

NEVADA SECRETARY OF STATE Quarterly Economic & Business Activity Report



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Q2 • 2014

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.

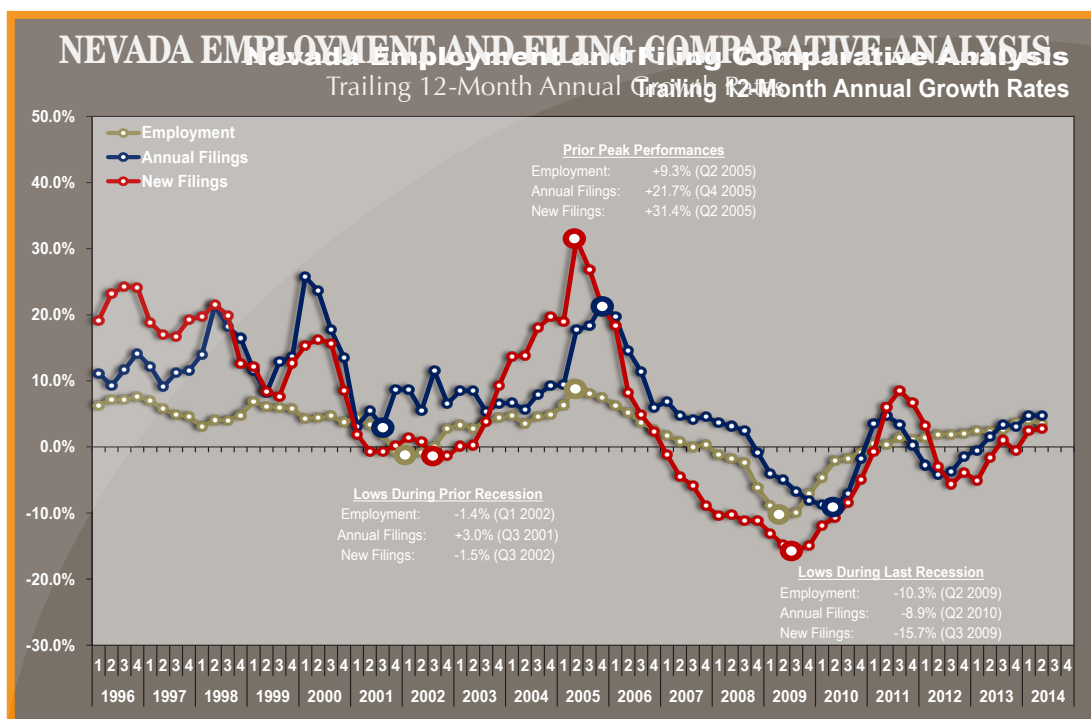
New Business Entity Filings Up in the Second Quarter of 2014 Total entity filings rise for the year

New Entity Filings [Leading Indicator]

