

# NEVADA SECRETARY OF STATE Quarterly Economic & Business Activity Report



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Q3 • 2011

## 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 In Nevada Remain Positive New Limited Liability Company Filings Drive Annual Growth

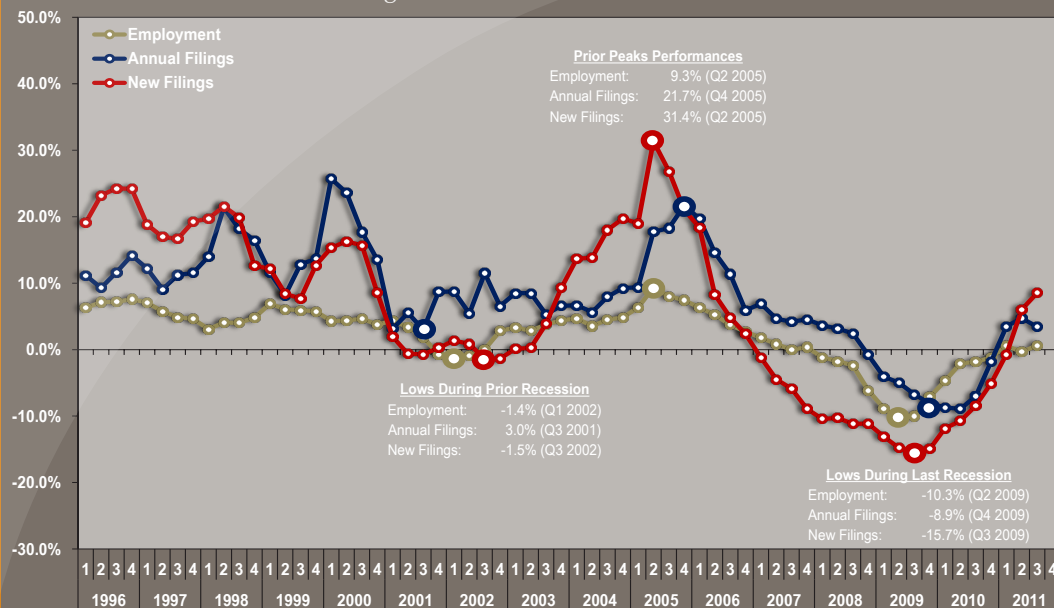
### New Entity Filings *[Leading Indicator]*

- During the third quarter, total new entity filings increased by 4.2 percent when compared to the same quarter of the prior year. Of the 14,050 new filings, 93.3 percent were filed by domestic (Nevada) entities while the remaining share (6.7 percent) was submitted by foreign (non-Nevada) entities. New Limited Liability Company ("LLC") filings were up by 8.4 percent, or 706 filings, when compared to third quarter 2010 results as both domestic LLCs (+8.6 percent) and foreign LLCs (+3.8 percent) reported increases during the quarter.
- Quarterly new filings for corporations totaled 4,663, or 105 fewer submissions than reported one year ago. A marginal decline of four tenths of one percent was reported in the number of new filings by domestic (Nevada) corporations, while foreign (non-Nevada) corporation filings – representing 10.9 percent of total corporation filings – declined by 14.9 percent year-over-year. Furthermore, aggregate new limited partnership filings were down 5.1 percent when compared to the same quarter of the prior year.

