

NEVADA SECRETARY OF STATE Quarterly Economic & Business Activity Report



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Q3 • 2013

Employment



vs. prior quarter



vs. prior year

New Entity Filings



vs. prior quarter



vs. prior year

Total List Filings



vs. prior quarter



vs. prior year

Unemployment



vs. prior quarter



vs. prior year



The Quarterly Economic & Business Activity Report provides a quarterly review and analysis of trends in economic and business activities. It is intended to provide a unique perspective on business investments and market conditions within the State of Nevada. Data contained herein is sourced to the Nevada Secretary of State and other reporting agencies, including the Nevada Department of Employment, Training and Rehabilitation.

Business Entity Filings Report Quarterly Declines in the Third Quarter of 2013 Annual Growth Remains Positive

New Entity Filings *[Leading Indicator]*

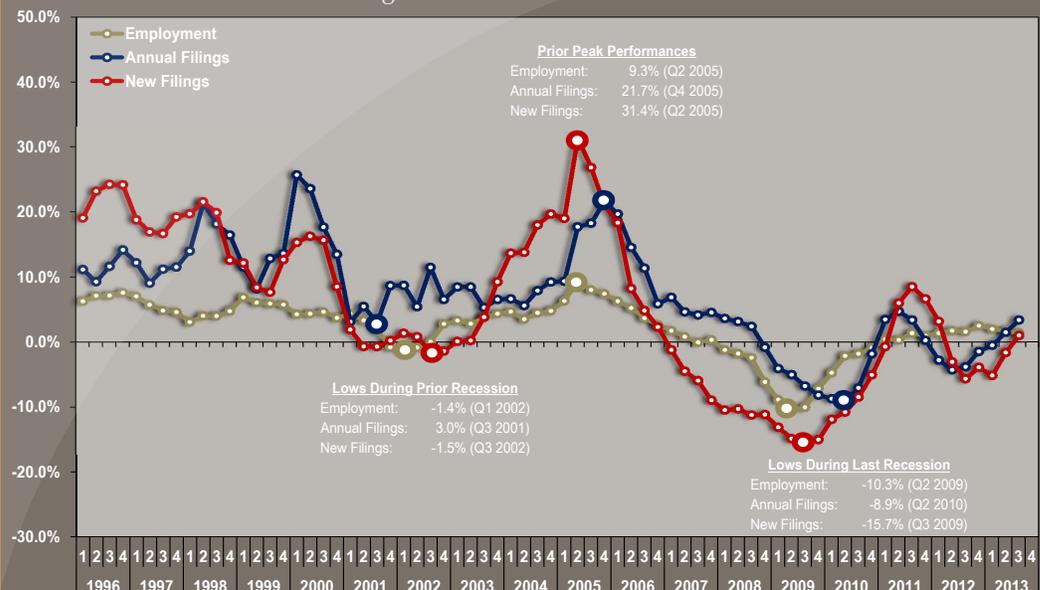
- New entity filings totaled 13,830 in the third quarter of 2013, down 5.1 percent compared to the prior quarter (Q2 2013). Despite the quarterly decline, new entity filings increased 5.7 percent compared to the same quarter last year (Q3 2012). In the past 12 months, there have been 56,596 new entity filings, up 1.0 percent from the prior 12-month period.
- Domestic (Nevada) filings fell 5.8 percent from last quarter to 12,820. However, compared to a year ago, domestic filings increased 5.8 percent. Limited Liability Companies (“LLCs”) reported the only annual increase, rising 13.7 percent to 8,999. Meanwhile, Limited Partnerships (“LPs”) fell 16.3 percent, while Corporations reported a decline of 8.5 percent.
- Foreign (non-Nevada) entity filings reported a 6.0-percent increase compared to the prior quarter, rising to 1,010. Compared to a year ago, foreign entity filings increased 4.3 percent, due to annual increases reported by LPs (+71.4 percent); Corporations (+5.3 percent); and LLCs (+1.9 percent).

