley index.

Colorado's economy grew 5.1% year-over-year in Q3 2016, according to the Bureau of Economic Analysis. In February 2017, Colorado added approximately 50,300 jobs

year-over-year. Based on data from the Bureau of Labor Statistics, in Q3 year-over-year total wages and wages per employee increased 8.2% and 2.2%, respectively, in Colorado.

Over the trailing 12 months, national residential construction (building permits) rose 1.1% year-over-year through February based on Census building permit data. Residential construction in Colorado through February 2017 posted 24.6% growth year-over-year. Home prices in Colorado grew at the second-fastest pace nationally (10.5%) according to the Q4 Federal Housing Finance Agency All Transactions Index.

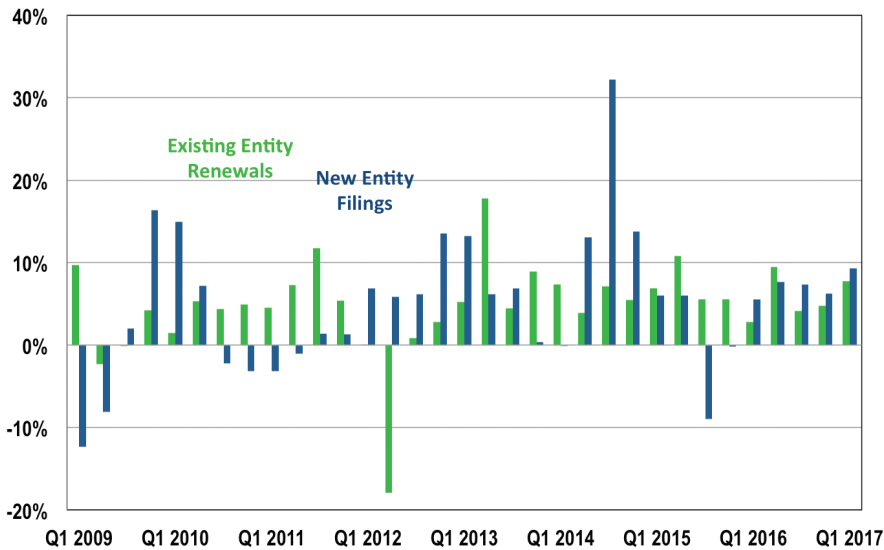
The ratio of new establishments to new entity filings has remained stable from 2005 to 2014, ranging from 15.5% to 22%. New entity filings may or may not become establishments, which are single physical locations where business is conducted or where services or industrial operations are performed according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



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Existing Entity Renewals and New Entity Filings

Year-over-year percent change for the quarter



Business Filings Overview

Business formation accelerated in Q1 2017.

In the first quarter of 2017, a total of 32,450 new business filings were recorded in Colorado, notching a 9.3% increase over the same period in 2016. For the four quarters ending Q1 2017, a total of 112,295 new business filings were recorded in the state, exhibiting both annual growth (7.7%) and quarterly growth (2.5%).

Renewals of existing entities were 139,876 in Q1 2017, a strong increase (17.3%) over the prior quarter and up from Q1 2016 (7.7%). However, in Q1 dissolution filings increased year-over-year by 13.5%.

Trademark and trade name filings both increased compared to the prior quarter. As well, businesses in good standing continued to climb to record levels.