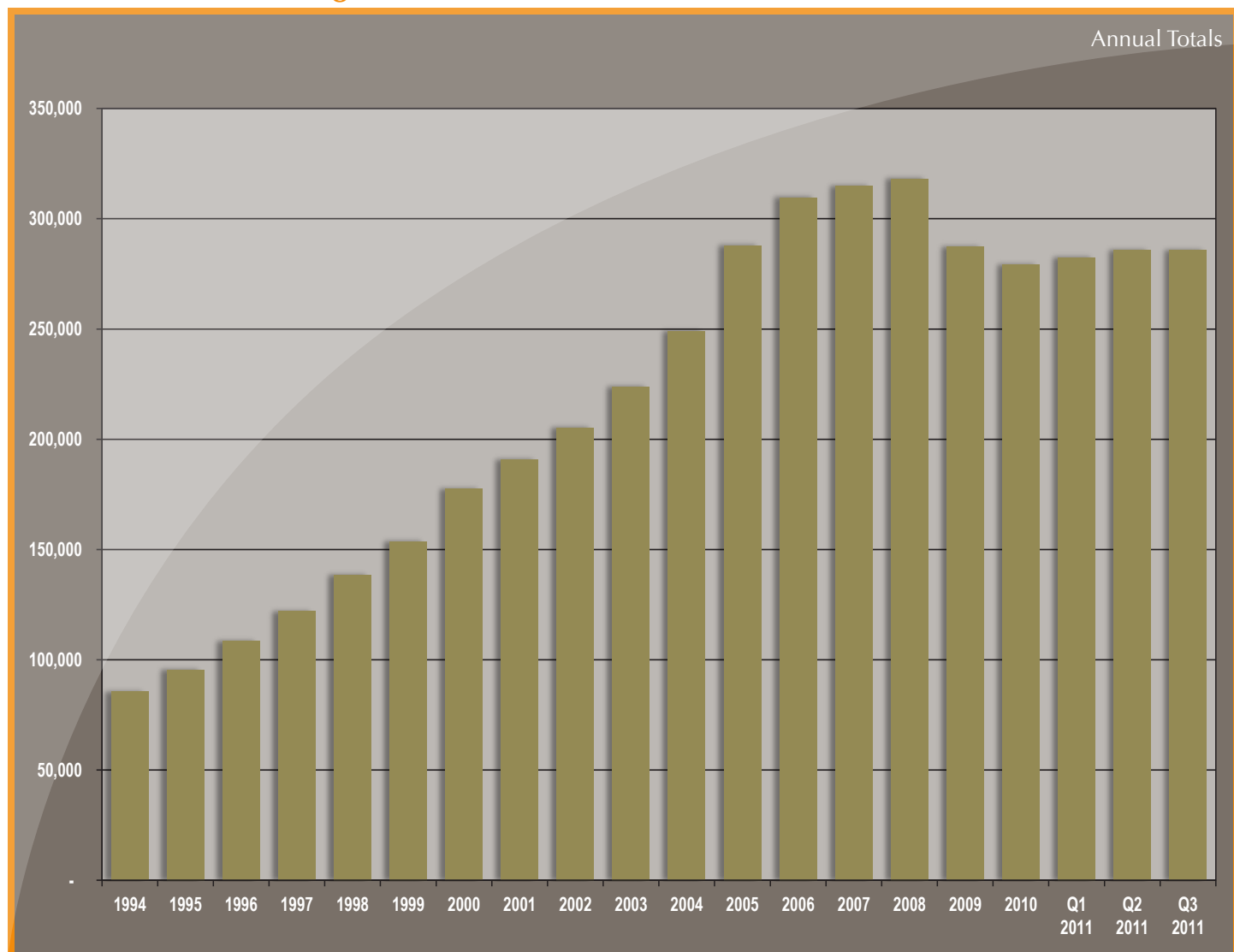
### Total List Filings *[Lagging Indicator]*

- The count of initial, annual and amended lists filed declined by 4.3 percent over third quarter results in 2010. Corporations posted 2,490 fewer list filings than one year ago, translating into a decline of 7.3 percent. Limited Partnerships filed 3,375 lists during the quarter, reporting a decline of 12.0 percent in list filings year-over-year. Limited Liability Company list filings were down four tenths of a percentage point based on the 33,648 received by the Nevada Secretary of State's Office.
- For the 12 months ending September 2011, 295,022 entities filed lists with the Secretary of State's Office, representing a 3.4-percent uptick over the 12-month period ending September 2010. Corporations, LLCs and Limited Liability Partner/Business Trusts reported positive growth rates year-over-year, while Limited Partnerships list filings declined by 5.8 percent during the latest 12-month period. Corporations and LLCs represent 94.8 percent of all lists filed.

