TEXAS BUSINESS & COMMERCIAL *QUARTERLY*

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

During the past ten years, Texas has experienced growth unprecedented in its history. This growth has occurred despite fluctuations in the national economy. Texas, which felt the effects of the most recent recession much later than most other states, now appears to be regaining its economic momentum. In an effort to chart the future economic growth in the state, the Office of the Secretary of State is conducting a survey of newly incorporated Texas businesses and out-of-state corporations moving into the state. The article in this month's issue describes the present economic structure of Texas as revealed by changes in employment in the state over the past ten years. This should prove to be a basis for discussion of the information provided by the survey which will be published in the next issue of the quarterly. The economic commentary in this issue was written by Celia Morgan and Howard Savage, professors in the Department of Finance and Economics at Southwest Texas State University, and was based on data collected by the Office of the Secretary of State.

TEXAS ECONOMIC STRUCTURE AND GROWTH

The data collected and analyzed at the Office of the Secretary of State of Texas yield useful information as to business activity in the Texas economy. However, these data are not collected in a manner which yields information about the structure of the Texas economy nor about any structural changes which may be occurring. The obvious benefits to be derived from information about structural changes or lack thereof in the Texas economy prompted the Office of the Secretary of State to institute a survey of new business activity. The survey includes two types of new business activity businesses which have incorporated in Texas and out-of-state corporations which have qualified to do business in Texas.

The information which will be forthcoming from this survey can be understood in the context of the present economic structure and the changes which have occurred over recent history. The purpose of this article is to provide the basis for an understanding of the survey data by noting the current structure of the Texas economy and structural changes which have occurred over the past 10 years.

Given the limitations of available data and space, the analysis of Texas private sector economic structure will consider growth and structural changes as measured by employment data* for the era 1973 1983 by broad economic category. The broad economic categories are construction; mining; agriculture; services; finance, insurance, and real estate; trade; transportation, communication and public utilities; and manufacturing. The focal points of the analysis are the State as a whole and the various standard metropolitan statistical areas (SMSAs) within the state. The balance of the state rural areas will be considered separately if the changes in the structure of this segment of the economy warrant it.

Texas and Texas SMSA Growth

As has been widely reported, the economic growth in Texas over the last 10 years has been phenomenal. This phenomenon is more clearly seen by reference to the data presented in Table 1.

Statewide employment in the private sector grew from 3.2 million employees in 1973 to almost 5 million employees in 1983, a 56.5% growth over the ten year period. It should be noted that the growth rate abated moderately in the second half of

*Data from various reports provided by the Texas Employment Commission, 1973 1983.

Volume 2, Number 3
January, 1984

OCT 1 1 1984

Table 1

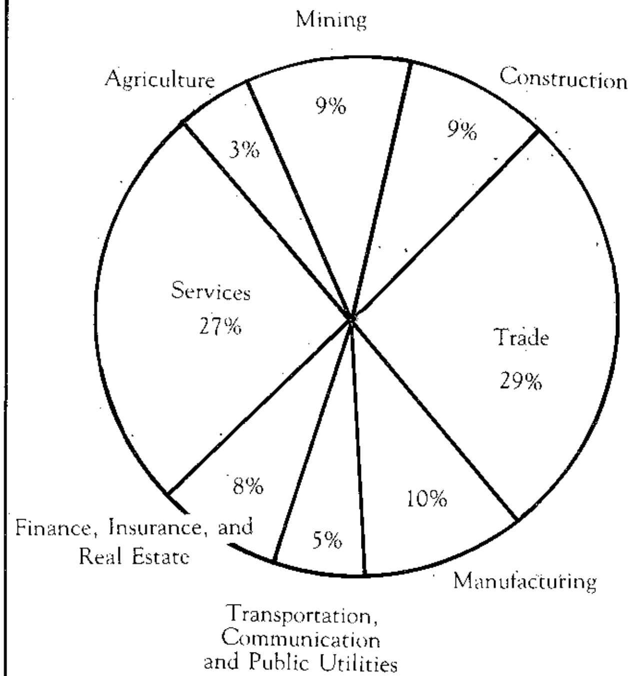
Private Economic Sector Employment and Percent Change in Employment: Texas and the Texas SMSAs 1973-1983

Area	Employment 1973	Employment 1983	Percent Change 1973 to 1983
Texas	3,188,845	4,992,674	56.53
Abilene	29,032	46,988	61.85
Amarillo	41,071	60,942	48.38
Austin	98,315	189,247	92.50
Beaumont-Port Arthur-Orange	99,359	118,598	19.36
Brownsville-Harlingen-San Benito	33,834	48,816	44.28
Bryan-College Station	11,550	26,938	133.23
Corpus Christi	70,191	102,914	46.62
Dallas-Ft. Worth	870,372	1,341,376	54.12
El Paso	96,287	124,368	29.16
Galveston-Texas City	38,734	45,797	18.23
Houston	746,698	1,331,064	78.26
Killeen-Temple	26,464	39,018	47.44
Laredo	14,712	23,164	57.45
Longview-Marshall	38,148	57,814	51.55
Lubbock	51,164	69,143	35.14
McAllen-Pharr-Edinburg	34,440	67,999	97.44
Midland	20,193	46,476	130.14
Odessa	27,761	48,350	74.17
San Angelo	18,796	30,896	64.38
San Antonio	216,766	322,814	48.92
Sherman-Denison	23,728	26,628	12.22
Texarkana	18,155	18,283	0.71
Tyler	32,250	49,544	53.62
Victoria	13,993	24,094	72.19
Waco	44,106	56,481	28.06
Wichita Falls	28,918	39,393	36.22
SMSA Total	2,706,305	4,363,145	61.22