	Q1 2017	Q4 2016	Q1 2016	Percent Change over Prior Year		5-Year CAGR ^a	
New Entity Filings							
Domestic Limited Liability Company	24,899	18,549	22,577	10.3%	▲	7.8%	▲
Domestic Nonprofit Corporation	907	743	886	2.4%	▲	1.4%	▲
Domestic Corporation	3,218	2,695	3,215	0.1%	▲	1.1%	▲
Other Entity Types	3,426	2,776	3,003	14.1%	▲	6.7%	▲
Total New Entity Filings	32,450	24,763	29,681	9.3%	▲	6.7%	▲
Total New Entity Filings - 12 mo. trailing	112,295	109,526	104,236	7.7%	▲	7.2%	▲
Existing Entity Renewals							
Domestic Limited Liability Company	83,174	70,828	75,490	10.2%	▲	9.0%	▲
Domestic Nonprofit Corporation	11,957	10,035	11,347	5.4%	▲	2.7%	▲
Domestic Corporation	30,062	25,782	29,120	3.2%	▲	0.2%	▲
Other Entity Types	14,683	12,595	13,879	5.8%	▲	7.1%	▲
Total Existing Entity Renewals	139,876	119,240	129,836	7.7%	▲	6.0%	▲
Total Existing Entity Renewals - 12 mo. trailing	497,632	487,592	467,202	6.5%	▲	5.0%	▲
Other Business Filings							
Dissolution Filings	7,826	7,449	6,893	13.5%	▲	9.4%	▲
Dissolution Filings - 12 mo. trailing	26,957	26,024	24,738	9.0%	▲	6.1%	▲
Trademarks	961	834	1,038	-7.4%	▼	4.8%	▲
Trademarks - 12 mo. trailing	3,531	3,608	3,476	1.6%	▲	8.4%	▲
Trade Names	12,574	9,598	12,418	1.3%	▲	-0.4%	▼
Trade Names - 12 mo. trailing	44,144	43,988	43,775	0.8%	▲	-0.6%	▼
Entities in Good Standing							
Corporation	122,374	124,500	122,350	0.0%	▲	-0.1%	▼
Foreign	66,745	66,343	62,405	7.0%	▲	7.5%	▲
Limited Liability Company	389,016	386,359	358,404	8.5%	▲	8.6%	▲
Nonprofit Corporation	48,021	48,233	46,963	2.3%	▲	2.2%	▲
Other Entity Types	11,217	11,938	10,495	6.9%	▲	1.9%	▲
Total Entities in Good Standing	637,373	636,760	600,617	6.1%	▲	5.8%	▲

^a Compound Annual Growth Rate.

New Entity Filings & Existing Entity Renewals

Business filings in Q1 2017 increased sharply compared to Q1 2016.

New entity filings increased by 9.3% year-over-year and by 31% from Q4 2016 (the quarterly changes, however, reflect a seasonal nature to the filings). Alternatively, the four quarter rolling sum of filings—which removes seasonality—recorded a 7.7% increase in Q1 2017 compared to Q1 2016 and 2.5% above Q4 2016. Filings for LLCs recorded the highest growth compared to other categories, 10.3% year-over-year, while growth in domestic corporations was flat year-over-year. Nonprofit filings fell by 2.4%.

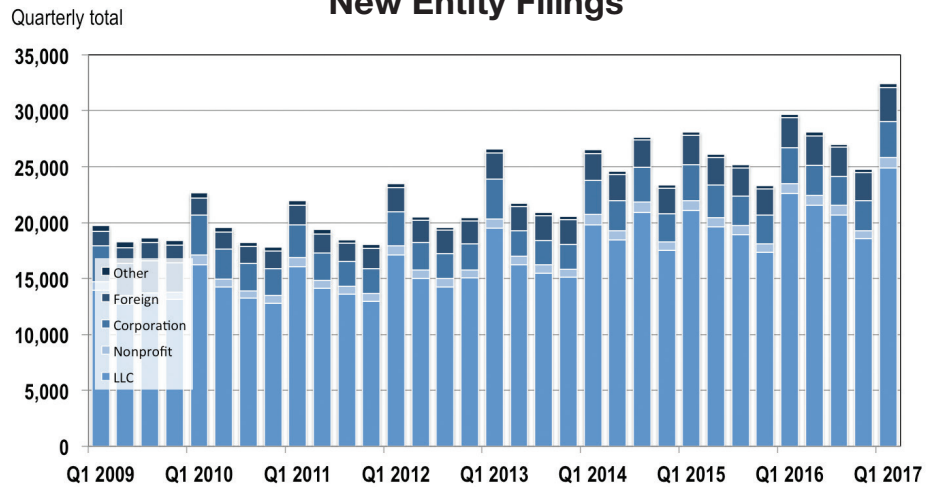
Business renewals also jumped in Q1.

Renewals totaled 139,876 in Q1 2017, increasing 17.3% compared to Q4 2016 after two consecutive quarters of flat growth. Renewals were up 7.7% year-over-year. The four quarter rolling total in Q1 2017 rose 6.5% year-over-year. All types of filings increased, led by domestic limited liability companies.

