

# TEXAS BUSINESS & COMMERCIAL QUARTERLY

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★ JOHN W. FAINTER, JR. ★ SECRETARY OF STATE ★

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## CHARACTERISTICS OF NEW BUSINESSES IN TEXAS

A discussion of the economic growth which has occurred in Texas over the decade from 1973 to 1983 and the direction of this growth was presented in the January issue of the *Texas Business and Commercial Quarterly*. In an attempt to supplement current data, the Office of the Secretary of State initiated a survey of Texas corporations formed and foreign or out-of-state corporations securing a certificate of authority during November 1983. The results will be presented and analyzed in this and subsequent issues of the *Quarterly* by Celia Morgan and Howard Savage, professors in the Department of Finance and Economics at Southwest Texas State University.

### Survey Methodology

The corporate survey was conducted during November 1983. November was selected as a representative month since data indicate that filings in November are not subject to seasonal variation. Thus, November filings should approximate a representative sample of corporate filings.

Each newly formed Texas corporation and each out-of-state corporation which received a certificate of authority to transact business in Texas was sent a questionnaire when the Secretary of State returned a filed copy of the certificate of incorporation or authority by mail. The questionnaires were constructed so as to yield maximum information, protect confidentiality, and maintain simplicity and ease of response. Copies of each questionnaire are reproduced at the end of this article.

Five hundred fifty-one of 3,283 Texas corporations and 93 of 327 out-of-state corporations completed and returned the respective questionnaires. The percentage response rates were 16.8 percent for new Texas corporations and 28.4 percent for out-of-state corporations.

The survey was not conducted with the intention of developing statistically conclusive predictions regarding future Texas business corporations, but rather to give interested parties an insight into a particular month's filings and what the responses of those organizations filing documents suggest about the Texas economy.

### Business Types

Enterprises incorporate for a variety of reasons. Ongoing enterprises may have attained a level of maturity which for many reasons, (e.g., taxes, limited liability, or centralized management,) make the corporate structure attractive. Thus, some incorporations do not represent growth but rather a reorganization of an ongoing business. Some new business corporations are new business enterprises and, therefore, represent an expansion of the business stock.

Question 9 of the Texas Business Corporation questionnaire addressed the issue of whether a newly created corporation was an incorporation of an ongoing business or a new business venture. The proportional breakdown of incorporation by new enterprises or ongoing businesses is presented in Figure 1.

New ventures account for a large majority, 73.2 percent, of new business corporations, while ongoing businesses account for only 26.8 percent of the total (Figure 1). The business climate in Texas, even during a period of depressed oil activity and slack in the economy, appears to be conducive to optimism on the part of the Texas entrepreneur.

### Anticipated Capitalization

One indicator of the health of these infant enterprises may well be the depth of their capital structure. Business history is replete with cases of shoestring enterprises which have been very successful. Business history is also replete with cases where enterprises failed to survive due to inadequate capital structures. If the state economy continues to grow and the recovery which has begun does not falter, the probability of survival for thinly capitalized enterprises is enhanced.

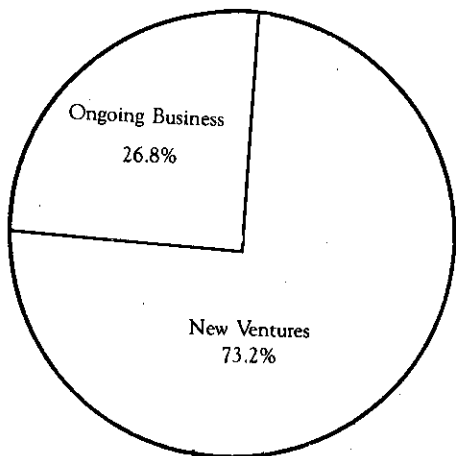
In an effort to assess the stability of the new corporations, the capital structure of the new enterprises was addressed in question 11 of Texas Business Corporation Survey. The relative distribution of firms by capitalization was computed from the responses and is presented in Figure 2.

The bulk of the new corporations might well be classified as thinly capitalized; those with \$100,000 capitalization or less account for 76.2 percent of new corporate charters. The next capitalization category, \$100,000 to \$249,999, accounts for an additional 12.2 percent. The total of the new enterprises with capitalization of \$249,999 or less amounts to 88.4 percent (Figure 2). Those enterprises which anticipated a capitalization of over \$1 million comprise only 4 percent of the new corporations (Figure 2).

It should be noted that the raw dollar amount of capitalization may not be a good measure of capital adequacy. Capital requirements do vary depending upon the industry under consideration. Data are not available for a comparison of the capital structure of existing Texas corporations with the new corporations.

