June 19, 2020

STATE OF COLORADO

Governor's Office of State Planning and Budgeting

COLORADO ECONOMIC AND FISCAL OUTLOOK

COLORADO
Governor Jared Polis

Contents

Jared Polis – Governor
Lauren Larson – Budget Director
Luke Teater – Deputy Director
Edmond Toy – Senior Economist
Leila Al-Hamoodah – Economist
Kevin Amirehsani – Tax Policy Analyst
Caitlin McKennie – Economist
Jeanni Stefanik – Economist
Jacob Greenspon – Dukakis Fellow

For additional information about the Governor's Office of State Planning and Budgeting, to access this publication electronically, or to sign up to be notified by email when the quarterly forecast is released, please visit www.colorado.gov/ospb.

Forecast in Brief

NATIONAL ECONOMIC OUTLOOK

After two months of precipitous declines, the U.S. economy appears to have begun to grow slightly in May and June, though from extremely low levels. The U.S. economy added more than 2.5 million jobs in May after losing more than 22 million in March and April, and retail sales grew by 7.9 percent after declining by 16 percent in April. Despite this improvement, the recovery is expected to be slow and contingent upon public health conditions and federal relief measures.

COLORADO ECONOMIC OUTLOOK

Colorado lost more than 300,000 jobs in March and April, and the unemployment rate rose to 11.3 percent. Despite these dire numbers, the state's large professional services sector is helping Colorado weather the COVID-19 recession better than most other states. Other critical industries, however, such as tourism and energy, have been severely impacted and are expected to face lengthy recoveries.

GENERAL FUND REVENUE

General Fund revenue is expected to fall by 4.9 percent in FY 2019-20 and by another 10.5 percent in FY 2020-21. The GF revenue forecast was revised up by net of $216.9 million over the forecast period, primarily due to technical and legislative changes that increase revenue.

CASH FUND REVENUE

Cash fund revenue is projected to decline by 4.3 percent in FY 2019-20 and 3.5 percent in FY 2020-21, as the COVID-19 pandemic causes significant reductions to revenue collections from fuel taxes, gaming taxes, and severance taxes. Cash fund revenue is expected to grow by 5.6 percent in FY 2021-22.

TABOR

Revenue subject to TABOR is not expected to exceed the Referendum C cap during this forecast period. The $428.3 million rebate incurred in FY 2018-19 is currently being distributed to taxpayers via an income tax rate reduction and the Senior and Disabled Veteran Homestead Exemption.

GENERAL FUND RESERVE

With these updated revenue projections, the General Fund reserve is projected to end FY 2020-21 $171.4 million above the statutory reserve amount of 2.86 percent of appropriations based on preliminary analysis of legislation passed by the General Assembly.

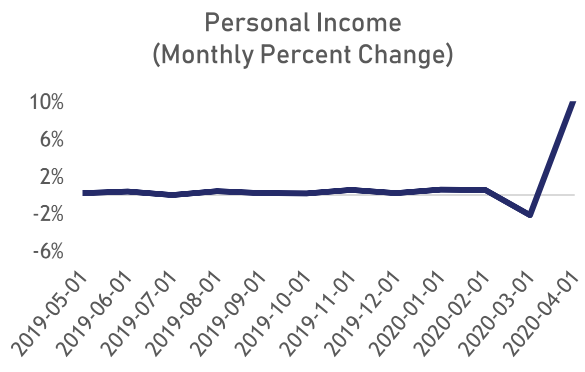
Economic Outlook

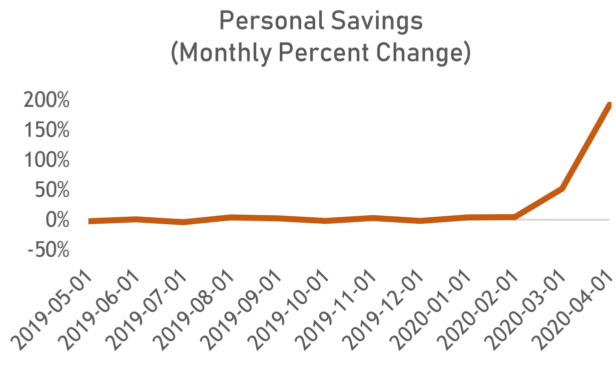
Colorado's overall economic activity remains significantly below February levels. The state lost more than 300,000 jobs in March and April, and the unemployment rate grew from a record-low of 2.5 percent in February to a record-high of 11.3 percent in April.

After sharp declines in March and April, preliminary indications are that economic activity increased slightly in May and June. The U.S. added more than 2.5 million jobs in May, the largest one-month increase on record, but only slightly more than 10 percent of the jobs that were lost in March and April. Despite recent improvements, the economy remains in crisis. While this recession is likely to be the shortest on record, it is also likely to be the deepest. The economic recovery is expected to be slow and contingent upon public health conditions.

Personal Income and Savings

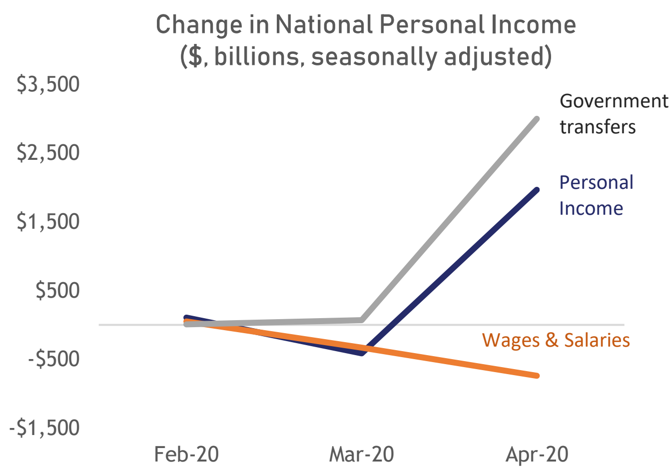
As stay-at-home orders were implemented in March in many areas across the country, personal income experienced a month-over-month decline of 2 percent in March. However, personal income rose by more than 10 percent in April. At the same time, personal savings—the difference between income and expenditures—rose by nearly 200 percent from March to April. These monthly increases in personal income and personal savings are the largest on record (since 1959).





Source: Bureau of Economic Analysis

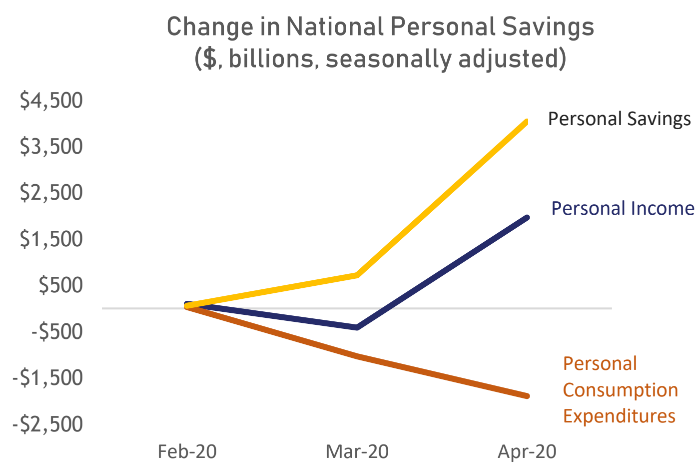
The reasons for these changes reflect the unique circumstances of the pandemic-induced recession and federal economic relief actions. Wages and salaries comprise the largest component of personal income, and they steadily declined during March and April. However, it was more than offset by an increase in government transfers to individuals (i.e., stimulus checks and enhanced unemployment benefits), and personal income actually increased sharply in April. This shows that in the aggregate, federal relief actions successfully transferred money to



Source: Bureau of Economic Analysis

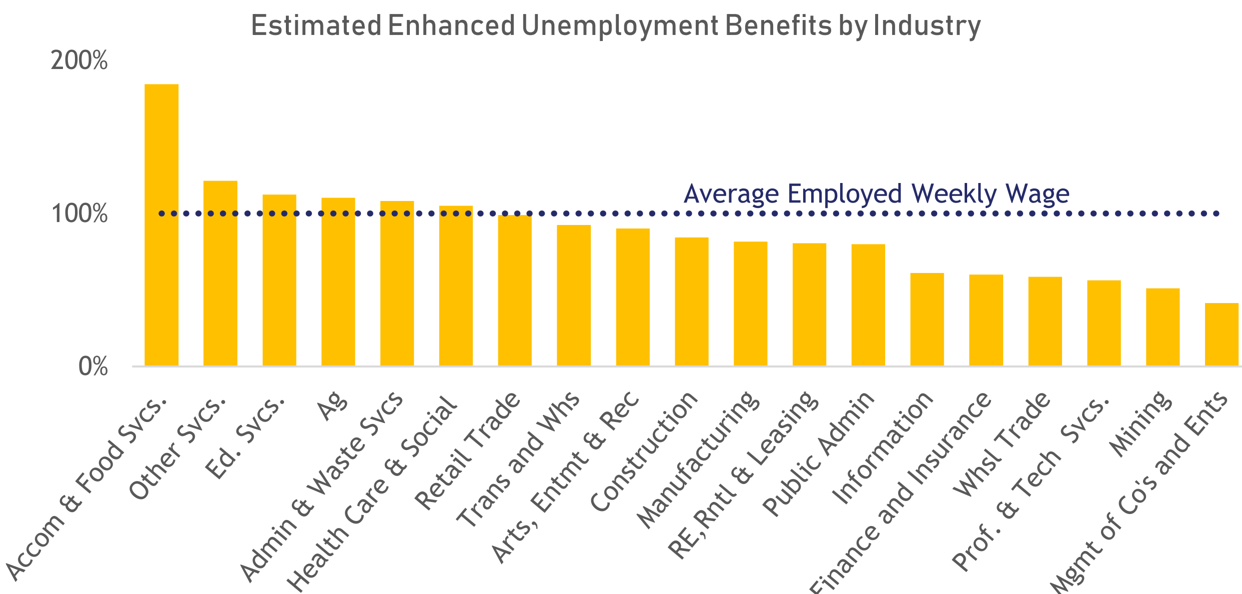
individuals to help them weather the otherwise deleterious impacts of sharply curtailed business activity. These data also suggest that ending the federal relief could lead to a precipitous drop in income unless wages are salaries rise sharply with the gradual reopening of the economy.

As personal income rose sharply in April, people reduced their spending as they stayed at home, businesses shuttered, and uncertainty dampened consumer appetite for large purchases. This led to a dramatic increase in personal savings, as shown in the accompanying graph. Three observations emerge. First, while federal relief dollars buoyed personal income, it probably did not create the scale of economic growth that would ordinarily be expected with such a large infusion of money. The drop in consumer spending probably would have been even steeper without the federal relief, but store closures and stay-at-home orders reduced opportunities to spend. Second, the growth in personal savings will likely fuel economic growth as people spend money to satisfy pent up demand, as long as the health risks of COVID-19 are kept at an acceptable level. And third, that fuel of personal savings will create only a temporary boost to the economy, as the high level of personal savings were made possible by federal relief dollars that will soon end under current law.



