FOCUS COLORADO:
ECONOMIC AND REVENUE FORECAST

COLORADO LEGISLATIVE COUNCIL STAFF
ECONOMICS SECTION

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Photograph taken in Park County, courtesy of Rachel Miller.

HIGHLIGHTS

The state and national economies continue to expand amidst uncertain circumstances. Conditions for households and most businesses have improved consistently. Although growth is expected to continue, anemic performance in the global economy, gradually tightening monetary policy, and demographic changes will dampen growth through the forecast period. In the shorter term, Colorado's economy will more closely match the pace of the nation's as pullback in the oil industry moderates expansion.

Preliminary data indicate the General Fund ended FY 2014-15 with a surplus of $61.5 million above the required reserve. A $153.6 million TABOR refund will be returned to taxpayers on income tax returns filed for 2015. Refunds will be made using the Earned Income Tax Credit and a six-tier sales tax refund.

In FY 2015-16, General Fund revenue will be $220.4 million short of the amount needed to fully fund the budget and reserve. At just over a third of the required reserve, this amount is enough to allow General Fund appropriations to increase 4.0 percent.

Revenue subject to TABOR is expected to be $50.3 million *below* the Referendum C Cap in FY 2015-16 and $252.2 million above the cap in FY 2016-17.

Full Senate Bill 09-228 transfers of $50.0 million to the Capital Construction Fund and $200.2 million to the Highway Users Tax Fund will occur in FY 2015-16. The transfers are expected to be cut in half in FY 2016-17.

Executive Summary

This report presents the budget outlook based on current law and the September 2015 General Fund revenue, cash fund revenue, and TABOR forecasts. Summaries of expectations for the national and Colorado economies and current economic conditions in nine regions around the state are also presented.

General Fund and TABOR Outlook

FY 2014-15. Based on preliminary data, the General Fund ended the year with $61.5 million more than is required to fully fund the budget and required reserve. General Fund revenue came in $33.2 million (or 0.3 percent) lower than expected in the June forecast. All of this reduction, however, was absorbed by the TABOR refund obligation: the state will refund $153.6 million for FY 2014-15, $67.3 million lower than expected in June. The money will be refunded via the Earned Income Tax Credit ($85.7 million) and a sales tax refund ($67.9 million) on individual income tax returns filed for tax year 2015.

*More information about the **General Fund budget overview** begins on page 5 and is summarized in Table 1 on page 6.*

*More information about the state's **TABOR outlook** begins on page 11 and is summarized in Table 5 on page 15.*

*The **General Fund revenue** forecast begins on page 17 and is summarized in Table 8 on page 21.*

FY 2015-16. General Fund revenue is expected to be $220.4 million, or 2.1 percent, lower than the amount budgeted to be spent and saved in the required reserve in FY 2015-16. This amount of revenue is sufficient to allow General Fund operating appropriations to increase 4.0 percent. In addition:

- Expectations for General Fund revenue were decreased $80.5 million, or 0.8 percent, relative to June. Most of the decrease was due to lower growth in sales tax revenue during the summer of 2015 than previously expected and lower expectations for individual income taxes.

- Revenue subject to TABOR will be an estimated $50.3 million *lower* than the TABOR limit.

- Full Senate Bill 09-228 transfers to the Capital Construction Fund ($50.0 million) and the Highway Users Tax Fund ($200.2 million) are expected.

FY 2016-17. Revenue is expected to be sufficient to grow General Fund appropriations by 2.0 percent in FY 2016-17, assuming the FY 2015-16 budget remains unchanged. Because the TABOR surplus is expected to be $252.5 million, or 2.4 percent of General Fund revenue, the Senate Bill 09-228 transfers are expected to be halved for FY 2016-17.

Cash Fund Revenue

Cash fund revenue subject to TABOR totaled $2.75 billion in FY 2014-15, and is expected to increase slightly to $2.88 billion in FY 2015-16. Increases in transportation-related and hospital provider fee revenue will be partially offset by declines in severance tax and insurance related revenue in FY 2015-16. Total cash fund revenue subject to TABOR will increase 2.6 percent to $2.95 billion in FY 2016-17 as a rebound in severance tax revenue is offset by a decline in hospital provider fee revenue. Cash fund revenue is projected to grow another 4.8 percent to $3.09 billion in FY 2017-18, as severance tax revenue recovers with increased oil and gas activity.