Figure 1

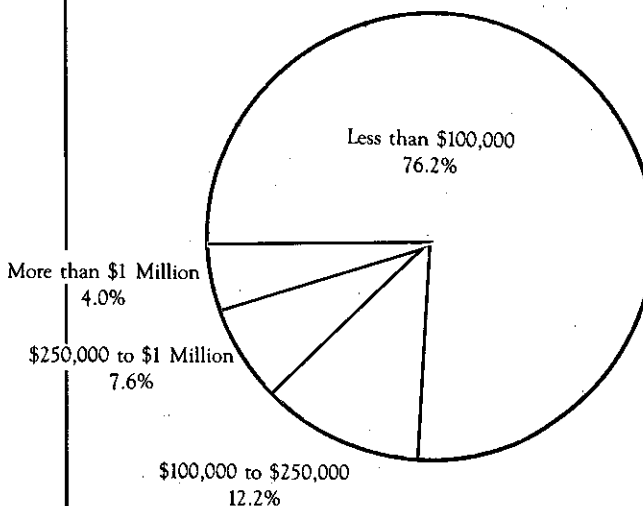
Breakdown of New Corporate Charters by Business Type



Source: Secretary of State, Corporation Section, Business Corporation Survey, November, 1983

Figure 2

Breakdown of New Texas Business Corporations by Anticipated Capitalization



Source: Secretary of State, Corporation Section, Business Corporation Survey, November, 1983

## Anticipated Employment

Anticipated employment by broad industrial category will give insight to the direction of growth in Texas. The level of anticipated employment by major industrial category was addressed in questions 2 and 8 of the Texas Business Corporation questionnaire. The responses to these questions were tabulated and a percentage distribution was computed. The 1973 and 1983 employment distributions are presented as benchmarks. These benchmarks and percentage distributions are presented in Table 1.

During the ten year period from 1973 to 1983, we witnessed overall growth and some change in the employment patterns in Texas. Agriculture; mining; finance, insurance, and real estate; and services grew relative to the other major industrial sectors. Construction and trade did not change significantly in relative terms, and all other sectors experienced a relative decline.

The results of the survey mirror the investment figures evidenced in the 1973-1983 period. The service industry, which increased modestly during 1973-1983, was the major area of business activity chosen by new Texas corporations, about 38 percent, and to a lesser degree by out-of-state corporations, 21.7 percent. The distribution of out-of-state corporations is consistent with the employment distribution in 1983 (21.4 percent). If the trend continues, the service sector will continue to experience relative growth in the future.

Table 1

**Anticipated Percentage Distribution of Employment by New Texas Business Corporations and Foreign Corporations by Industry**

Industry	Percentage Distribution of Employment		New Texas Corporations	Foreign Corporations
	1973	1983		
Agriculture	0.4	1.2	2.6	1.1
Mining	3.3	5.3	3.8	7.6
Construction	8.2	8.4	13.2	15.2
Manufacturing	24.5	19.2	8.3	20.7
Transportation, Communications, and Utilities	7.7	6.8	2.8	4.3
Trade	30.9	30.3	19.4	10.9
Finance, Insurance, and Real Estate	6.9	7.4	12.4	18.5
Services	18.2	21.4	37.6	21.7
Total	100.0	100.0	100.0	100.0

Source: Secretary of State, Corporations Section, Business Corporation Survey, November, 1983, and *Business and Commercial Quarterly*, Volume 2, Number 3, January, 1984

The agricultural sector is not large in terms of actual employment or relative employment. Yet, the agricultural sector exhibited growth relatively and absolutely during 1973-1983. The relative growth of agricultural employment was threefold in the 1973-1983 period, .4 percent in 1973, versus 1.2 percent in 1983. The survey results indicate that this growth is continuing, with 2.6 percent of the new Texas corporations and 1.1 percent of out-of-state corporations anticipating new employment in this sector (Table 1).

The other trends in employment in new Texas corporations are expected in an economy which has been booming, has taken a breather, and is set for continuing prosperity. The survey results indicate the second most popular business sector for these corporations is trade. 19.4 percent of all anticipated employment will be derived from this sector, compared with the 30.9 percent in 1973 and 30.3 percent in 1983. If these results are valid, the trade sector may produce relatively fewer jobs in the future. Results from the out-of-state corporations indicate that only 10.9 percent of their anticipated employment is in the trade sector.

Foreign corporations expect employment growth in the finance, insurance, and real estate sector. The state employment in this vital area was 6.9 percent in 1973 and 7.4 percent in 1983. The survey results show that total anticipated employment by foreign corporations in this sector will amount to 18.5 percent of employment by out-of-state corporations (Table 1). The in-state entrepreneur was also interested in the finance, insurance and real estate sector with 12.4 percent of their anticipated employment in this sector. Both the 18.5 percent and the 12.4 percent are substantially above the relative importance of current employment in this sector (Table 1).

Out-of-state corporations were more likely to engage in manufacturing activities than Texas corporations. Employment in the manufacturing sector experienced a relative decline of 5.3 percentage points during the 1973-1983 period. The anticipated employment to be generated in manufacturing by out-of-state corporations relative to all out-of-state employment was 20.7 percent, an amount in conformance with the state norm of 19.2 percent in 1983. Only 8.3 percent of anticipated employment by new Texas corporations is to be generated by manufacturing.

## Principal Product

Another way of analyzing the trends in the Texas Economy is to look at the principal products of the new business enterprises. Question 3 of each questionnaire requests this information. The data from the questionnaires were tabulated and a percentage distribution computed. The results of the computation are presented in Table 2.

As would be anticipated, the primary activity for the mining sector was oil and gas, accounting for 95 percent of the domestic incorporations and 75 percent of the foreign qualifications. This is consistent with the Texas economy generally and the economic history of the state. It is noteworthy that the principal product of 25 percent of the out-of-state mining enterprises was not oil and gas.