Employment

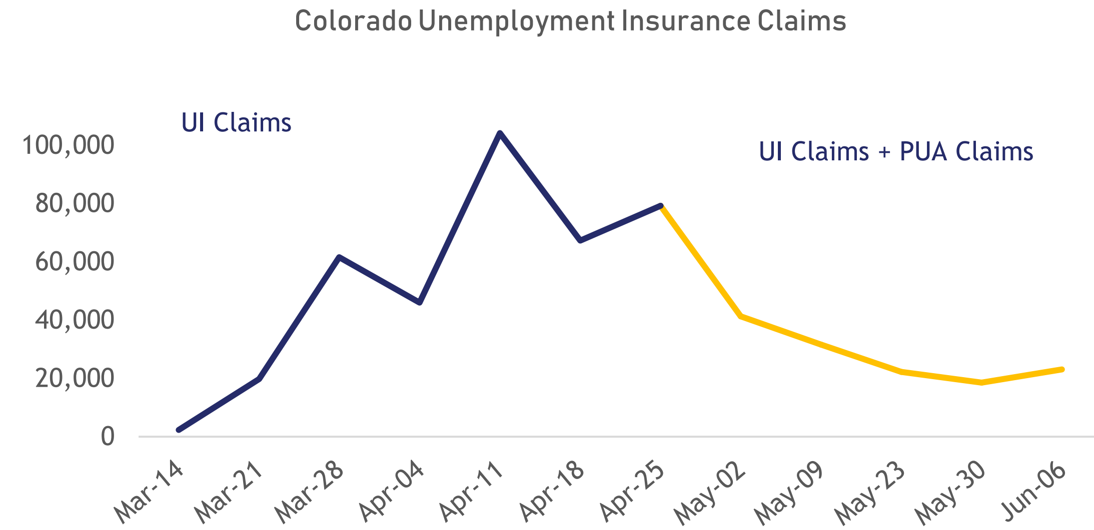
Nationally, unemployment remains elevated, reaching 14.7 percent in April, with a decline to 13.3 percent in May. In addition, 2.5 million jobs were added in May, the first month of job growth since February. Colorado's unemployment rate increased to 11.3 percent in April, up from 5.2 percent in March, and while May data were not available at the time of publication, a slight reduction was expected. Hours worked have declined, but the subsidies from enhanced unemployment benefits through the federal pandemic unemployment assistance (PUA) have allowed for many low-paid workers to earn more than 100 percent of their prior weekly wage income. The enhanced benefits are set to expire July 31st, posing a risk to unemployed individuals as well as to overall economic and consumer activity.



Source: CDLE

While historically tight labor markets have reduced the number of involuntary part-time workers in recent years to about 3.0 percent of the labor force, April saw an increase to 3.6 percent. Temporary layoffs rose from an average of 0.2 percent to 1.1 percent of the labor force. Prior to the COVID-19 pandemic, the Colorado Work-Share Program, which is an alternative to laying off employees through a reduction of normal weekly work hours, had 6 companies with active programs. As of June 1st there were 986 active workshare programs in Colorado, representing approximately 0.5 percent of employers, with the State covering an average weekly wage reduction of 31 percent. [1] Since the onset of the COVID-19 pandemic, unemployment insurance claims and PUA claims, commencing on April 25th, increased significantly. However, new claims are stabilizing.

[1] Colorado Department of Labor and Employment



Source: CDLE

Professional Services

One factor that has softened the economic impact of COVID-19 in Colorado is the strength of the state's professional, scientific, and technical services sector. Over one in ten Colorado residents works in this sector and the state has the 5th highest concentration of professional services employment in the U.S. Professional service workers tend to be well-educated and earn 74 percent more than the Colorado statewide average.

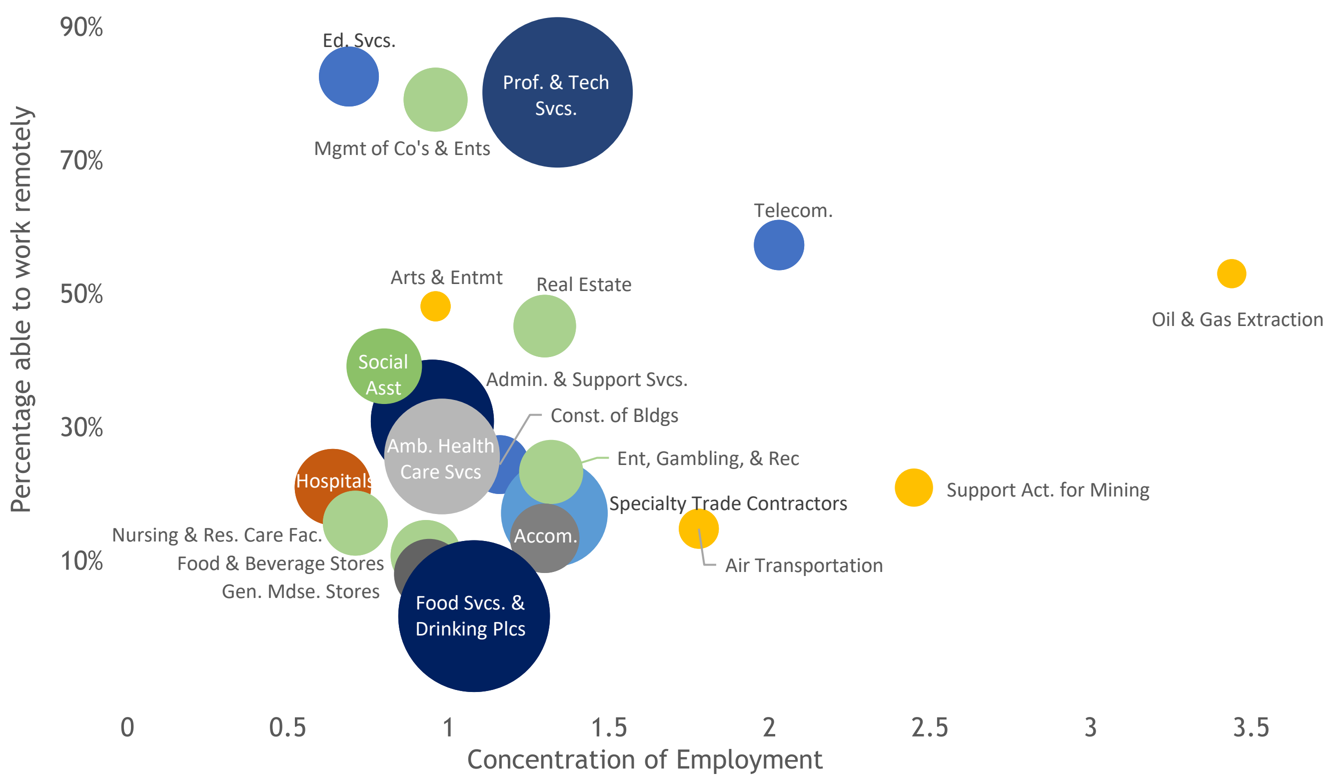
Professional services jobs are more resilient to the COVID-19 shock. Four in five workers in this sector can work from home, compared to two in five statewide. Estimates suggest that only 10 percent of professional services jobs are at risk due to coronavirus.[2]

Moreover, Colorado's professional service sector appears to be more resilient than that of other states. Compared to the national average, Colorado professional services small businesses reported less negative effects on their businesses, fewer missed loan and other payments, smaller decreases in revenue, fewer temporary closures, and fewer supply chain disruptions. Among the 18 states reporting data up until mid-May, Colorado had the 4th lowest rate of unemployment insurance claims filed by professional services workers as a share of the sector's total employment in 2019.

[2] McKinsey & Company analysis of COVID-19 and Colorado's economy

Source: Bureau of Labor Statistics

Employee ability to work remotely compared to the concentration of Employment



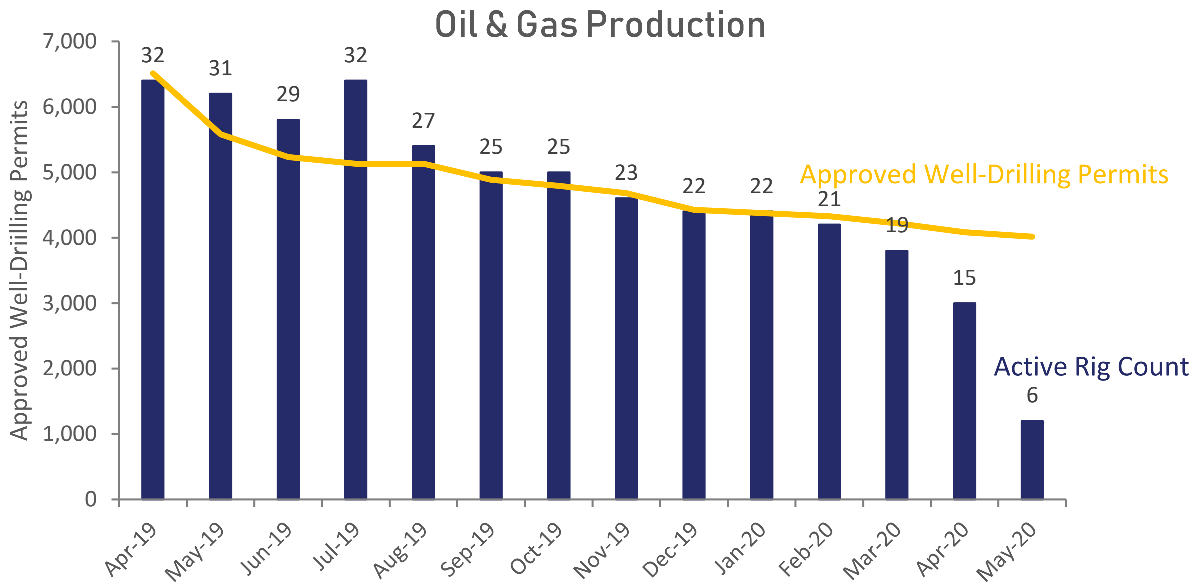
This may be explained in part by the composition of Colorado's professional services sector. Compared to U.S. averages, Colorado has higher employment in architectural and engineering services and lower employment in legal services and accounting, tax preparation, bookkeeping, and payroll services. Colorado's professional services sector may be outperforming other states owing to a lower level of exposure to subsectors most immediately impacted by the pandemic. However, even firms in these relatively well-insulated subsectors may lose business due to broad-based reductions in economic activity as the COVID-19 economic recession continues.

Oil & Gas

U.S. energy activity decreased sharply during the first quarter of 2020. The sector faced coinciding supply and demand challenges as broad-based reductions in economic activity led to a collapse in demand while Saudi Arabia and Russia flooded the market with oil in efforts to win a price war. U.S. producers responded rapidly, and domestic crude oil production fell by more than 1 million barrels per day in May, resulting in the swiftest non-hurricane related decline in history.[3] Secondary effects initiated by virus-related impacts influenced a further decline in fuel demand

[3] International Energy Association (IEA).

as mobility and air travel declined and global storage capacity was nearly exceeded. Gasoline demand began to recover in May and June as mobility has increased.



Colorado producers have adapted to volatile market conditions more quickly than in prior years by cutting their capital budgets and production levels. New well permit submissions were down 96 percent in April from the year prior, as producers withdrew more permits than were submitted. By mid-June there were only six oil rigs operating in the state. This number is down from 37 a year ago and is the lowest it has been in 28 years.

Colorado's oil and gas industry outlook has improved slightly since the March forecast. Although the majority of regional energy firms do not expect prices to return to profitable levels for more than a year, modest price growth is expected throughout the forecast period as the economy recovers.[4]

Consumer Spending

Retail trade was significantly reduced by the pandemic in April. The closure of malls and other retailers and consumers' continued concern about the risk of public spaces severely restricted consumer activity in retail.

National retail sales in April were down 21.6 percent from the prior year, which surpassed March to become the largest monthly decline ever recorded in the data series.[5] Stores selling clothing, furniture, electronics, and sporting goods continued to struggle, with sales declines of 50 percent or greater. Auto dealers, restaurants and bars, and gas stations also continued to suffer. Online

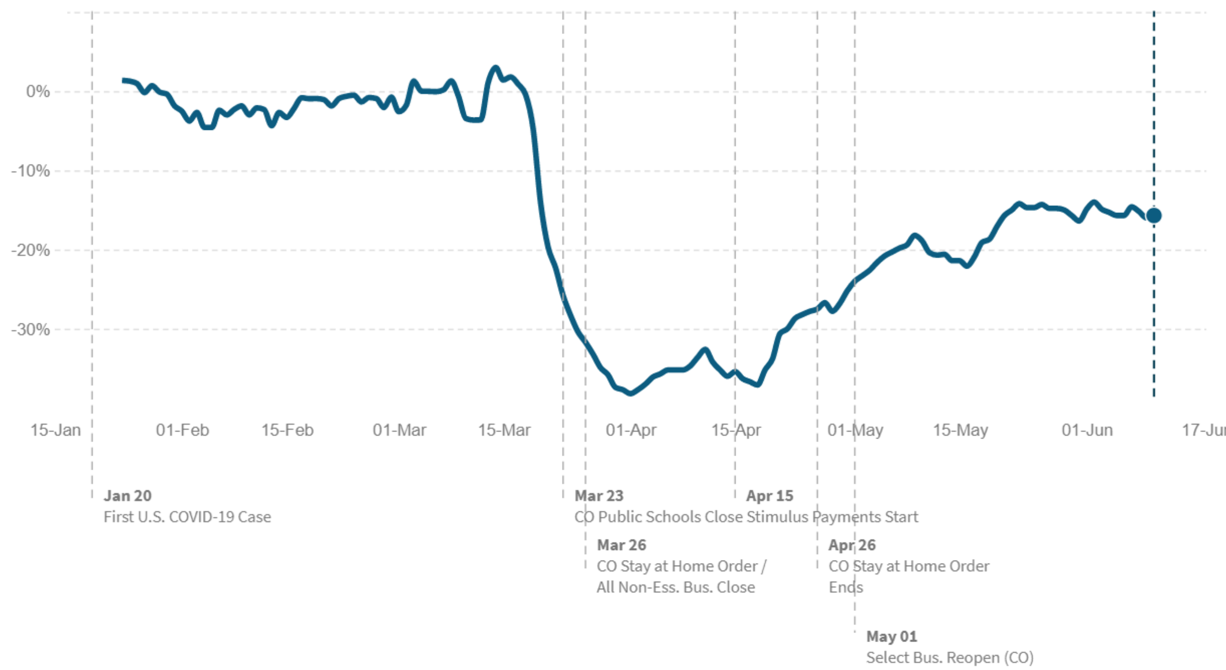
[4] Kansas City Federal Reserve Energy Industry Report.

