

University of Memphis

University of Memphis Digital Commons

Economic Indicators

Tennessee Secretary of State

11-1-2017

Tennessee Secretary of State: The TN Quarterly Business and Economic Indicators, Third Quarter 2017

Tennessee. Secretary of State.

Follow this and additional works at: <https://digitalcommons.memphis.edu/govpubs-tn-sos-economic-indicators>

Recommended Citation

Tennessee. Secretary of State., "Tennessee Secretary of State: The TN Quarterly Business and Economic Indicators, Third Quarter 2017" (2017). *Economic Indicators*. 21.

<https://digitalcommons.memphis.edu/govpubs-tn-sos-economic-indicators/21>

This Report is brought to you for free and open access by the Tennessee Secretary of State at University of Memphis Digital Commons. It has been accepted for inclusion in Economic Indicators by an authorized administrator of University of Memphis Digital Commons. For more information, please contact khggerty@memphis.edu.

THE TN QUARTERLY

BUSINESS AND ECONOMIC INDICATORS



BOYD CENTER FOR BUSINESS & ECONOMIC RESEARCH

TENNESSEE SECRETARY OF STATE
Tre Hargett

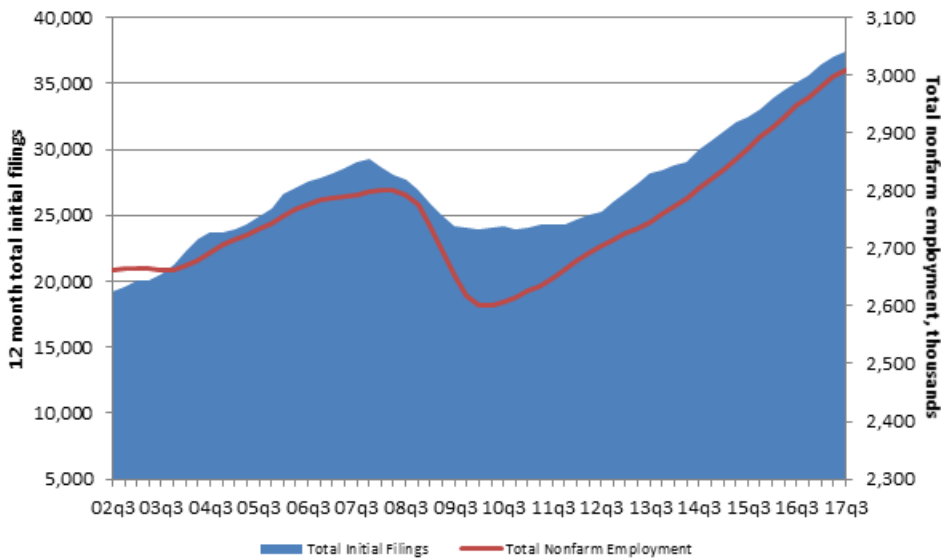
Business Filings Overview

Both new entity filings and annual reports experienced year-over-year growth in the third quarter of 2017. During this period, dissolutions, initial trademark registrations, and initial assumed name registrations all grew as well. Over the last 12 months, Tennessee has recorded 37,437 new entity filings and 224,979 annual reports. As of October 1, 2017, there were 253,505 active entities in Tennessee, representing a 4.9 percent increase compared to the same quarter last year. Compared to the previous quarter, new entity filings and annual reports are down 2.1 percent and 54.1 percent respectively, but this is a typical seasonal pattern. Since 2010, new entity filings in the second quarter have outpaced third quarter filings in eight out of 10 years, while second quarter annual reports have always been larger than those in the third quarter. For this reason we largely focus on year-

IN THIS ISSUE

- Business Filings Overview..... 1
- Initial Filings..... 2
- Annual Reports and Dissolutions 3
- Tennessee Economic Indicators..... 3
- National Economic Indicators..... 4

Figure 1: Tennessee Employment and New Entity Filings



Source: Tennessee Business Filing Data and Bureau of Labor Statistics.

Tre Hargett
Tennessee Secretary of State
State Capitol, First Floor
600 Charlotte Avenue
Nashville, TN 37243
Phone: (615) 741-2819
sos.tn.gov

Prepared by the
Boyd Center for Business
and Economic Research
Haslam College of Business
University of Tennessee

EMPLOYMENT FORECASTS

Q4 2017 vs Q3 2017 ↑

Q4 2017 vs Q4 2016 ↑

Q1 2018 vs Q1 2017 ↑

INDICATORS

Employment (SA)

vs. prior month ↔

vs. prior year ↑

New Entity Filings

vs. prior quarter ↓

vs. prior year ↑

Annual Report Filings

vs. prior quarter ↓

vs. prior year ↑

Unemployment

vs. prior month ↓

vs. prior year ↓

over-year growth rates.