Total List Filings *[Lagging Indicator]*

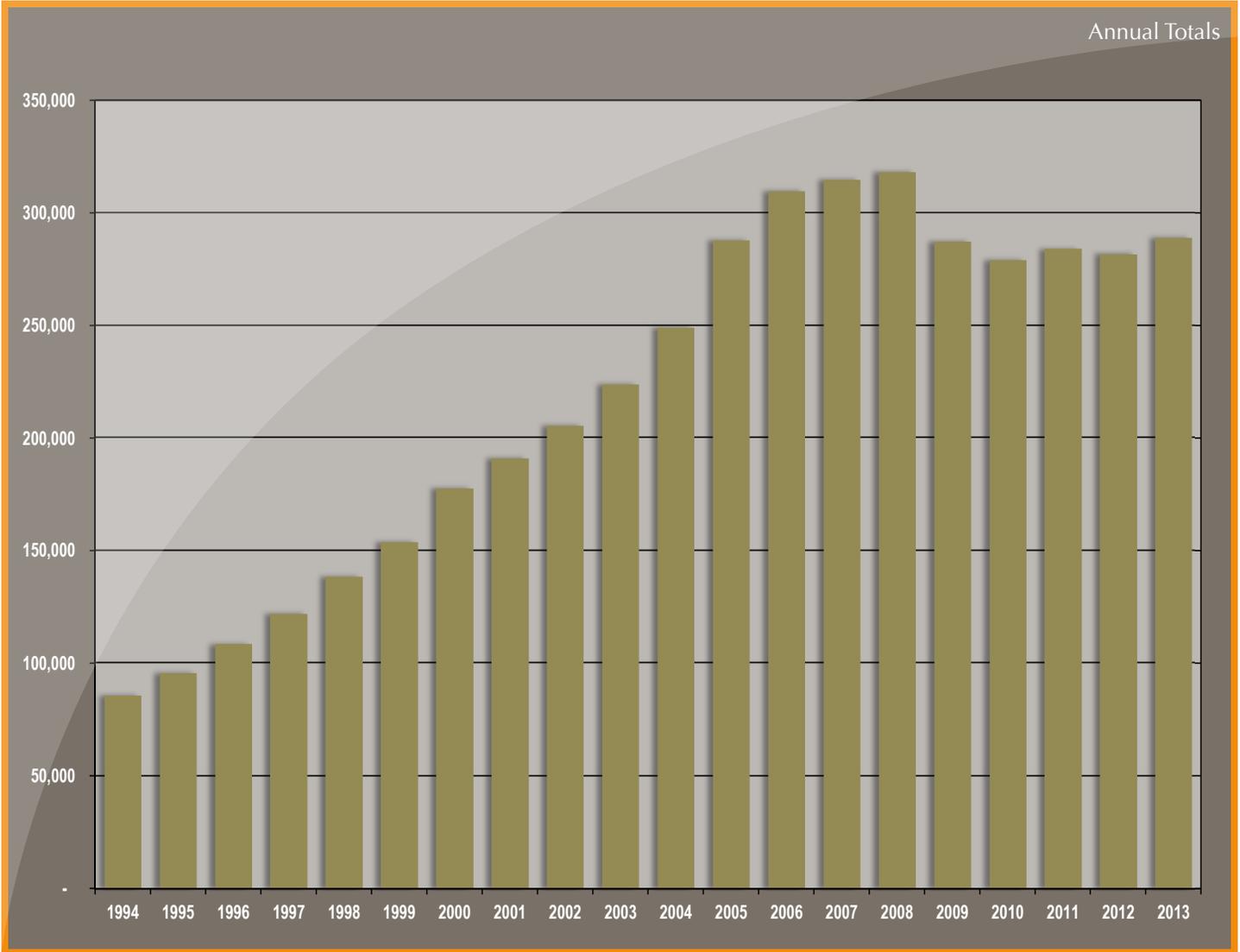
- Initial, annual and amended lists totaled 71,183 in the third quarter, down 5.9 percent from the prior quarter and up 5.6 percent from the prior year. LLCs, which represent more than half of all list filings, reported the greatest annual increase during the quarter, rising 10.6 percent to 37,142. Corporations, which account for another 43.2 percent of list filings, followed with an annual increase of 1.2 percent.
- For the past 12 months, list filings totaled 293,639, up 3.4 percent from the prior 12-month period. LLCs reported the only increase, rising 7.8 percent to 150,144. LPs fell 5.5 percent, while Corporations reported relatively no change.
- As of September 2013, approximately 288,984 entities were considered to be in “good standing,” representing a 3.0-percent increase compared to the same month last year. The number of entities in good standing has now reported annual increases for nine consecutive months.