Source: Texas Employment Commission Various Reports 1973-1983

Figure 2

Breakdown of Growth by Major Industrial Sector 1973-1983



Source: Texas Employment Commission

the decade. Employment in the private sector of the Texas economy grew 27% from 1973 to 1978. This growth moderated to 23.3% from 1978 to 1983. The slower growth rate reflects the national recession and the slump in the oil industry.

The urban areas accounted for a major portion of the employment growth. These areas also became relatively more important in the employment context. The urban centers accounted for 84.87% of private sector employment in 1973 and for 87.39% in 1983. This relative increase reflected employment growth of 61.22% in these centers (Table 1).

The economic growth in Texas was not uniform among the urban areas. Certain cities grew faster than the state rate, others at approximately the same as the state rate, and certain cities lagged behind the state growth rate. To emphasize this disparity, the urban centers were divided into high growth centers, moderate growth centers, and low growth centers. High growth centers were SMSAs with employment growth of 60% or greater over the period from 1973-1983. Moderate growth centers increased employment by between 41% to 59% during the same period. Low growth centers grew in employment by less than 40% during the ten years.

The high, moderate and low growth urban centers are geographically dispersed. For instance, the western portion of the State is the location of a relatively slow growth area, El Paso, and the relatively moderate growth area of Midland-Odessa. The panhandle region contains a relatively moderate growth center, Amarillo, and a relatively slow growth center, Lubbock. Both San Angelo and Abilene, which are located in central west Texas, are relatively high growth areas. The other relatively high growth areas, Austin, Bryan-College Station, Houston, Victoria, McAllen, are in the central and southern part of the state. The north central area of the state is characterized by the moderate growth center of Dallas-Fort Worth, with a few relatively slow growth centers, Wichita Falls and Sherman-Dennison, along the Oklahoma border. The basic conclusion would appear to be that, given the geographic dispersion of the high, moderate and low growth centers, geographic location is secondary to the growth rate and change in basic economic structure.

Given the above, it is necessary to look at state growth by economic sector and to note, by sector, the economic growth over the last decade. Figure 2 demonstrates the division of the overall employment growth rate in Texas among the eight broad economic categories represented in this study. The nature of the employment growth of the Texas economy reveals that a large proportion of Texas economic growth has occurred in what are generally considered to be non-basic industries. These non-basic industries (trade; services; transportation, communication, and public utilities; finance, insurance, and real estate; and construction) accounted for 78% of Texas' growth. The basic industries (agriculture, mining, and manufacturing) account for the other 22%. This indicates some degree of unbalanced growth. The expansion in certain Texas industries may have precipitated more development in the non-basic sectors than is sustainable. The indications of the data in Figure 2, however, should be considered carefully. The data are only for the private sector; the public sector, all government expenditure, is not included. The government sector does make a substantial contribution in Texas and probably will continue to grow. Another consideration is that the division between basic and non-basic for the sectors listed above is judgmental and arbitrary. It is probable that there is a large basic employment component in these economic sectors which is generally considered to be non-basic.

Up to this point, the analysis has been concerned with the location and allocation of employment growth. It has dealt neither with the structure of private sector employment in Texas nor with changes in this structure (structure being the relative contribution of a particular industry to total employment in the state). The information as to the structure and changes in this structure is presented in Table 2, which shows the distribution of employment by broad economic categories for Texas and the SMSAs in Texas for 1973 and 1983. An increase in the percentage of employment in Table 2 indicates a change in structure, rather than an absolute change in employment numbers.