Table 2

## Percentage Distribution of New Corporate Charters and Foreign Corporations by Industry

### Percentage Distribution of Principal Products

Industry	New Texas Corporations	New Foreign Corporations
Mining		
Oil and Gas	95.0	75.0
Other	5.0	25.0
Construction		
General Construction	59.4	50.0
Heavy Construction	3.1	7.1
Trade Contractors	28.1	35.7
Other	9.4	7.2
Manufacturing		
Food Products	4.8	5.3
Textile Mills	0.0	5.3
Apparel	4.8	0.0
Printing and Publishing	11.9	0.0
Chemicals	11.9	0.0
Rubber and Plastics	4.8	0.0
Leather Products	0.0	5.3
Primary Metals	4.8	21.1
Fabricated Metals	14.3	10.5
Machinery	11.9	10.5
Electric—Electronic	4.8	0.0
Instruments	9.5	15.8
Transportation Equipment	0.0	10.5
Other	16.5	15.7
Transportation and Communication		
Local Transportation	7.7	0.0
Trucking	30.8	50.0
Water Transportation	7.7	0.0
Air Transportation	15.4	25.0
Transportation Services	23.0	0.0
Other	23.0	0.0
Trade		
Wholesale	24.4	50.0
Durable Goods	12.2	50.0
Nondurable Goods	12.2	0.0
Retail	75.6	50.0
Building and Garden	5.1	10.0
General Merchandise	6.1	0.0
Food Stores	6.1	0.0
Automobile Dealers	7.1	0.0
Apparel	10.2	0.0
Eating and Drinking	14.3	0.0
Miscellaneous Retail	19.4	30.0
Other	7.3	10.0
Finance, Insurance, and Real Estate		
Banking	0.0	13.3
Credit Agencies	6.1	13.3
Security Commodity	4.1	6.7
Insurance Carriers	12.2	0.0
Insurance Agents	16.3	6.7
Real Estate	38.8	33.3
Combined Real Estate	4.1	6.7
Holding and Investment	12.2	13.3
Other	6.2	6.7
Services		
Personal	11.4	11.1
Business	28.7	61.1
Auto Repair	6.0	0.0
Entertainment	9.6	0.0
Amusement	5.4	0.0
Health	6.0	11.1
Other	32.9	16.7

The principal activity in the construction industry could also be anticipated. The general economic conditions nationwide coupled with the recent economic boom in Texas have resulted in an influx of construction funds from outside the state. The use of these funds in Texas for office buildings, apartment buildings, condominiums, etc., has increased the demand for general contractors and trade contractors.

General contracting dominates this product area. Contractors of this type accounted for 59.4 percent of all new in-state construction corporations and 50 percent of all new out-of-state corporations. The trade contractors, which work with the general contractors and are subject to the same economic stimuli, constitute 28.1 percent of the new in-state corporations and 35.7 percent of the newly qualified out-of-state corporations in the construction sector. Construction is a non-basic industry, and its continued good health is dependent upon other growth within the state.

The principal products of the manufacturing sector are diverse and span the economic spectrum. No dominant thrust is discernable from the responses. Foreign corporations lean toward primary metals (21.1 percent) and instruments (15.8 percent). These corporations are also engaged in the manufacture of fabricated metals (10.5 percent), machinery (10.5 percent), transportation equipment (10.5 percent) and other manufacturing (15.7 percent). Food products, textile mills, and leather products each accounted for 5.3 percent of the principal products of out-of-state corporations (Table 2).

The new Texas corporations exhibited a different pattern of principal products. The largest category of principal products for new Texas corporations was "other" at 16.5 percent. The next largest categories were fabricated metals (14.3 percent), printing and publishing (11.9 percent), chemicals (11.9 percent), and machinery (11.9 percent). Instruments of various types accounted for 9.5 percent of the products of new manufacturing corporations. Food products, apparel, rubber and plastic, primary metals, and electric and electronic gear each accounted for 4.8 percent.

The movement of out-of-state enterprises into the state in the manufacturing sector suggests that they are motivated by Texas' competitive advantage. These corporations add value in the state and export the products to the rest of the world. The composition of the principal products of the domestic corporations suggest that a large portion of this manufacturing is aimed at in-state demand.

Trucking, as expected, is the major product of the transportation industry. State economic growth causes an increase in the movement of goods. With the railroad system already established and not likely to expand, the additional demand for land transportation must be met by an expansion of the trucking industry. 30.8 percent of new in-state and 50 percent of out-of-state transportation and communication enterprises are engaged in the trucking business (Table 2).

Air transportation, as measured by this survey, is the second largest principal product in the transportation and communication industry. The economic growth in Texas has increased the state's overall importance nationally. This growth

necessitates the rapid movement of persons and goods. The air transportation system is expanding to meet this need. Of new Texas transportation corporations, air transportation accounted for 15.4 percent. Of the new out-of-state corporations engaged in transportation, 25 percent are involved with air transportation.

New Texas corporations also provide local transportation, water transportation, and other transportation services (Table 2). There were no new foreign corporations offering these services. The need for local transportation and transportation services can be seen more clearly by local residents. Water transportation develops in response to Texas' long coastline and prosperous ports. The offshore oil and gas exploration and the movement of agricultural products overseas also contributes to the demand for water transportation.

