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THE TN QUARTERLY

BUSINESS AND ECONOMIC INDICATORS



TENNESSEE SECRETARY OF STATE
Tre Hargett

Business Filings Overview

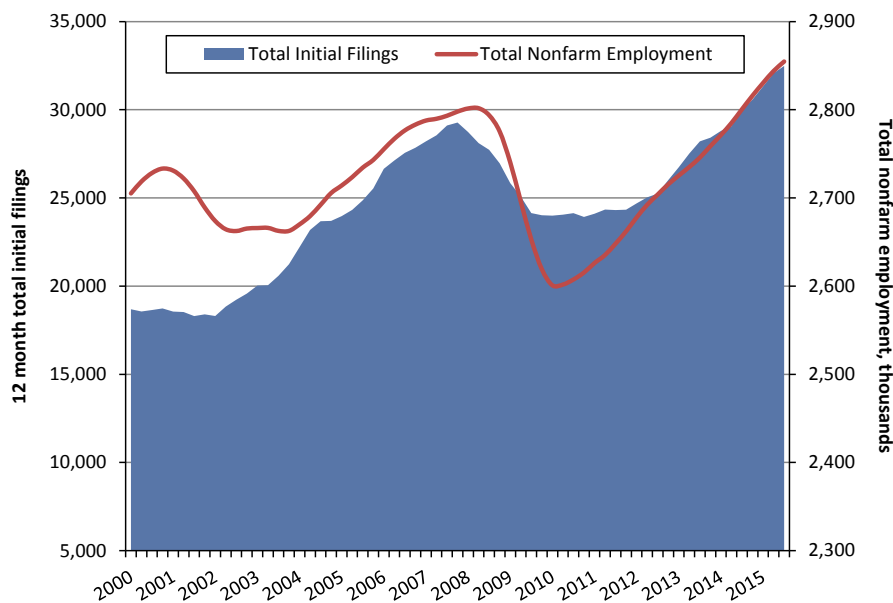
New entity filings and annual reports enjoyed positive year-over-year growth during the third quarter of 2015. At the same time initial trademark registrations shrunk while initial assumed name registrations and dissolutions both increased. Over the past 12 months, Tennessee has registered 32,483 new entity filings and 206,368 annual reports. As of October 1, 2015, there are 229,588 active entities in Tennessee, representing a 4.9 percent decrease compared to the previous quarter's tally.

Growth in new business filings points to continued improvements in the Tennessee economy. Predictive models suggest that new entity filing gains are a good indicator for future growth in nonfarm employment (Figure 1), personal income, and total tax revenues in Tennessee. New entity filings are up 5.3 percent compared to 2014Q3.

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Figure 1: Tennessee Employment And New Entity Filings



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

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EMPLOYMENT FORECASTS

Q4 2015 vs Q3 2015 ▲

Q4 2015 vs Q4 2014 ▲

Q1 2016 vs Q1 2015 ▲

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

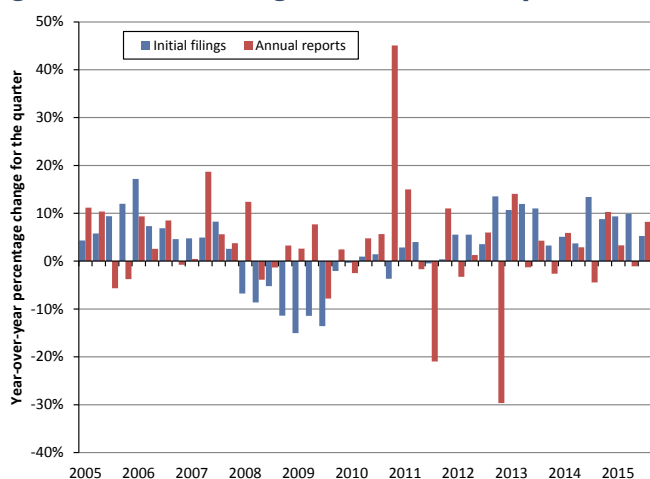
vs. prior month ▲
vs. prior year ▼

Initial Filings

Tennessee recorded 8,289 new entity filings during the third quarter of 2015, representing a 5.3 percent increase over the same quarter last year. Initial filings have now experienced positive year-over-year growth for 15 consecutive quarters (Figure 2). New entity filings of domestic nonprofit corporations, limited liability corporations (LLCs), and foreign entities all grew over last year, while new filings for domestic for-profit corporations fell (Table 1).