Table 2

Percent Employment by Private Sector: Texas and the Texas SMSAs 1973-1983

	Agriculture		Mining		Construction		Manufacturing		Transportation Communication Utilities		Trade		Finance Insurance Real Estate		Services	
Area	1973	1983	1973	1983	1973	1983	1973	1983	1973	1983	1973	1983	1973	1983	1973	1983
Texas	0.39	1.23	3.29	5.31	8.18	8.35	24.47	19.15	7.68	6.82	30.97	30.32	6.85	7.41	18.17	21.43
Abilene	0.08	0.73	4.32	9.79	5.69	5.63	21.43	15.57	7.28	6.37	32.33	31.40	5.26	6.44	23.63	24.07
Amarillo	0.19	1.26	2.18	3.85	5.69	5.90	15.96	15.53	9.15	7.99	39.83	36.40	6.98	6.31	20.02	22.76
Austin	0.25	0.50	0.06	0.45	12.70	8.51	16.15	17.45	5.08	4.11	33.85	33.08	9.02	9.00	22.89	26.90
Beaumont-Port Arthur-Orange	0.21	0.28	1.18	2.30	7.30	8.90	39.88	27.71	9.27	9.12	23.32	27.97	4.00	4.43	14.84	19.29
Brownsville-Harlingen-San Benito	3.64	3.55	0.00	0.25	8.01	6.97	27.25	21.20	6.08	6.29	33.82	34.72	4.94	6.18	16.26	20.84
Bryan-College Station	0.20	0.88	0.51	4.60	13.45	11.05	19.31	11.31	6.42	6.35	32.27	36.84	6.03	7.09	21.81	21.88
Corpus Christi	0.65	0.76	4.07	7.41	12.79	13.53	15.80	13.28	8.41	7.22	32.82	30.62	6.02	5.84	19.43	21.34
Dallas-Ft. Worth	0.21	0.46	1.06	2.22	6.66	6.63	27.65	22.48	7.60	6.82	30.72	30.96	8.48	8.85	17.62	21.58
El Paso	0.28	0.73	0.00	0.28	9.93	6.42	28.27	27.71	7.77	7.02	31.15	31.61	5.67	5.77	16.93	20.46
Galveston-Texas City	0.21	0.37	0.85	1.40	6.88	8.56	28.00	22.88	15.14	10.41	24.71	27.29	8.40	9.31	15.81	19.78
Houston	0.36	0.58	4.31	7.47	9.85	10.49	21.27	15.81	8.59	7.58	28.99	27.85	7.03	7.66	19.60	22.56
Killeen-Temple	0.12	0.30	0.00	0.26	11.32	8.52	19.72	18.75	5.73	5.80	33.58	35.13	5.77	6.10	23.76	25.14
Laredo	0.20	2.36	1.49	5.85	6.61	5.68	10.14	8.16	12.57	11.48	48.24	40.44	4.84	6.12	15.91	20.31
Longview-Marshall	0.27	0.33	4.20	8.22	6.61	8.24	38.42	26.28	7.22	6.10	24.93	28.91	3.93	4.89	14.42	17.03
Lubbock	0.18	1.23	0.28	0.42	7.40	5.55	16.39	18.55	8.37	6.37	38.66	36.97	6.08	7.18	22.64	23.73
McAllen-Pharr-Edinburg	2.03	16.39	2.40	2.13	8.95	7.01	16.49	14.76	4.89	3.84	47.87	35.72	3.96	4.54	13.41	15.61
Midland	0.20	0.39	29.36	26.52	7.87	7.91	8.92	7.81	6.61	5.75	26.36	26.41	5.61	7.35	15.07	17.88
Odessa	0.17	0.22	19.11	20.65	8.29	9.13	14.54	13.49	7.63	6.08	33.44	32.05	4.14	5.00	12.68	13.38
San Angelo	0.24	0.79	1.92	3.87	5.79	8.01	23.85	19.33	11.52	12.25	30.67	29.28	4.96	4.93	20.87	21.54
San Antonio	0.24	0.63	0.75	1.02	10.65	9.12	17.77	15.23	5.00	4.94	34.47	33.53	8.98	9.04	22.14	26.49
Sherman-Denison	0.18	0.32	0.51	0.88	6.45	5.19	46.26	40.19	4.44	5.00	22.06	25.29	3.86	4.50	16.24	18.63
Texarkana	0.17	0.81	0.00	0.00	4.55	5.81	38.58	20.66	6.23	5.57	30.15	37.86	4.20	5.68	16.12	23.51
Tyler	0.29	2.63	3.70	7.41	5.39	5.02	39.12	24.07	4.77	4.88	24.81	28.76	5.12	6.22	16.80	21.01
Victoria	0.44	0.51	6.15	12.68	8.97	10.94	22.11	12.85	7.26	5.71	31.69	31.22	5.67	6.08	17.71	20.01
Waco	0.24	0.88	0.25	0.25	6.21	5.50	32.23	26.03	6.35	5.32	29.17	31.22	6.30	7.37	19.54	23.43
Wichita Falls	0.13	0.39	5.98	9.68	6.02	4.76	18.05	20.46	8.81	6.50	36.65	31.61	5.66	6.12	18.70	20.48
SMSAs	0.34	0.87	5.50	4.44	8.58	8.30	24.60	18.98	7.80	6.77	31.32	30.33	7.15	7.68	18.98	22.01

Source: Texas Employment Commission Various Reports 1973-1983

The growth in the state of employment in services, mining, and agriculture exceeded the growth in Texas employment generally. This resulted in an increase in the relative importance of these sectors in the employment structure. The relative increase in employment in mining could be expected because the energy crisis of 1973-1974 brought about renewed activity in all areas of this industry. There is no simple explanation as to the increase in the relative importance of agriculture and services. The broad category of agricultural employment includes related agricultural services. The change in the relative importance of this category may be attributed to a change in agricultural production methods.

Growth in the service sector has two possible explanations. The first, which appears to be the more plausible, is that early growth in the basic industrial sectors increases the demand for services. This increase in demand gives rise to expectations of further growth. The end result may be an overexpansion of employment in the service sector. The second possible reason for the increase in the relative importance of the service sector is the historical trend in the United States toward a relative decline in the goods producing sector and a relative increase in the service sector. This may also be the case in Texas as our economy matures. If such is the case, the growth in employment in the service sector is appropriate and not a result of overexpansion.