Trade, with the exception of the Texas-Mexico border, is a derived or non-basic industry. The need for additional retail and wholesale trade establishments arises from the overall economic prosperity of the state. No one retail sector dominated the new business endeavors. The percentages of new Texas corporations by principal product in the retail sector range from 19.4 percent (miscellaneous retail) to 5.1 percent (building and garden). The growth in the relative number of eating and drinking places, 14.3 percent, may indicate changing lifestyles.

The foreign qualifications in retail trade were primarily in miscellaneous retail (30.0 percent). The other retail activities were building and garden stores (10.0 percent) and other (10.0 percent).

Wholesale trade accounted for 24.4 percent of new domestic trade corporations and 50 percent of the foreign qualifications. The in-state enterprises were equally divided between durables and non-durables (Table 2) while out-of-state development was all in the durable goods sector.

The Texas economic boom with its attendant employment and population growth has influenced the Texas finance, insurance, and real estate industry. The boom not only has produced in-state real estate development, but has also attracted entrepreneurs from other states and other countries. This development is highlighted by the relative importance of the new Texas real estate corporations and the new out-of-state real estate corporations, 38.8 percent and 33.3 percent, respectively. The other industries increased at lower rates. Insurance agencies were the next in significance to real estate, accounting for 16.3 percent of all new Texas corporations in the finance, real estate, and insurance sector followed by insurance carriers (12.2 percent), holding and investment companies (12.2 percent), credit agencies (6.1 percent), other finance (6.2 percent), security and commodity brokers (4.1 percent), and combined real estate (4.1 percent).

The lure of a booming real estate market attracts out-of-state investors into the Texas market. Out-of-state corporations were also lured into the banking industry (13.3 percent), securities and commodities (6.7 percent), holding and investment companies (13.3 percent), credit agencies (13.3 percent), and insurance agencies and other financial activities (6.7 percent each). The indications from the survey are that the financial sector is expanding to meet the Texas needs. In the case of real estate entrepreneurs it could be overexpanding.

The service sector promised the largest increase in employment (Table 1). A major part of this employment increase from the new Texas corporations is anticipated to come from business services (28.7 percent) and other services (32.9 percent). Both categories indicate the coming computer era in Texas. Many new corporations are connected to software generation and sale. Other service categories are increasing at the overall growth rate of the state economy generally.

The same characteristics are exhibited by foreign corporations with the business service sector accounting for 61.1 percent and other services accounting for 16.7 percent. The business growth in Texas and the computer age have created an atmosphere which is perceived as being favorable to this type of service development.

The relative number of out-of-state health service corporations (11.1 percent) reflects a change in the nature of these services through the development of minor emergency centers and investor owned hospitals.

### New Business Employment in the First Year

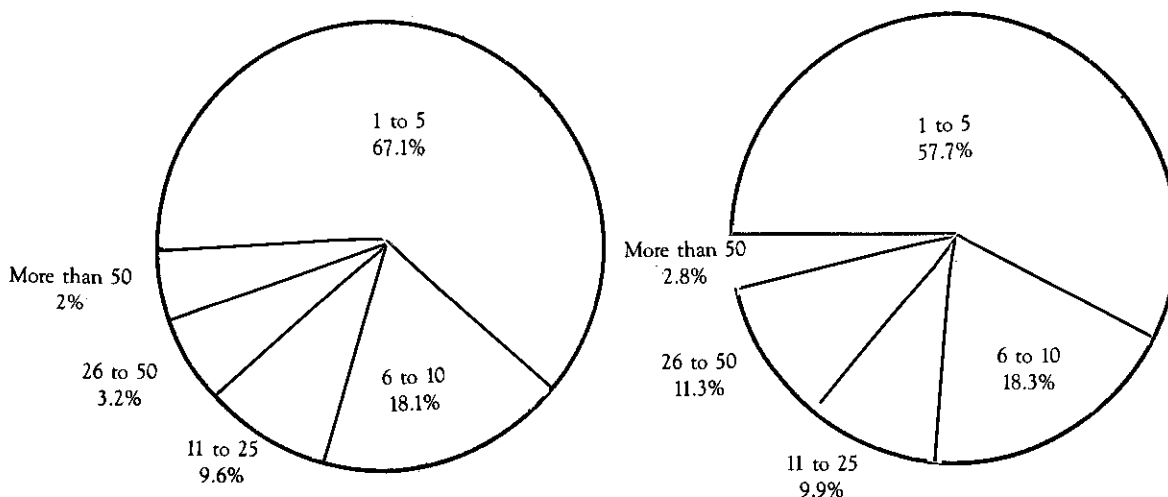
The new business enterprises which have developed in Texas and have shifted to the state from outside Texas are predominantly service and real estate corporations. These businesses appear to be thinly capitalized. It would, therefore, be anticipated that their first year contribution to employment in Texas would not be substantial. This contribution to employment in Texas was addressed in question 8 of the Texas Business Corporation questionnaire. The number of first year employees was tabulated from this question, and a percentage distribution was computed. The result of this computation is presented as Figure 3.

The data from this figure support the hypothesis that the first year employment contribution will be small. Sixty-seven percent of new Texas corporations and 57.7 percent of the out-of-state corporations estimate that they will employ 1 to 5 persons in the first year. Eighteen percent of the new Texas and a similar number of the new out-of-state corporations (18.3 percent) anticipate hiring 6 to 10 employees in year one. Only 2 percent of the new Texas corporations and 2.8 percent of the new out-of-state corporations expect more than 50 employees in their first year of operation. The balance of the corporations expect to hire between these parameters (Figure 3).