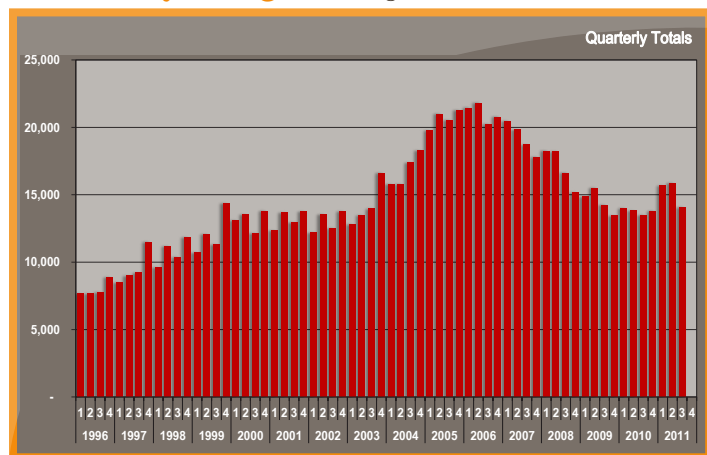
## NEVADA EMPLOYMENT AND FILING COMPARATIVE ANALYSIS Trailing 12-Month Annual Growth Rates



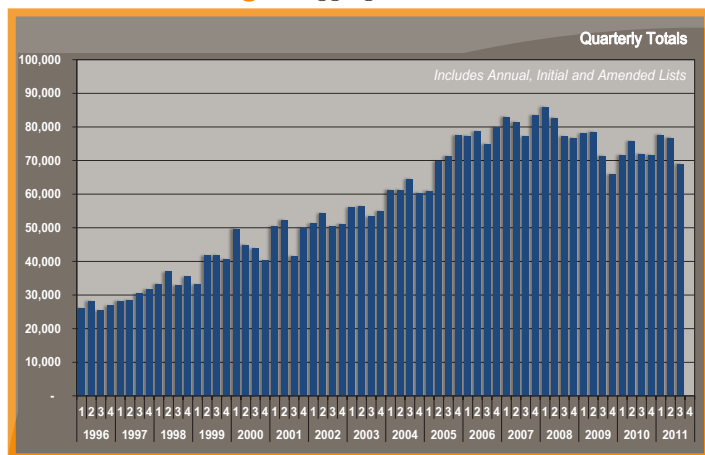
## Entities in Good Standing



## New Entity Filings [Leading Indicator]



## Total List Filings [Lagging Indicator]



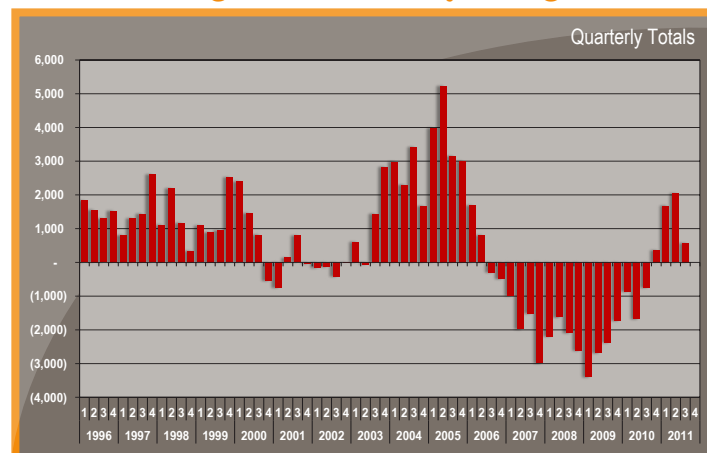
## Quarterly Indicators <sup>[1]</sup>

Three Months Ended September 2011

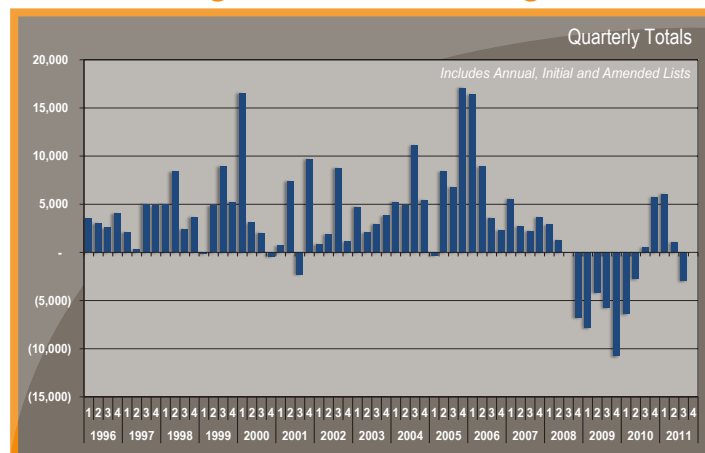
	Current Value	Prior Period			Prior Year		
		Value	Change	% Change	Value	Change	% Change
TOTAL LIST FILINGS [2]							
Corporations	31,662	35,252	(3,590)	-10.2% ▼	34,152	(2,490)	-7.3% ▼
Limited Partnerships	3,375	3,812	(437)	-11.5% ▼	3,834	(459)	-12.0% ▼
Limited Liability Companies	33,648	37,413	(3,765)	-10.1% ▼	33,792	(144)	-0.4% ▼
Limited Liability Partnerships and Business Trusts	222	250	(28)	-11.2% ▼	205	17	8.3% ▲
TOTAL	68,907	76,727	(7,820)	-10.2% ▼	71,983	(3,076)	-4.3% ▼
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	4,153	4,622	(469)	-10.1% ▼	4,169	(16)	-0.4% ▼
Limited Partnerships	241	212	29	13.7% ▲	254	(13)	-5.1% ▼
Limited Liability Companies	8,681	9,858	(1,177)	-11.9% ▼	7,990	691	8.6% ▲
Limited Liability Partnerships and Business Trusts	31	65	(34)	-52.3% ▼	46	(15)	-32.6% ▼
TOTAL	13,106	14,757	(1,651)	-11.2% ▼	12,459	647	5.2% ▲