There was also a significant increase in the relative importance of the finance, insurance, and real estate sector of the Texas economy (Table 2). As was the case with services, no ready explanation is available. It is possible that the development in this area, as in the service area, is caused by expectations of further growth. Unless these expections of growth are realized, the growth in this area of the economy must moderate until the rest of the economy can catch up. Another explanation is the development of Texas as a center for finance and insurance, resulting in further activity in this sector.

Employment increased in construction; trade; transportation; communications, and public utilities as the state economy expanded (Table 2). Nevertheless, the relative importance of these sectors remained unchanged. The indications are that overall basic growth in the Texas economy gave rise to a demand for the products and services of these sectors and that supply increased to meet this demand. There does not appear to be an over or underexpansion in any of the areas.

If some sectors increased in relative importance as the Texas economy developed, others, of course, became relatively less important. Such was the case for manufacturing in Texas. Employment in manufacturing declined from 24.47% of the state private employment in 1973 to 19.15% in 1983, a percentage point change of some 5.32. The decrease in the relative importance of manufacturing employment in the United States approximated the decrease of 5% experienced in Texas. One difference between the national trend and the Texas trend is noteworthy. Employment in manufacturing in Texas increased in absolute numbers from 780,605 to 955,923, a rise of 22.45%. Employment in absolute numbers nationally declined over approximately the same period by about 7%. Measured in absolute numbers employment in manufacturing in Texas is increasing, although at a slower rate than the overall state growth rate.

The SMSAs of Texas exhibited the same trends as the state as a whole. Services; agriculture; mining; and finance, insurance and real estate grew in relative importance. Trade; construction; and transportation, communication, and utilities maintained their relative importance. Manufacturing declined relatively. The magnitudes of change are also similar. However, the decline in manufacturing employment as a proportion of total employment was slightly more pronounced in the urban areas than in the state generally.

For the most part, the individual SMSAs followed the state trends. Those industrial sectors which increased in relative importance statewide were reflected in changes in individual SMSAs. The high growth areas (Figure 1) tended to be energy based, and the growth in this sector triggered other employment growth. The exceptions, Austin, Bryan-College Station, and McAllen, had other significant characteristics. McAllen's growth was led by the agricultural sector. Both Bryan-College Station and Austin's growth were spurred by an expansion of the government sector, a sector outside the scope of this study. But contrary to the statewide trend, Austin did have a relative increase in manufacturing employment. This increase is a result of the development of Austin as a center for the growing electronics and computer industry.

The moderate growth areas (Figure 1) depended upon energy; agriculture; and finance, insurance, and real estate for their employment gains. The SMSAs also followed the statewide trend in sector growth. There was a significant decrease in the trade sector in Brownsville and Laredo. Employment in these border trade centers reflects the Mexican economic crisis of 1982. McAllen, a high growth area, and El Paso, a low growth SMSA, both experienced a reduction in trade related employment due to the peso devaluation. (See Texas Business and Commercial Quarterly, Vol. 1, No. 4, April 1983).

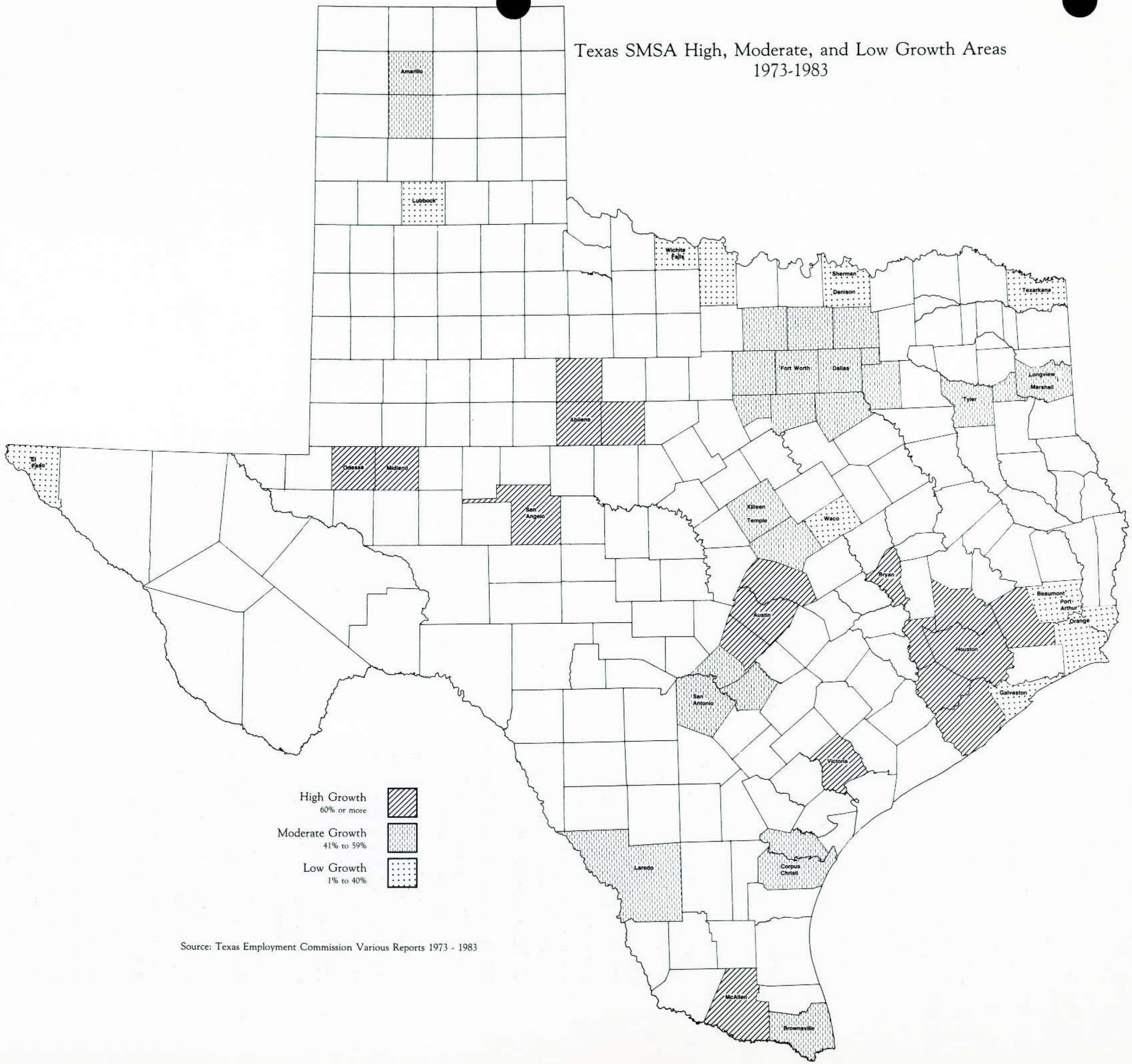
The low growth SMSAs (Figure 1) included the traditional manufacturing centers of Beaumont, Galveston-Texas City, El Paso, Sherman-Denison, and Waco. These areas experienced a decline in the percentage of jobs related to manufacturing. Total employment in these centers grew at a slower rate than the state as a whole. Manufacturing employment in the growth areas of Wichita Falls and Lubbock increased modestly. These cities also had a modest decline in the importance of trade.