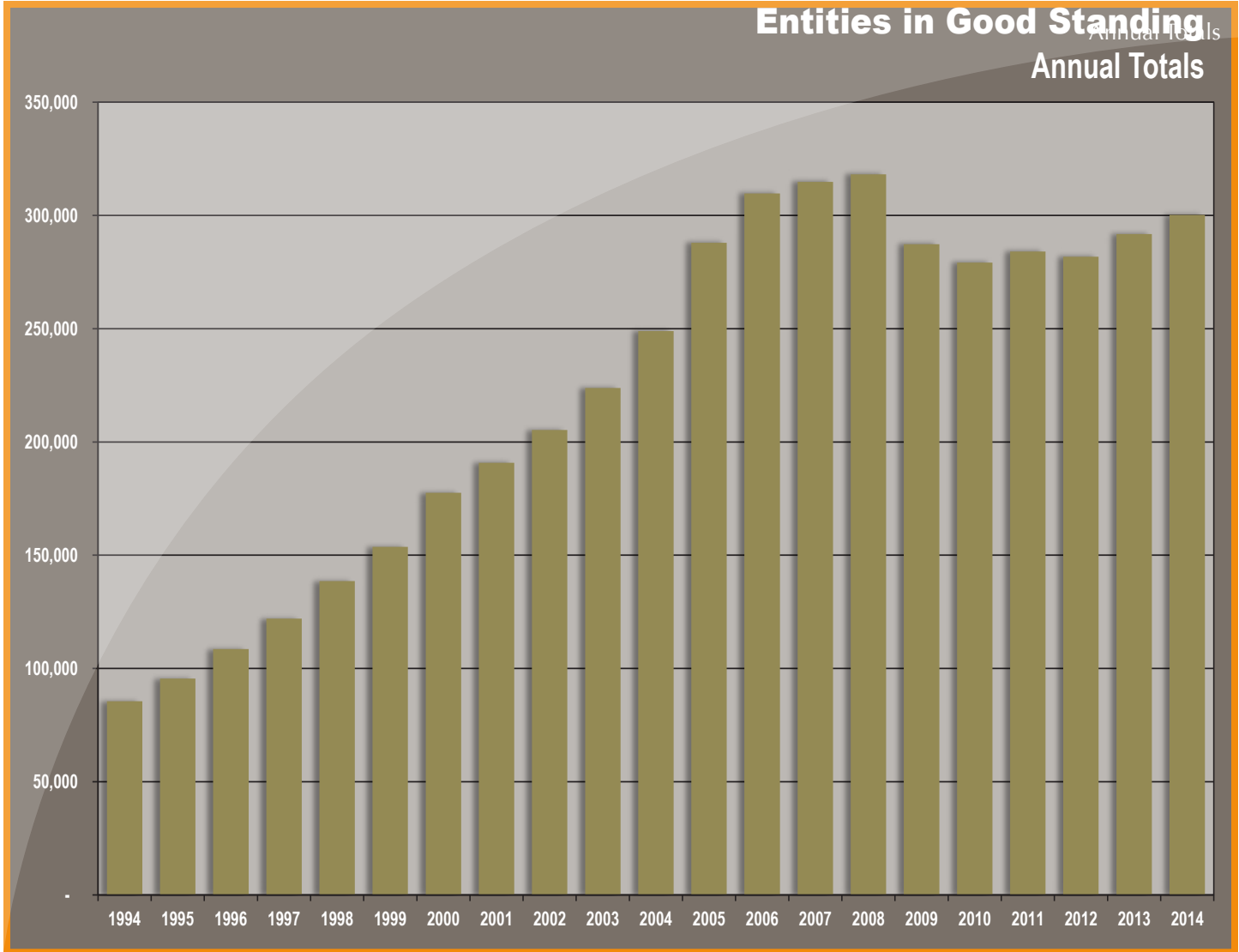
- New entity filings edged up slightly in the second quarter of 2014 when compared to the prior period (Q1 2014), rising from 15,233 to 15,313. However, compared to a year ago (Q2 2013), new filings were up a more robust 5.1 percent. Corporations and Limited Liability Companies ("LLCs"), which account for the largest share of new entity filings, reported quarter-to-quarter gains of less than one percent during the period. Compared to a year ago, Corporations and LLCs were up 0.5 percent and 7.7 percent, respectively.
- Domestic (Nevada) filings also remained relatively flat during the second quarter, rising from 14,257 to 14,313. Compared to a year ago, domestic filings increased 5.1 percent, primarily due to a 7.7-percent gain in LLC filings.
- Foreign (non-Nevada) filings reported a quarterly gain of 2.5 percent, rising to 1,000. The latest gain was primarily due to a 7.9-percent gain in Corporation filings. Compared to a year ago, foreign filings increased 4.9 percent, due to an 8.3-percent gain in LLCs.

Total List Filings [Lagging Indicator]