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	510	556	(46)	-8.3% ▼	599	(89)	-14.9% ▼
Limited Partnerships	20	17	3	17.6% ▲	21	(1)	-4.8% ▼
Limited Liability Companies	410	514	(104)	-20.2% ▼	395	15	3.8% ▲
Limited Liability Partnerships and Business Trusts	4	4	-	0.0% ▼	8	(4)	-50.0% ▼
TOTAL	944	1,091	(147)	-13.5% ▼	1,023	(79)	-7.7% ▼
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	4,663	5,178	(515)	-9.9% ▼	4,768	(105)	-2.2% ▼
Limited Partnerships	261	229	32	14.0% ▲	275	(14)	-5.1% ▼
Limited Liability Companies	9,091	10,372	(1,281)	-12.4% ▼	8,385	706	8.4% ▲
Limited Liability Partnerships and Business Trusts	35	69	(34)	-49.3% ▼	54	(19)	-35.2% ▼
TOTAL	14,050	15,848	(1,798)	-11.3% ▼	13,482	568	4.2% ▲
KEY ECONOMIC INDICATORS							
Employment [4]	1,122,000	1,119,400	2,600	0.2% ▲	1,115,000	7,000	0.6% ▲
Unemployment [4]	13.3%	13.5%	-0.2%	- ▼	15.1%	-1.8%	- ▼
Initial Jobless Claims	54,168	56,958	(2,790)	-4.9% ▼	62,162	(7,994)	-12.9% ▼
Bankruptcies - Chapter 7 [5]	4,286	4,396	(110)	-2.5% ▼	4,650	(364)	-7.8% ▼
Bankruptcies - Chapter 11 [5]	103	106	(3)	-2.8% ▼	100	3	3.0% ▲
Bankruptcies - Chapter 13 [5]	1,067	1,175	(108)	-9.2% ▼	1,595	(528)	-33.1% ▼

[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 August 2011 (latest data available).