NEVADA EMPLOYMENT AND FILING COMPARATIVE ANALYSIS

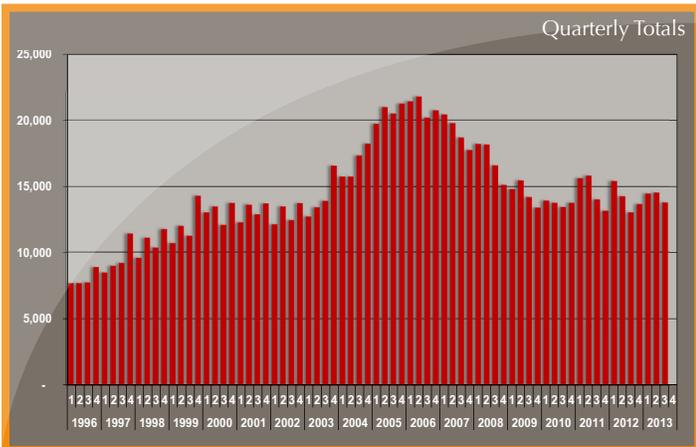
Trailing 12-Month Annual Growth Rates



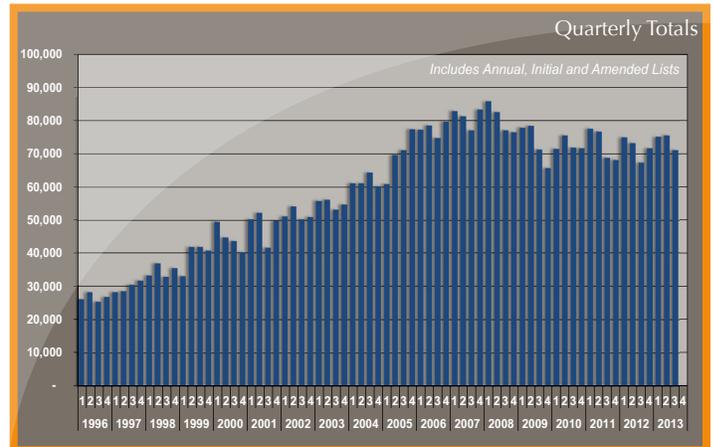
Entities in Good Standing



New Entity Filings [Leading Indicator]



Total List Filings [Lagging Indicator]



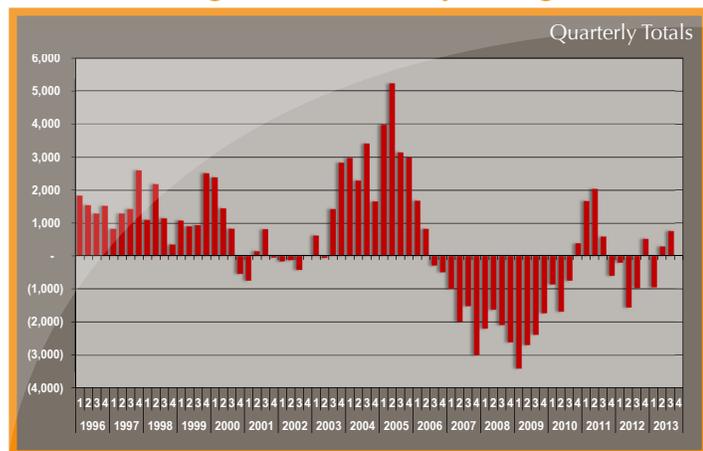
Quarterly Indicators ^[1]

