

THE TN QUARTERLY

BUSINESS AND ECONOMIC INDICATORS

TENNESSEE SECRETARY OF STATE
Tre Hargett

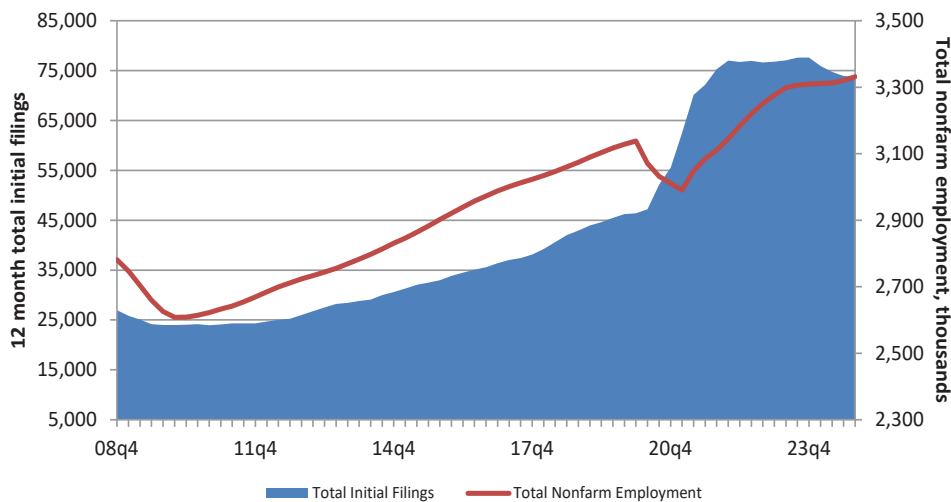
Business Filings Overview

There were 16,616 new entity filings recorded in Tennessee during the fourth quarter of 2024, representing a 1.1 percent decrease relative to the same quarter last year. During this period, Tennessee also registered 24,987 annual reports (i.e. business renewals), which was a robust 31.8 percent higher than the fourth quarter of 2023. Thus, while the level of new business filings seems to have plateaued, more businesses are renewing their business licenses from one year to the next, indicating a higher level of business activity than in years past. Business filings data are highly seasonal. For example, the number of new business filings in the fourth quarter is typically lower than those from the third quarter. For this reason, we largely focus on year-over-year growth rates. Over the last twelve months, the state has recorded 73,757 new entity filings and 361,878 annual reports.

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Figure 1: Tennessee Employment and New Entity Filings



Source: TN Business Filing Data and Bureau of Labor Statistics.
Note: Nonfarm employment is measured as the 12-month rolling average.

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EMPLOYMENT FORECASTS

Q1 2025 vs Q4 2024



Q1 2025 vs Q1 2024



Q2 2025 vs Q1 2025



INDICATORS

Employment (SA)

December 2024

vs. prior month



vs. prior year



New Entity Filings

2024Q4

vs. prior quarter



vs. prior year



Annual Report Filings

2024Q4

vs. prior quarter



vs. prior year



Unemployment (SA)

December 2024

vs. prior month



vs. prior year



Growth in new entity filings has historically been a good leading indicator for nonfarm employment (Figure 1), personal income, and total tax revenue growth in Tennessee. Thus, the fourth quarter decrease in new filings could suggest slower economic growth in Tennessee. The levels of new entity filings, economic activity, and nonfarm employment remain at historically high levels, but growth might moderate in the near term.

Initial Filings

New business filings (i.e. initial filings) shrank by 1.1 percent in the fourth quarter of 2024, but continue to hover at a level well above those seen prior to 2020 (Figure 2). Filings from domestic nonprofit corporations rose by 13.9 percent, and those from foreign entities (non-Tennessee based) grew by 8.8 percent. New filings from domestic limited liability

corporations (LLCs), which represent the majority of new filings in a given quarter, fell by 2.7 percent, and those from domestic for-profit corporations decreased by 1.4 percent. During the fourth quarter, domestic firms accounted for 87.1 percent of all fourth quarter initial filings, while foreign entities accounted for the remaining 13.8 percent.