[5] U.S. Census Bureau.

purchases and grocery stores have been the primary beneficiaries of the change in consumer spending patterns, but have not compensated for declines in other sectors. Colorado's retail sector cut 32,700 jobs in April as compared to the prior year, or 12 percent of its April 2019 employment.[6]

However, April may have been the low point in consumer spending. Data on debit and credit card purchases in Colorado suggest that consumer spending hit a low in early- to mid-April, with spending on April 1st down 38 percent as compared to January and increasing since. As of June 10th, Colorado consumer spending was 15.7 percent lower than spending in January. On the national level, retail sales rose 17.7 percent in May, resulting in sales that were just 6.1 percent lower than May of 2019.[7]

Change in Total Consumer Spending in Colorado



Source: Opportunity Insights Economic Tracker, based on data from Affinity Solutions

Data also show that consumers are becoming more optimistic about the economic outlook, which may lead to continued increases in consumer activity in coming months. While May consumer expectations reached the University of Michigan survey's lowest level since October 2013 at 65.9, they subsequently rose to 73.1 in June.[8] Consumer sentiment similarly rose.

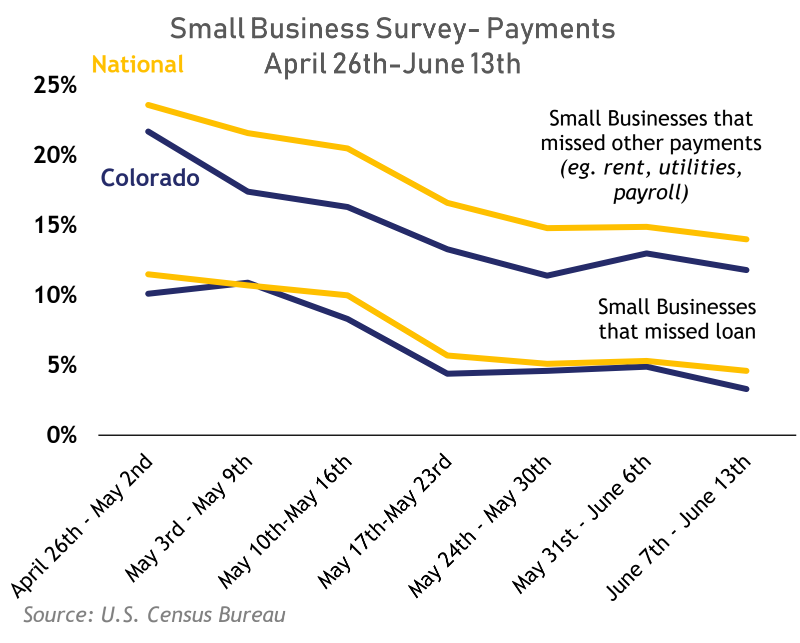
[6] Colorado Department of Labor and Employment.
[7] U.S. Census Bureau.
[8] University of Michigan – Survey of Consumers.

Small Business

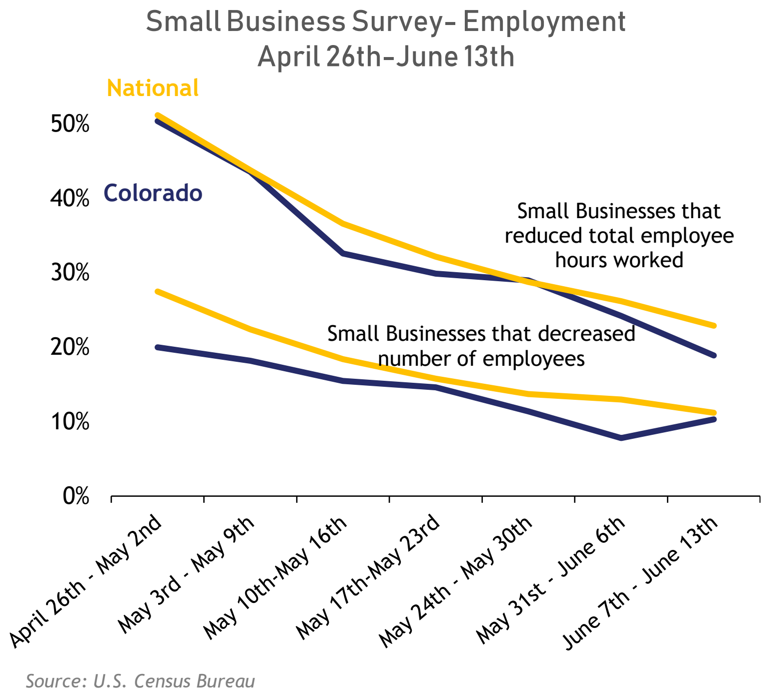
Overall, the situation for small businesses in Colorado appears to be stabilizing. While a still-high 46 percent of small businesses reported revenue decreases in early June, this had fallen from 68 percent of businesses in late April, in line with national averages. A gradually increasing share of Colorado small businesses reported increasing revenue. In early June 26 percent of businesses earned between $50,000 and $200,000 in weekly revenues, up from 11 percent a month before, while the share that earned over $200,000 increased from 2 percent to 17 percent in the same period.

This can be explained partly by the decreasing share of Colorado small businesses experiencing supply chain disruptions or temporary closures, in line with national trends. In the second week of June only 15 percent of small businesses temporarily closed for at least a day, compared to the 36 percent in Colorado that temporarily closed the week of April 26 to May 2. While supply chain disruptions for Colorado small businesses spiked in early May near national levels at 42 percent, by the beginning of June they had decreased to 34 percent of all firms. However, over half of small businesses in Retail Trade, Accommodation and Food Services, and Health Care and Social Assistance experienced supply chain disruptions in early June.

Fewer disruptions to operations and increased revenue have meant that fewer businesses are now missing payments. Only 3 percent of small businesses reported having missed a loan payment by the second week of June--half as many as in late April. While over four times as many small businesses reported having missed other payments (such as rent, utilities, or payroll), this share had also fallen by half since late April, when 22 percent of small businesses missed other payments.



Moreover, fewer firms are cutting labor costs. The share of small businesses that reduced total employee hours in the prior week fell from 50 percent to 20 percent over May. In the second week of June only 10 percent of firms decreased their staff counts, half as many as in the end of April. However this stabilization could also indicate a 'bottoming out': the share of firms cutting staff or hours could be now unchanged simply because



many had already earlier cut as much as possible without having to substantially reduce their operations. Also, the fact that Paycheck Protection Program (PPP) forgiveness is conditional on re-hiring may explain some businesses' preference for reducing hours instead of employees.

As the crisis continues, Colorado small businesses increasingly expect prolonged disruption. 37 percent believe it will take more than 6 months before they return to their usual level of operations (up from 30 percent in late April), and only 17 percent think they will return to normal within 3 months, compared to 27 percent who believed that in late April.

Businesses appear to be preparing for this difficult period by increasing their cash reserves, with 63 percent of Colorado small businesses have enough cash on hand for 1 month of operations or more, up from 46 percent in late April. The share of businesses with enough cash on hand for less than a month fell from 44 percent to 30 percent from late April to mid-June (although this could also reflect some businesses without much cash on hand having closed down).

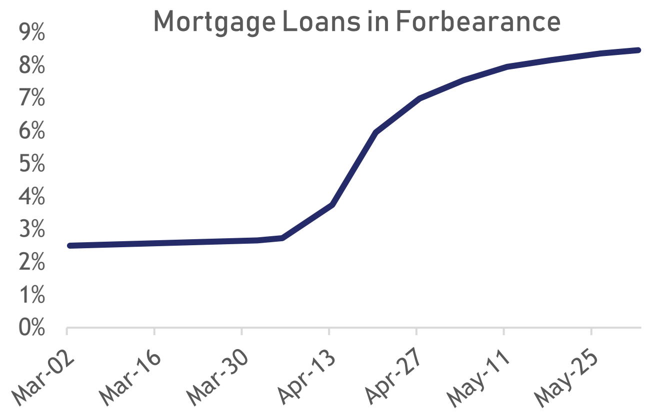
While some of this cash may be from revenues increasing, much is likely drawn from government support. A large share of Colorado small businesses have received financial assistance. As of mid June, 68 percent of small businesses had received (PPP) assistance (95 percent of applicants) and 1 in 6 had received Economic Injury Disaster Loans (EIDL).

Housing

Prior to the COVID-19 pandemic, Colorado had some of the lowest mortgage delinquency rates in the country with just 2.46 percent of all loans delinquent in the first quarter of 2020.[9] Defaults and delinquencies on mortgages have remained lower than the unemployment rate would suggest, with policy interventions – such as the expanded unemployment insurance benefits, federal economic relief payments, and forbearance provisions – relieving the burden on households from debt and bill payments and lost employment income.

[9] Federal Housing Finance Agency

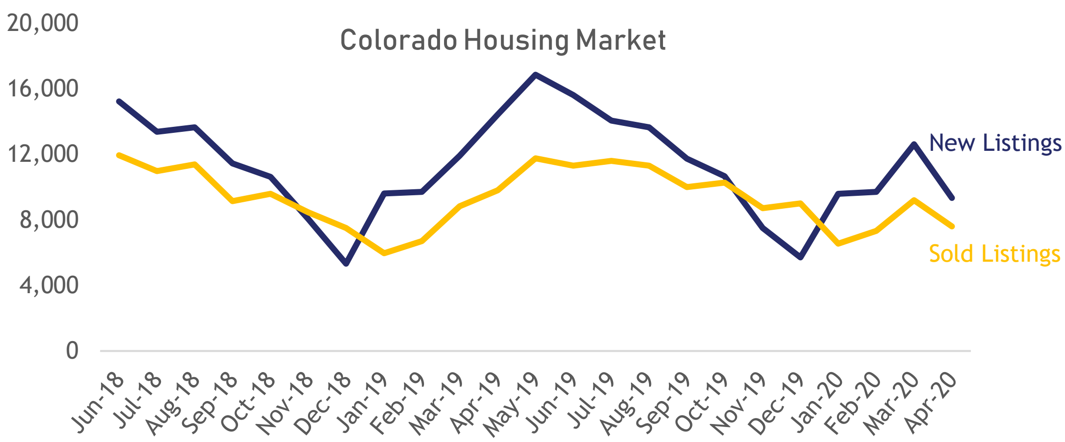
According to the Mortgage Bankers Association, mortgage forbearance increased from 2.50 percent in March to 8.46 percent as of June 1st, with an estimated 4.2 million homeowners now in forbearance plans nationwide. Delinquencies and foreclosures may rise further as the protections for mortgage borrowers are lifted. The Federal Housing Finance Agency, however, recently extended the forbearance period and expanded eligibility for borrowers in forbearance to refinance or purchase a new home, allowing those borrowers to benefit from record low mortgage interest rates.



Source: Mortgage Bankers Association

Renters appear to be staying current with rent payments. The National Multifamily Housing Council reported that 95.1 percent of apartment households have made a full or partial payment of their May rent, only slightly down from 96.6 percent last year. Despite the relatively high rent payment rates seen so far, the expiration of the expanded UI benefits in July and the approaching end of eviction moratoriums mean that renters will face increasing challenges in coming months.