Three Months Ended September 2013

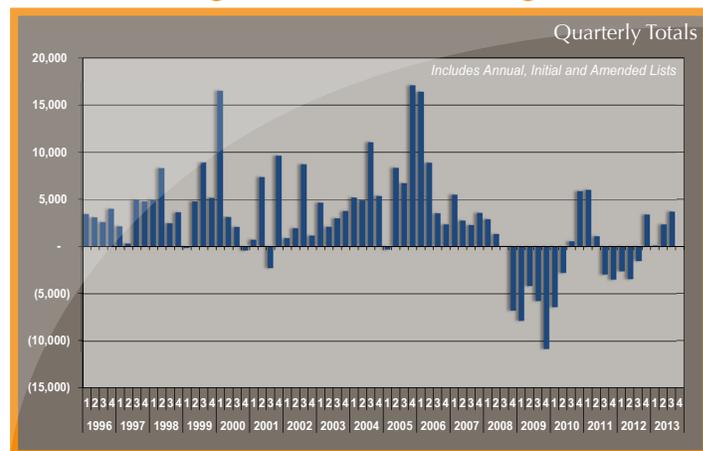
	Current Value	Prior Period			Prior Year				
		Value	Change	% Change	Value	Change	% Change		
TOTAL LIST FILINGS [2]									
Corporations	30,777	33,003	(2,226)	-6.7%	▼	30,405	372	1.2%	▲
Limited Partnerships	3,053	3,226	(173)	-5.4%	▼	3,099	(46)	-1.5%	▼
Limited Liability Companies	37,142	39,124	(1,982)	-5.1%	▼	33,590	3,552	10.6%	▲
Limited Liability Partnerships and Business Trusts	211	258	(47)	-18.2%	▼	297	(86)	-29.0%	▼
TOTAL	71,183	75,611	(4,428)	-5.9%	▼	67,391	3,792	5.6%	▲
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]									
Corporations	3,673	4,250	(577)	-13.6%	▼	4,014	(341)	-8.5%	▼
Limited Partnerships	123	134	(11)	-8.2%	▼	147	(24)	-16.3%	▼
Limited Liability Companies	8,999	9,199	(200)	-2.2%	▼	7,915	1,084	13.7%	▲
Limited Liability Partnerships and Business Trusts	25	32	(7)	-21.9%	▼	37	(12)	-32.4%	▼
TOTAL	12,820	13,615	(795)	-5.8%	▼	12,113	707	5.8%	▲
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]									
Corporations	499	489	10	2.0%	▲	474	25	5.3%	▲
Limited Partnerships	24	17	7	41.2%	▲	14	10	71.4%	▲
Limited Liability Companies	483	444	39	8.8%	▲	474	9	1.9%	▲
Limited Liability Partnerships and Business Trusts	4	3	1	33.3%	▲	6	(2)	-33.3%	▼
TOTAL	1,010	953	57	6.0%	▲	968	42	4.3%	▲
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]									
Corporations	4,172	4,739	(567)	-12.0%	▼	4,488	(316)	-7.0%	▼
Limited Partnerships	147	151	(4)	-2.6%	▼	161	(14)	-8.7%	▼
Limited Liability Companies	9,482	9,643	(161)	-1.7%	▼	8,389	1,093	13.0%	▲
Limited Liability Partnerships and Business Trusts	29	35	(6)	-17.1%	▼	43	(14)	-32.6%	▼
TOTAL	13,830	14,568	(738)	-5.1%	▼	13,081	749	5.7%	▲
KEY ECONOMIC INDICATORS									
Employment [4]	1,165,900	1,167,200	(1,300)	-0.1%	▼	1,149,300	16,600	1.4%	▲
Unemployment [4]	9.2%	9.9%	-0.7%	-	▼	10.4%	-1.2%	-	▼
Initial Jobless Claims	45,619	48,754	(3,135)	-6.4%	▼	49,625	(4,006)	-8.1%	▼
Bankruptcies - Chapter 7 [5]	2,147	2,544	(397)	-15.6%	▼	2,831	(684)	-24.2%	▼
Bankruptcies - Chapter 11 [5]	38	58	(20)	-34.5%	▼	65	(27)	-41.5%	▼
Bankruptcies - Chapter 13 [5]	404	463	(59)	-12.7%	▼	580	(176)	-30.3%	▼

[1] Indicator values reflect three month quarterly totals, unless otherwise noted. [2] Includes annual, initial and amended lists. [3] New entity registration/qualification filings. [4] As of the end of the reporting period. [5] Current value is based on the trailing 3-months ending September 2013.