*The **cash fund revenue forecasts** begin on page 22. Forecasts for revenue subject to TABOR are summarized on page 23.*

Economic Outlook

After several years of growth, the state and national economy are expected to continue expanding through the forecast period. Employment is growing, wages and salary income is increasing, and the housing market continues to improve. Colorado was one of the fastest growing economies in the country in 2013 and 2014 in part because of oil and gas development in the northern part of the state. Lower oil prices caused oil and gas companies to pull back on development in 2015. However, the Colorado economy is weathering lower investment and employment in the oil and gas sector because of a diversified economy and underlying strength in other sectors. The U.S. economy is one of the few bright spots in the global economy, which is causing the dollar to strengthen against other currencies. A stronger dollar will slow exports and hurt manufacturing activity, but the U.S. economy will continue to grow because of strong demand from domestic businesses and households.

*More information about the **state and national economic outlook** begins on page 31.*

Summaries of economic conditions in nine regions around the state begin on page 51.

GENERAL FUND BUDGET OVERVIEW

Table 1 on page 6 presents the General Fund overview based on current law. Tables 3 and 4 on pages 9 and 10 provide estimates for General Fund rebates and expenditures (*line 10 of Table 1*) and detail for cash fund transfers to and from the General Fund (*lines 3 and 11 of Table 1*). This section also presents information on revenue to the State Education Fund, the outlook for Senate Bill 09-228 transfers to capital construction and transportation, and the availability of tax benefits dependent on the collection of sufficient General Fund revenue.

FY 2014-15. The General Fund is expected to end the year with $61.5 million in excess of the amount required to fully fund the budget, the 6.5 percent statutory reserve, and the state's TABOR refund obligation for FY 2014-15. This figure is preliminary, un-audited, and subject to change before the state's accounting books for FY 2014-15 are finalized.

FY 2015-16. General Fund revenue is expected to be sufficient to allow General Fund appropriations to increase 4.0 percent in FY 2015-16, or $220.4 million less than currently budgeted to be spent or saved in the reserve. The year-end reserve is expected to be $390.9 million, or 64 percent of that required by statute.

> The General Fund ended **FY 2014-15** with **$61.5 million in excess** of the required reserve. This amount is preliminary and un-audited.
>
> **In FY 2015-16, the General Fund reserve is expected to be $220.4 million, or 2.1 percent, lower than the amount budgeted.** Revenue is expected to be sufficient to allow General Fund appropriations to **increase 4.0 percent in FY 2015-16.**

Expectations for the amount of money available to be spent in the General Fund during FY 2015-16 were reduced by $80.5 million, a combination of reduced expectations for revenue and a lower than anticipated year-end reserve for FY 2014-15.

FY 2016-17 — Unbudgeted. Because a budget has not yet been enacted for FY 2016-17, lines 23 through 26 of Table 1 show two alternative perspectives on the General Fund budget situation for the year.

Perspective 1, shown in lines 23 and 24, assumes no growth in appropriations between FY 2015-16 and FY 2016-17. Under this scenario, the amount of money available to the General Assembly above the amount budgeted to be spent and retained in the reserve during FY 2015-16 is expected to be $210.5 million, or 2.0 percent of budgeted expenditures in FY 2015-16. This figure assumes no change to the FY 2015-16 budget and that the $220.4 million shortfall is addressed with a lower reserve.

Perspective 2, shown in lines 25 and 26, assumes a historical growth rate for General Fund appropriations over the last 15 years using only those years during which the economy expanded: FYs 2003-04 through 2007-08 and FYs 2011-12 through 2015-16. This average rate of growth is equal to 6.2 percent. If General Fund appropriations were increased by this amount, the year-end reserve would equal $239.0 million, $409.4 million lower than the 6.5 percent reserve required by law.

> **What Happens When There's A Budget Deficit?**
>
> A budget deficit in FY 2015-16 can be addressed by legislative action during the 2016 regular legislative session.
>
> During the legislative interim and if the forecast prepared by the Office of State Planning and Budgeting expects revenue to be insufficient to fund half the required reserve for the coming year, the Governor must reduce General Fund spending to preserve at least half of the reserve. If the Governor reduces General Fund expenditures by at least 1.0 percent to meet that requirement, he is also authorized to transfer moneys from the Capital Construction Fund into the General Fund. These changes may be codified by the General Assembly in the following legislative session.