After a strong start for new listings in 2020, social distancing measures made it more difficult for potential buyers to view homes. Home listings decreased by 35 percent and sold listings fell by 22.6 percent compared in April compared to a year ago. Through April, new listings saw a drop by 9.7 percent and sold listings decrease of 2.1 percent compared to the same time period last year.[10]



Source: Colorado Association of Realtors

[10] Colorado Association of Realtors

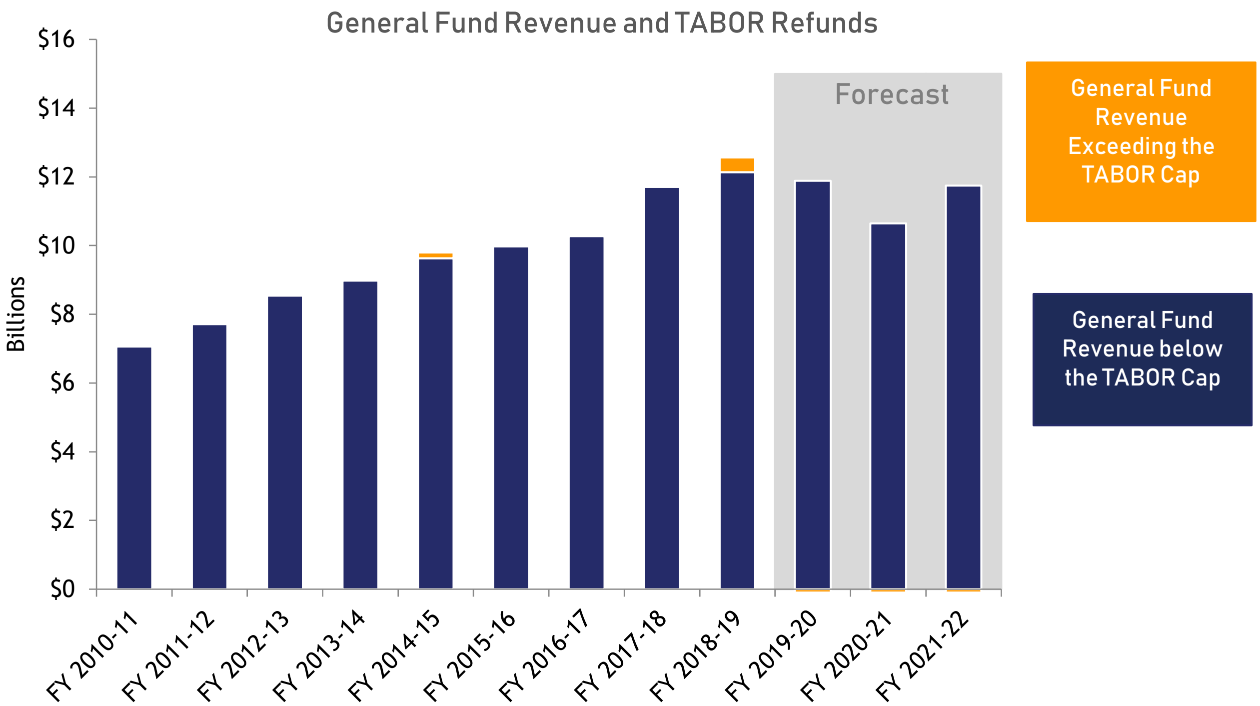
Forecast Risks

Any current economic forecast is dependent on the course of a virus that has proven difficult both to predict and to contain. A “second wave” of infections poses a significant downside risk to this forecast, while there is some upside risk if a vaccine or treatment is developed more quickly than expected. Additionally, while the immediate economic impacts of the pandemic are visible and well-known, the second-order economic impacts are more difficult to foresee. Finally, federal fiscal relief so far, while significant, has only been intended as a short-term intervention. In addition to the one-time federal stimulus checks to taxpayers, the Paycheck Protection Program was designed to offer businesses short-term funding, while expanded unemployment benefits are scheduled to expire in July. The economy faces significant risks this summer if federal relief measures are not extended.

Revenue Outlook – General Fund

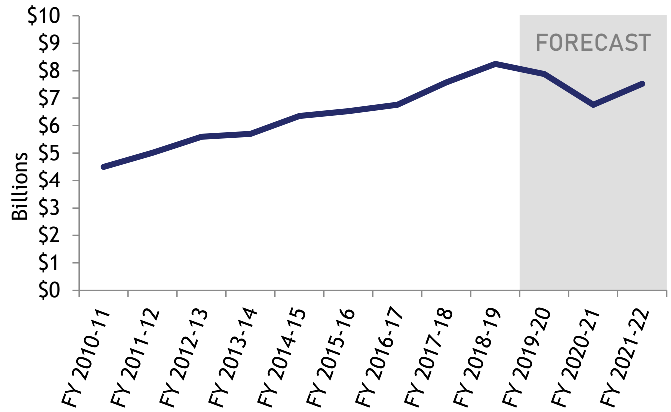
General Fund revenue is expected to fall by 4.9 percent in FY 2019-20 and by another 10.5 percent in FY 2020-21. The GF revenue forecast was revised up by net of $216.9 million over the forecast period. This increase is due to above-forecast May collections as well as technical and legislative changes which increase revenue.

Three major revenue sources together make up 96 percent of total General Fund revenue: individual income taxes, corporate income taxes, and sales and use taxes. General Fund revenue from the other remaining General Fund sources, such as interest earnings, taxes paid by insurers on premiums, and excise taxes on tobacco products and liquor, make up the remaining 4 percent.



Individual Income Tax

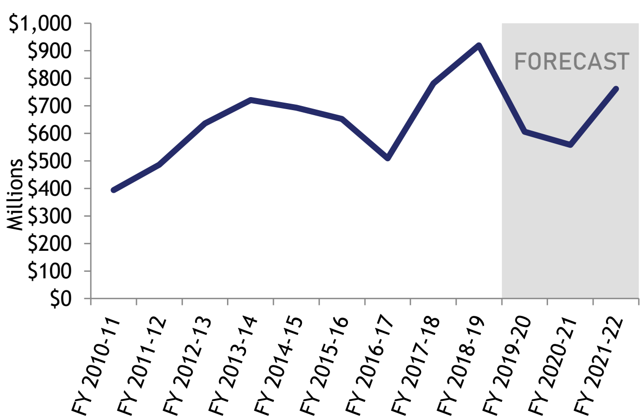
Individual income tax revenue is projected to decrease 3.7 percent in FY 2019-20 and 14.5 percent in FY 2020-21. Relative to May projections, the forecast was revised upward by $163.6 million in FY 2019-20 and downward by $240.4 million in FY 2020-21.



Individual income tax collections are extremely volatile during periods of economic change. While the duration of the economic impact from the virus is currently unknown, significant workforce reductions will lead to decreases in personal income and in tax collections, with fewer revenues from capital gains and a reduction in proprietor business income. Individual income tax collections are anticipated to remain below historical norms due to higher unemployment rates. The passage of HB20-1420 will result in additional individual income tax revenue collections over the forecast period.

Corporate Income Tax

Corporate income tax collections are projected to fall to $606.8 million in FY 2019-20, which is a 34.0 percent decline from FY 2018-19. Some of this decline was previously anticipated because FY 2018-19 corporate income tax receipts were unusually high due to a large settlement agreement with a delinquent taxpayer. Corporate income tax receipts are expected to show a more moderate decline (5.1 percent) in FY 2020-21 before increasing by 33.2 percent in FY 2021-22.

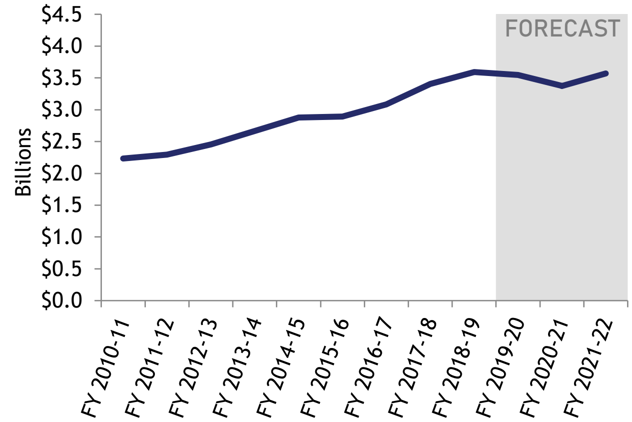


Corporate income tax collections are more volatile than many other sources of revenue as firms frequently make accounting adjustments to alter the timing and size of their tax liability. Although the State is nearly at the end of its fiscal year, there is an unusually high level of uncertainty in estimating corporate income tax revenue for FY 2019-20 because many taxpayers are taking advantage of the extension of tax filing deadlines.

Sales and Use Taxes

Sales tax revenue is expected to grow 1.0 percent in FY 2019-20 before declining by 5.7 percent in FY 2020-21. Collections are expected to grow by 6.2 percent in FY 2021-22. Relative to the May forecast, projections were revised upwards by $109.3 million, $109.4 million and $4.3 million in those years respectively. These modifications factor in high collections levels in FY 2019-20 to date and the severe impacts and ongoing risks associated with the COVID-19 pandemic.

Sales tax collections are closely tied to the strength of sales in several sectors which have experienced major disruptions from COVID-19 (i.e. accommodation, motor vehicle and parts dealers, retail/wholesale merchandise stores, and food services/drinking places). Consumer spending was suppressed as social distancing measures resulted in reduced financial transactions within these sectors. Consumer activity has increased steadily since, though the swift pace of the rebound is likely to slow once business operations that can easily reopen do so. Sales tax revenue collections are not expected to return to pre-pandemic levels until FY 2021-22. Sales tax from online retailers, however, will result in higher tax revenues than would otherwise have been collected.

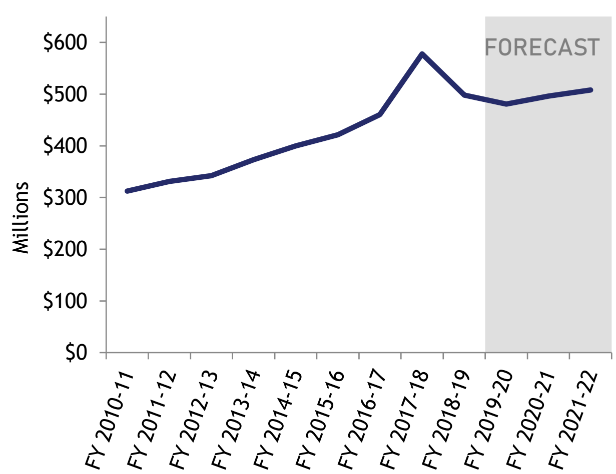


Use tax is projected to decline by 29.5 percent to $243.5 million in FY 2019-20, followed by a further year-over-year decline of 1.1 percent to $240.9 million in FY 2020-21. FY 2021-22 is expected to see an incremental increase of 2.3 percent. Use tax is a companion to sales tax and is paid by Colorado residents and businesses on purchases that did not collect the state sales tax. Use taxes bring in a much smaller amount of revenue than sales taxes and are often more volatile. Much of the state's use tax revenue comes from Colorado businesses paying tax on transactions involving out-of-state sellers, in addition to individuals paying taxes on online purchases where the retailer did not collect taxes. Use tax collections are expected to continue to decline as more retailers remit sales taxes directly to the state, resulting in fewer use taxes due.

Other General Fund Revenue

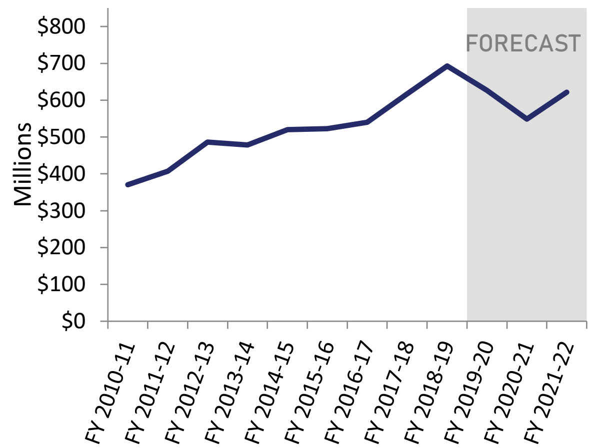
Other General Fund revenue is expected to decrease 3.5 percent in FY 2019-20, followed by growth of 3.3 percent in FY 2020-21 and 2.4 percent FY 2021-22. Major components of this revenue category include excise taxes on cigarettes, tobacco, and liquor, as well as insurance revenue and interest income.