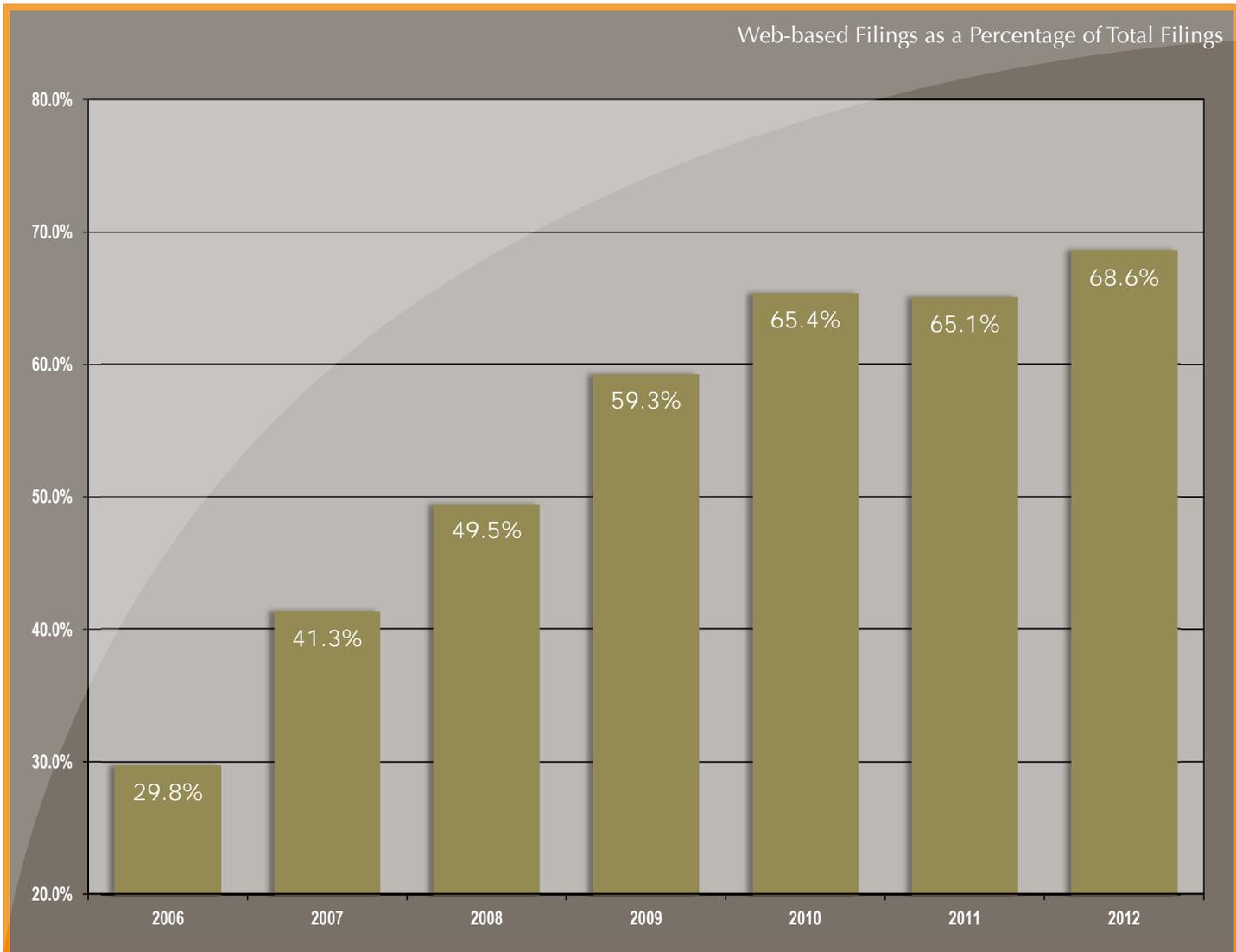
Annual Change in New Entity Filings



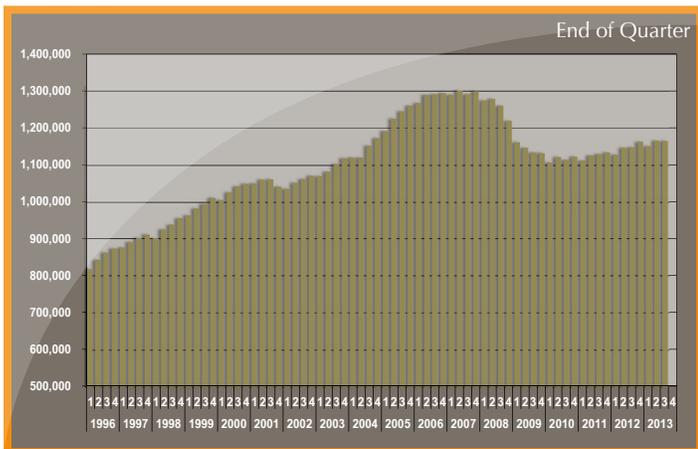
Annual Change in Total List Filings



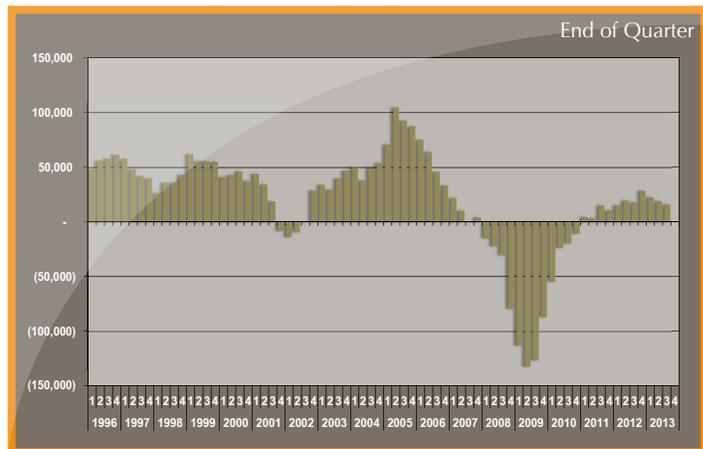
On-line Filing Utilization



Employment



Annual Change in Employment



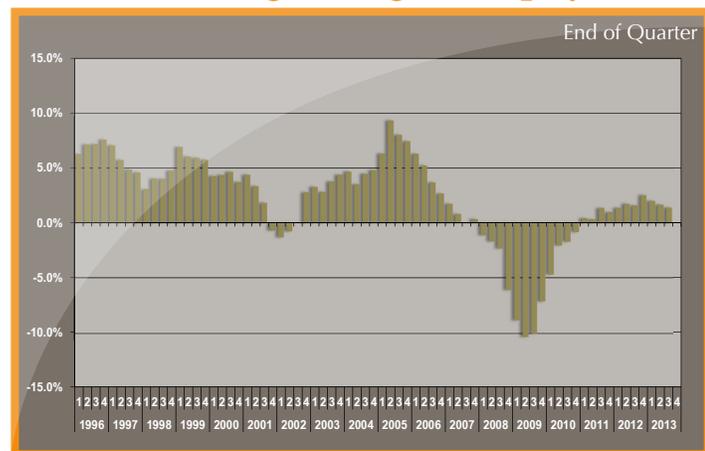
Annual Indicators ^[1]

Twelve Months Ended September 2013

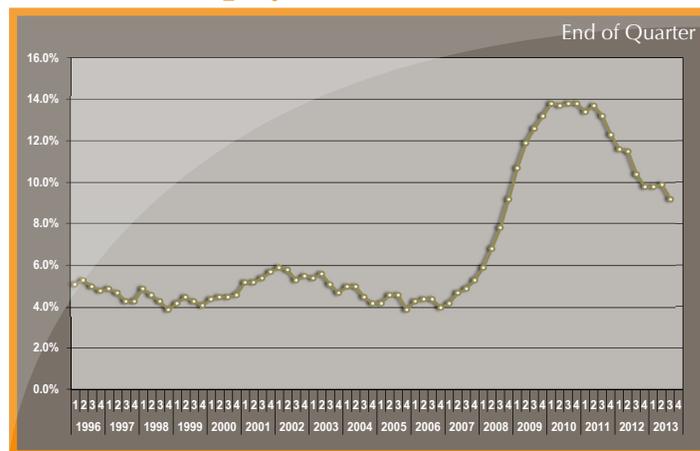
Current Quarter	Current Value	Prior Period			Prior Year		
		Value	Change	% Change	Value	Change	% Change
TOTAL LIST FILINGS [2]							
Corporations	129,544	129,172	372	0.3% ▲	129,813	(269)	-0.2% ▼
Limited Partnerships	13,042	13,088	(46)	-0.4% ▼	13,806	(764)	-5.5% ▼
Limited Liability Companies	150,144	146,592	3,552	2.4% ▲	139,342	10,802	7.8% ▲
Limited Liability Partnerships and Business Trusts	909	995	(86)	-8.6% ▼	980	(71)	-7.2% ▼
TOTAL	293,639	289,847	3,792	1.3% ▲	283,941	9,698	3.4% ▲
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	16,263	16,851	(588)	-3.5% ▼	16,712	(449)	-2.7% ▼
Limited Partnerships	589	613	(24)	-3.9% ▼	759	(170)	-22.4% ▼
Limited Liability Companies	35,837	34,737	1,100	3.2% ▲	34,540	1,297	3.8% ▲
Limited Liability Partnerships and Business Trusts	117	129	(12)	-9.3% ▼	122	(5)	-4.1% ▼