Table 1
General Fund Overview
Dollars in Millions

	Funds Available	FY 2014-15 Preliminary	FY 2015-16 Estimate	FY 2016-17 Estimate	FY 2017-18 Estimate
1	Beginning Reserve	$435.9	$638.0	$390.9	*
2	General Fund Revenue	$9,801.1	$10,009.0	$10,616.5	$11,123.0
3	Transfers from Other Funds *(Table 4)*	65.8	14.5	16.0	15.4
4	Total Funds Available	$10,302.9	$10,661.5	$11,023.4	*
5	Percent Change	10.0%	3.5%	3.4%	*
	Expenditures	Budgeted	Budgeted	Estimate	Estimate
6	General Fund Appropriations Subject to Limit	$8,869.0	9,442.1	*	*
7	Adjustments to Appropriations	9.7	*	*	*
8	TABOR Refund Obligation Under Art. X, §20, (7)(d)[1]	153.6	0.0	252.5	352.0
9	Set Aside for TABOR Refund Obligation Under Art. X, §20, (3)(c)[2]	58.0	NA	NA	NA
10	Rebates and Expenditures *(Table 3)*	258.3	271.3	286.4	299.9
11	Transfers to Other Funds *(Table 4)*	42.5	60.4	62.5	46.6
12	Transfers to the State Education Fund Pursuant to SB 13-234	25.3	25.3	25.3	25.3
13	Transfers for Highway Construction[3]	0.0	200.2	106.2	0.0
14	Transfers to the Capital Construction Fund [3]	248.5	271.4	27.3	0.0
15	Total Expenditures	$9,664.9	$10,270.6	*	*
16	Percent Change	10.3%	6.3%	*	*
17	Accounting Adjustments	*	*	*	*
	Reserve	Preliminary	Estimate	Estimate	Estimate
18	Year-End General Fund Reserve	$638.0	$390.9	*	*
19	Year-End Reserve as a Percent of Appropriations	7.2%	4.1%	*	*
20	Statutorily Required Reserve[4]	576.5	611.3	*	*
21	Amount in Excess or (Deficit) of Statutory Reserve	$61.5	($220.4)	*	*
22	Excess Reserve as a Percent of Expenditures	0.6%	-2.1%	*	*
	Alternative Perspectives on Unbudgeted Years			Estimate	Estimate
	Perspective 1: Money Available in FY 2016-17 in Excess of FY 2015-16 Expenditures [5]				
23	Amount in Excess of Statutory Reserve			210.5	*
24	As a Percent of Prior-Year Expenditures			2.0%	*
	Perspective 2: Assuming Appropriations Increase by the Average Rate of Past Economic Expansions (6.16%)[6]				
25	Amount in Excess or (Deficit) of Statutory Reserve			($409.4)	($677.1)
26	As a Percent of Prior-Year Expenditures			-4.0%	-6.6%
	Addendum	Preliminary	Estimate	Estimate	Estimate
27	Percent Change in General Fund Appropriations	7.6%	6.3%	*	*
28	5% of Colorado Personal Income Appropriations Limit	$12,017.5	$12,353.4	$13,074.0	$13,749.2
29	Transfers to State Education Fund Per Amendment 23	$519.8	$522.2	$552.4	$579.8

*Totals may not sum due to rounding. *Not estimated. NA=Not applicable.*

[1]Persuant to section 24-75-201 (2), C.R.S., the TABOR refund obligation is required to be set aside during the year it is collected to be refunded the following year.

[2]While the refund obligation is $66.1 million, only $58 million is budgeted. If Proposition BB fails, an additional $4.3 million will be required from the General Fund in FY 2015-16 to meet the required refund. This amount is not accounted for here.

[3]Senate Bill 09-228 transfers to the Highway Users Tax Fund and the Capital Construction Fund are expected to equal $200.2 million and $50.0 million, respectively, in FY 2015-16.