The reduction in FY 2019-20 primarily results from a large, one-time settlement payment totaling $18.7 million from corporations in FY 2018-19 in relation to violations of consumer protection laws.



State Education Fund

Revenue to the State Education Fund from income taxes is expected to decline 8.8 percent in FY 2019-20 and 12.5 percent in FY 2020-21. This does not include transfers from other funds. The forecast for State Education Fund revenue was revised from the May forecast in conjunction with the revisions to the forecasts for individual and corporate income tax collections.



The Colorado Constitution requires that 1/3 of 1 percent of Colorado taxable income be credited to the State Education Fund. As the State Education Fund revenue is derived from taxable income, it follows the trends in individual income and corporate income tax revenue collections discussed in this section.

Revenue Outlook – Cash Funds

Cash funds are taxes, fees, fines, and interest collected by various State programs to fund services and operations. These revenue sources are designated by statute for a particular program and as such are distinct from General Fund revenue, which is available for general purpose expenditures. The following discussion highlights those cash fund revenues that are subject to TABOR.

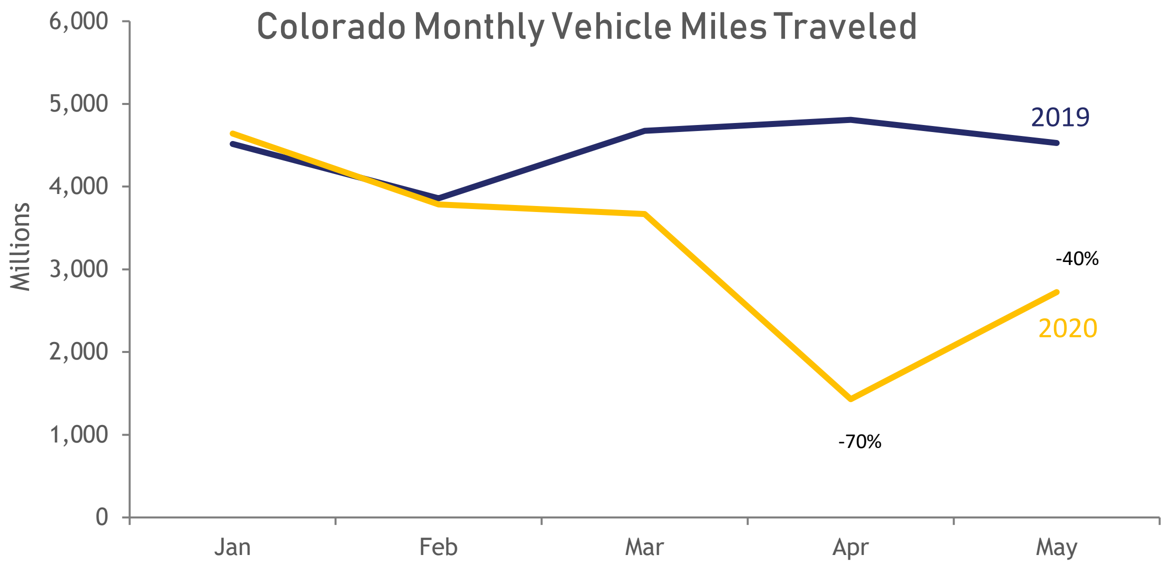
Total cash fund revenue subject to TABOR is projected at $2.3 billion in FY 2019-20, a decrease of 4.3 percent from the prior fiscal year. This is a reduction from the May projections for FY 2019-20 of 0.3 percent. In FY 2020-21 cash fund revenue is projected decline a further 3.5 percent, before growing by 5.6 percent in FY 2021-22.

Transportation

Transportation-related cash fund revenue is projected to decrease by 5.2 percent in FY 2019-20 and grow by 1.4 percent in FY 2020-21. These forecasts have been revised downward since May, by $5.9 million, or 0.5 percent, in FY 2019-20 and by $7.6 million, or 0.6 percent, in FY 2020-21.

Transportation Revenue	Actual FY 18-19	Forecast FY 19-20	Forecast FY 20-21	Forecast FY 21-22
Highway Users Tax Fund (HUTF)				
Motor and Special Fuel Taxes	**$654.9**	**$622.3**	**$625.1**	**$652.2**
Change	1.5%	-5.0%	0.5%	4.3%
Total Registrations	**$265.7**	**$261.6**	**$264.6**	**$278.6**
Change	1.4%	-1.5%	1.1%	5.3%
Other HUTF Receipts	**$188.2**	**$184.4**	**$191.9**	**$204.9**
Change	-6.1%	-2.0%	4.1%	6.8%
Total HUTF	**$1,108.7**	**$1,068.2**	**$1,081.6**	**$1,135.6**
Change	0.1%	-3.7%	1.3%	5.0%
State Highway Fund	**$39.8**	**$30.3**	**$28.8**	**$29.7**
Change	-2.0%	-24.1%	-4.8%	3.2%
Other Transportation Funds	**$126.8**	**$111.4**	**$116.1**	**$123.2**
Change	-0.5%	-12.1%	4.2%	6.2%
Total Transportation Funds	***$1,275.9***	***$1,209.8***	***$1,226.5***	***$1,288.5***
Change	*0.0%*	*-5.2%*	*1.4%*	*5.1%*

Transportation-related cash funds include the Highway Users Tax Fund (HUTF), the State Highway Fund (SHF), and a number of smaller cash funds. The primary revenue sources for the largest



Sources: FHWA, Streetlight Data

portion of transportation cash funds is the HUTF, which is comprised of motor fuel taxes and registration fees.

The COVID-19 crisis prompted the closure of businesses and increased the number of employees working remotely while also creating a decline in tourist travel. The continued COVID containment efforts have reduced the number of daily commuters and vehicle miles traveled throughout the state, causing fuel tax revenues to decline 44 percent overall from March through May compared to the same time period in 2019.

Limited Gaming

Revenues from limited gaming were revised to $79.4 million in FY 2019-20, a modest increase relative to the May forecast due to the reopening of casinos in Black Hawk, Central City, and Cripple Creek in mid-June. However, this is still a 37 percent reduction from FY 2018-19 gaming revenues due to casino closures from mid-March to mid-June. Gaming activity is expected to remain depressed once casinos reopen due to social distancing measures and public concerns about the safety of engaging in activities in crowded public spaces. However, consumers have been eager to return to casinos as other states have re-opened. As a result, revenues for FY 2020-21 were revised upward to $90.4 million, and $102.9 million FY 2021-22.

The distribution of gaming revenue to limited gaming recipients and extended limited gaming recipients was modified by HB 20-1399 and HB 20-1400. These bills suspended for two years the distributions of the State's share of revenue to program recipients, and temporarily modified the distribution between limited gaming and extended limited gaming recipients, respectively. These modified distributions are shown in the table below.

Of this revenue in FY 2019-20, $68.3 million will be subject to TABOR and $66.5 million will be classified as "base limited gaming revenue." Most of the remainder, $15 million, will be classified as "extended limited gaming revenue" under Amendment 50. In FY 2020-21, $72.8 million will be subject to TABOR, of which $71.2 million will be classified as limited gaming revenue and $15.7 million will be classified as extended gaming revenue.

Distribution of Limited Gaming Revenues	Actual FY 18-19	Forecast FY 19-20	Forecast FY 20-21	Forecast FY 21-22
A. Total Limited Gaming Revenues	**$125.0**	**$79.4**	**$90.4**	**$102.9**
Annual Percent Change	-1.7%	-36.5%	13.9%	13.9%
B. Base Limited Gaming Revenues	**$104.8**	**$66.5**	**$71.2**	**$83.4**
Annual Percent Change	-0.2%	-36.5%	7.1%	17.1%
C. Gaming Revenue Subject to TABOR	**$107.0**	**$68.3**	**$72.8**	**$85.1**
Annual Percent Change	0.2%	-36.2%	6.7%	16.8%
D. Total Amount to Base Revenue Recipients	**$93.9**	**$49.4**	**$59.7**	**$71.5**
Amount to State Historical Society (28%)	$26.3	$13.8	$16.7	$20.0
Amount to Counties (12%)	$11.3	$5.9	$7.2	$8.6
Amount to Cities (10%)	$9.4	$4.9	$6.0	$7.2
Amount to Distribute to Remaining Programs (State Share) (50%)	$46.9	$24.7	$29.8	$35.8
Amount to Local Government Impact Fund	$5.4	$0.0	$0.0	$5.4
Colorado Tourism Promotion Fund	$15.0	$0.0	$0.0	$15.0
Creative Industries Cash Fund	$2.0	$0.0	$0.0	$2.0
Film, Television, and Media Operational Account	$0.5	$0.0	$0.0	$0.5
Advanced Industries Acceleration Fund	$5.5	$0.0	$0.0	$5.5
Innovative Higher Education Research Fund	$2.1	$0.0	$0.0	$2.1
Transfer to the General Fund	$16.4	$24.7	$29.8	$5.3
E. Total Amount to Amendment 50 Revenue Recipients	**$17.9**	**$15.0**	**$15.7**	**$16.4**
Community Colleges, Mesa and Adams State (78%)	$14.0	$11.7	$12.2	$12.8
Counties (12%)	$2.2	$1.8	$1.9	$2.0
Cities (10%)	$1.8	$1.5	$1.6	$1.6

In November 2019, Colorado voters approved Proposition DD, which legalized sports betting and authorized a tax on sports betting proceeds to fund water projects. Revenues from the tax on sports betting proceeds are not subject to TABOR, while revenues from licensing fees of sports betting operators are. Estimates of new revenue from those fees are around $2 million per year. Revenues from the tax on proceeds and operator licensing fees will be accounted for separately from the gaming funds reported here. Revenue from operator licensing fees is accounted for as miscellaneous cash fund revenue in Table 6 in the appendix. Revenue collection associated with sports betting licenses began in December 2019 and sports betting began in May 2020.

Severance

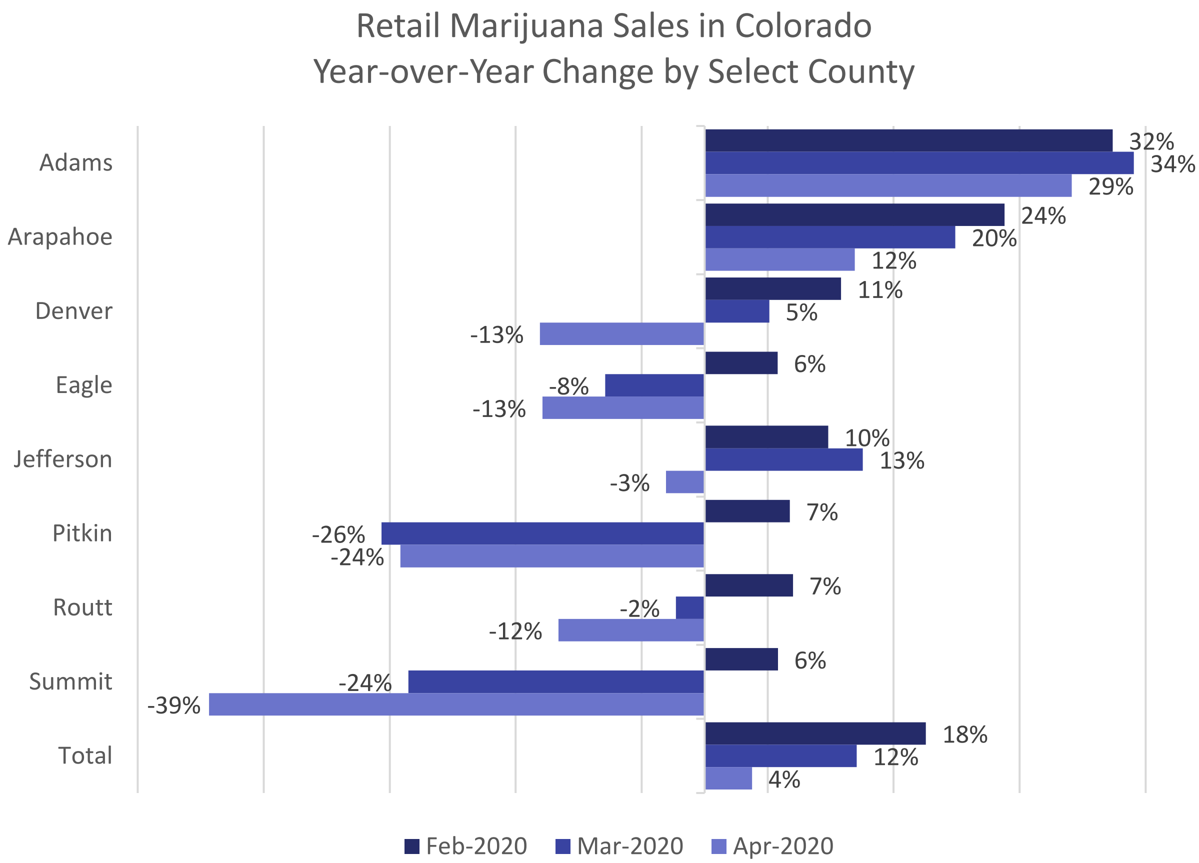
Severance tax revenue is expected to decline to $160.4 million in FY 2019-20, a decrease of 37.1 percent from the fiscal year prior. This is a 14.3 percent upward revision from the May 2020 forecast due to stronger than expected collection levels in March and April. Collection levels in FY 2020-21 are projected to decline to $52.7 million, a downward revision relative to the May 2020 forecast. Both supply and demand shocks have led to lower production responses by producers across the state. Revenue is expected to rebound moderately in FY 2021-22 to $74.8 million. As the economy recovers, oil prices are anticipated to increase modestly, causing a projected increase in production activity and revenue levels in FY 2021-22.