Summary and Conclusion

In the recent past, Texas has experienced rapid growth in employment in each of the private sectors considered. The rates of growth have differed, and a large portion of the growth has occurred in the trade, service and financial sectors. The service sector especially has increased in real terms and relative importance as an employment source over the decade, possibly overexpanding. The manufacturing sector, while employing more persons in 1983 than in 1973, has declined in relative importance as compared to state employment generally.

The survey now underway at the Office of the Secretary of State of Texas should be beneficial in charting the future employment growth within the state.

Texas SMSA High, Moderate, and Low Growth Areas 1973-1983



Source: Texas Employment Commission Various Reports 1973 - 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, uniform commercial code filings, and corporate charters granted by standard metropolitan statistical area. The third 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 rate in the July through September period. The volume of total transactions, presented in Table 3, was 57,392, a 3,134 decrease from the March through June period, but some 5,469 greater than transactions recorded in the third quarter of 1982. Indeed, when compared with the previous quarter, the data in Table 3 show varying rates of entry but slower exit rates during the third quarter of this year. These differences in the types of business activity are demonstrated by the following data:

- Filings for new corporate charters decreased by 8% with 10,851 newer charters filed.
- Filings of new certificates of authority were stable with 927 new certificates filed.
- Filing of new limited partnerships increased 22% to 1,390 filings.

The rate of exit decreased, and the number of dissolutions fell to 1,392, a 2% decrease.

Table 3

Total Transactions

Type of Transactions	1983 Third Quarter	1983 Second Quarter	Change from 2nd Quarter 1983 to 3rd Quarter 1983	1982 Third Quarter	Change from 3rd Quarter 1982 to 3rd Quarter 1983
TOTALS	57,392	60,516	(3,124)	49,944	7,448
Articles of Incorporation	10,851	11,818	(967)	9,956	895
Articles of Incorporation (non-profit)	1,099	1,301	(202)	1,001	98
Professional Corporations	185	194	(9)	328	(143)
Professional Associations	173	137	36	250	(77)
Certificates of Authority	927	921	6	948	(21)
Limited Partnerships	1,390	1,141	249	1,002	388
Limited Partnership Amendments	922	908	14	821	101
Limited Partnership Cancellations	61	91	(30)	65	(4)
Trust Companies	0	1	(1)	0	0
Trust Companies Amendment	9	7	2	3	6
Articles of Amendment (profit)	4,924	5,511	(587)	4,748	176
Articles of Amendment (non-profit)	1,153	691	462	263	890
Articles of Amendment (professional corporation)	58	130	(72)	49	9
Articles of Amendment (professional association)	170	1,092	(922)	228	(58)
Amended Certificate of Authority	549	430	119	432	117
Articles of Corrections	147	144	3	53	94
Name Reservations	2,859	3,497	(638)	2,880	(21)
Name Registration	82	86	(4)	70	12
Dissolutions	1,392	1,408	(16)	1,246	146
Withdrawals	191	135	56	179	12
Terminations	56	43	13	58	(2)
Information Letters	3,548	4,269	(721)	3,770	(222)
Articles of Merger	85	168	(83)	160	(75)
Change of Registered Agent and Office	6,880	5,279	1,601	4,410	2,470
Reinstatements	1,666	1,293	373	1,156	510
No Pay Forfeitures	44	31	13	26	18
Certifications	217	148	69	427	(210)
Assumed Names	16,284	18,112	(1,828)	14,077	2,207

Source: Secretary of State, Statutory Filings Division, Corporations Section (November 1983)

The data in Table 3 also suggest that future business activity may proceed at a moderate pace. Name reservations decreased in the quarter by 18% with 2,859 reservations filed, while name registrations held steady with 82 new names registered.