Domestic LLC filings, which account for more than half of all new entity filings, grew by 6.2 percent over the third quarter last year. This is slightly slower than the ten year average, as third quarter domestic LLC filings averaged 7.6 percent year-over-year growth from 2005 to 2014.

Figure 2: Initial Filings And Annual Reports



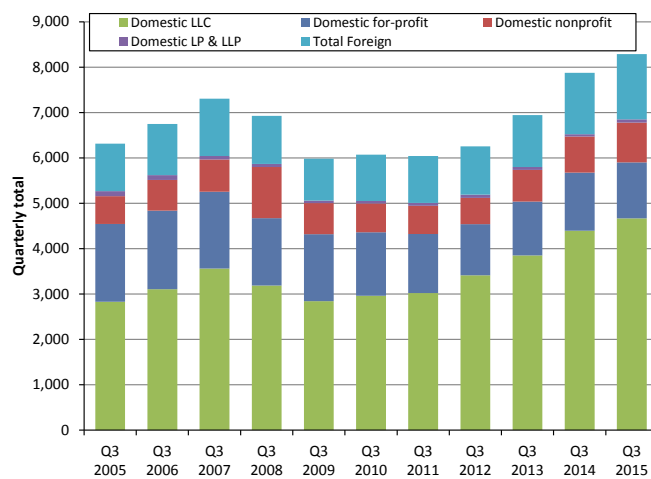
Source: TN Business Filing Data.

Among the four largest Tennessee counties there were 3,507 new entity filings, up 4.8 percent compared to the third quarter of last year (Table 2). New entity filings in the four largest counties accounted for 42.3 percent of all new filings in Tennessee. With 1,493 new filings, Davidson County had the most new entity registrations. Hamilton County, with 422 new filings had the fewest among the top four counties, but this was 1.9 percent higher than their count from 2014Q3.

Annual Reports and Dissolutions

Annual reports and dissolutions both increased during the third quarter of 2015. In the third quarter there were 21,660 annual reports filed, representing an 8.2 percent increase over the same

Figure 3: Initial Filings



Source: TN Business Filing Data.

TABLE 1: BUSINESS FILINGS – QUARTERLY

	Current Quarter (2015 Q3)	% Change (over last quarter)	% Change (year-over-year)
Business Entity Initial Filings			
Domestic For-Profit Corporations	1,233	-5.9	-3.7
Domestic Nonprofit Corporations	876	15.6	9.9
Domestic LLC	4,668	-0.7	6.2
Foreign Entities - Total	1,438	-4.7	6.3
Total Business Entity New Filings	8,289	-0.3	5.3
Business Entity Annual Reports			
Domestic For-Profit Corporations	6,068	-55.0	7.3
Domestic Nonprofit Corporations	5,949	-34.1	-1.6
Domestic LLC	6,523	-69.9	18.2
Domestic LLP	10	-83.9	-28.6
Foreign Entities - Total	3,110	-51.6	11.7
Total Business Entity Annual Reports	21,660	-57.3	8.2
Other Business Filings			
Dissolutions	22,855	419.7	5.6
Initial Trademark Registrations	172	-26.8	-18.9
Initial Assumed Name Registrations	1,297	17.1	32.3

Source: TN Business Filing Data.