Marijuana

Marijuana sales have grown at a strong pace in FY 2019-20, leading to a forecasted revenue growth rate of 18.3 percent year over year, to $310.3 million. This is a 2.9 percent increase from the May 2020 forecast due to strong collections in March and April. Revenue in FY 2020-21 is expected to increase modestly to $315.0 million. This differs from the May 2020 forecast which anticipated a FY 2020-21 revenue decline.

Tax Revenue from the Marijuana Industry	Actual FY 18-19	Forecast FY 19-20	Forecast FY 20-21	Forecast FY 21-22
Proposition AA Taxes				
Retail Marijuana 15% Special Sales Tax	$193.3	$219.5	$223.0	$232.7
Retail Marijuana 15% Excise Tax	$58.4	$79.1	$80.4	$83.9
Total Proposition AA Taxes	**$251.8**	**$298.6**	**$303.4**	**$316.6**
2.9% Sales Tax (Subject to TABOR)				
Medical Marijuana 2.9% State Sales Tax	$9.4	$10.3	$10.4	$10.4
Retail Marijuana 2.9% State Sales Tax	$1.0	$1.3	$1.2	$1.3
Total 2.9% Sales Taxes	**$10.4**	**$11.6**	**$11.7**	**$11.7**
Total Marijuana Taxes	**$262.2**	**$310.3**	**$315.0**	**$328.3**

Contrary to the May forecast, sales are expected to continue growing in FY 2020-21, due to growth in sales in March and April 2020. However, this growth is anticipated to occur at a slower rate than prior to the pandemic due to suppressed tourist activity in the state and lower wages among Colorado workers. Estimates prepared for the Department of Revenue suggest tourists accounted for 7 to 9 percent of marijuana consumed between 2014 and 2017. Retail marijuana sales in several Colorado mountain communities including Summit, Pitkin, Routt, and Eagle counties declined significantly year-over-year in March and April.



The revenue from Proposition AA sales tax goes first to the General Fund, then to the Marijuana Tax Cash Fund, local governments, and the Public School Fund. The remaining amount after these transfers stays in the General Fund. Proposition AA also included an excise tax of 15 percent on retail marijuana sales that is credited to public school cash funds. The forecasted distribution of marijuana tax revenue is shown in the table below.

Fiscal Year	Total Marijuana Revenue	Local Share	General Fund	BEST School Capital Construction	Public School Permanent Fund	Public School Fund	Marijuana Tax Cash Fund
FY 2018-19 Actual	$262.2	$19.3	$27.1	$52.6	$5.8	$21.9	$135.4
FY 2019-20 Projected	$310.3	$22.0	$30.7	$79.1	$0.0	$24.9	$153.6
FY 2020-21 Projected	$315.0	$22.3	$31.2	$80.4	$0.0	$25.3	$155.9
FY 2021-22 Projected	$328.3	$23.3	$32.6	$83.9	$0.0	$26.4	$162.2

Federal Mineral Lease

Federal Mineral Lease (FML) revenue is expected to decline 43.1 percent to $64.8 million in FY 2019-20 followed by a marginal year-over-year increase of 5.1 percent in FY 2020-21 to $68.1 million and a further increase of 28.3 percent in FY 2021-22 to $87.4 million. These projections have been revised marginally upwards since the May forecast largely due to a slight but continuous increase in demand for oil and gas and slightly better expectations for the energy industry moving forward.

Fiscal Year	Bonus Payments	Non-Bonus Payments	Total FML	% Change
FY 2018-19 Final	$2.8	$111.0	$113.8	32.1%
FY 2019-20 Projected	$1.9	$62.9	$64.8	-43.1%
FY 2020-21 Projected	$2.0	$66.1	$68.1	5.1%
FY 2021-22 Projected	$2.6	$84.8	$87.4	28.3%

Oil and gas prices on average are anticipated to remain below producer breakeven points throughout FY 2019-20 as well as the first quarter of FY 2020-21 before improving to levels that incentivize increased production activity by energy firms. FML revenues are projected to see a moderate rebound in FY 2021-22 as the market balances and the overall economy recovers. While FML revenue is exempt from TABOR, it is included here because a portion of the money is distributed to the Public School Fund, where it is used for the State's share of K-12 school finance.

Other Cash Funds

The State receives revenue from a variety of other cash funds as well. This includes cash fund revenue to the Department of Regulatory Agencies (DORA), which is projected to increase 7.3 percent to $84.5 million in FY 2019-20 and 3.8 percent to $87.8 million in FY 2020-21. Revenue from licensing fees and other services fund many of the Department's activities. Insurance-related cash fund revenue is obtained largely from a surcharge on workers' compensation insurance and has been adjusted downward on expectations of a slight decline in the workers compensation insurance industry. The forecasted revenue is $25.7 million in FY 2019-20, with a 21.8 percent decline in FY 2020-21 to $20.1 million.

Finally, the "Other Miscellaneous Cash Funds" category includes revenue from over 300 cash fund programs, which generally collect revenue from fines, fees, and interest earnings. This broad category is less sensitive to general economic conditions than revenue sources like income and severance taxes. Compared to the May 2020 forecast, the miscellaneous cash fund forecast has been revised downward but is still showing year-over-year growth. Revenue to these funds is expected to be $779.0 million in FY 2019-20 and $785.8 million in FY 2020-21.

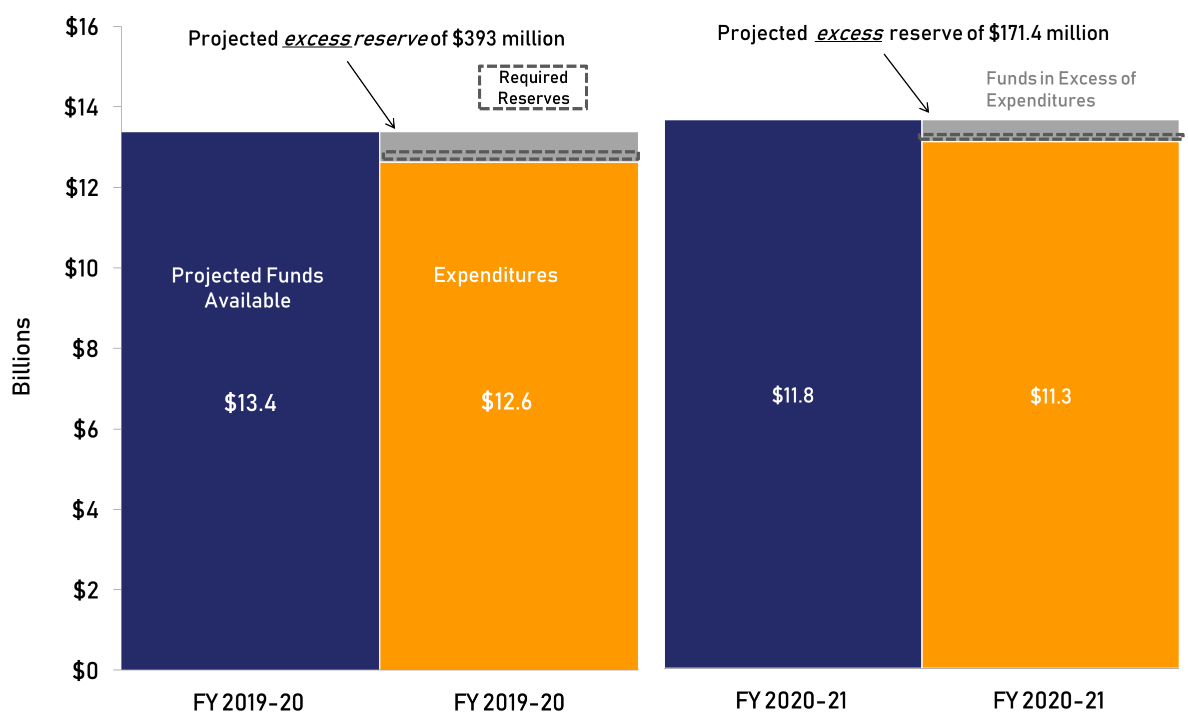
Budget Outlook

General Fund

General Fund revenue is projected to decrease by 4.9 percent in FY 2019-20 and 10.5 percent in FY 2020-21, after growing by 7.2 percent in FY 2018-19. The General Fund revenue forecast for FY 2019-20 is $311.2 million, or 2.7 percent, higher than estimated in May. The forecast for FY 2020-21 is $82.3 million, or 0.8 percent, lower than the May forecast.

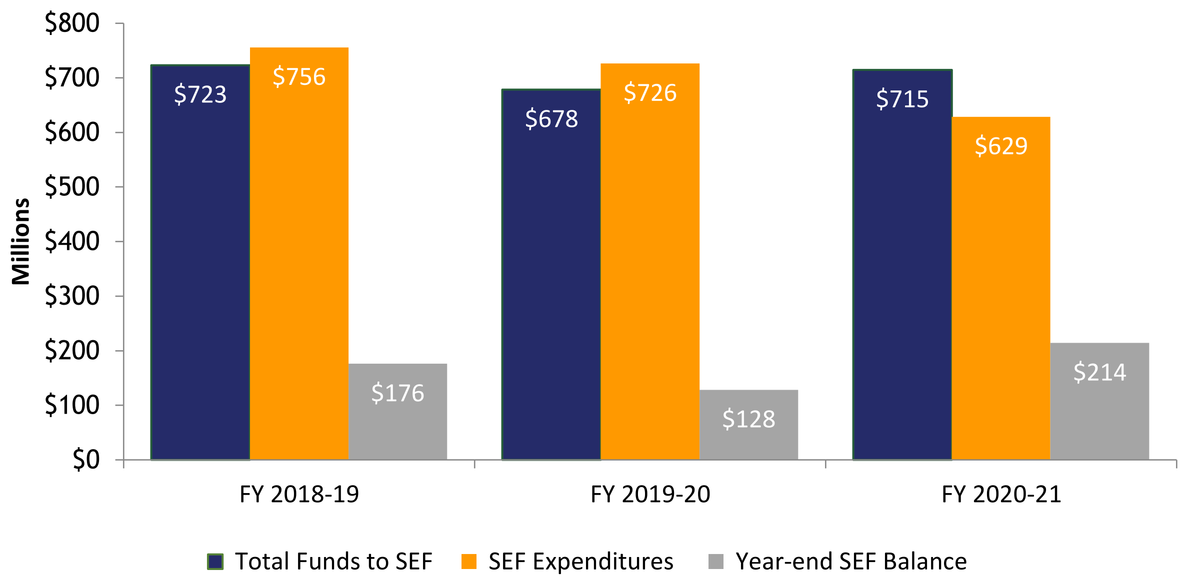
The General Fund reserve was $448.3 million above the required statutory reserve amount of 7.25 percent of appropriations in FY 2018-19. The General Assembly modified the statutory reserve requirement in HB 20-1383. Under that law, the statutory reserve requirement is 3.07 percent of appropriations in FY 2019-20, 2.86 percent of appropriations in FY 2020-21 and FY 2021-22, and 7.25 percent of appropriations in FY 2022-23. Under this forecast, the General Fund reserve is projected to be $393.0 million above the statutory reserve amount in FY 2019-20. In FY 2020-21, the State's General Fund reserve is projected to be $171.4 million above the statutory reserve amount under this revenue forecast and preliminary analysis of legislation passed by the General Assembly.