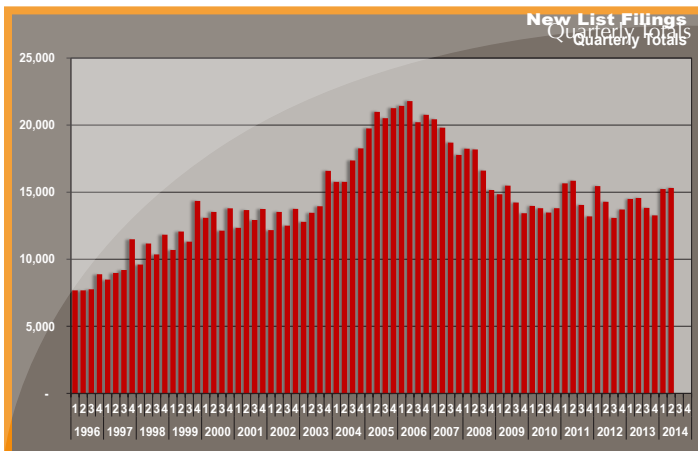
- Initial, annual and amended lists totaled 77,964 in the second quarter of 2014. The latest period represents a 2.5-percent decline compared to the prior quarter. Corporations and LLCs reported declines in list filings during the quarter, falling 3.7 percent and 1.7 percent, respectively. Despite quarterly declines, list filings increased 3.1 percent compared to a year ago. Although Corporation filings fell 0.6 percent, LLCs reported a gain of 7.0 percent.
- In the past 12 months, there have been 303,560 list filings, which represents a gain of 4.7 percent when compared to the prior 12-month period. During the period, Corporations reported a gain of 1.0 percent, rising to 130,472. Meanwhile, LLC filings totaled 159,625, which represents a gain of 8.9 percent.
- By the end of the second quarter, there were 300,253 entities in good standing, which is up 4.6 percent from the prior year. Entities in good standing have reported year-over-year gains for 18 consecutive months.



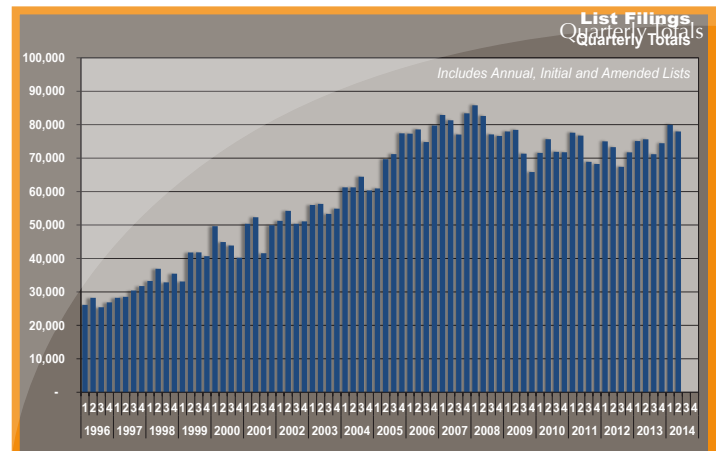
Entities in Good Standing



New Entity Filings [Leading Indicator]



Total List Filings [Lagging Indicator]



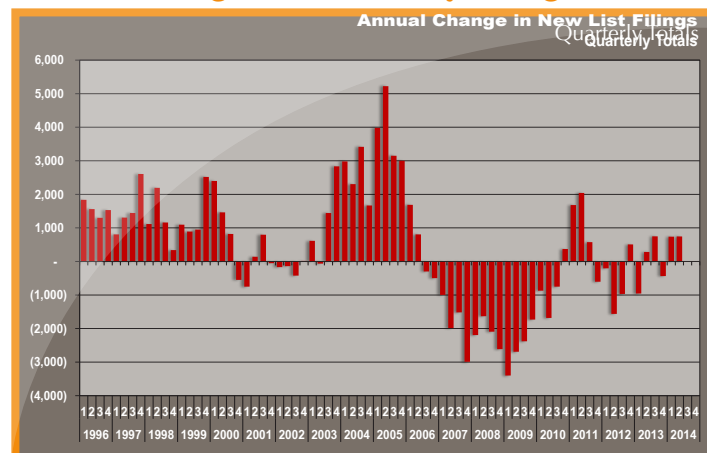
Quarterly Indicators ^[1]