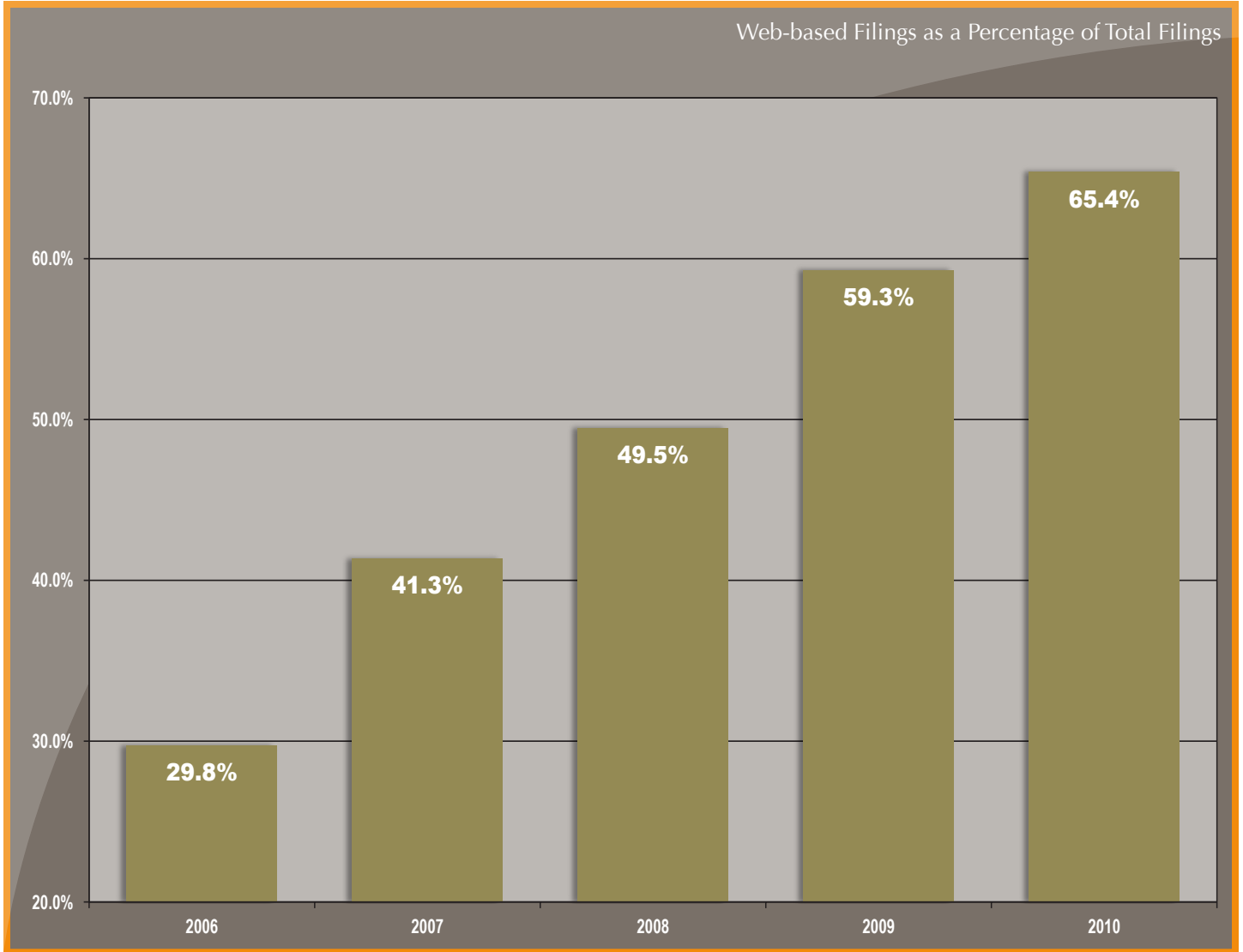
### Annual Change in New Entity Filings



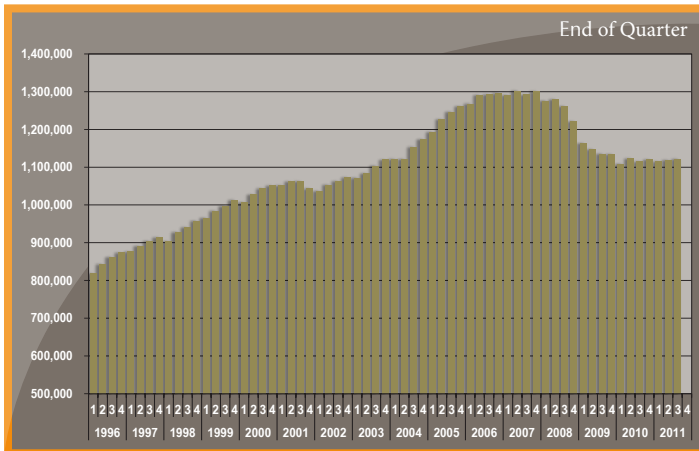
### Annual Change in Total List Filings



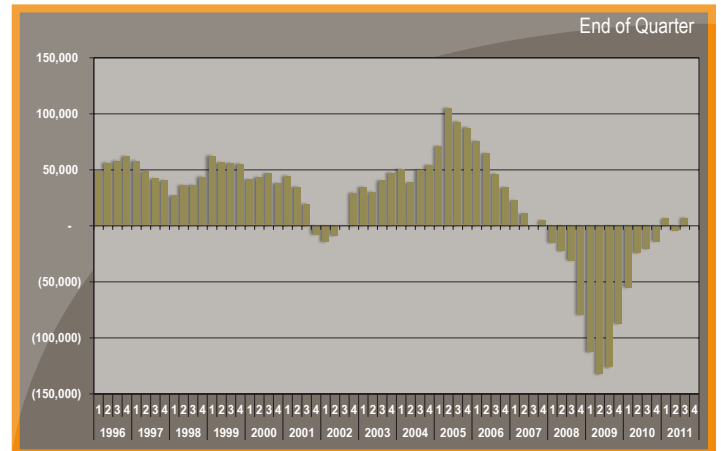
## On-line Filing Utilization



## Employment



## Annual Change in Employment



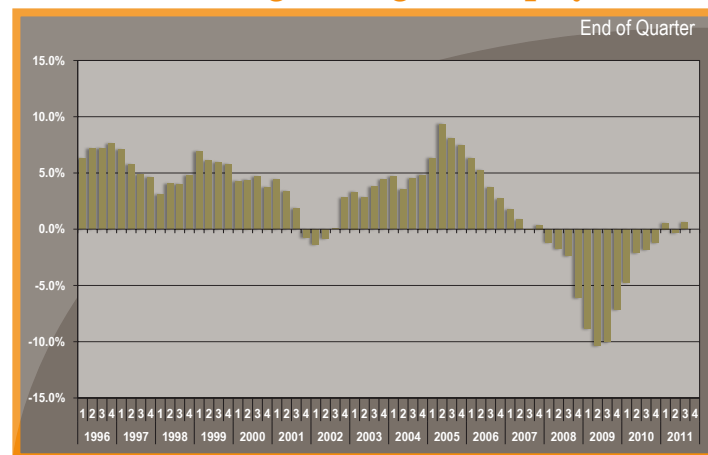
## Annual Indicators <sup>[1]</sup>

Twelve Months Ended September 2011

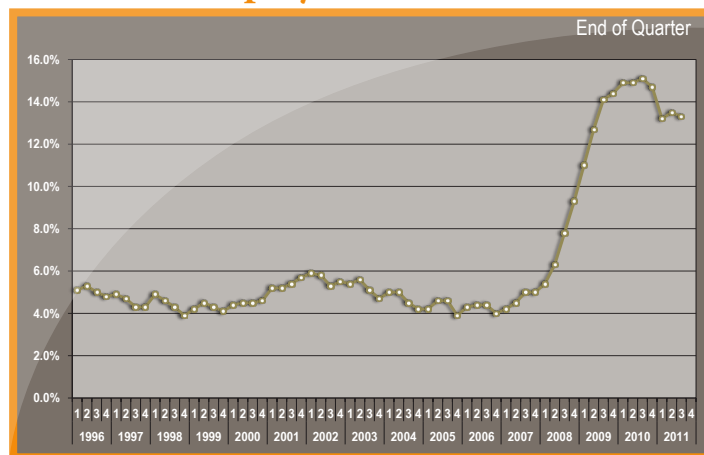
Current Quarter	Current Value	Prior Period			Prior Year		
		Value	Change	% Change	Value	Change	% Change
TOTAL LIST FILINGS [2]							
Corporations	137,990	140,480	(2,490)	-1.8% ▼	137,608	382	0.3% ▲
Limited Partnerships	15,136	15,595	(459)	-2.9% ▼	16,062	(926)	-5.8% ▼
Limited Liability Companies	140,962	141,106	(144)	-0.1% ▼	130,812	10,150	7.8% ▲
Limited Liability Partnerships and Business Trusts	934	917	17	1.9% ▲	785	149	19.0% ▲