Growth in new business filings suggests a continuation of economic growth in Tennessee. The number of new entity filings is a good leading indicator of nonfarm employment, personal income, and total tax revenues in Tennessee. New entity filings have expanded by 4.8 percent compared to the third quarter of 2016, suggesting continued economic growth in the short term.

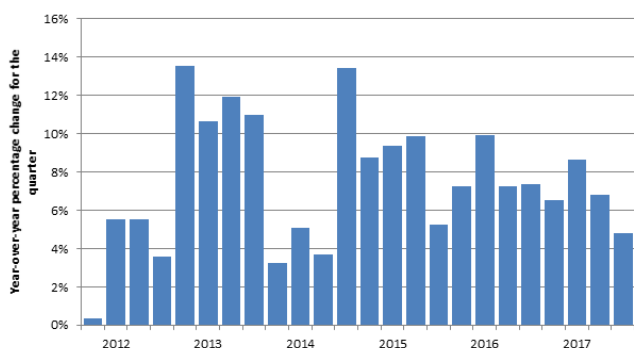
Initial Filings

Tennessee recorded 9,326 new entity filings (i.e. initial filings) during the third quarter of 2017, representing a 4.8 percent increase over the same quarter last year. Initial filings have now seen positive year-over-year growth for 24 consecutive quarters (Figure 2). New entity filings of domestic for-profit corporations

and limited liability corporations (LLCs) grew over last year while new filings of domestic nonprofit corporations and foreign entities fell (Table 1). New filings of domestic LLCs, which account for more than half of all new entity filings, exhibited the strongest growth, advancing 12.4 percent compared to the third quarter of 2016. Domestic firms accounted for 85.4 percent of all new entity filings in the third quarter, while foreign entities accounted for the remaining 14.6 percent.

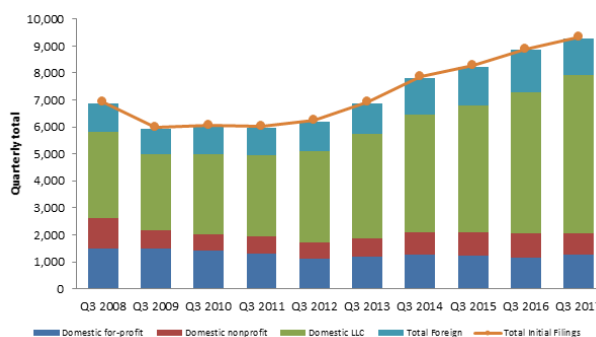
Among the four largest counties there were 5,514 new entity filings during the third quarter of 2017, representing a 7.8 percent increase compared to the same quarter last year (Table 2). New entity filings in the four largest counties accounted for 59.1 percent of all new entity filings in Tennessee. Among the four counties, Davidson County had the largest number of new business entity filings, with

Figure 2: Growth in Quarterly Initial Filings



Source: Tennessee Business Filing Data.

Figure 3: Initial Filings



Source: Tennessee Business Filing Data.

TABLE 1: BUSINESS FILINGS – QUARTERLY

	Current Quarter (2017 Q3)	% Change (over last quarter)	% Change (year-over-year)	Running 12-Month Total
Business Entity Initial Filings				
Domestic For-Profit Corporations	1,246	-5.0%	7.9%	5,075
Domestic Nonprofit Corporations	816	-4.6%	-10.8%	3,368
Domestic LLC	5,905	3.2%	12.4%	22,896
Foreign Entities - Total	1,359	-16.8%	-13.7%	6,098
Total Business Entity New Filings	9,326	-2.1%	4.8%	37,437
Business Entity Annual Reports				
Domestic For-Profit Corporations	5,080	-57.1%	1.3%	53,851
Domestic Nonprofit Corporations	6,467	-23.5%	1.5%	38,930
Domestic LLC	6,997	-67.2%	15.2%	86,771
Foreign Entities - Total	3,106	-44.0%	13.0%	45,427
Total Business Entity Annual Reports	21,650	-54.1%	7.1%	224,979
Total Active Entities	253,505	-5.1%	4.9%	-
Other Business Filings				
Dissolutions	25,242	1121.8%	7.5%	31,216
Initial Trademark Registrations	255	13.3%	38.6%	834
Initial Assumed Name Registrations	1,351	12.7%	19.2%	5,008

Source: Tennessee Business Filing Data.