The below chart summarizes total projected General Fund revenue available, total obligations, and reserve levels for FY 2019-20 and FY 2020-21.



State Education Fund

The State Education Fund's year-end balance was $176.0 million in FY 2018-19 and is projected to decline to $128.2 million in FY 2019-20. The budget for FY 2019-20 includes a transfer from the General Fund to the State Education Fund of $40.3 million, as included in the 2019 School Finance Act. The FY 2020-21 ending balance is projected to be $214.1 million. This amount is significantly higher than projected in May because it is based on recent legislation, rather than the Governor's January budget request, and incorporates revenue forecast revisions. The figure below summarizes total State Education Fund revenue, expenditures, and ending balances for FY 2018-19 through FY 2020-21 under the FY 2020-21 based on preliminary analysis of 2020 legislation.



Forecast Risks

This budget outlook is based on OSPB's economic forecast as detailed in Tables 1 and 2 of the Reference Tables at the end of this document. This economic forecast is subject to elevated risks associated with the unfolding developments of COVID-19.

The forecast reflects the latest projections of the impacts that COVID-19 may have on State revenues and expenditures, yet the epidemiological course of COVID-19 and the duration and depth of the recession are highly uncertain. Although economic conditions could be more positive than described in this forecast, the risks to the budget outlook are balanced to the downside.

Supplemental Materials

An overview of General Fund and State Education Fund revenue, expenditures, and end-of-year reserves is provided in the Reference Tables at the end of this document. A more detailed discussion of the information presented in the Reference Tables can be found at the Office of State Planning and Budgeting's website: www.colorado.gov/governor/economics.

TABOR Outlook

Under Article X, Section 20 of the State Constitution, the Taxpayer's Bill of Rights (TABOR), revenue received from certain sources is subject to an annual limit determined by the prior year's limit after adjustments for inflation and population growth. Any TABOR revenue received above the cap is to be refunded to taxpayers in the subsequent fiscal year. Revenue subject to TABOR exceeded the revenue cap by $428.3 million in FY 2018-19 and is not projected to be above the cap for the duration of the forecast period.

Current law specifies three mechanisms by which revenue in excess of the cap is to be refunded to taxpayers: the senior homestead and disabled veterans property tax exemptions, a temporary income tax rate reduction (from 4.63 percent to 4.50 percent), and a sales tax refund. The size of the refund determines which refund mechanisms are utilized.

An estimated $270.5 million of the $428.5 million refund obligation from FY 2018-19 is being distributed as an income tax rate reduction, while $151.2 million is being refunded via the senior homestead and disabled veterans property tax exemption expenditures in FY 2019-20. Any difference between estimated refunds and actual refunds will be corrected in the next fiscal year in which a refund is owed.

No refunds are projected for FY 2019-20 or the duration of the forecast period.

Reference Tables

Table 1: Colorado Economic Variables – History and Forecast

Line No.		Actual						June 2020 Forecast		
		2014	2015	2016	2017	2018	2019	2020	2021	2022
	Income									
1	Personal Income (Billions) /A	$271.3	$284.2	$289.6	$310.8	$332.9	$351.9	$358.6	$360.4	$381.7
2	Change	8.8%	4.8%	1.9%	7.3%	7.1%	5.7%	1.9%	0.5%	5.9%
3	Wage and Salary Income (Billions) /A	$138.6	$146.5	$151.0	$160.7	$170.1	$181.0	$171.8	$173.1	$179.7
4	Change	7.0%	5.7%	3.1%	6.4%	5.8%	6.4%	-5.1%	0.8%	3.8%
5	Per-Capita Income ($/person) /A	$50,711	$52,147	$52,278	$55,374	$58,500	$61,111	$61,655	$61,533	$64,582
6	Change	7.2%	2.8%	0.3%	5.9%	5.6%	4.5%	0.9%	-0.2%	5.0%
	Population & Employment									
7	Population (Thousands)	5,350.1	5,450.6	5,539.2	5,611.9	5,691.3	5,758.7	5,816.3	5,857.0	5,909.8
8	Change	1.5%	1.9%	1.6%	1.3%	1.4%	1.2%	1.0%	0.7%	0.9%
9	Net Migration (Thousands)	48.4	69.7	58.4	44.8	53.2	42.0	30.0	20.0	35.0
10	Unemployment Rate	5.0%	3.9%	3.2%	2.7%	3.3%	3.0%	9.9%	7.9%	6.2%
11	Total Nonagricultural Employment (Thousands)	2,463.7	2,541.0	2,601.8	2,660.4	2,725.3	2,779.8	2,626.9	2,674.2	2,754.4
12	Change	3.5%	3.1%	2.4%	2.3%	2.4%	2.0%	-5.5%	1.8%	3.0%
	Construction Variables									
13	Total Housing Permits Issued (Thousands)	29.2	31.1	38.4	41.9	45.5	42.0	35.6	39.2	41.4
14	Change	7.0%	6.4%	23.6%	9.2%	8.5%	-7.7%	-15.2%	10.1%	5.6%
15	Nonresidential Construction Value (Millions) /B	$4,350.9	$4,990.8	$5,989.0	$6,148.4	$8,057.6	$4,776.1	$3,935.5	$4,006.4	$4,250.8
16	Change	20.1%	14.7%	20.0%	2.7%	31.1%	-40.7%	-17.6%	1.8%	6.1%
	Prices & Sales Variables									
17	Retail Trade (Billions)	$90.5	$95.0	$98.5	$104.1	$109.2	$113.7	$109.7	$113.2	$118.7
18	Change	7.6%	4.9%	3.7%	5.7%	4.8%	4.2%	-3.5%	3.2%	4.8%
19	Denver-Aurora-Lakewood Consumer Price Index (1982-84=100) /C	237.2	240.0	246.6	255.0	262.0	267.0	272.1	277.2	283.3
20	Change	2.8%	1.2%	2.8%	3.4%	2.7%	1.9%	1.9%	1.9%	2.2%

/A Personal Income as reported by the federal Bureau of Economic Analysis includes: wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory and capital consumption adjustments, rental income of persons with capital consumption adjustments, personal dividend income, personal interest income, and personal current transfer receipts, less contributions from government social insurance.

/B Nonresidential Construction Value is reported by Dodge Analytics (McGraw-Hill Construction) and includes new construction, additions, and major remodeling projects predominately at commercial and manufacturing facilities, educational institutions, and medical and government buildings. Nonresidential does not include non-building projects (such as streets, highways, bridges and utilities).

/C In 2018 the geography and data frequency of this series were revised. 2017 and prior years represent Denver-Boulder-Greeley regional prices.

Table 2: National Economic Variables – History and Forecast

Line No.		Actual						June 2020 Forecast		
		2014	2015	2016	2017	2018	2019	2020	2021	2022
	Inflation-Adjusted & Current Dollar Income Accounts									
1	Inflation-Adjusted Gross Domestic Product (Billions) /A	$16,912.0	$17,403.8	$17,688.9	$18,108.1	$18,638.2	$19,072.5	$17,928.2	$18,394.3	$19,461.2
2	Change	2.5%	2.9%	1.6%	2.4%	2.9%	2.3%	-6.0%	2.6%	5.8%
3	Personal Income (Billions) /B	$14,991.7	$15,717.8	$16,121.2	$16,878.8	$17,819.2	$18,624.2	$18,940.8	$18,997.6	$19,985.5
4	Change	5.7%	4.8%	2.6%	4.7%	5.6%	4.5%	1.7%	0.3%	5.2%
5	Per-Capita Income ($/person)	$47,099	$49,021	$49,920	$51,937	$54,545	$56,740	$56,062	$56,620	$59,606
6	Change	5.0%	4.1%	1.8%	4.0%	5.0%	4.0%	-1.2%	1.0%	5.3%
7	Wage and Salary Income (Billions) /B	$7,475.2	$7,856.7	$8,083.5	$8,462.1	$8,888.5	$9,323.0	$8,810.2	$8,836.7	$9,145.9
8	Change	5.1%	5.1%	2.9%	4.7%	5.0%	4.9%	-5.5%	0.3%	3.5%
	Population & Employment									
9	Population (Millions)	318.3	320.6	322.9	325.0	326.7	328.2	329.9	331.5	333.2
10	Change	0.7%	0.7%	0.7%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%
11	Unemployment Rate	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%	10.3%	8.0%	6.4%
12	Total Nonagricultural Employment (Millions)	138.9	141.8	144.3	146.6	148.9	150.9	142.2	143.9	147.1
13	Change	1.9%	2.1%	1.8%	1.6%	1.6%	1.4%	-5.8%	1.2%	2.2%
	Price Variables									
14	Consumer Price Index (1982-84=100)	236.7	237.0	240.0	245.1	251.1	255.7	259.0	263.6	269.4
15	Change	1.6%	0.1%	1.3%	2.1%	2.4%	1.8%	1.3%	1.8%	2.2%
16	Producer Price Index - All Commodities (1982=100)	205.3	190.4	185.4	193.5	202.0	199.8	188.4	192.2	201.2
17	Change	0.9%	-7.3%	-2.6%	4.4%	4.4%	-1.1%	-5.7%	2.0%	4.7%
	Other Key Indicators									
18	Pre-Tax Corporate Profits (Billions)	$2,120.2	$2,061.5	$2,011.5	$2,005.9	$2,074.6	$2,091.2	$1,850.7	$2,098.7	$2,243.5
19	Change	5.4%	-2.8%	-2.4%	-0.3%	3.4%	0.8%	-11.5%	13.4%	6.9%
20	Housing Permits (Millions)	1.052	1.183	1.207	1.282	1.329	1.370	1.051	1.449	1.855
21	Change	6.2%	12.4%	2.0%	6.2%	3.7%	3.1%	-23.3%	37.9%	28.0%
22	Retail Trade (Billions)	$5,215.7	$5,349.5	$5,509.3	$5,740.6	$6,021.1	$6,235.7	$5,998.8	$6,208.7	$6,488.1
23	Change	4.3%	2.6%	3.0%	4.2%	4.9%	3.6%	-3.8%	3.5%	4.5%

/A U.S. Bureau of Economic Analysis, National Income and Product Accounts. Inflation-adjusted, in 2009 dollars.

/B Personal Income as reported by the U.S. Bureau of Economic Analysis includes: wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory and capital consumption adjustments, rental income of persons with capital consumption adjustments, personal dividend income, personal interest income, and personal current transfer receipts, less contributions from government social insurance.