There were 7,254 new entities registered among the four most populous Tennessee counties: Davidson, Shelby, Knox, and Hamilton, representing a 2.5 percent reduction relative to the fourth quarter of 2023 (Table 2). This was the driving factor behind the statewide reduction in new filings. By comparison, new entity filings in the other 91 counties was unchanged (0.0 percent growth) relative to the fourth quarter of 2023. Initial filings from these four counties accounted for 43.7 percent of the state's new business filings in the fourth quarter.

Figure 2: Initial Filings

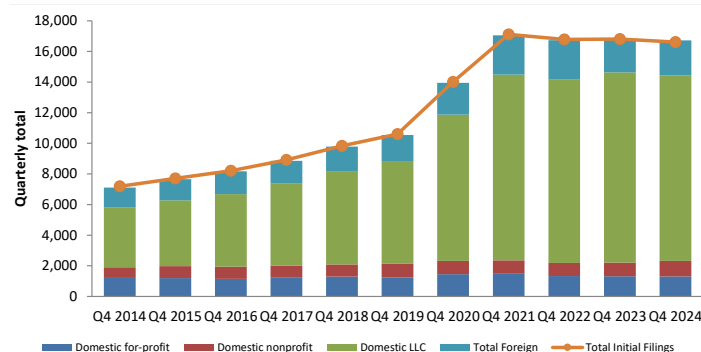


Table 2: Initial Filings among 4 Largest TN Counties, 2024Q4

Rank	County	Current Period	% Change (year-over-year)
1	Davidson	2,821	-3.5%
2	Shelby	1,878	-8.8%
3	Knox	1,678	1.0%
4	Hamilton	877	10.2%
Total		7,254	-2.5%

Source: Tennessee Business Filing Data.

TABLE 1: BUSINESS FILINGS – QUARTERLY

	Current Quarter (2024 Q4)	% Change (year-over-year)	Running 12-Month Total
Business Entity Initial Filings			
Domestic For-Profit Corporations	1,308	-1.4%	5,464
Domestic Nonprofit Corporations	1,014	13.9%	4,089
Domestic LLC	12,149	-2.7%	54,778
Foreign Entities - Total	2,289	8.8%	9,570
Total Business Entity New Filings	16,616	-1.1%	73,757
Business Entity Annual Reports			
Domestic For-Profit Corporations	5,048	24.5%	54,675
Domestic Nonprofit Corporations	5,102	-0.3%	47,347
Domestic LLC	10,353	58.5%	186,401
Foreign Entities - Total	4,484	37.5%	72,141
Total Business Entity Annual Reports	24,987	31.8%	361,878
Total Active Entities	406,667	4.1%	-
Other Business Filings			
Dissolutions	2,802	6.1%	74,102
Initial Trademark Registrations	171	-10.5%	718
Initial Assumed Name Registrations	2,314	10.9%	10,094

Source: Tennessee Business Filing Data.

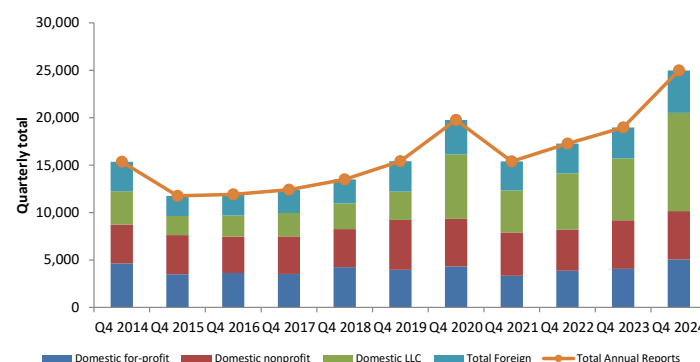
Davidson County saw the highest number of fourth quarter new filings (2,821) followed by Shelby County (1,878). Hamilton County saw the strongest year-over-year growth rate (up 10.2 percent), while Knox County saw a modest 1.0 percent year-over-year increase. Notably, this was the first time in three years that Knox County did not register the strongest rate of new filings growth among these four counties.