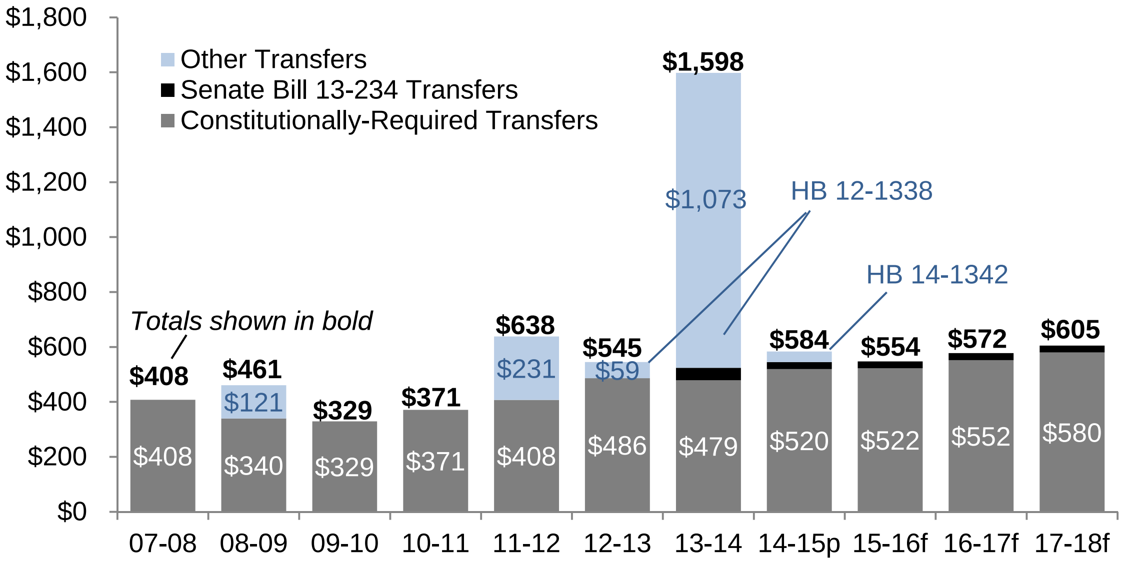
[4]Persuant to Senate Bill 15-251, appropriations to fulfill the state's obligations of certain certificates of participation are excluded for purposes of calculating the statutory reserve requirement. These appropriations total $37.9 million in FY 2015-16.

[5]This holds appropriations in FY 2016-17 equal to appropriations in FY 2015-16 to determine the total amount of money available above FY 2015-16 expenditures.

[6]The average growth rate of appropriations over the last 15 years, only during years when the economy expanded, which include Fiscal Years 2003-04 through 2007-08, and 2011-12 through 2015-16.

State Education Fund. The State Constitution requires the State Education Fund to receive one-third of one percent of taxable income (*see Table 8, line 10*). In addition, the General Assembly has authorized the transfer of additional moneys from the General Fund to the State Education Fund. Money in the State Education Fund is required to be used to fund kindergarten through twelfth grade public education. However, additional revenue in the State Education Fund does not affect the overall flexibility of the General Fund budget. Figure 1 shows a history and forecast for these revenue sources through the end of the forecast period.

Figure 1
Revenue to the State Education Fund
Dollars in Millions



Source: Colorado State Controller's Office through FY 2014-15 and Legislative Council Staff from FY 2015-16 through FY 2017-18. "p" indicates preliminary; "f" indicates forecast.

Senate Bill 09-228 transfers. Colorado personal income increased 5.8 percent in 2014, triggering the first year of the five-year block of transfers in FY 2015-16.

Senate Bill 09-228 transfers 0.5 percent and 2.0 percent of General Fund revenue to the Capital Construction Fund and the Highway Users Tax Fund, respectively, during the first two years of the five-year period. However, if during any particular year the state incurs a large enough TABOR surplus, these transfers will either be cut in half or eliminated for that year. The transfers are cut in half if the TABOR surplus during that year is between 1.0 percent and 3.0 percent of General Fund revenue, and eliminated if the surplus exceeds 3.0 percent of General Fund revenue.

Expected Senate Bill 09-228 Transfers:

FY 2015-16, full transfers equal to:
$50.0 million to capital
$200.2 million to transportation

FY 2016-17, half transfers equal to:
$26.5 million to capital
$106.2 million to transportation

A TABOR surplus is not expected in FY 2015-16, and therefore full transfers equal to $50.0 million and $200.2 million to the Capital Construction Fund and the Highway Users Tax Fund, respectively, are expected. In total, these transfers are $122.0 million more than the amount included in the budget.