TOTAL	295,022	298,098	(3,076)	-1.0% ▼	285,267	9,755	3.4% ▲
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	17,944	17,953	(9)	-0.1% ▼	17,363	581	3.3% ▲
Limited Partnerships	928	937	(9)	-1.0% ▼	1,397	(469)	-33.6% ▼
Limited Liability Companies	36,185	35,488	697	2.0% ▲	31,933	4,252	13.3% ▲
Limited Liability Partnerships and Business Trusts	192	207	(15)	-7.2% ▼	182	10	5.5% ▲
TOTAL	55,249	54,585	664	1.2% ▲	50,875	4,374	8.6% ▲
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	2,186	2,275	(89)	-3.9% ▼	2,234	(48)	-2.1% ▼
Limited Partnerships	82	83	(1)	-1.2% ▼	66	16	24.2% ▲
Limited Liability Companies	1,812	1,796	16	0.9% ▲	1,511	301	19.9% ▲
Limited Liability Partnerships and Business Trusts	24	28	(4)	-14.3% ▼	24	-	0.0% ▼
TOTAL	4,104	4,182	(78)	-1.9% ▼	3,835	269	7.0% ▲
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	20,130	20,228	(98)	-0.5% ▼	19,597	533	2.7% ▲
Limited Partnerships	1,010	1,020	(10)	-1.0% ▼	1,463	(453)	-31.0% ▼
Limited Liability Companies	37,997	37,284	713	1.9% ▲	33,444	4,553	13.6% ▲
Limited Liability Partnerships and Business Trusts	216	235	(19)	-8.1% ▼	206	10	4.9% ▲
TOTAL	59,353	58,767	586	1.0% ▲	54,710	4,643	8.5% ▲
KEY ECONOMIC INDICATORS							
Employment [4]	1,122,000	1,119,400	2,600	0.2% ▲	1,115,000	7,000	0.6% ▲
Unemployment [4]	13.3%	13.5%	-0.2%	- ▼	15.1%	-1.8%	- ▼
Initial Jobless Claims	243,785	251,779	(7,994)	-3.2% ▼	291,278	(47,493)	-16.3% ▼
Bankruptcies - Chapter 7 [5]	16,248	16,679	(431)	-2.6% ▼	18,182	(1,934)	-10.6% ▼
Bankruptcies - Chapter 11 [5]	367	367	-	0.0% ▼	384	(17)	-4.4% ▼
Bankruptcies - Chapter 13 [5]	5,048	5,402	(354)	-6.6% ▼	6,163	(1,115)	-18.1% ▼

[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 August 2011 (latest data available).