TOTAL	52,806	52,330	476	0.9% ▲	52,133	673	1.3% ▲
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	1,820	1,795	25	1.4% ▲	1,993	(173)	-8.7% ▼
Limited Partnerships	81	71	10	14.1% ▲	66	15	22.7% ▲
Limited Liability Companies	1,866	1,857	9	0.5% ▲	1,797	69	3.8% ▲
Limited Liability Partnerships and Business Trusts	23	25	(2)	-8.0% ▼	24	(1)	-4.2% ▼
TOTAL	3,790	3,748	42	1.1% ▲	3,880	(90)	-2.3% ▼
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	18,083	18,646	(563)	-3.0% ▼	18,705	(622)	-3.3% ▼
Limited Partnerships	670	684	(14)	-2.0% ▼	825	(155)	-18.8% ▼
Limited Liability Companies	37,703	36,594	1,109	3.0% ▲	36,337	1,366	3.8% ▲
Limited Liability Partnerships and Business Trusts	140	154	(14)	-9.1% ▼	146	(6)	-4.1% ▼
TOTAL	56,596	56,078	518	0.9% ▲	56,013	583	1.0% ▲
KEY ECONOMIC INDICATORS							
Employment [4]	1,165,900	1,167,200	(1,300)	-0.1% ▼	1,149,300	16,600	1.4% ▲
Unemployment [4]	9.2%	9.9%	-0.7%	- ▼	10.4%	-1.2%	- ▼
Initial Jobless Claims	206,600	210,606	(4,006)	-1.9% ▼	219,323	(12,723)	-5.8% ▼
Bankruptcies - Chapter 7 [5]	9,310	9,994	(684)	-6.8% ▼	12,322	(3,012)	-24.4% ▼
Bankruptcies - Chapter 11 [5]	204	231	(27)	-11.7% ▼	292	(88)	-30.1% ▼
Bankruptcies - Chapter 13 [5]	1,709	1,885	(176)	-9.3% ▼	2,803	(1,094)	-39.0% ▼