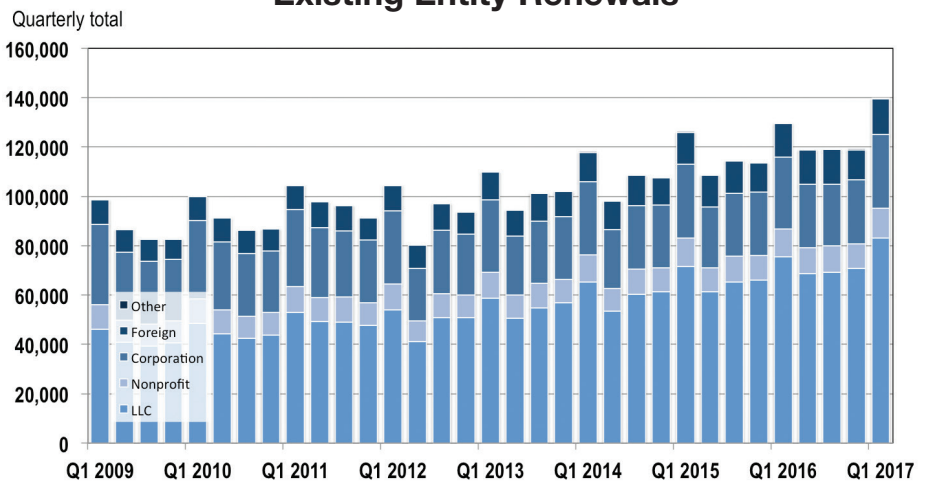
Businesses in good standing continued upward march in Q1.

From Q1 2016 to Q1 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 (CAGR) of 5.8%. Limited liability companies drove year-over-year growth (8.5%), followed by foreign entities in good standing (6.9%).

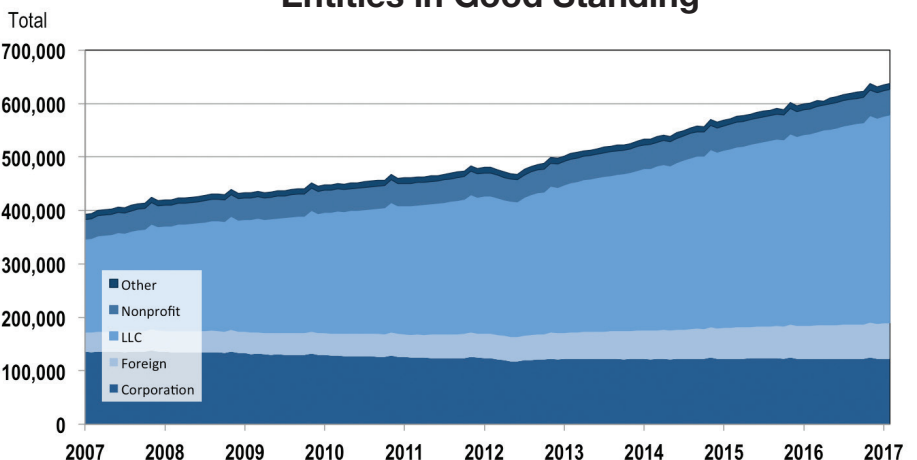
New Entity Filings



Existing Entity Renewals



Entities in Good Standing

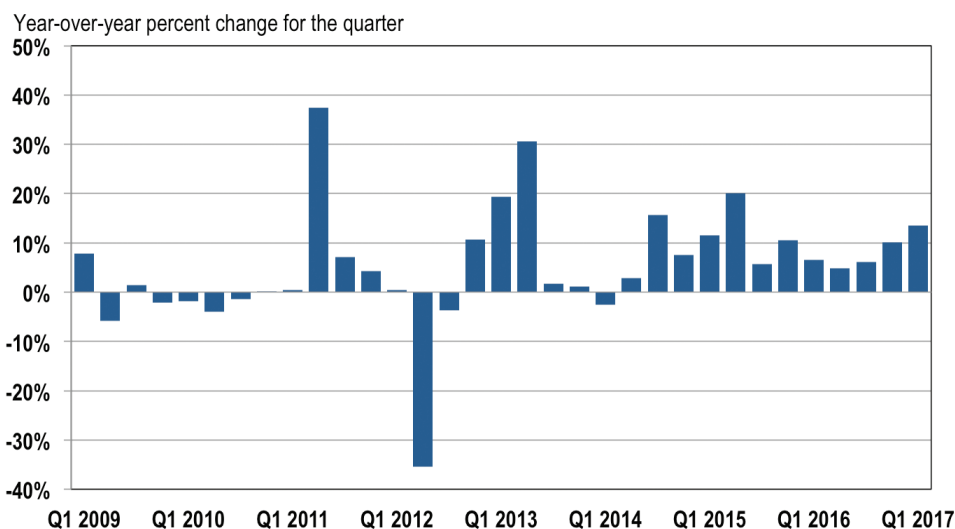


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Dissolutions, Trade Names, & Trademarks