Three Months Ended June 2014

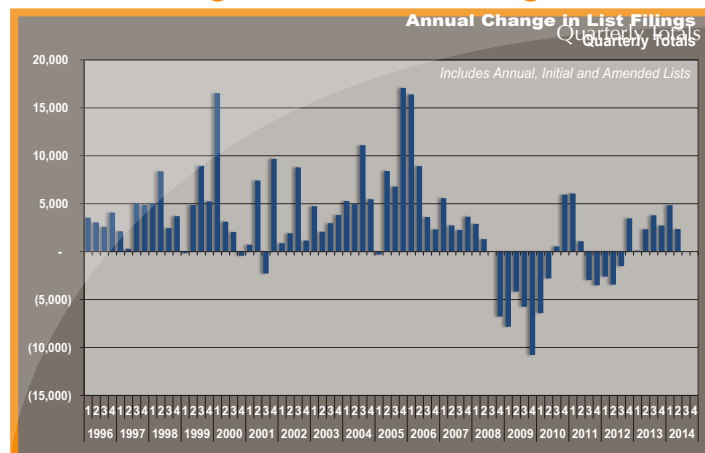
	Current Value	Prior Period			Prior Year		
		Value	Change	% Change	Value	Change	% Change
TOTAL LIST FILINGS [2]							
Corporations	32,807	34,051	(1,244)	-3.7% ▼	33,003	(196)	-0.6% ▼
Limited Partnerships	3,053	3,048	5	0.2% ▲	3,226	(173)	-5.4% ▼
Limited Liability Companies	41,878	42,611	(733)	-1.7% ▼	39,124	2,754	7.0% ▲
Limited Liability Partnerships and Business Trusts	226	258	(32)	-12.4% ▼	258	(32)	-12.4% ▼
TOTAL	77,964	79,968	(2,004)	-2.5% ▼	75,611	2,353	3.1% ▲
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	4,269	4,300	(31)	-0.7% ▼	4,250	19	0.4% ▲
Limited Partnerships	117	113	4	3.5% ▲	134	(17)	-12.7% ▼
Limited Liability Companies	9,909	9,819	90	0.9% ▲	9,199	710	7.7% ▲
Limited Liability Partnerships and Business Trusts	18	25	(7)	-28.0% ▼	32	(14)	-43.8% ▼
TOTAL	14,313	14,257	56	0.4% ▲	13,615	698	5.1% ▲
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	493	457	36	7.9% ▲	489	4	0.8% ▲
Limited Partnerships	14	10	4	40.0% ▲	17	(3)	-17.6% ▼
Limited Liability Companies	481	502	(21)	-4.2% ▼	444	37	8.3% ▲
Limited Liability Partnerships and Business Trusts	12	7	5	71.4% ▲	3	9	300.0% ▲
TOTAL	1,000	976	24	2.5% ▲	953	47	4.9% ▲
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	4,762	4,757	5	0.1% ▲	4,739	23	0.5% ▲
Limited Partnerships	131	123	8	6.5% ▲	151	(20)	-13.2% ▼
Limited Liability Companies	10,390	10,321	69	0.7% ▲	9,643	747	7.7% ▲
Limited Liability Partnerships and Business Trusts	30	32	(2)	-6.3% ▼	35	(5)	-14.3% ▼
TOTAL	15,313	15,233	80	0.5% ▲	14,568	745	5.1% ▲
KEY ECONOMIC INDICATORS							
Employment [4]	1,218,700	1,205,300	13,400	1.1% ▲	1,177,300	41,400	3.5% ▲
Unemployment [4]	7.8%	8.7%	-0.9%	- ▼	10.3%	-2.5%	- ▼
Initial Jobless Claims	41,958	42,572	(614)	-1.4% ▼	48,754	(6,796)	-13.9% ▼
Bankruptcies - Chapter 7 [5]	1,983	1,829	154	8.4% ▲	2,544	(561)	-22.1% ▼
Bankruptcies - Chapter 11 [5]	42	33	9	27.3% ▲	58	(16)	-27.6% ▼
Bankruptcies - Chapter 13 [5]	304	350	(46)	-13.1% ▼	463	(159)	-34.3% ▼

[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 June 2014.