[1] Indicator values reflect twelve month quarterly totals, unless otherwise noted. [2] Includes annual, initial and amended lists. [3] New entity registration/qualification filings. [4] As of the end of the reporting period. [5] Current value is based on the trailing 12-months ending September 2013.

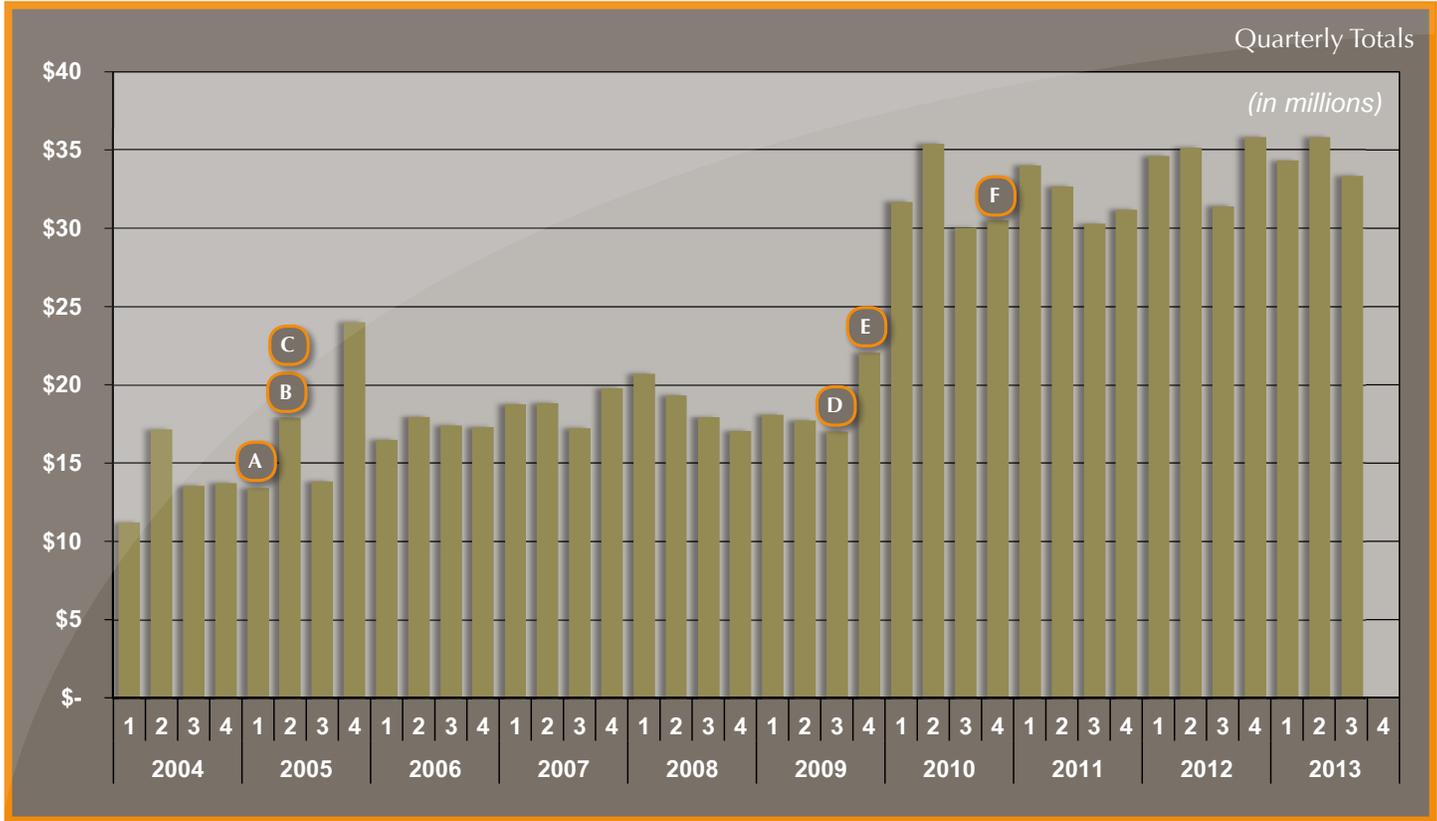
Annual Percentage Change in Employment



Nevada Unemployment Rate



Commercial Recordings Revenue



1991 – Major overhaul of Nevada business law, including the start of a business friendly environment (Delaware of the west), limited liability companies (LLCs) available in Nevada