New jobs are required to keep the Texas economy growing. Some jobs will be created by new business development and the influx of business from out-of-state. The major portion of the necessary jobs, however, must come from the expansion of the current industrial base.

Figure 3

Breakdown of New Businesses by  
Number of Employees in Their First Year



Source: Secretary of State, Corporation Section,  
Business Corporation Survey, November, 1983

New Business Location

The last question to be considered in this issue of the Texas Business and Commercial Quarterly is that of new business location. The broader general location preferences are addressed in Figure 4. The trend of Texas growth has, over time, been largely in the urban areas; a continuation of this trend is evidenced by reference to Figure 4.

The new Texas business corporations formed in the SMSAs accounted for 92 percent of all new business corporations. Of this 92 percent, Dallas-Fort Worth (34.5 percent) and Houston (29 percent) accounted for the majority of new Texas corporations. These SMSAs are essentially the same size, and the larger preference for Dallas-Fort Worth could be the aftermath of the slump in the oil industry. SMSAs other than Dallas-Fort Worth and Houston were the location of 28.5 percent of the new Texas corporations.

The out-of-state firms liked the Dallas-Fort Worth area better than the in-state firms. Of the locations of new foreign corporations in Texas, 40.9 percent selected the Dallas-Fort Worth metropolitan area. Out-of-state firms also preferred Houston over the other SMSAs with 31 percent locating in Houston. Over twenty percent of the new foreign corporations chose locations outside SMSAs. The preference for the non-SMSAs by this group (20.04 percent versus 8 percent in state) reflects the out-of-state interest in manufacturing and mining. There has been a trend toward utilizing the non-SMSA resources for this type of enterprise.

## Summary & Conclusion

Information provided by this survey indicated that most of the new domestic corporations are new business ventures. Furthermore, these new ventures are small and thinly capitalized, which probably does not forebode well if the state should suffer an economic downturn.

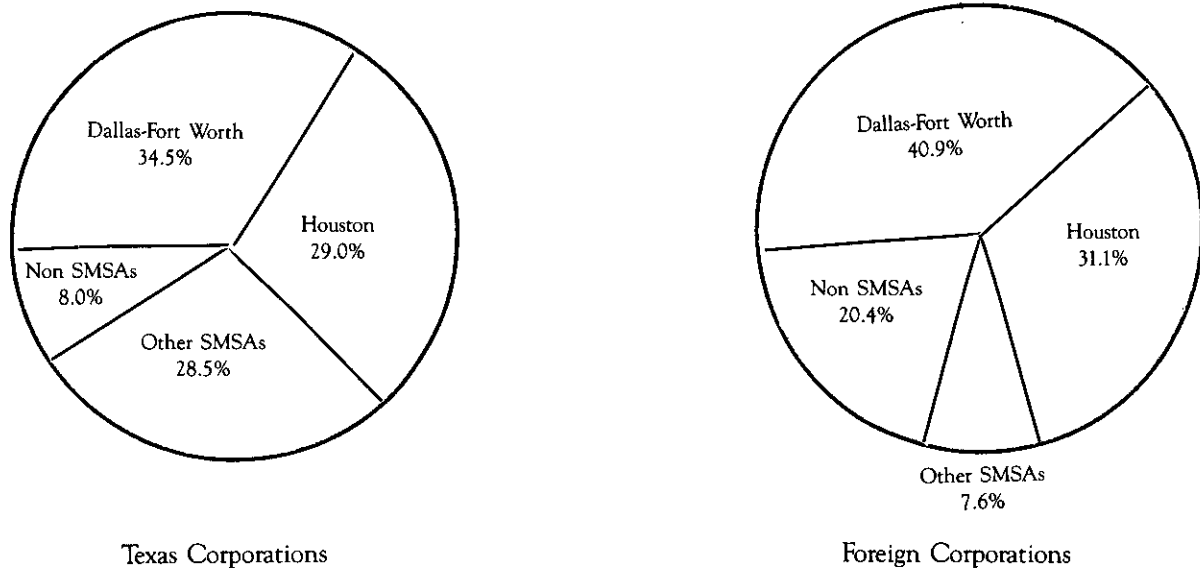
Employment gains from both new Texas corporations and out-of-state firms will be generated mostly in the service sectors. Business services are extremely popular with all types of new Texas and new out-of-state corporations. The more traditional areas of business enterprises are not as popular. Real estate was also an enterprise area of choice for both types of corporations. These trends result from the Texas real estate boom and the onset of the computer age.

The size of the new corporate enterprises can be inferred from the level of capitalization and also by the first year employment estimates. New businesses are predominantly in the 1-5 employee category. Few expect employment of over 50 persons in year one.

The geographic areas of choice are still the two major Texas SMSAs, Dallas-Fort Worth and Houston. The out-of-state enterprises did, however, opt for the non-SMSA areas to a substantial extent.