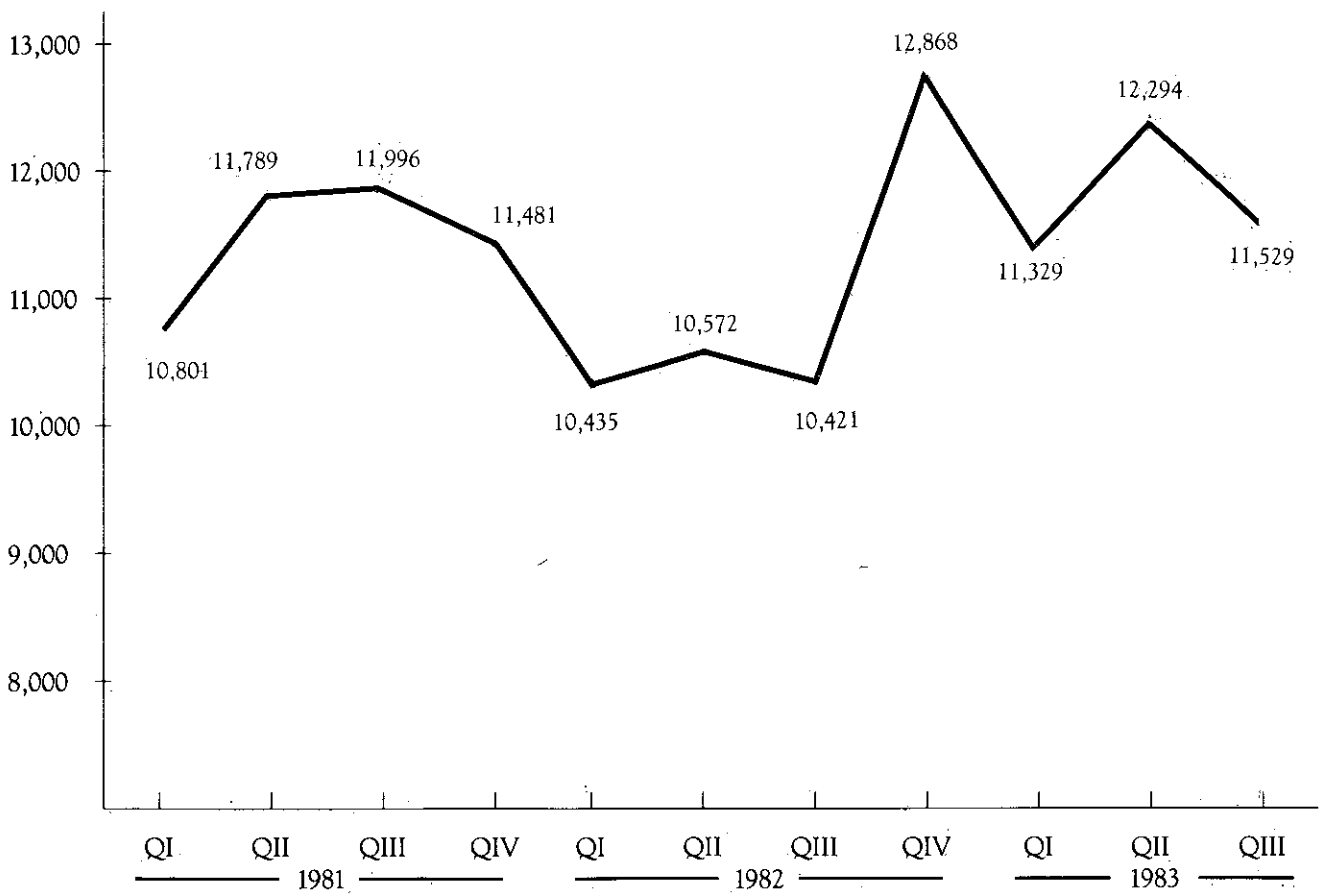
Although the rate of business expansion moderated during the quarter compared with he previous quarter, the July through September period is ahead of the same period one year ago. Articles of incorporation were up 9% over similar filings in 1982; limited partnerships were up 39%; and new certificates of authority decreased 3%. Name reservations were essentially the same compared to 1982, whereas name registrations increased 18% from a year ago. The number of dissolutions was 12% greater than those recorded during the same quarter one year ago.

Net Additions to the Business Stock

For the first three quarters of 1983 the new additions to the business stock have exhibited substantial volatility. These data show the uneven growth of the Texas business community as the nation and Texas emerge from the recent recession. The 11,529 additions during the third quarter were 6% below those added in the previous quarter (Figure 3). These additions, while 2% above additions recorded during the first quarter, were 10% below the high for the series of 12,868 recorded in the fourth quarter of last year. The net additions for the first nine months of 1983 suggest that Texas can expect some 46,869 additions for the year, an increase of 6% over 1982 and an increase of 1% over 1981.