1997 to 1998 – Implementation of floater division and changes in processes and staffing to reduce turnaround time from 8 to 10-plus weeks to 10 days or less

Q1 2001 – Height of filing increases preceding economic downturn and the events of September 11, 2001

October 1, 2001 – Fee increases in response to economic downturn, representing the first fee increases in 10 years; filing fees for articles rose from \$125 to \$175; initial lists increased from \$85 to \$165; and other fee increases were implemented

October 1, 2003 – Another significant fee change occurred: annual lists increased from \$85 to \$125 with a maximum of \$11,100 based on capitalization; new filings fee decreased from \$175 to \$75 and the maximum raised from \$25,000 to \$35,000 based on capitalization

- A January 29, 2005** – Implementation of e-SoS processing system for commercial recordings
- B April 2005** – Implementation of online services for initial, amended and annual lists
- C Q2 2005** – Peak of new filing increases
- D July 1, 2009** – Nevada state business license fee increased from \$100 to \$200 annually
- E October 1, 2009** – Nevada state business license authority transferred from the Department of Taxation to the Secretary of State of Nevada
- F December 2010** – Implementation of online articles services allowing customers to file new domestic corporations and limited liability companies (LLCs) online



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Ross Miller became the youngest Secretary of State in America and the youngest in Nevada history when he was elected in 2006. Unanimously selected by his peers to serve as President of the National Association of Secretaries of State for 2012, Ross' record of achievement since taking office reflects a true commitment to accountability and results. His accomplishments reflect a combination of enthusiasm for the job, and a vision for serving his constituents.



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Analyst's Assessment

“ In September, Nevada's economy added 16,600 jobs (+1.4 percent) when compared to the same month a year ago. The leisure and hospitality sector reported the most substantial annual job growth (+6,800 jobs), driven by an increase in the food services and drinking places sector (+7,900 jobs). The trade, transportation and utilities sector followed, adding 6,500 jobs, primarily due to increases in retail trade (+4,200 jobs) and wholesale trade (+2,800 jobs). Other sectors reporting gains included government (+3,400 jobs) and education and health services (+4,900 jobs). However, these gains were partially offset by the professional and business services sector, which reported a dramatic decline of 5,800 jobs after three consecutive months of relatively stable performances.

Job growth continues to help drive down unemployment in the Silver State. In September, the unemployment rate fell to 9.2 percent, which is 1.2 percentage points lower than the rate of 10.4 percent reported a year ago. In addition, initial jobless claims for the past 12 months fell 5.8 percent compared to the prior 12-month period to 206,600. With new entity filings up 5.7 percent year-over-year and positive annual employment growth, the two business activity indicators appear to be rowing in a similar direction.”

- **Jeremy Aguero**
Principal Analyst, Applied Analysis

Domestic (Nevada) Entities vs. Foreign (Non-Nevada) Entities – A domestic entity is an entity created pursuant to Nevada Law that may or may not have nexus in Nevada. Its formation documents are on file and a matter of public record in the office of the Secretary of State. A foreign entity is an entity created pursuant to the laws of a jurisdiction other than Nevada, which is qualified to do business in Nevada. Generally, most foreign entities have some sort of nexus in Nevada because they qualify so they may conduct business in Nevada.

Leading vs. Lagging Indicators – Generally, a lagging indicator is a measurable economic factor that changes after the economy has already begun to follow a particular trend or pattern. A leading indicator is a measurable economic factor that changes before the economy starts to follow a particular trend or pattern. Leading indicators can be used to predict changes in the economy. In this instance, new business entity filings provide directional insight into investments and business formation in the State of Nevada.

Information contained herein has been obtained from various sources deemed reliable. We have no reason to doubt its accuracy, but we do not guarantee it. **Applied Analysis** is a Nevada-based advisory services firm founded in 1997. We are an information and analysis resource for both the public and private sectors. Our team has extensive experience in economics, real estate, hospitality, gaming, information technology and finance. We apply this knowledge in an effort to develop creative solutions to our client's challenges. To put it simply, we are a solutions resource. Our firm is guided by our core values – integrity, diligence and dedication. Our future is branded by the success of our clients and the quality of our professionals. Our commitment lies therein.

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