Figure 4

### Breakdown of New Businesses by Location



Source: Secretary of State, Corporation Section, Business Corporation Survey, November, 1983

# SECRETARY OF STATE BAROMETERS

Business and commercial data accumulated by the Secretary of State include total transactions, net additions to the business stock in Texas, and corporate charters granted by standard metropolitan statistical area. The fourth quarter figures for these series are discussed in the following section.

## Total Transactions

Business related activity indicated by the total transactions recorded by the Statutory Filings Division of the Secretary of State's Office proceeded at a slower pace during the October through December period. The volume of total transactions, presented in Table 3, was 54,276, a 3,116 decrease

from the July through September period and a decrease of 30 from the same period one year ago. The lower volume of transactions reflects (1) a more stable business environment in Texas evidenced by a 2,798 decrease in changes of registered agent and office and some 823 fewer articles of amendment for profit making firms, and (2) varying entry and exit rates. The differences in entry and exit rates are demonstrated by the following data:

- Filings for new corporate charters decreased by 4% with 10,406 new charters filed.
- Filings for new certificates of authority increased 8% with 999 new certificates filed.

Table 3  
Total Transactions

Type of Transactions	1983 Fourth Quarter	1983 Third Quarter	Change from 3rd Quarter 1983 to 4th Quarter 1983	1982 Fourth Quarter	Change from 4th Quarter 1982 to 4th Quarter 1983
TOTALS	54,276	57,392	(3,116)	54,306	(30)
Articles of Incorporation	10,406	10,851	(445)	12,043	(1,637)
Articles of Incorporation (non-profit)	1,100	1,099	1	1,0781	22
Professional Corporations	228	185	43	326	(98)
Professional Associations	126	173	(47)	143	(17)
Certificates of Authority	999	927	72	890	109
Limited Partnerships	1,666	1,390	276	1,633	33
Limited Partnership Amendments	986	922	64	1,083	(97)
Limited Partnership Cancellations	150	61	89	76	74
Trust Companies	1	0	1	2	4
Trust Companies Amendment	6	9	(3)	2	4
Articles of Amendment (profit)	4,101	4,924	(823)	3,623	478
Articles of Amendment (non-profit)	425	1,153	(728)	228	197
Articles of Amendment (professional corporation)	40	58	(18)	44	(4)
Articles of Amendment (professional association)	137	170	(33)	150	(13)
Amended Certificate of Authority	405	549	(144)	348	57
Articles of Corrections	137	147	(10)	94	43
Name Reservations	2,614	2,859	(248)	2,662	(48)
Name Registration	62	82	(20)	72	(10)
Dissolutions	1,540	1,392	148	1,471	69
Withdrawals	179	191	(12)	169	10
Terminations	118	56	62	58	60
Information Letters	2,867	3,548	(681)	4,607	(1,740)
Articles of Merger	208	85	123	299	(91)
Change of Registered Agent and Office	4,082	6,880	(2,798)	2,750	1,332
Reinstatements	681	1,666	(985)	687	(6)
No Pay Forfeitures	29	44	(15)	17	12
Forfeitures	459	217	242	816	(357)
Certifications	19,100	16,284	2,816	17,618	1,482
Assumed Names	1,424	1,470	(46)	1,316	108

Source: Secretary of State, Statutory Filings Division, Corporations Section (March 1984)



- Filings of new limited partnerships increased 20% to 1,666 filings.
- Dissolutions increased 11% to 1540 filings.
- Voluntary withdrawals decreased 6% to 179 filings.

The data in Table 3 also suggest a more moderate pace for future business activity. During the fourth quarter both name reservations and name registrations decreased by 9% and 6%, respectively.

The slower rate of business activity during the fourth quarter of 1983 is similar to business activity recorded in the fourth quarter of 1982. Articles of incorporation were down 14% over similar filings in 1982; certificates of authority and limited partnerships were up 12% and 2%, respectively. Name reservations and name registrations were essentially stable. Both dissolutions and withdrawals were up, 5% and 6%, respectively, over those recorded during the same quarter one year ago.

### Net Additions to the Business Stock

The business stock in Texas noted 46,386 net additions during 1983. The 1983 net additions were 5% greater than those

recorded in 1982 and were virtually the same as those recorded in 1981.