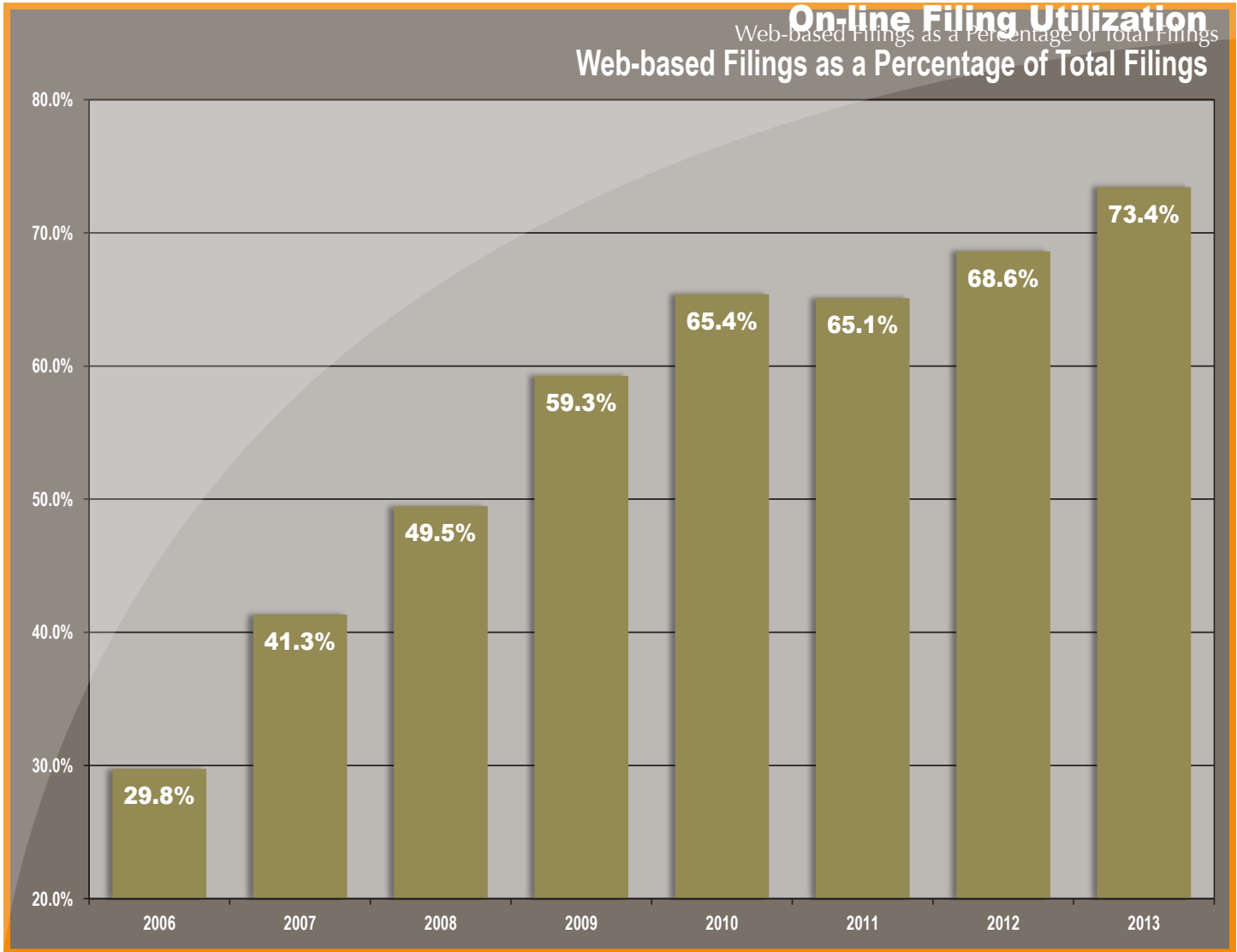
Annual Change in New Entity Filings



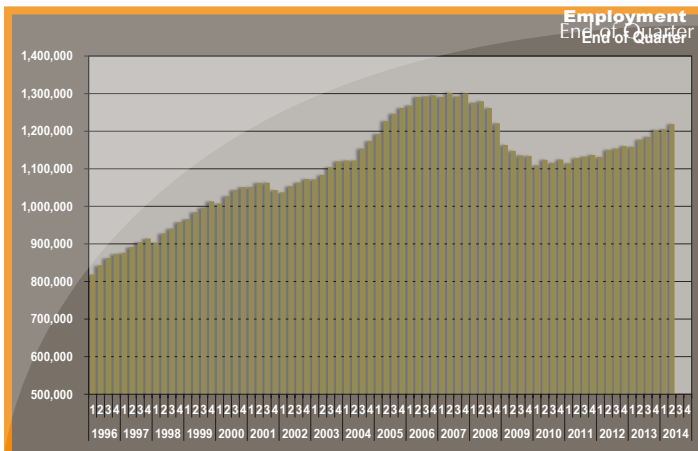
Annual Change in Total List Filings