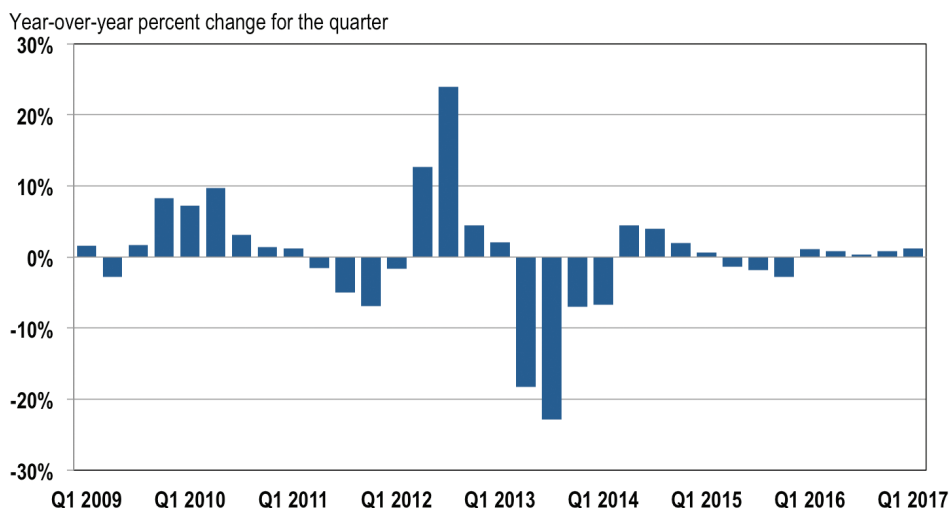
The pace of dissolution filings accelerated in Q1 2017. Dissolution filings increased 13.5% in Q1 2017 compared to Q1 2016, representing a total of 7,826 businesses dissolving. Compared to the prior quarter, dissolution filings increased 5.1%. The 12-month rolling sum increased by 9% year-over-year. Some businesses do not voluntarily dissolve without delay, and dissolution filings often lag the actual business dissolution.

Dissolution Filings



Trade name filings grew modestly. In Q1 2017, a total of 12,574 trade names were filed, an increase of 1.3% year-over-year and 31% quarter-over-quarter. Mitigating seasonality, the 12-month trailing total of trade name filings—44,144—was up modestly (0.8%) year-over-year and was nearly equal to the prior quarter total of 43,988. Entities must file a statement of trade name when operating under any name other than their true name.

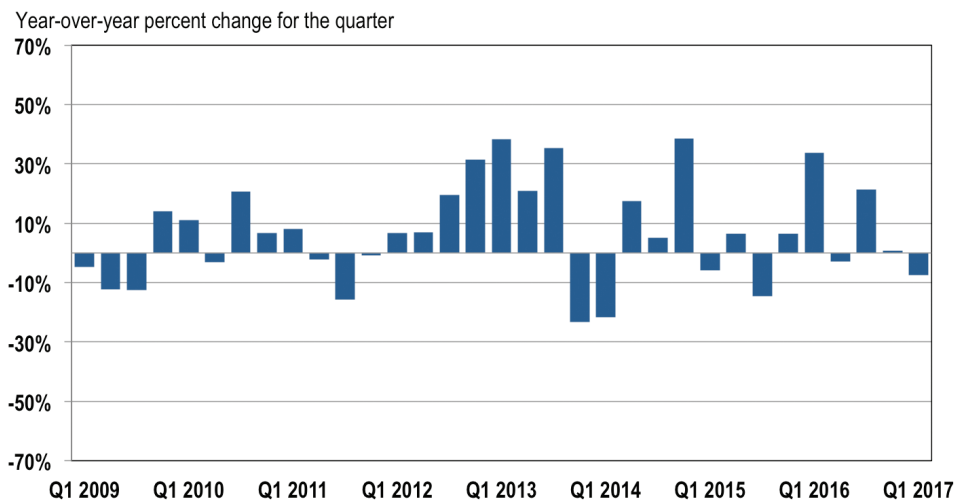
Trade Name Filings



The total number of trademark filings declined compared to last year.