This forecast anticipates a TABOR surplus of $252.5 million, or 2.4 percent of General Fund revenue, in FY 2016-17 and $352.0 million, or 3.2 percent of General Fund revenue, in FY 2017-18, indicating half transfers in FY 2016-17 and no transfers in FY 2017-18. However, small margins of error in the forecasts for General Fund revenue and the TABOR surplus could produce very different results. Because this forecast is based on current law, these errors include the impact of legislation enacted in the future by the General Assembly or U.S. Congress that affect revenue subject to TABOR. Thus, these transfers could occur in full, or not at all, during both years.

Tax policies dependent on sufficient General Fund revenue. Two tax policies are only available when the Legislative Council Staff forecast indicates that General Fund revenue will be sufficient to allow General Fund appropriations to increase by at least 6 percent. Based on the current forecast, revenue will not meet this requirement in FY 2015-16 through at least FY 2017-18, the end of the forecast period. As a result, the sales tax refund for cleanrooms will be available through June 2016, but is not expected to be available beginning July 2016. In addition, the historic property preservation tax credit is not expected to be available beginning with tax year 2016. Table 2 lists and describes the availability of these tax policies.

Table 2
Tax Policies Dependent on Sufficient General Fund Revenue to Allow General Fund Appropriations to Increase by at Least 6 Percent

Tax Policy	Forecast that Determines Availability	Tax Policy Availability
Historic property preservation income tax credit (Section 39-22-514, C.R.S)	December forecast immediately before the tax year when the credit becomes available.	Available in tax years 2013 through 2015. Not expected to be available in tax years 2016 and 2017. Repealed tax year 2020.
Cleanroom Machinery Sales and Use Tax Exemption (Section 39-26-722, C.R.S.)	If the June forecast indicates sufficient revenue for the fiscal year that is about to end, the exemption will become available in July.	Currently available through at least June 2016. Not expected to be available July 2016 through June 2018. Repealed July 1, 2018.

Note: See Table 7 on page 18 for information on the revenue impact of these triggers.

Table 3
General Fund Rebates and Expenditures
Dollars in Millions

Category	Preliminary FY 2014-15	Estimate FY 2015-16	Estimate FY 2016-17	Estimate FY 2017-18
Senior and Veterans Property Tax Exemptions	$116.9	$128.7	$139.3	$148.9
Percent Change	6.4	10.1	8.2	6.9
Cigarette Rebate	$12.3	$10.7	$10.4	$10.4
Percent Change	17.8	-13.3	-2.2	0.0
Old-Age Pension Fund	99.9	103.8	107.8	112.5
Percent Change	-6.5	3.9	3.9	4.3
Aged Property Tax and Heating Credit	5.7	5.1	5.2	5.2
Percent Change	-6.0	-9.3	0.8	1.1
Older Coloradans Fund[1]	11.5	10.0	10.0	10.0
Percent Change	0.2	-0.1	0.0	0.0
Interest Payments for School Loans	0.7	0.7	0.8	1.2
Percent Change	-3.0	8.8	10.4	45.5
Fire and Police Pensions	4.2	4.2	4.2	4.2
Percent Change	1.3	0.7	0.0	0.0
Amendment 35 Distributions	0.9	0.8	0.8	0.8
Percent Change	3.1	-1.4	-1.4	-1.9
Marijuana Sales Tax Transfer to Local Governments	6.3	7.1	7.9	6.6
Percent Change	366.9	13.16	10.35	-15.8
TOTAL REBATES & EXPENDITURES	**$258.3**	**$271.3**	**$286.4**	**$299.9**

Totals may not sum due to rounding.

[1] An additional $1.5 million will be transferred in FY 2014-15 pursuant to Section 39-3-208 (6), C.R.S., which requires appropriations to the Senior and Veterans Property Tax Exemptions in excess of the actual to be transferred to the Older Coloradans Fund.