Table 2: Initial Filings Among The Four Largest Tennessee Counties, 2015Q3

Rank	County	Current Period	% Change (over last period)	% Change (year-over-year)
1	Davidson	1,493	1.5	10.6
2	Shelby	1,071	-2.3	3.0
3	Knox	521	-3.9	-4.1
4	Hamilton	422	-3.7	1.9
	Total	3,507	-1.1	4.8

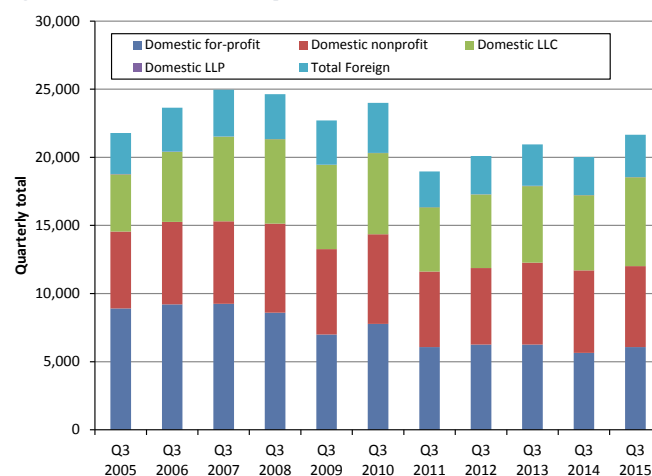
quarter last year. Domestic for-profit corporations, LLCs, and foreign entities all experienced growth in renewals compared to 2014Q3, whereas annual reports of domestic nonprofits and limited liability partnerships (LLPs) contracted. Among the renewals, 85.6 percent came from domestic firms while 14.4 percent were from foreign entities.

There were 22,855 dissolutions filed during the third quarter of 2015, which was up 5.6 percent compared to the third quarter of 2014. Compared to the previous quarter dissolutions increased by 419.7 percent. This, however, is a common seasonal pattern as 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

Tennessee continues to experience steady economic growth.

Personal income in Tennessee hit \$273.9 billion during the second quarter of 2015, representing a 3.8 percent increase over 2014Q2

Figure 4: Annual Reports

Source: TN Business Filing Data.

and a 0.8 percent increase over the previous quarter. Total tax revenues grew by 6.4 percent compared to the same quarter last year. This was driven by a 7.2 percent increase in sales tax revenues and a 7.5 percent increase in franchise and excise tax revenues.

In the Tennessee labor market, nonfarm employment was up 1.7 percent or 46,700 jobs over last September. Employment in the manufacturing sector grew by 1.4 percent or 4,600 jobs, and mining, logging, and construction employment increased by 2.2 percent or 2,400 jobs. Tennessee's unemployment rate was pegged at 5.7 percent in September and remains unchanged compared to the previous month. Tennessee's unemployment rate still rests above the national rate of 5.0 percent but is well below Tennessee's 6.6 percent unemployment rate from a year ago (Figure 5).

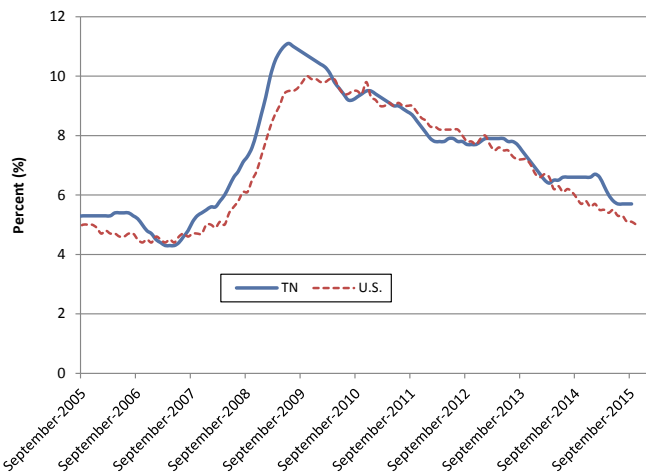
TABLE 3: TENNESSEE DATA

	Current Period ^a	% Change (over last period)	% Change (year-over-year)
Personal income (millions of dollars) [2015Q2]	273,870	0.8	3.8
Total tax revenue (millions of dollars) [2015Q3]	3,154	-20.1	6.4
Sales tax revenue (millions of dollars) [2015Q3]	2,045	2.6	7.2
Franchise & excise tax revenue (millions of dollars) [2015Q3]	453	-51.7	7.5
Total nonfarm employment (in thousands) - monthly [2015-September]	2,877	0.1	1.7
Manufacturing employment (in thousands) - monthly [2015-September]	331	0.0	1.4
Mining, logging, & construction employment (in thousands) - monthly [2015-September]	113	0.1	2.2
Unemployment Rate (%)			
September 2015	August 2015		September 2014
Rate	Rate	Change	Rate
5.7	5.7	0.0	6.6
			Change
			-0.9

^aPeriods are quarters unless otherwise noted.