Annual Reports and Dissolutions

There were 24,987 annual reports (i.e. renewals) recorded in the fourth quarter of 2024, representing a very strong 31.8 percent increase over the fourth quarter of 2023. Renewals of domestic LLCs saw the strongest growth, advancing by 58.5 percent, followed by foreign entities (up 37.5 percent). Annual reports from domestic for-profit corporations rose by 24.5 percent, while those from domestic nonprofit corporations fell by 0.3 percent. In the fourth quarter of 2024, domestic firms accounted for 82.1 percent of all annual reports, and foreign entities accounted for the remaining 17.9 percent.

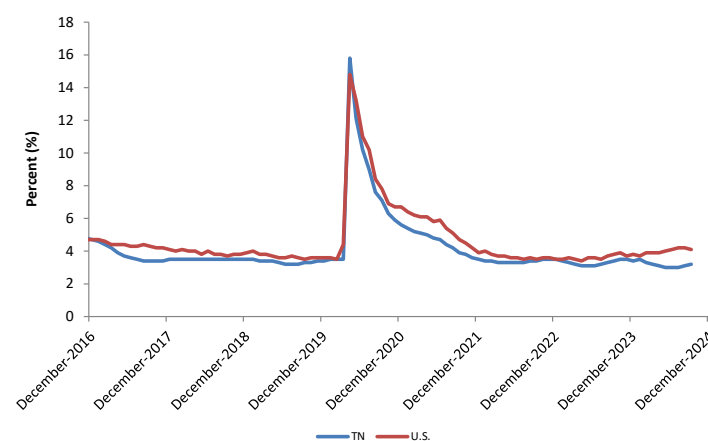
There were 2,802 dissolutions filed in the fourth quarter of 2024, representing a 6.1 percent increase over the same quarter last year. Despite the increase, this is still a very small number of dissolutions for a 3-month period. The majority of dissolutions typically occur in the third quarter of each year as entities are administratively closed on August 1 for failing to file an annual report.

Figure 3: Annual Reports



Source: Tennessee Business Filing Data.

Figure 4: Unemployment Rate



Source: Bureau of Labor Statistics.

TABLE 3: TENNESSEE DATA

	Current Period	% Change (over last period)	% Change (year-over-year)
Personal income (millions of dollars) [2024Q3]	472,588	3.5%	6.0%
Total tax revenue (millions of dollars) - monthly [2024-December]	1,912	-	-1.1%
Sales tax revenue (millions of dollars) - monthly [2024-December]	1,193	-	3.2%
Franchise & excise tax revenue (millions of dollars) - monthly [2024-December]	462	-	-12.6%
Total nonfarm employment (in thousands) - monthly [2024-December]	3,343	0.01%	1.4%
Manufacturing employment (in thousands) - monthly [2024-December]	365	0.0%	1.3%
Leisure and hospitality employment (in thousands) - monthly [2024-December]	362	-0.1%	-0.1%
Unemployment rate (%)			
	December 2024	November 2024	
	Rate	Rate	Change
	3.6	3.5	0.1
		December 2023	
		Rate	Change
		3.4	0.2

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

Note: Month-to-month growth rates are informative if the underlying data are seasonally adjusted, but can be misleading otherwise. For this reason, month-to-month growth rates are excluded for any non-seasonally adjusted data.