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 limited partnerships, and new certificates of authority minus the sum of voluntary dissolutions, withdrawals, and terminations.

Figure 3
Net Additions to the Business Stock by Quarter
1981 1983



Source: Secretary of State, Statutory Filings Division

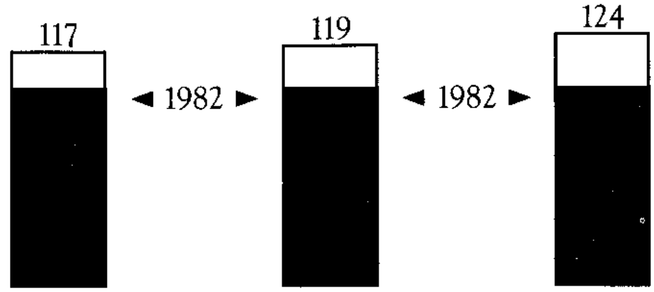
UCC

The data recorded at the Uniform Commercial Code Section of the Secretary of State's Office are consistent with the slower growth of the business structure in Texas. Uniform Commercial Code filings in the third quarter increased 24% over the same period in 1982 (Figure 4). The relatively large increase in credit requirements coupled with the slower entry and exit rates occurring in the third quarter indicate increased credit requirements per business unit.

The dollar value of these filings is not known because the documents have no stated value when filed with the Secretary of State's Office. If, however, the real per unit value of the filings does not change, an increase in filings indicates increased credit requirements.

Figure 4

Index of Uniform Commercial Code Financing Statements, Federal Tax Liens and Utility Security Agreements



Source: Secretary of State, Statutory Filings Division, Uniform Commercial Code Section (November 1983)

Table 4

Corporate Charters Granted, 26 Texas SMSAs January 1983 September 1983

Standard Metropolitan Statistical Area	1983 1st Qtr.	1983 2nd Qtr.	July	August	September	1983 3rd Qtr.	1983 Totals
Abilene	97	88	33	18	33	84	269
Amarillo	80	107	25	28	40	93	280
Austin	616	718	185	213	249	647	1,981
Beaumont-Port Arthur-Orange	123	149	46	39	43	128	400
Brownsville-Harlingen-San Benito	109	85	31	38	33	102	296
Bryan-College Station	65	59	26	18	20	64	188
Corpus Christi	182	207	64	63	54	181	570
Dallas-Ft. Worth	3,473	3,575	1,082	1,021	1,218	3,321	10,369
El Paso	172	206	61	54	60	175	553
Galveston-Texas City	100	98	33	16	30	79	277
Houston	3,363	3,505	995	933	1,108	3,036	9,904
Killeen-Temple	55	74	17	11	19	47	176
Laredo	42	52	20	15	16	51	145
Longview-Marshall	91	112	23	28	27	78	281
Lubbock	91	100	34	28	31	93	284
McAllen-Pharr-Edinburg	111	126	36	33	47	116	353
Midland	117	108	23	26	37	86	311
Odessa	82	91	35	23	17	75	248
San Angelo	49	44	11	14	14	39	132
San Antonio	555	618	192	169	191	552	1,725
Sherman-Denison	29	34	12	4	17	33	96
Texarkana	16	24	6	5	6	17	57
Tyler	85	88	28	26	42	96	269
Victoria	42	34	14	17	14	45	121
Waco	75	89	24	34	15	73	237
Wichita Falls	57	45	17	19	19	55	157
Totals	9,877	10,436	3,073	2,893	3,400	9,366	29,679

Source: Secretary of State, Statutory Filings Division, Corporations Section (November, 1983)

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 9,366 new charters granted from July through September in Texas metropolitan areas, about 86% of all charters granted. While these charters are some 10% lower than the 10,436 charters granted during the second quarter, new charters granted are 12% above those granted during the same period one year ago.

Only five SMSAs in various geographic regions experienced increases in new incorporations: Victoria on the Gulf Coast with the 32% increase, Brownsville on the Rio Grande border with the 20% increase, Wichita Falls in the north plains with a 22% increase, Tyler in the northwest with a 9% increase, and Bryan-College Station in the south central region with an 8% increase.

All other metropolitan areas experienced declines in new charters granted. However, compared with the same period one year ago, most SMSAs noted increases. Among urban areas on the Gulf Coast, Houston is the exception with a 13% decline from the previous quarter and no appreciable change from one year ago.

Along the Rio Grande border, other SMSAs noted moderate declines during the third quarter. El Paso, the largest urban area in this region, experienced the most severe quarterly decline of 15%, and also was 6% below the third quarter of last year.

Metropolitan areas in the north central region experienced declines in new incorporations from 3% to 36%. While Sherman-Denison experienced the smallest quarterly decline of 3%, this area experienced a 13% decline compared with the third quarter of 1982. Dallas-Fort Worth, with a 7% decrease in the third quarter, noted a 24% increase compared with last year.

In the south central region, other uban areas noted moderate decreases of about 10% for new charters granted. San Angelo and Austin experienced the largest increases compared with the same period in 1982, 52% and 50%, respectively.