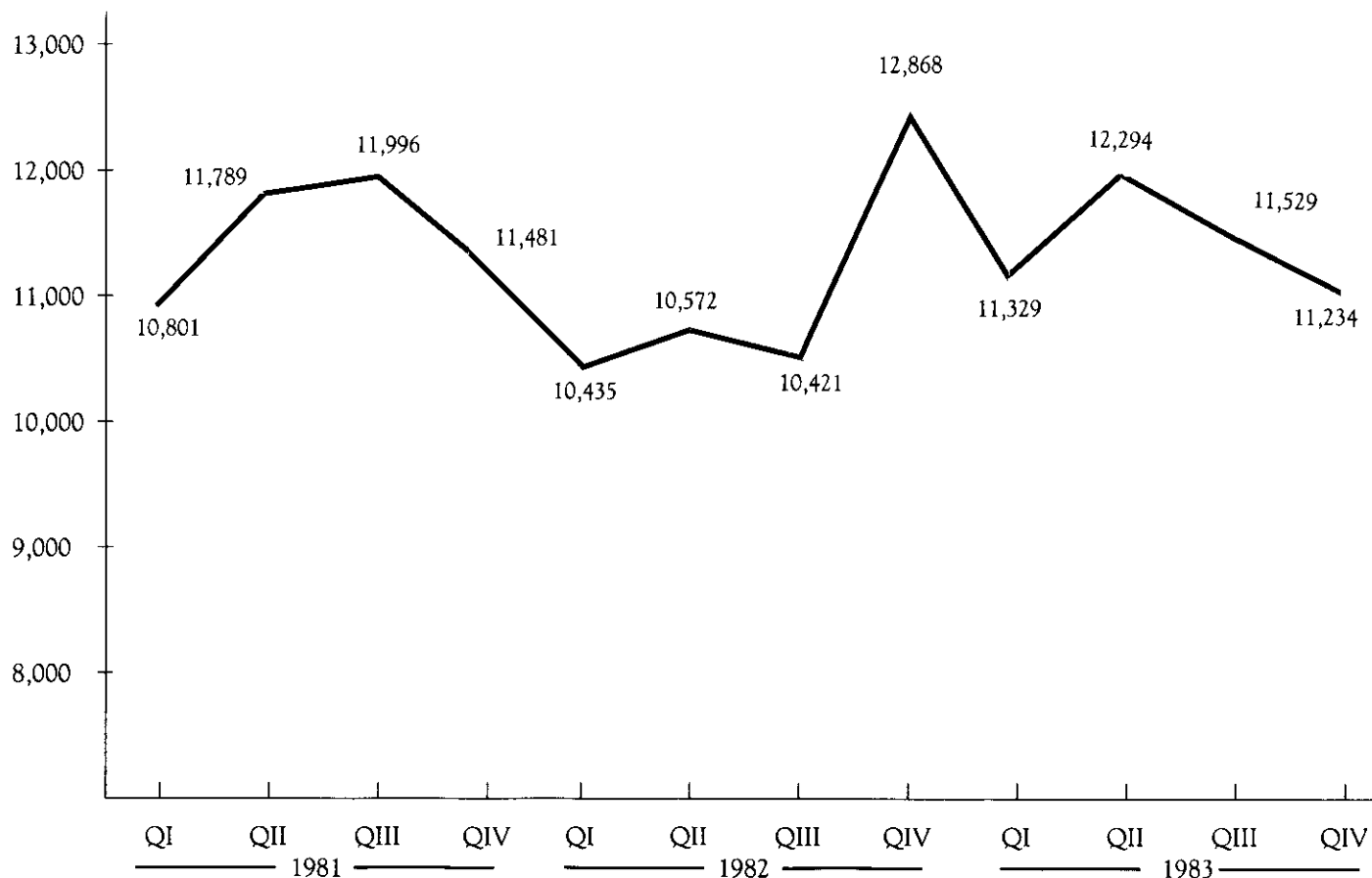
The net additions to the business stock for 1981 through 1983 by quarter are shown in Figure 5. These data show that the decline in net additions which began in the third quarter of 1983 continued through the fourth quarter. The 11,234 net additions during the October through December period were 3%, 8%, and 1% below the additions in the third, second, and first quarter, respectively.

The business stock includes all existing corporations, limited partnerships, and certificates of authority recorded by the Office of the Secretary of State. The net additions to the business stock equal the sum of new corporate charters, new certificates of authority and new limited partnerships minus the sum of voluntary dissolutions, withdrawals, and terminations.

### New Business Incorporation in SMSA Areas

The absolute numbers of new charters granted in each of the Texas Standard Metropolitan Statistical Areas for 1983 are shown in Table 4. These data show 9,522 new charters granted in Texas metropolitan areas from October through

Figure 5  
Net Additions to the Business Stock by Quarter  
1981 - 1983



Source: Secretary of State, Statutory Filings Division

Table 4  
Corporate Charters Granted, 26 Texas SMSAs October 1983 - September 1983

Standard Metropolitan Statistical Area	1983 1st Qtr.	1983 2nd Qtr.	1983 3rd Qtr.	October	November	December	1983 4th Qtr.	1983 Totals
Abilene	97	88	84	30	23	35	88	357
Amarillo	80	107	93	26	37	41	104	384
Austin	616	718	647	188	221	273	682	2,663
Beaumont-Port Arthur-Orange	123	149	128	32	53	47	132	532
Brownsville-Harlingen-San Benito	109	85	102	36	31	39	106	402
Bryan-College Station	65	59	64	28	16	28	72	260
Corpus Christi	182	207	181	76	66	66	208	778
Dallas-Ft. Worth	3,473	3,575	3,321	1,166	1,067	1,103	3,336	13,705
El Paso	172	206	175	51	48	57	156	709
Galveston-Texas City	100	98	79	23	27	31	81	358
Houston	3,363	3,505	3,036	1,045	947	1,136	3,128	13,032
Killeen-Temple	55	74	47	17	9	16	42	218
Laredo	42	52	51	12	20	12	44	189
Longview-Marshall	91	112	78	21	26	25	72	353
Lubbock	91	100	93	34	21	44	99	383
McAllen-Pharr-Edinburg	111	126	116	19	27	48	94	447
Midland	117	108	86	28	43	38	109	420
Odessa	82	91	75	23	19	21	63	311
San Angelo	49	44	39	13	3	10	26	158
San Antonio	555	618	552	195	186	224	605	2,330
Sherman-Denison	29	34	33	14	15	16	45	144
Texarkana	16	24	17	9	7	6	22	79
Tyler	85	88	96	20	27	27	74	343
Victoria	42	34	45	13	9	7	29	150
Waco	75	89	73	27	20	15	62	299
Wichita Falls	57	45	55	13	14	16	43	200
Totals	9,877	10,436	9,366	3,159	2,982	3,381	9,522	39,201