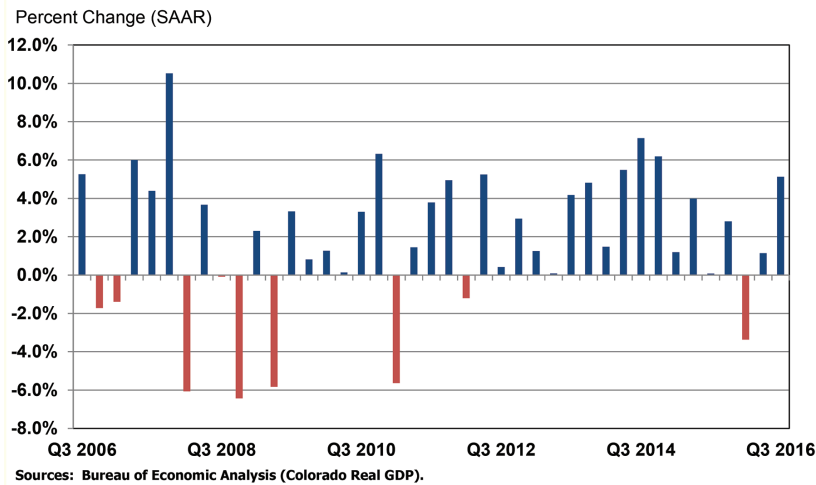
Trademark filings declined from 1,038 in Q1 2016 to 961 in Q1 2017, but quarter-over-quarter growth was up 15.2%. The four quarter rolling total of trademark filings increased in Q1 2017 by 1.6% over the prior year but fell 2.1% from Q4. Trademarks protect the symbols and words used in commerce.

Trademark Filings



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Colorado Real GDP



Colorado Economic Indicators

Colorado's GDP growth led the majority of the nation in Q3 2016, posting the fourth-fastest increase in real GDP (seasonally adjusted annual rate) of all 50 states. Colorado recorded an annualized growth rate of 5.1%, significantly higher than the national GDP increase of 3.5%. Real GDP totaled roughly \$293 billion in Q3 2016, a gain of over \$3.6 billion from the prior quarter. Colorado's agriculture and utilities industries led the growth, posting increases of 34.1% and 13.1%, respectively, from the preceding quarter. The Q3 gain was the largest in nearly two years.

Employment in Colorado increased 1.9% year-over-year in February 2017, which is below the five-year CAGR of 2.8%.

Growth is now constrained by the tight labor market—the unemployment rate dropped to 2.9% in January and February. Despite relatively low unemployment rates across the state, employment continues to be slow or falling in rural Colorado.

Total business bankruptcy filings fell by 4.3%, from 92 in Q2 to 88 in Q3. The number of foreclosure filings was up 4.2% from the previous quarter and down 11.6% year-over-year. The Federal Housing Finance Agency (FHFA) seasonally adjusted Purchase-Only Home Price Index was down 0.1% from Q3 2016 to Q4 2016. Housing prices grew 10.5% year-over-year.