In the northeast regions both Longview-Marshall and Texarkana experienced quarterly declines of about 30% in new charters granted. The Longview-Marshall area noted a 22% increase compared with last year, and Texarkana a 14% increase compared with last years.

Except for Wichita Falls, metropolitan areas in the low and high plains experienced varying relative declines in new corporate charters granted. Lower oil prices probably are one reason for the 20% decline in new incorporations granted in Midland and the 18% in Odessa. These two SMSAs also noted decreases compared with the same period last year: Midland with an 11% decline, and Odessa with a 37% decline. Whereas Amarillo and Lubbock noted quarterly decreases of 13% and 7%, respectively, both areas noted increases compared with last year.

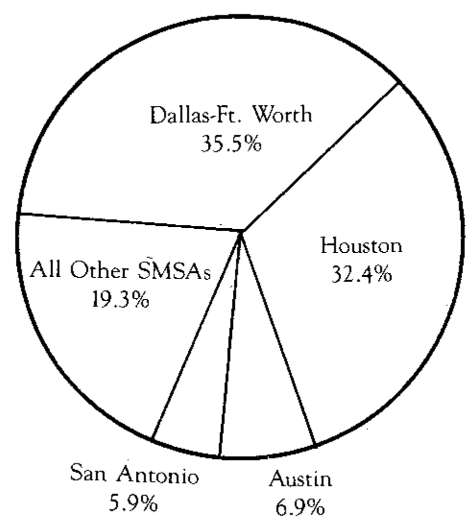
Texas' four largest metropolitan areas continued to account for about 81% of new charters granted in metropolitan areas, Figure 5. Dallas-Fort Worth, with 3,321 new charters, accounted for 35.5%; Houston with 3,036 new charters, some 32.4%; Austin with 647 new charters, 6.9%; San Antonio with 552 new charters, 5.9%. New charter growth in the Dallas-Fort Worth area during the third quarter continued to outpace growth in Houston. Consequently, the Dallas-Fort Worth area has increased its relative share of new charters 3.8 percentage points compared with the third quarter of 1982. Houston's share has decreased 2.4 percentage points.

Both Austin's and San Antonio's relative importance in new charters granted remained unchanged during the third quarter of 1983, although both areas' relative importance is greater than the third quarter one year ago.

Conclusions

More moderate growth of the Texas economy during the third quarter is suggested by data collected by the Secretary of State. On the national level, the recovery from the recent recession continued unabated. However, the slack in the oil industry and the decreased border trade with Mexico continue to affect areas which are dependent on these industries. Indeed, the recent slowdown in the growth of basic industries implies that non-basic industries may grow more slowly in the future. In this case, the growth rate of the State of Texas may stabilize, but the growth rate of metropolitan areas within the State may be more volatile.

Figure 5
Breakdown of New Business Incorporations by SMSA
July-September, 1983



Source: Secretary of State, Statutory Filings Division, Corporations Section (November, 1983)

TEXAS REGISTER

The *Texas Register*, published twice each week by the Office of the Secretary of State, will keep you up-to-date on the administrative actions of the state agencies in Texas.

- ★ Administrative Rules—emergency, proposed, adopted, and withdrawn
- ★ Governor's Executive Orders and Appointments
- ★ Attorney General's Opinions
- ★ Secretary of State's Opinions
- ★ Licensing Decisions
- ★ Consumer Credit Rates
- ★ Permit Applications
- ★ Agency Open Meetings
- ★ Consultant Proposals and Awards

The *Texas Register* brings you the information you need about state government.

For further information, please contact the circulation staff at (512) 475-7886 or fill out the subscription form below and return to:

Secretary of State
Texas Register
P.O. Box 13824
Austin, Texas 78711

Texas Register

YES, I want to know more about state government in the *Texas Register:*

☐ Please start my subscription

☐ 1 year—$70 ☐ 6 months—$50

☐ Payment enclosed ☐ Bill me

☐ Please send me a sample copy to review

Name ____________________

Organization ____________________

Occupation ____________________ Telephone ____________________

Address ____________________

City ____________ State ____________ ZIP CODE ____________

Please make checks payable to the Secretary of State.
Subscription fees are not refundable.
For further information, please call (512) 475-7886.

For office use only:
____
____

Secretary of State
Statutory Filings Division
Corporations Section
P.O. Box 13697
Capitol Station
Austin, Texas 78711-3697

NORTH TEXAS STATE UNIVERSITY
LIBRARY
BOX 5188 NT STATION
DENTON TX 76213

If you wish to receive future issues of this newsletter, please check the box below, correct the mailing label, if necessary, and return this page to:

Secretary Of State
Statutory Filings Division
Corporations Section
Attention: Lorna Salzman
P.O. Box 13697
Austin, Texas 78711-3697

☐ Please send me future issues of the *Texas Business and Commercial Quarterly.*

If you are not on our mailing list and would like to receive this newsletter, or if you would like additional copies, please fill in the information below and send it to the above address.

Mr. ☐ Miss ☐

Ms. ☐ Mrs. ☐

Name ____________________

Organization ____________________

Occupation ____________________ Telephone __________

Address ____________________

City ____________________ State __________ ZIP __________