Table 4
Cash Fund Transfers
Dollars in Millions

Transfers to the General Fund		2014-15	2015-16	2016-17	2017-18
HB 10-1325	Natural Resource Damage Recovery Fund	0.2	0.2	0.2	
SB 11-184	Tax Amnesty Cash Fund	1.1			
SB 13-133	Limited Gaming Fund	13.6	14.1	15.7	15.3
HB 14-1228	Defense Driving School Fund Balance	0.1			
SB 14-189	Controlled Maintenance Trust Fund	9.7			
SB 14-215 & SB 15-167	Marijuana Tax Cash Fund	5.1			
HB 15-1150	Severance Tax Operational Fund		0.1	0.1	0.1
HB 15-1379	Marijuana Tax Cash Fund		0.1		
SB 15-108	Adult Education and Literacy Fund	0.02			
SB 15-108	State Grants to Publically Supported Libraries	0.003			
SB 15-168	Intellectual and Developmental Disability Fund	2.1			
SB 15-169	State Employee Reserve Fund	6.4			
SB 15-249	Marijuana Tax Cash Fund	27.7			
§ 36-1-148(2)	Land and Water Management Fund	0.1			
Total Transfers to the General Fund		**$65.8**	**$14.5**	**$16.0**	**$15.4**

Transfers from the General Fund		2014-15	2015-16	2016-17	2017-18
HB 12-1315	Clean Renewable Energy Fund	1.6	1.6	1.6	
HB 13-1001 & HB 14-1011	Advanced Industries Acceleration Fund		5.0	5.0	
HB 13-1193	Advanced Industries Export Acceleration Fund	0.3	0.3	0.3	0.3
SB 14-215	Marijuana Tax Cash Fund	35.8	40.5	44.7	37.7
HB 14-1016[1]	Procurement Technical Assistance Cash Fund		0.2	0.2	0.2
HB 14-1276	School Cardiopulmonary Resuscitation Fund	0.3			
HB 14-1300	State Fair Cash Fund	0.3			
HB 14-1336	Controlled Maintenance Trust Fund	0.1			
HB 14-1368	Child Welfare Transition Cash Fund	2.8			
SB 14-011	Energy Research Cash Fund	1.0	1.0		
HB 15-1178	CWCB Emergency Dewatering Grant Account		0.2	0.3	
SB 15-112	Building Regulation Fund	0.3		0.2	
SB 15-244	State Public School Fund		7.8	7.8	7.8
SB 15-245	Natural Hazard Mapping Fund		3.8	2.4	0.7
Total Transfers from the General Fund		**$42.5**	**$60.4**	**$62.5**	**$46.6**
Net General Fund Impact		**$23.3**	**($45.9)**	**($46.5)**	**($31.2)**

[1]*This transfer is dependent on the receipt of at least $200,000 in gifts, grants, and donations by the relevant contractor.*

TABOR OUTLOOK

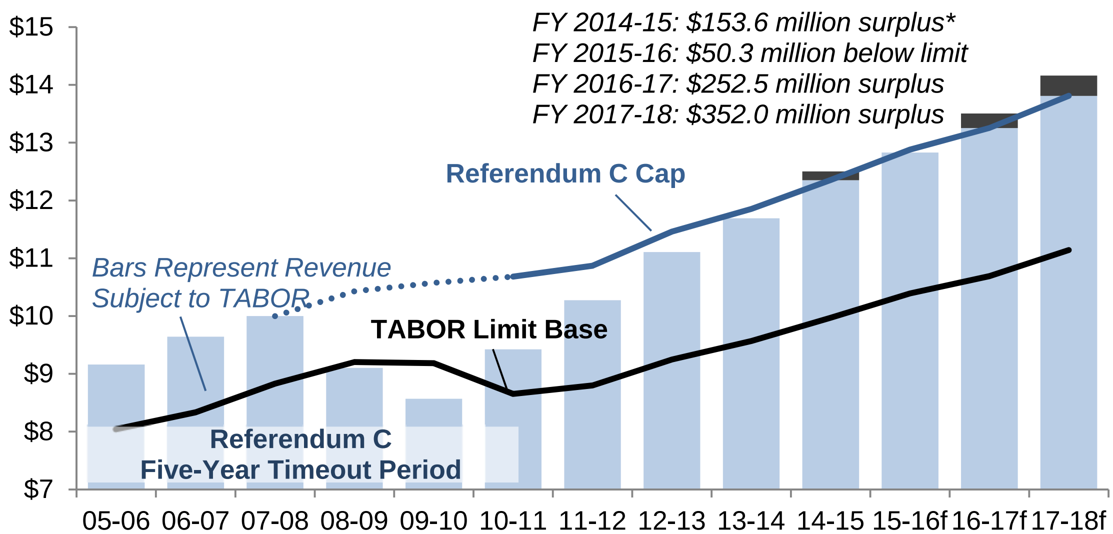
This section presents the outlook for the state's TABOR situation through FY 2017-18. Table 5 on page 15 illustrates the current status of the TABOR limit and Referendum C cap through FY 2017-18, while Figure 2 shows a history and forecast of revenue subject to TABOR, the TABOR limit base, and the Referendum C cap.