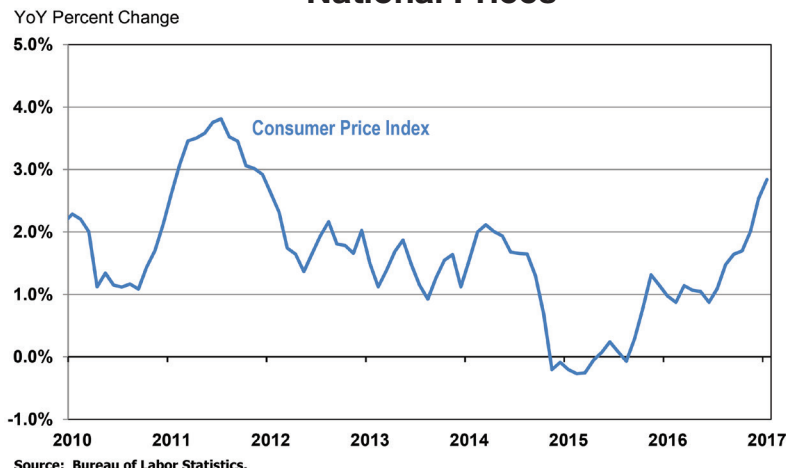
	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR ^a	
Wealth & Income								
Personal Income (millions of dollars)	294,041	290,901	1.1%	▲	4.4%	▲	5.7%	▲
Retail Sales, 12 mo. trailing (millions of dollars)	181,858	184,085	-1.2%	▼	-1.3%	▼	4.8%	▲
Taxable Sales, 12 mo. trailing (millions of dollars)	90,865	90,542	0.4%	▲	3.4%	▲	6.6%	▲
Sales Expectations (LBCI)	63.9	61.3	4.3%	▲	29.2%	▲	0.5%	▲
Profit Expectations (LBCI)	64.3	59.8	7.5%	▲	8.0%	▲	-0.1%	▼
Business Outlays								
Annual Wages Per Employee (\$)	54,871	54,140	1.4%	▲	2.2%	▲	2.1%	▲
Hiring Expectations (LBCI)	62.8	59.4	5.7%	▲	10.7%	▲	0.6%	▲
Capital Expenditures Expectations (LBCI)	61.7	59.5	3.6%	▲	10.9%	▲	0.7%	▲
Retail Gasoline Price (dollars per gallon)	2.29	2.34	-1.9%	▼	12.0%	▲	-9.9%	▼
Economic Overview								
Real Quarterly GDP (millions of chained 2009 dollars)	293,019	289,379	5.1%	▲	1.4%	▲	2.7%	▲
Employment (in thousands)	2,631.5	2,618.0	0.5%	▲	1.9%	▲	2.8%	▲
Unemployment Rate ^b	2.9%	3.0%	-0.1%	▼	-0.4%	▼	-5.2%	▼
Initial Jobless Claims	1,813	3,001	-39.6%	▼	-26.4%	▼	-10.9%	▼
Continuing Jobless Claims	28,422	26,377	7.8%	▲	-13.1%	▼	-12.3%	▼
Building Permits, Number of Units, 12 mo. trailing	40,062	38,724	3.5%	▲	24.6%	▲	22.6%	▲
Valuation (millions of dollars), 12 mo. trailing	10,776	10,611	1.6%	▲	44.2%	▲	27.6%	▲
Foreclosures Filings, Number of Units	1,794	1,721	4.2%	▲	-11.6%	▼	-26.8%	▼
Number of Sales	633	751	-15.7%	▼	-30.6%	▼	-31.0%	▼
FHFA Purchase-Only Home Price Index	401	402	-0.1%	▼	10.5%	▲	9.6%	▲
Private Firms	190,100	187,673	1.3%	▲	3.1%	▲	2.5%	▲
Rotary Rig Count	28	28	0.0%	▷	64.7%	▲	-15.8%	▼
Total Business Bankruptcy Filings	88	92	-4.3%	▼	-6.4%	▼	-19.8%	▼
Chapter 7	59	72	-18.1%	▼	-11.9%	▼	-23.1%	▼
Chapter 11	23	16	43.8%	▲	35.3%	▲	-5.8%	▼
Chapter 13	6	4	50.0%	▲	-25.0%	▼	-16.7%	▼
State Economy Expectations (LBCI)	67.0	62.8	6.7%	▲	16.9%	▲	0.0%	▼

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) (Q4 16); Colorado Department of Revenue (NSA) (02/16); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q2 17); Colorado Department of Labor and Employment, QCEW (NSA) (Q3 16); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (04/04/17); Bureau of Economic Analysis, (SAAR) (Q3 16); Bureau of Labor Statistics, CES (SA) (2/17); Bureau of Labor Statistics, LAUS (SA) (2/17); U.S. Department of Labor, Employment and Training Administration (NSA) (3/18/17); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (2/17); Colorado Division of Housing, Foreclosure Report (Q4 16); FHFA Purchase-Only Home Price Index (SA) (Q416); Bureau of Labor Statistics, QCEW (Q3 2016); Baker-Hughes (03/17); Administrative Office of the U.S. Courts (Q4 16); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q2 17).

^aCompound Annual Growth Rate. ^bPercentage point change.