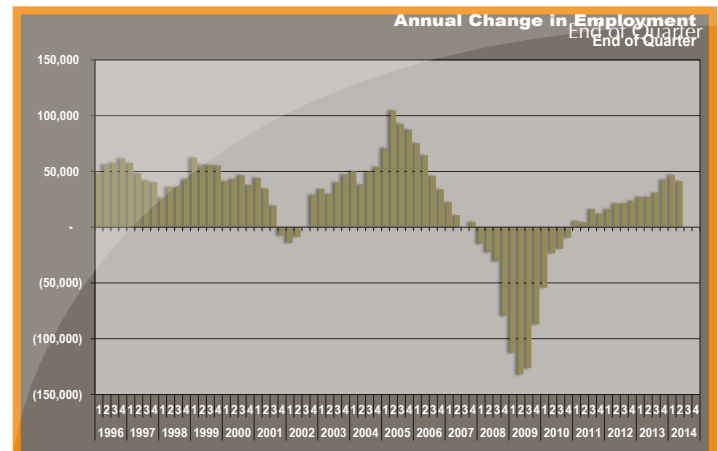
On-line Filing Utilization



Employment



Annual Change in Employment



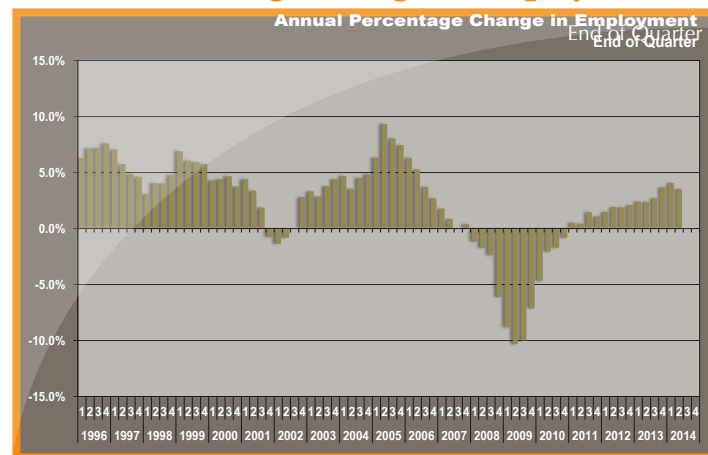
Annual Indicators ^[1]