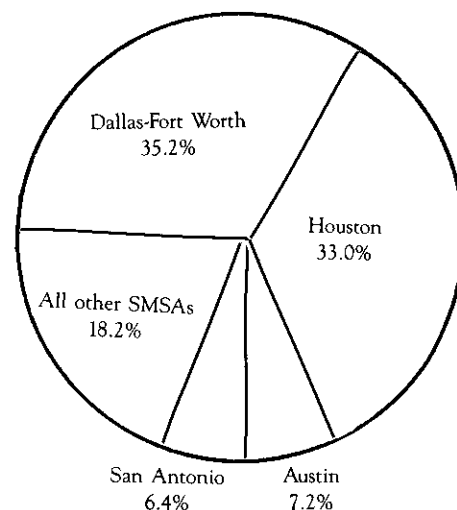
December, 92% of all charters granted. These new charters granted in the fourth quarter are 2% greater than the 9,366 new charters granted during the third quarter.

The majority of SMSAs in four of the six geographic regions experienced increases in new incorporations. In the south central region, Austin, San Antonio, and Bryan-College Station noted increases while San Angelo noted a decrease. Except for Victoria, all SMSAs located along the Gulf Coast experienced increases in new corporate charters, the largest being the 15% increase in new charters in Corpus Christi. In the low and high plains all metropolitan areas except for Wichita Falls and Odessa noted increases. In the north central region, Dallas-Fort Worth and Sherman-Denison experienced increases, while Waco and Killeen-Temple experienced decreases.

Most SMSAs along the Rio Grande border and in the northeast region noted decreases in new incorporations. Along the Rio Grande border, all SMSAs except Brownsville-Harlingen-San Benito had decreases. In the northeast region, only Texarkana had an increase in new corporate charters.

The four largest SMSAs in Texas continued to account for more than 81% of new charters granted in metropolitan areas. Dallas-Fort Worth, with 3,336 new charters, accounted for 35.2%; Houston with 3,128 new charters, some 33%; Austin with 682 new charters, 7.2%; San Antonio with 605 new charters, 6.4%. During the fourth quarter, the relative share of Austin, Houston, and San Antonio increased slightly at the expense of all other SMSAs (Figure 6).

Breakdown of New Business Incorporations by SMSA October - December, 1983



Source: Secretary of State, Statutory Filings Division, Corporations Section, March, 1984

## Texas Business Corporation

## Foreign Corporation

1) Name of Corporation: \_\_\_\_\_

1) Name of Corporation: \_\_\_\_\_

2) Major Area of Business Activity:

2) Major Area of Business Activity:

	Primary Area (check one)	Secondary Area (check one)
Agriculture	_____	_____
Mining	_____	_____
Construction	_____	_____
Manufacturing	_____	_____
Trade	_____	_____
Services	_____	_____
Finance, Insurance, or Real Estate	_____	_____
Transportation Communication, or Public Utility	_____	_____
Other	(Primary) _____ (Secondary) _____	_____

	Primary Area (check one)	Secondary Area (check one)
Agriculture	_____	_____
Mining	_____	_____
Construction	_____	_____
Manufacturing	_____	_____
Trade	_____	_____
Services	_____	_____
Finance, Insurance, or Real Estate	_____	_____
Transportation Communication, or Public Utility	_____	_____
Other	(Primary) _____ (Secondary) _____	_____

3) Principal product(s) of the corporation: \_\_\_\_\_

3) Principal product(s) of the corporation: \_\_\_\_\_

4) The County of the Registered Agent: \_\_\_\_\_

4) The State of your Principal Office location: \_\_\_\_\_

5) The County of the Principal Office location: \_\_\_\_\_

5) The County of your Registered Agent on Texas: \_\_\_\_\_

6) How many individuals or corporations presently have a direct financial investment in this corporation?: \_\_\_\_\_

6) The County of your Principal Office location in Texas: \_\_\_\_\_

7) How many individuals do you anticipate will have a financial investment in the corporation a year from today?: \_\_\_\_\_

7) How many people do you expect to be employed by the corporation in Texas in one year? \_\_\_\_\_  
in five years? \_\_\_\_\_

8) How many people do you expect to be employed by the corporation a year from today?: \_\_\_\_\_

8) In how many other states do you transact business?: \_\_\_\_\_

9) Are you incorporating an existing, ongoing business or is this a new business venture?: \_\_\_\_\_

9) Have you moved your "headquarters" from the state of incorporation to Texas?: \_\_\_\_\_

10) Is this a family corporation?    Yes     No

10) What percentage of your business revenues do you anticipate will be produced in Texas in the next year? \_\_\_\_\_  
5 years from now? \_\_\_\_\_

11) Please check the category below which most clearly approximates the anticipated capitalization of this corporation.

_____ Less than \$100,000	_____ \$1,000,000-4,999,999
_____ \$100,000-249,999	_____ \$5,000,000 and more
_____ \$250,000-999,999	



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