Table 3: General Fund Revenue Estimates by Tax Category /A

Line No.	Category	Actual FY 2018-19	% Chg	June 2020 Estimate by Fiscal Year FY 2019-20	% Chg	FY 2020-21	% Chg	FY 2021-22	% Chg
	Excise Taxes:								
1	Sales	$3,246.6	4.9%	$3,303.2	1.7%	$3,132.4	-5.2%	$3,323.7	6.1%
2	Use	$345.5	11.5%	$243.5	-29.5%	$240.9	-1.1%	$246.5	2.3%
3	Cigarette	$32.6	-5.8%	$32.4	-0.6%	$31.4	-3.1%	$30.4	-3.2%
4	Tobacco Products	$22.3	35.8%	$19.0	-14.8%	$24.5	29.3%	$25.9	5.6%
5	Liquor	$48.3	3.9%	$49.9	3.4%	$51.5	3.2%	$52.6	2.1%
6	**Total Excise**	**$3,695.3**	**5.5%**	**$3,648.0**	**-1.3%**	**$3,480.8**	**-4.6%**	**$3,679.2**	**5.7%**
	Income Taxes:								
7	Net Individual Income	$8,247.0	8.8%	$7,944.8	-3.7%	$6,794.9	-14.5%	$7,529.5	10.8%
8	Net Corporate Income	$919.8	17.6%	$606.8	-34.0%	$576.0	-5.1%	$767.3	33.2%
9	**Total Income**	**$9,166.8**	**9.7%**	**$8,551.5**	**-6.7%**	**$7,370.9**	**-13.8%**	**$8,296.9**	**12.6%**
10	*Less: State Education Fund Diversion*	*$692.8*	*12.3%*	*$631.7*	*-8.8%*	*$552.8*	*-12.5%*	*$622.3*	*12.6%*
11	**Total Income to General Fund**	**$8,474.0**	**9.5%**	**$7,919.8**	**-6.5%**	**$6,818.0**	**-13.9%**	**$7,674.6**	**12.6%**
	Other Revenue:								
12	Insurance	$314.7	3.6%	$328.5	4.4%	$339.0	3.2%	$349.7	3.2%
13	Interest Income	$26.5	35.8%	$24.8	-6.4%	$24.0	-3.3%	$24.3	1.3%
14	Pari-Mutuel	$0.5	-1.7%	$0.5	-2.0%	$0.5	-2.0%	$0.5	-2.0%
15	Court Receipts	$4.2	-5.3%	$4.3	2.4%	$4.3	0.0%	$4.3	0.0%
16	Other Income	$48.9	-67.9%	$21.1	-56.9%	$20.9	-0.8%	$20.5	-2.1%
17	**Total Other**	**$394.7**	**-17.8%**	**$379.2**	**-3.9%**	**$388.7**	**2.5%**	**$399.3**	**2.7%**
18	**GROSS GENERAL FUND**	**$12,564.0**	**7.2%**	**$11,947.0**	**-4.9%**	**$10,687.5**	**-10.5%**	**$11,753.0**	**10.0%**

/A Dollars in millions.

Table 4: General Fund Overview /A

Line No.		Actual FY 2018-19	June 2020 Estimate by Fiscal Year FY 2019-20	FY 2020-21	FY 2021-22
Revenue					
1	**Beginning Reserve**	**$1,366.0**	**$1,262.5**	**$754.3**	**$476.0**
2	**Gross General Fund Revenue**	**$12,564.0**	**$11,947.0**	**$10,687.5**	**$11,753.0**
3	*Transfers to the General Fund*	$17.2	$180.2	$321.6	$8.3
4	**TOTAL GENERAL FUND AVAILABLE**	**$13,947.2**	**$13,389.7**	**$11,763.5**	**$12,237.3**
Expenditures					
5	**Appropriation Subject to Limit**	**$11,258.7**	**$11,769.8**	**$10,649.2**	**$11,287.5**
6	*Dollar Change (from prior year)*	$827.8	$511.1	-$1,120.6	$638.3
7	*Percent Change (from prior year)*	7.9%	4.5%	-9.5%	6.0%
8	**Spending Outside Limit**	**$1,596.3**	**$865.6**	**$638.2**	**$627.0**
9	*TABOR Refund under Art. X, Section 20, (7) (d)*	$428.5	$0.0	$0.0	$0.0
10	*Homestead Exemption (Net of TABOR Refund)*	$106.4	$0.0	$164.2	$174.9
11	*Other Rebates and Expenditures*	$159.7	$143.0	$141.8	$145.5
12	*Transfers for Capital Construction*	$180.5	$198.6	$23.0	$50.0
13	*Transfers for Transportation*	$495.0	$300.0	$0.0	$0.0
14	*Transfers to State Education Fund*	$25.0	$40.3	$113.0	$23.0
15	*Transfers to Other Funds*	$201.1	$183.6	$196.2	$233.5
16	*Other Expenditures Exempt from General Fund Appropriations Limit*	$0.0	$0.0	$0.0	$0.0
17	**TOTAL GENERAL FUND OBLIGATIONS**	**$12,855.0**	**$12,635.4**	**$11,287.5**	**$11,914.5**
18	*Percent Change (from prior year)*	14.6%	-1.7%	-10.7%	5.6%
19	Reversions and Accounting Adjustments	-$170.3	$0.0	$0.0	$0.0
Reserves					
20	**Year-End General Fund Balance**	**$1,262.5**	**$754.3**	**$476.0**	**$322.8**
21	*Year-End General Fund as a % of Appropriations*	11.2%	6.4%	4.5%	2.9%
22	*General Fund Statutory Reserve*	$814.2	$361.3	$304.6	$322.8
23	*Above/Below Statutory Reserve*	$448.3	$393.0	$171.4	$0.0

/A FY 2020-21 expenditures based on preliminary analysis of legislation passed by the General Assembly in 2020. FY 2021-22 expenditures will be adopted in future budget legislation. Therefore, FY 2021-22 expenditures and fund balance projections shown are illustrative only. Dollars in millions.

Table 5: General Fund and State Education Fund Overview /A

Line No.		Actual	June 2020 Estimate by Fiscal Year		
		FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Revenue					
1	**Beginning Reserves**	**$1,574.6**	**$1,438.5**	**$882.5**	**$690.1**
2	*State Education Fund*	$208.7	$176.0	$128.2	$214.1
3	*General Fund*	$1,366.0	$1,262.5	$754.3	$476.0
4	**Gross State Education Fund Revenue**	**$723.1**	**$678.5**	**$714.6**	**$651.7**
5	**Gross General Fund Revenue /B**	**$12,581.3**	**$12,127.2**	**$11,009.1**	**$11,761.3**
6	**TOTAL FUNDS AVAILABLE FOR EXPENDITURE**	**$14,879.0**	**$14,244.2**	**$12,606.3**	**$13,103.1**
Expenditures					
7	General Fund Expenditures /C	$12,684.7	$12,635.4	$11,287.5	$11,914.5
8	State Education Fund Expenditures	$759.6	$726.4	$628.6	$721.1
9	**TOTAL OBLIGATIONS**	**$13,444.3**	**$13,361.8**	**$11,916.1**	**$12,635.6**
10	*Percent Change (from prior year)*	14.4%	-0.6%	-10.8%	6.0%
11	*Reversions and Accounting Adjustments*	-$174.2	$0.0	$0.0	$0.0
Reserves					
12	**Year-End Balance**	**$1,438.5**	**$882.5**	**$690.1**	**$467.6**
13	State Education Fund	$176.0	$128.2	$214.1	$144.8
14	General Fund	$1,262.5	$754.3	$476.0	$322.8
15	*General Fund Above/Below Statutory Reserve*	$448.3	$393.0	$171.4	$0.0

/A FY 2020-21 expenditures based on preliminary analysis of legislation passed by the General Assembly in 2020. FY 2021-22 expenditures will be adopted in future budget legislation. Therefore, FY 2021-22 expenditures and fund balance projections shown are illustrative only. Dollars in millions.
/B This amount includes transfers to the General Fund.
/C General Fund expenditures include appropriations subject to the limit of 5.0 percent of Colorado personal income as well as all spending outside the limit.

Table 6: Cash Fund Revenue Subject to TABOR /A

Line No.	Category	Actual FY 2018-19	June 2020 Estimate by Fiscal Year FY 2019-20	FY 2020-21	FY 2021-22
1	**Transportation-Related /A**	**$1,275.9**	**$1,209.8**	**$1,226.5**	**$1,288.5**
2	Change	0.0%	-5.2%	1.4%	5.1%
3	**Limited Gaming Fund /B**	**$107.0**	**$68.3**	**$72.8**	**$85.1**
4	Change	0.2%	-36.2%	6.7%	16.8%
5	**Capital Construction - Interest**	**$4.7**	**$5.6**	**$5.6**	**$5.6**
6	Change	1.6%	18.0%	0.4%	0.4%
7	**Regulatory Agencies**	**$78.8**	**$84.5**	**$87.8**	**$88.9**
8	Change	-2.1%	7.3%	3.8%	1.3%
9	**Insurance-Related**	**$22.6**	**$25.7**	**$20.1**	**$21.0**
10	Change	26.7%	13.8%	-21.8%	4.5%
11	**Severance Tax**	**$255.2**	**$160.4**	**$52.7**	**$74.8**
12	Change	78.4%	-37.1%	-67.1%	41.9%
13	**Other Miscellaneous Cash Funds**	**$693.8**	**$779.0**	**$785.8**	**$812.3**
14	Change	2.6%	12.3%	0.0%	3.4%
15	**TOTAL CASH FUND REVENUE**	***$2,438.0***	***$2,333.3***	***$2,251.3***	***$2,376.2***
16	Change	5.8%	-4.3%	-3.5%	5.6%

/A Includes revenue from Senate Bill 09-108 (FASTER) which began in FY 2009-10. Roughly 40 percent of FASTER-related revenue is directed to State Enterprises. Revenue to State Enterprises is exempt from TABOR and is thus not included in the figures reflected by this table. Dollars in millions.
/B Excludes tax revenue from extended gaming as allowed by Amendment 50 to the Colorado Constitution as this revenue is exempt from TABOR. The portion of limited gaming revenue that is exempt is projected based on the formula outlined in House Bill 09-1272.

Table 7: TABOR and the Referendum C Revenue Limit/A

Line No.		Actual FY 2018-19	June 2020 Estimate by Fiscal Year FY 2019-20	FY 2020-21	FY 2021-22
	TABOR Revenues:				
1	General Fund /A	$12,350.4	$11,727.5	$10,464.5	$11,520.3
	Percent Change from Prior Year	8.2%	-5.0%	-10.8%	10.1%
2	Cash Funds /A	$2,438.0	$2,333.3	$2,251.3	$2,376.2
	Percent Change from Prior Year	5.8%	-4.3%	-3.5%	5.6%
3	**Total TABOR Revenues**	**$14,788.4**	**$14,060.9**	**$12,715.8**	**$13,896.5**
	Percent Change from Prior Year	7.8%	-4.9%	-9.6%	9.3%
	Revenue Limit Calculation:				
4	Previous calendar year population growth	1.4%	1.4%	1.2%	1.0%
5	Previous calendar year inflation	3.4%	2.7%	1.9%	1.9%
6	**Allowable TABOR Growth Rate**	**4.8%**	**4.1%**	**3.1%**	**2.9%**
7	TABOR Limit /B	$11,759.3	$12,241.5	$12,621.0	$12,987.0
8	General Fund Exempt Revenue Under Ref. C /C	$2,600.7	$1,819.4	$94.9	$909.6
9	**Revenue Cap Under Ref. C /B /D**	**$14,360.1**	**$14,948.8**	**$15,412.3**	**$15,859.2**
10	***Amount Above/Below Cap***	**$428.3**	**-$888.0**	**-$2,696.4**	**-$1,962.7**
11	***Revenue to be Refunded including Adjustments from Prior Years /E***	**$428.5**	**$0.0**	**$0.0**	**$0.0**
12	TABOR Reserve Requirement	$430.8	$421.8	$381.5	$416.9

/A Amounts differ from the revenue totals reported in Table 3 and Table 6 due to accounting adjustments, and because some General Fund revenue is exempt from TABOR. Dollars in millions.

/B The TABOR limit and Referendum C cap are adjusted to account for changes in the enterprise status of various state entities.

/C Under Referendum C, a "General Fund Exempt Account" is created in the General Fund. The account consists of money collected in excess of the TABOR limit in accordance with Referendum C.

/D The revenue limit is calculated by applying the "Allowable TABOR Growth Rate" to either "Total TABOR Revenue" or the "Revenue Cap under Ref. C," whichever is smaller. Beginning in FY 2010-11, the revenue limit is based on the highest revenue total from FY 2005-06 to 2009-10 plus the "Allowable TABOR Growth Rate." FY 2007-08 was the highest revenue year during the Referendum C timeout period. SB 17-267 reduced the Referendum C cap by $200 million in FY 2017-18. The lower cap then grows by inflation and population growth in subsequent years.

/E These adjustments are the result of: (a) changes that were made to State accounting records for years in which TABOR refunds occurred that resulted in changes in required refunds to taxpayers, and (b) the refund to taxpayers in previous years was different than the actual amount required. Such adjustments are held by the State until a future year in which a TABOR refund occurs when they adjust the total refund amount distributed to taxpayers.