Twelve Months Ended June 2014

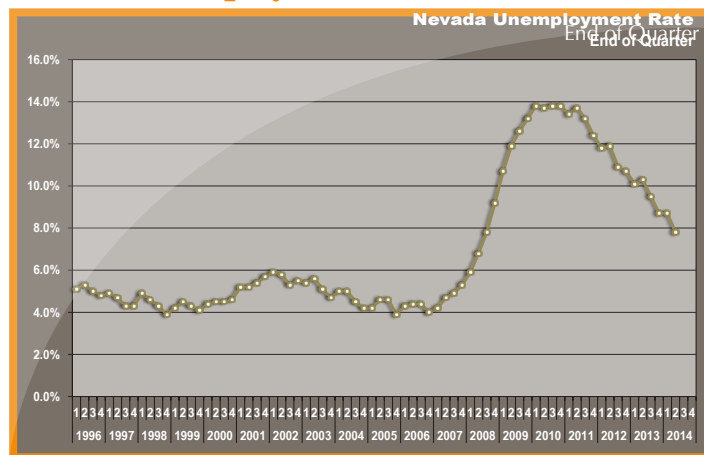
Current Quarter	Current Value	Prior Period			Prior Year		
		Value	Change	% Change	Value	Change	% Change
TOTAL LIST FILINGS [2]							
Corporations	130,472	130,668	(196)	-0.1% ▼	129,172	1,300	1.0% ▲
Limited Partnerships	12,555	12,728	(173)	-1.4% ▼	13,088	(533)	-4.1% ▼
Limited Liability Companies	159,625	156,871	2,754	1.8% ▲	146,592	13,033	8.9% ▲
Limited Liability Partnerships and Business Trusts	908	940	(32)	-3.4% ▼	995	(87)	-8.7% ▼
TOTAL	303,560	301,207	2,353	0.8% ▲	289,847	13,713	4.7% ▲
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	16,023	16,004	19	0.1% ▲	16,851	(828)	-4.9% ▼
Limited Partnerships	488	505	(17)	-3.4% ▼	613	(125)	-20.4% ▼
Limited Liability Companies	37,080	36,370	710	2.0% ▲	34,737	2,343	6.7% ▲
Limited Liability Partnerships and Business Trusts	89	103	(14)	-13.6% ▼	129	(40)	-31.0% ▼
TOTAL	53,680	52,982	698	1.3% ▲	52,330	1,350	2.6% ▲
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	1,895	1,891	4	0.2% ▲	1,795	100	5.6% ▲
Limited Partnerships	67	70	(3)	-4.3% ▼	71	(4)	-5.6% ▼
Limited Liability Companies	1,968	1,931	37	1.9% ▲	1,857	111	6.0% ▲
Limited Liability Partnerships and Business Trusts	34	25	9	36.0% ▲	25	9	36.0% ▲
TOTAL	3,964	3,917	47	1.2% ▲	3,748	216	5.8% ▲
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	17,918	17,895	23	0.1% ▲	18,646	(728)	-3.9% ▼
Limited Partnerships	555	575	(20)	-3.5% ▼	684	(129)	-18.9% ▼
Limited Liability Companies	39,048	38,301	747	2.0% ▲	36,594	2,454	6.7% ▲
Limited Liability Partnerships and Business Trusts	123	128	(5)	-3.9% ▼	154	(31)	-20.1% ▼
TOTAL	57,644	56,899	745	1.3% ▲	56,078	1,566	2.8% ▲
KEY ECONOMIC INDICATORS							
Employment [4]	1,218,700	1,205,300	13,400	1.1% ▲	1,177,300	41,400	3.5% ▲
Unemployment [4]	7.8%	8.7%	-0.9%	- ▼	10.3%	-2.5%	- ▼
Initial Jobless Claims	174,184	180,980	(6,796)	-3.8% ▼	210,606	(36,422)	-17.3% ▼
Bankruptcies - Chapter 7 [5]	7,909	8,470	(561)	-6.6% ▼	9,994	(2,085)	-20.9% ▼
Bankruptcies - Chapter 11 [5]	152	168	(16)	-9.5% ▼	231	(79)	-34.2% ▼
Bankruptcies - Chapter 13 [5]	1,413	1,572	(159)	-10.1% ▼	1,885	(472)	-25.0% ▼

[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 June 2014.