Tennessee Economic Indicators

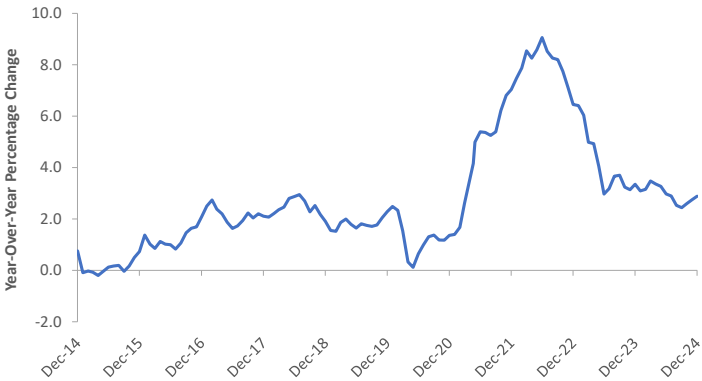
The Tennessee economy saw moderate growth in the fourth quarter of 2024. In December, nonfarm employment rose by 0.01 percent, as the state added only 500 net jobs to payrolls compared to the month prior. Over the last 12 months, nonfarm employment has increased by 45,400 in Tennessee. Tennessee’s unemployment rate rose by one-tenth of a percentage point, to 3.6 percent, but is still 0.5 percentage points lower than the national rate of 4.1 percent (Figure 4). In the third quarter of 2024, nominal personal income in Tennessee was \$472.6 billion, representing an annualized increase of 3.5 percent over the previous quarter. After adjusting for inflation, real personal income grew by 1.9 percent. In December, Tennessee tax revenues fell by 1.1 percent relative to the same month last year due to a slowdown in franchise and excise tax collections. For the fiscal year-to-date (August 2023 through December 2024), total tax revenues are down by 0.2 percent.

National Economic Indicators

The U.S. economy saw steady gains in the fourth quarter of 2024. Inflation-adjusted gross domestic product (real GDP) rose by an annualized rate of 2.3 percent in the fourth quarter of 2024, driven by growth in consumer spending (up 4.2 percent) and government spending (up 2.5 percent). However, this was partially offset by a 5.6 percent reduction in investment spending. For the 2024 year as a whole, U.S. real GDP has grown by 2.8

Figure 5: Inflation Rate

Year-Over-Year Percentage Change in Consumer Price Index (CPI)



Source: Bureau of Labor Statistics.

percent relative to 2023. Nominal personal income advanced at an annualized rate of 5.3 percent in the fourth quarter of 2024. After adjusting for inflation, real personal income rose by 1.6 percent in the third quarter and 2.9 percent in the fourth quarter.

In December, nonfarm employment expanded by 0.2 percent over the month prior, representing an addition of 256 thousand jobs. The Consumer Price Index (CPI) rose by 0.4 percent in December, and the inflation rate, as measured by the year-over-year percentage change in the CPI, now stands at 2.9 percent (Figure 5). Retail gasoline prices are averaging \$3.14/gallon, which is 1.1 percent lower than the month prior and 3.6 percent below December of last year.

TABLE 4: NATIONAL DATA

	Current Period	% Change (over last period)	% Change (year-over-year)
Personal income (billions of dollars) [2024Q4]	25,085	5.3%	5.4%
Real GDP (2017 billions of dollars) [2024Q4]	23,531	2.3%	2.5%
Consumer price index (1982-84 = 1.00) [2024-December]	3.18	0.4%	2.9%
Light vehicle sales (millions) [2024Q4]	16.41	5.0%	5.4%
Housing starts (millions) [2024Q4]	1.31	-1.8%	-11.6%
Federal funds rate (%) [2024Q4]	4.66	-11.5%	-12.6%
30-year fixed mortgage rate (%) [2024Q4]	6.65	3.1%	-8.6%
S&P 500 stock index [2024Q4]	5,910	6.6%	32.2%
Retail Gasoline Prices (dollars per gallon) - monthly [2024-December]	3.14	-1.1%	-3.6%
Total nonfarm employment (in thousands) - monthly [2024-December]	159,536	0.2%	1.4%

Unemployment rate (%)

December 2024		November 2024		December 2023	
Rate		Rate	Change	Rate	Change
4.1		4.2	-0.1	3.8	0.3

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