Table 2: Initial Filings among the Four Largest TN Counties, 2017Q3

Rank	County	Current Period	% Change (over last period)	% Change (year-over-year)
1	Davidson	2,220	-1.6%	3.7%
2	Shelby	1,868	3.9%	17.2%
3	Knox	791	-3.4%	7.8%
4	Hamilton	635	-8.5%	-2.0%
Total		5,514	-0.9%	7.8%

Source: Tennessee Business Filing Data.

2,220. Shelby County, with 1,868 new filings, came in second but also exhibited the largest growth in new filings, increasing by 17.2 percent compared to the third quarter of 2016. Hamilton County had the fewest new entity filings with 635.

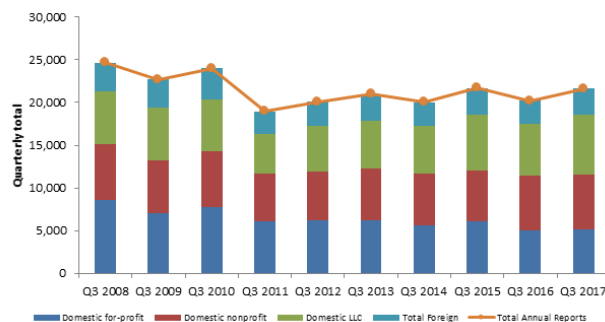
Annual Reports and Dissolutions

Annual reports and dissolutions both grew during the third quarter of 2017, as compared to the same quarter last year.

There were 21,650 annual reports filed in the third quarter, representing a 7.1 percent increase over the third quarter of 2016. Domestic firms accounted for 85.7 percent of all annual reports, and 14.3 percent came from foreign entities. Annual reports for domestic LLC's saw the strongest year-over-year gains, increasing by 15.2 percent, followed by foreign entities (13.0 percent).

There were 25,242 dissolutions filed during the third quarter of 2017, representing a 7.5 percent increase compared to the third quarter of 2016. Compared to the previous quarter, dissolutions grew more than 10-fold, but this is a common seasonal pattern as

Figure 4: Annual Reports



Source: Tennessee Business Filing Data.

many entities are administratively dissolved in August for failing to file their annual report. As a result, dissolutions commonly spike in August every year and this is not indicative of any broader economic trend.

Tennessee Economic Indicators

The Tennessee economy continues to improve and the unemployment remains at a record-low 3.0 percent. Nonfarm employment in October grew by 1.2 percent, or 34,800 jobs, compared to last October. Jobs in the mining, logging, and construction sector also expanded by 4.2 percent, or 5,100 jobs, while manufacturing employment grew by 0.3 percent, representing a net gain of 1,100 jobs. Tennessee's unemployment rate fell from an already record-low 3.3 percent in August to 3.0 percent in September, and

TABLE 3: TENNESSEE DATA

	Current Period	% Change (over last period)	% Change (year-over-year)
Personal income (millions of dollars) [2017Q2]	296,908	3.5%	3.5%
Total tax revenue (millions of dollars) - monthly [2017-October]	1,014	-25.4%	3.2%
Sales tax revenue (millions of dollars) - monthly [2017-October]	734	1.2%	2.6%
Franchise & excise tax revenue (millions of dollars) - monthly [2017-October]	49	-87.9%	-26.6%
Total nonfarm employment (in thousands) - monthly [2017-October]	3,023	-0.1%	1.2%
Manufacturing employment (in thousands) - monthly [2017-October]	345	0.2%	0.3%
Mining, logging, & construction employment (in thousands) - monthly [2017-October]	125	-1.0%	4.2%

Unemployment rate (%)

October 2017		September 2017		October 2016	
Rate		Rate	Change	Rate	Change
3.0		3.0	0.0	5.0	-2.0

Sources in order as metrics appear and dates in parenthesis indicate most recent data available at time of publication: Bureau of Economic Analysis, Tennessee Department of Revenue, and Bureau of Labor Statistics.

remained at 3.0 percent in October. Tennessee’s unemployment rate is well below the national unemployment rate of 4.1 percent.