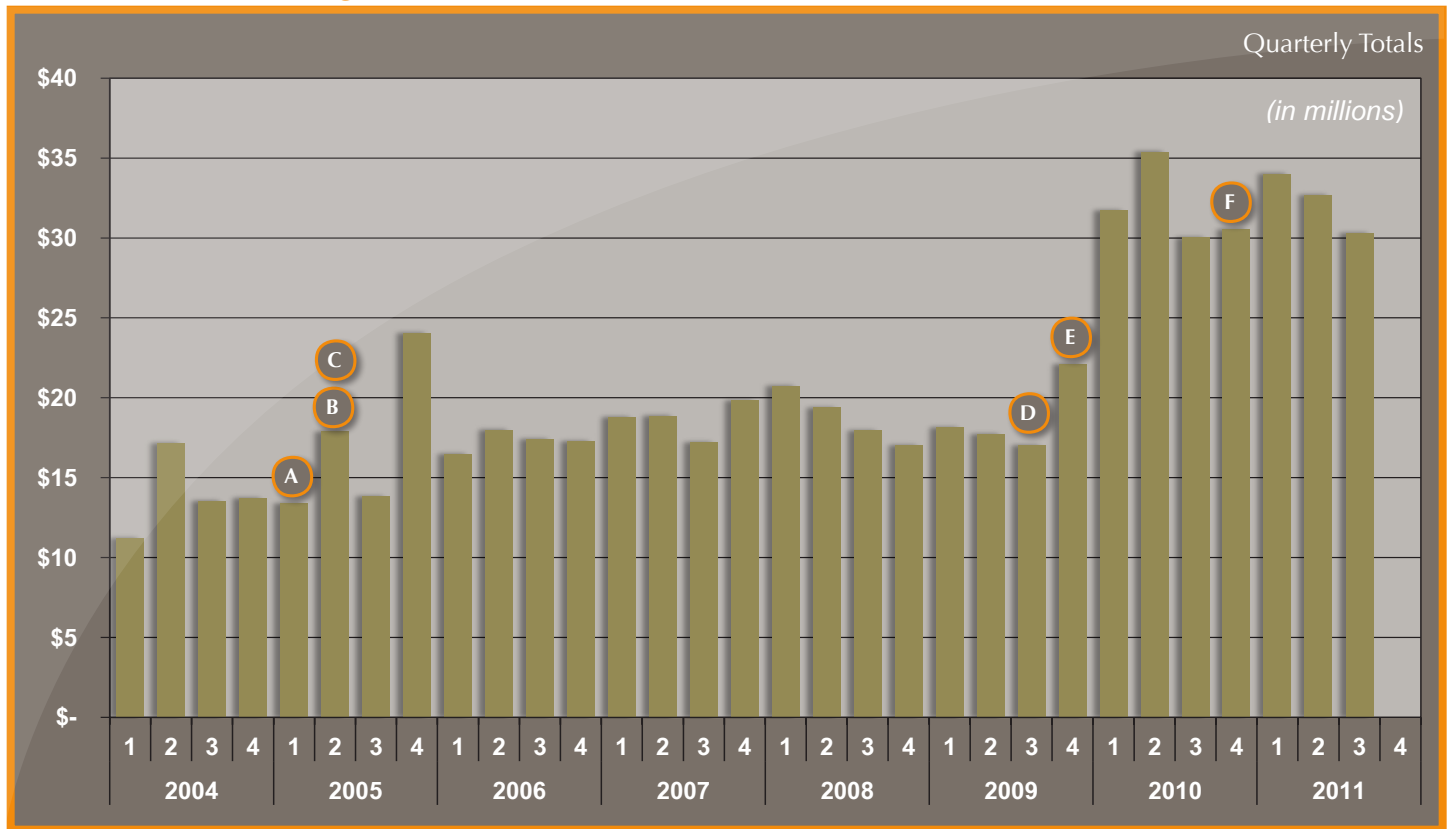
### Annual Percentage Change in Employment



### 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

“ Through the third quarter of 2011, Nevada's employment base reported some positive gains, a contrast to the trends that have plagued the Silver State since the onset of the Great Recession. Statewide employment expanded by 7,000 positions in September 2011, with marked improvements in the leisure and hospitality sector and professional and business services. Construction, an area challenged by a near standstill in development activity in the past year, posted a modest annual increase in total jobs, reversing a declining trend. Areas of continued contractions include trade, transportation and utilities; financial activities and government. While employment remains well below peak levels and the number of unemployed is approximately 175,000, we are encouraged by the continued annual gains in the number of new entity filings reported by the Nevada Secretary of State – historically, a leading indicator of broader economic performance.

While a number of businesses continue to struggle in the wake of Nevada's greatest economic challenge in generations, pockets of prosperity appear to be emerging. Entrepreneurs and business investors appear to be seeking out some of these opportunities in industries ranging from real estate acquisitions to emerging technologies. It is worth noting that despite the past quarter's decline in total list filings, totals during the past 12 months remain ahead of the same period of the prior year, with seasonality appearing to play somewhat of a role. Looking forward, the economic profile for Nevada remains dependent not only on local fundamentals but national and global conditions. Concerns about the domestic job environment and global financial markets have the potential to impact Nevada's tourism-dependent economy. Finding methods to diversify the employment base and identify new investments will be keys to a multi-faceted recovery. ”

- **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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