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National Prices



National Economic Indicators

Inflation continues to rise through the early months of 2017, signaling increasing prices. After prices fell in 2015, the seasonally adjusted Consumer Price Index (CPI) remained positive for the 17th consecutive month in February 2017. Posting a 2.8% increase in year-over-year prices, this is the highest inflation rate since January 2012 when the year-over-year increase reached 2.9%. The nation experienced brief deflation in early 2015, when prices dropped by as much as 0.3% year-over-year in March and April. Since then, prices have increased steadily. CPI growth has been accelerating each month since August 2016. Core CPI grew 2.2% year-over-year in February 2017, while shelter and energy prices grew 3.5% and 16.9%, respectively, over the same period.

GDP rose at a 2.1% annualized rate in Q4 2016. Annual GDP for 2016 increased 1.6%. The unemployment rate declined by 0.2 percentage points from February to March 2017, reaching 4.5%. Personal income and average annual pay grew year-over-year, at 3.7% and 3%, respectively. Wages increased 1.3% in Q4 2016 and recorded positive year-over-year growth of 3%. The housing market continues to exhibit strength, with prices, permits, and sales still on the rise year-over-year.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR ^a	
Wealth & Income								
Personal Income (billions of dollars)	16,266	16,111	1.0%	▲	3.7%	▲	4.0%	▲
Retail and Food Services Sales, 12 mo. trailing (billions of dollars)	5,525.6	5,457.3	1.3%	▲	3.6%	▲	3.7%	▲
S&P 500	2,358.8	2,249.3	4.9%	▲	13.8%	▲	10.7%	▲
Annual Wages Per Employee	53,932	53,246	1.3%	▲	3.0%	▲	2.8%	▲
Business Outlays								
Consumer Price Index	244.5	242.3	0.9%	▲	2.8%	▲	1.3%	▲
Core Inflation (All Items Less Food & Energy)	251.3	249.4	0.8%	▲	2.2%	▲	2.0%	▲
Shelter	294.6	292.3	0.8%	▲	3.5%	▲	2.9%	▲
Retail Gasoline Price (dollars per gallon)	2.47	2.49	-0.6%	▼	13.1%	▲	-9.2%	▼
Economic Overview								
Real Quarterly GDP (billions of chained 2009 dollars)	16,813	16,727	2.1%	▲	1.7%	▲	2.1%	▲
Employment (in thousands)	145,798	145,170	0.4%	▲	1.6%	▲	1.8%	▲
Unemployment Rate ^b	4.7%	4.6%	0.1%	▲	-0.2%	▼	-3.6%	▼
Initial Jobless Claims	252,000	258,000	-2.3%	▼	-0.4%	▼	-7.5%	▼
Continuing Jobless Claims	2,025,000	2,021,000	0.2%	▲	-8.5%	▼	-9.7%	▼
Building Permits, Number of Units, 12 mo. trailing	1,202,474	1,195,471	0.6%	▲	1.1%	▲	13.6%	▲
Valuation (millions of dollars), 12 mo. trailing	235,735	232,374	1.4%	▲	5.2%	▲	17.0%	▲
FHFA Home Price Index	238.1	234.7	1.4%	▲	5.9%	▲	5.9%	▲
Rotary Rig Count	824	658	25.2%	▲	83.1%	▲	-16.1%	▼
Total Business Bankruptcy Filings	5,666	5,597	1.2%	▲	-5.1%	▼	-15.3%	▼
Chapter 7	3,697	3,639	1.6%	▲	-3.7%	▼	-16.6%	▼
Chapter 11	1,287	1,272	1.2%	▲	-9.6%	▼	-13.7%	▼
Chapter 13	519	560	-7.3%	▼	-10.8%	▼	-12.1%	▼
National Economy Expectations (LBCI)	62.4	63.4	-1.6%	▼	14.3%	▲	3.1%	▲

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) (Q4 16); U.S. Census Bureau (NSA) (2/17); Yahoo Finance (04/04/17); Bureau of Labor Statistics, QCEW (NSA) (Q3 16); Bureau of Labor Statistics, All Urban Consumers, U.S. City Average (SA) (2/17); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (04/04/17); Bureau of Economic Analysis (SAAR) (Q4 16); Bureau of Labor Statistics, CES (SA) (2/17); Bureau of Labor Statistics (SA) (2/17); U.S. Department of Labor, Employment and Training Administration (SA) (3/4/17); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (2/17); FHFA Purchase-Only Home Price Index (SA) (Q4 16); Baker-Hughes (03/17); Administrative Office of the U.S. Courts (Q4 16); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q2 17).

^aCompound Annual Growth Rate. ^bPercentage 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 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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Business Research Division