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.

Figure 5: Unemployment Rate



Source: Bureau of Labor Statistics.

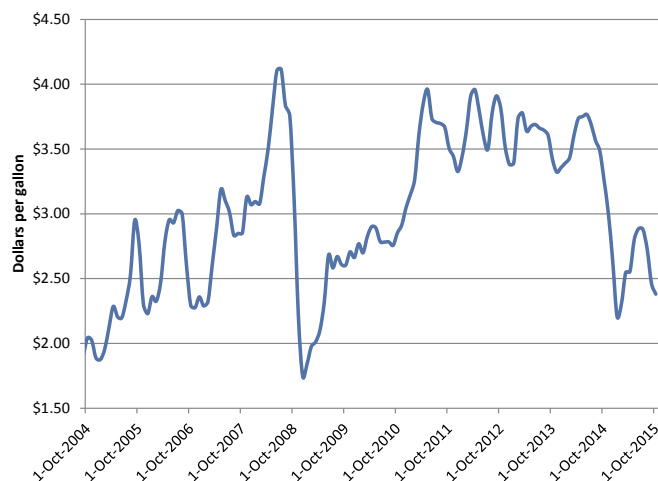
National Economic Indicators

The U.S. economy saw slow but steady growth during the third quarter of 2015. Inflation-adjusted gross domestic product (GDP) grew at an annual rate of 1.5 percent in the third quarter, as compared to the second quarter of 2015. This was well below the previous quarter’s 3.9 percent growth rate but a slowdown was expected due to a large inventory buildup earlier this year (goods produced this year but not yet sold). U.S. personal income expanded by 4.2 percent in the third quarter compared to the same quarter last year. This was markedly faster than state personal income growth in Tennessee.

Light vehicle sales continue to surge, growing by 3.9 percent compared to last quarter and 6.3 percent compared to the third quarter of 2014. Housing starts grew by 0.5 percent compared to the previous quarter and are up 13.1 percent over a year ago. After seeing a slight uptick during the summer months, retail gasoline prices have fallen again, dropping by 3.3 percent in October (compared to September) and are down 26.9 percent compared to a year ago.

After two consecutive months of poor job gains, the October jobs report showed solid growth. From September to October, employers created 271,000 new jobs. This was well above the yearly average of 207,000 new jobs per month in 2015 year-to-date.

Figure 6: Gasoline Prices Fall Again



Source: Energy Information Administration.

TABLE 4: NATIONAL DATA

	Current Period ^a	% Change (over last period)	% Change (year-over-year)
Personal income (billions of dollars) [2015Q3]	15,391	1.1	4.2
Real GDP (2009 billions of dollars) [2015Q3]	16,394	1.5	2.0
Consumer price index (1982-84 = 1.00) [2015Q3]	2.38	0.4	0.1
Light vehicle sales (millions) [2015Q3]	17.75	3.9	6.3
Housing starts (millions) [2015Q3]	1.16	0.5	13.1
Federal funds rate (%) [2015Q3]	0.14	10.2	51.0
30-year fixed mortgage rate (%) [2015Q3]	3.95	3.1	-4.5
S&P 500 stock index [2015Q3]	2,026	-3.6	2.5
Retail Gasoline Prices (dollars per gallon) - monthly [2015-October]	2.38	-3.3	-26.9
Total nonfarm employment (in thousands) - monthly [2015-October]	142,654	0.2	2.0

Unemployment Rate (%)

October 2015			September 2015		October 2014	
Rate		Change	Rate	Change	Rate	Change
5.0		-0.1	5.1		5.7	-0.7

^aPeriods are quarters unless otherwise noted.

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, and Bureau of Labor Statistics.