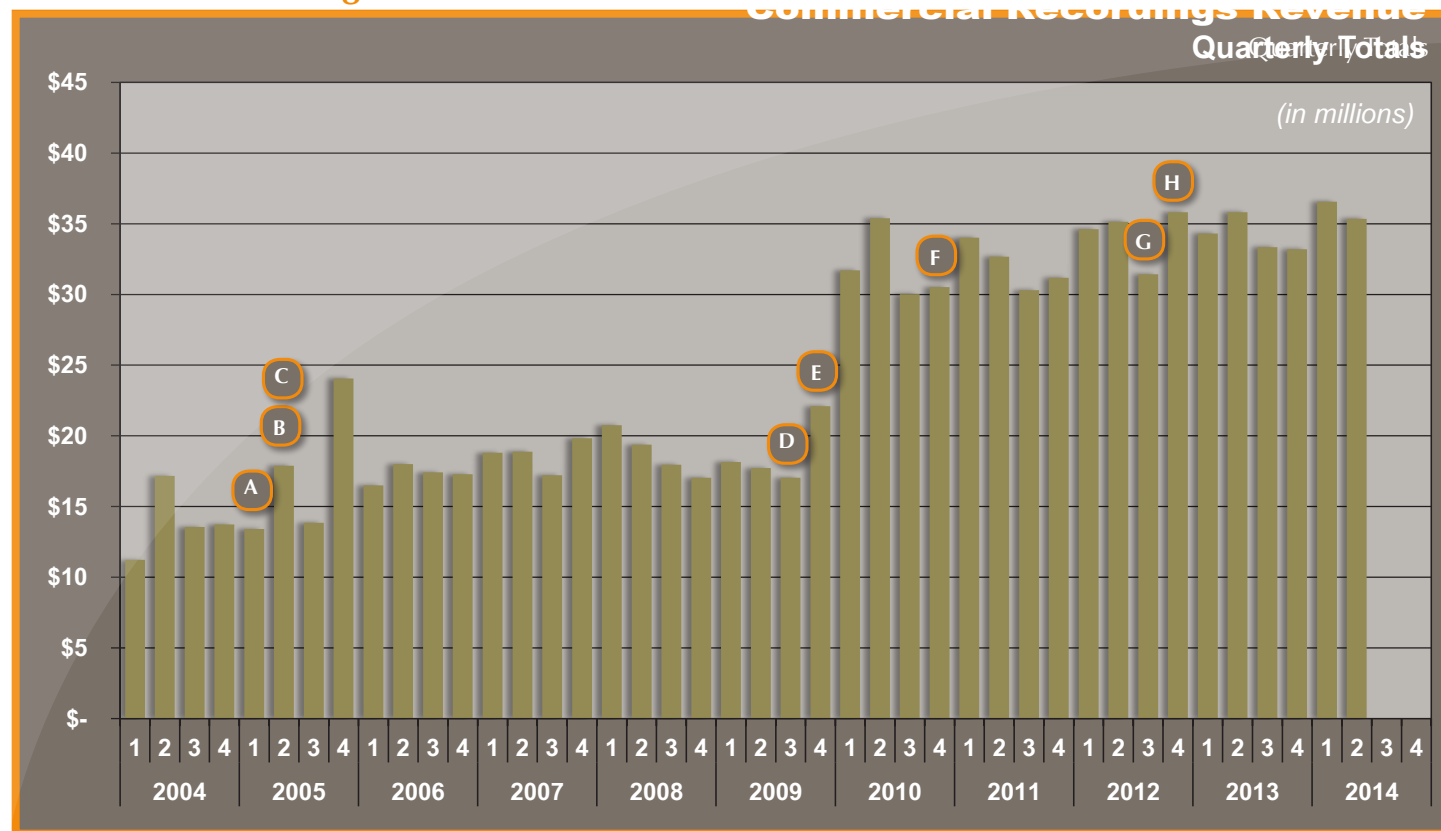
Annual Percentage Change in Employment



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
- G August 2012** – Launch of Nevada's Business Portal, Silverflume
- H October 2012** – Launch of the Digital Operating Agreement



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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

“ After witnessing an annual decline of 3.2 percent in the fourth quarter of 2013, new entity filings have reported year-over-year gains of roughly 5.0 percent in the first two quarters of the year. New entity filings are now 17.1-percent higher than the 13,081 reported in the third quarter of 2012. However, despite recent gains, they remain down 29.7 percent compared to the pre-recession high of 21,794 filings.

While growth in new entity filings has been fluctuating, employment in the state has reported year-over-year gains for 42 consecutive months. By the end of the second quarter, Nevada added 41,400 jobs when compared to the prior year. The professional and business services sector reported the most significant annual growth with the addition of 11,300 jobs. Leisure and hospitality followed, adding 10,200 jobs in the past year. Other sectors reporting significant annual growth in June include construction (+6,900 jobs), retail trade (+6,400 jobs) and education and health services (+5,500 jobs).

In addition to positive employment growth, Nevada private average weekly wages have now witnessed year-over-year gains for 7 consecutive months. In June, average weekly wages reached \$703.66, which represents an increase of 2.9 percent compared to a year ago. Notably, the leisure and hospitality sector reported a 9.3-percent gain in average weekly wages, rising to \$471.23. Meanwhile, the professional and business services sector reported a 5.0-percent increase to \$857.39. Although employees continue to work fewer hours, the recent gains in employment and wages are welcome in a state where the unemployment rate remains 1.5-percentage points above the national average.”

- 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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