In October 2017, Tennessee tax revenues were up 3.2 percent on a year-over-year basis. Sales tax revenues were up 2.6 percent compared to last October, while franchise and excise tax revenue fell by 26.6 percent. For the fiscal year to date (August 2017 to October 2017), Tennessee tax revenues are up 3.5 percent. Nominal personal income grew to \$296.9 billion in the second quarter of 2017, a 3.5 percent increase over the previous quarter.

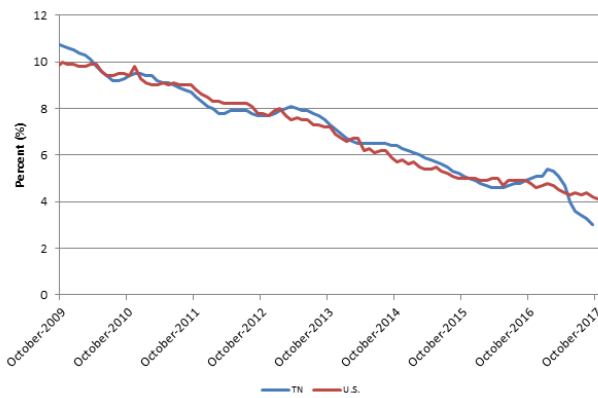
National Economic Indicators

The U.S. economy saw solid economic growth in the third quarter of 2017. Inflation-adjusted gross domestic product (real GDP) advanced at an annual rate of 3.0 percent in the third quarter,

and is up 2.3 percent compared to the same quarter last year. U.S. personal income grew at an annual rate of 2.8 percent compared to the previous quarter, which was slower than the 3.5 percent rate of growth seen in Tennessee.

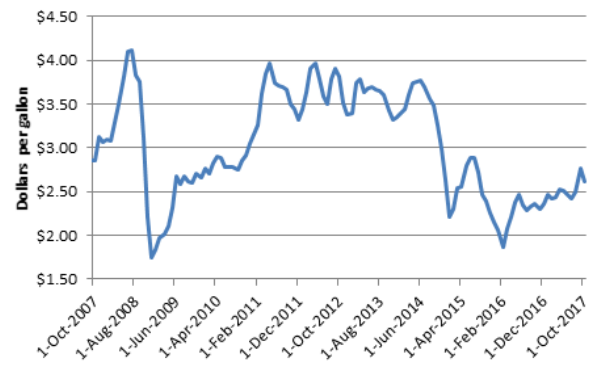
Nonfarm employment expanded by 1.4 percent compared to last October, as the national economy added 261,000 jobs compared to the month prior. This was a huge rebound compared to the previous month when only 18,000 new jobs were created. Housing starts grew by 0.8 percent compared to the third quarter of last year, while light vehicle sales fell by 2.5 percent. Retail gasoline prices, currently at \$2.62/gallon are down 5.1 percent compared to the previous month, but are 11.1 percent higher than the prevailing price in October 2016. The current retail gas price is also above the 12-month average price of \$2.48/gallon, but well below the \$3.00-\$3.75/gallon price range that we saw in 2014.

Figure 5: Unemployment Rate



Source: Bureau of Labor Statistics.

Figure 6: Retail Gasoline Prices – All Grades



Source: U.S. Energy Information Administration.

TABLE 4: NATIONAL DATA

	Current Period	% Change (over last period)	% Change (year-over-year)
Personal income (billions of dollars) [2017Q3]	16,478	2.8%	2.8%
Real GDP (2009 billions of dollars) [2017Q3]	17,157	3.0%	2.3%
Consumer price index (1982-84 = 1.00) [2017Q3]	2.45	0.6%	2.0%
Light vehicle sales (millions) [2017Q3]	17.07	1.9%	-2.5%
Housing starts (millions) [2017Q3]	1.16	-0.7%	0.8%
Federal funds rate (%) [2017Q3]	1.16	22.0%	192.4%
30-year fixed mortgage rate (%) [2017Q3]	3.89	-2.4%	12.9%
S&P 500 stock index [2017Q3]	2,468	3.0%	14.2%
Retail Gasoline Prices (dollars per gallon) - monthly [2017-October]	2.62	-5.1%	11.1%
Total nonfarm employment (in thousands) - monthly [2017-October]	147,010	0.2%	1.4%

Unemployment rate (%)

October 2017		September 2017		October 2016	
Rate		Rate	Change	Rate	Change
4.1		4.2	-0.1	4.8	-0.7

Sources in order as metrics appear and dates in brackets indicate most recent data available at time of publication: Bureau of Economic Analysis, IHS Global Insights, U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices, Bureau of Labor Statistics.