On September 1, the Office of the State Controller released its preliminary schedule of TABOR computations; numbers in the schedule are unaudited and subject to change. According to the preliminary schedule, in FY 2014-15, state revenue subject to TABOR totaled $12,503.7 million, exceeding the Referendum C cap and prompting a **TABOR refund of $153.6 million in FY 2015-16.** Of this amount, $85.7 million is expected to be refunded via the **Earned Income Tax Credit**, which will be used as a TABOR refund mechanism on returns for tax year 2015 and become permanent beginning tax year 2016. The remaining $67.9 million will be refunded via a **six-tier sales tax refund** of between $13 and $41 per taxpayer for tax year 2015.

Separately, revenue from **Proposition AA marijuana taxes** totaled $66.1 million in FY 2014-15. House Bill 15-1367 includes provisions for a **TABOR election provision refund of $66.1 million in FY 2015-16 if voters reject Proposition BB** in November.

The state may incur a TABOR surplus in FY 2015-16, and is expected to incur a TABOR surplus in both FY 2016-17 and FY 2017-18. For FY 2015-16, state revenue subject to TABOR is expected to total $12,829.2 million, $50.3 million less than the Referendum C cap. State revenue subject to TABOR is expected to exceed the Referendum C cap in FY 2016-17 and FY 2017-18, prompting **TABOR refunds of $252.5 million in FY 2017-18 and $352.0 million in FY 2018-19.**

Figure 2
TABOR Revenue, Limit Base, and the Referendum C Cap
Dollars in Billions



Source: Office of the State controller and Legislative Council Staff.
**FY 2014-15 surplus includes a $3.6 million adjustment for under-refunds of and other adjustments to pre-Referendum C TABOR surpluses.*

TABOR surplus. Article X, Section 20 of the Colorado Constitution (TABOR) limits the amount of revenue the state may retain and either spend or save. The limit is equal to the previous year's limit or revenue, whichever is lower, adjusted for inflation, population growth, and any revenue changes approved by voters. Referendum C, approved by voters in 2005, is a permanent voter-approved revenue change that raises the amount of revenue that the state may spend or save.

> ***Fiscal Year Spending:***
>
> The legal term used by TABOR to denote the amount of revenue TABOR allows the state to keep and either save or spend.

Referendum C allowed the state to spend all revenue collected above the limit during a five-year timeout period beginning in FY 2005-06 through FY 2009-10. Beginning in FY 2010-11, Referendum C allows the state to retain revenue collected above the TABOR limit base up to a capped amount. The cap is set to the highest amount of state revenue for a fiscal year during the five-year timeout period and grown each year thereafter by inflation and population growth. Because revenue collections peaked in FY 2007-08, that year became the starting base for the cap. The cap is adjusted annually for inflation, population growth, and changes in enterprise status exactly as the TABOR limit is adjusted. However, it is always grown from the prior year's cap, regardless of the level of revenue collected.

TABOR requires revenue collected above the Referendum C cap to be refunded to taxpayers. Revenue exceeded the Referendum C cap by $150.0 million in FY 2014-15, and is expected to exceed the cap by $252.5 million in FY 2016-17 and $352.0 million in FY 2017-18. Revenue is expected to be $50.3 million below the Referendum C cap in FY 2015-16; it is important to note that this amount is well within normal forecast error.

When revenue exceeds the cap, TABOR requires the surplus to be refunded during the following fiscal year. An additional $3.6 million must be refunded along with the FY 2014-15 TABOR surplus; this amount represents under-refunds of pre-Referendum C surpluses and other accounting errors that would have added to the previous refund. Therefore, **$153.6 million will be refunded in FY 2015-16,** and **refunds of $252.5 million and $352.0 million are expected in FY 2017-18 and FY 2018-19**, respectively.

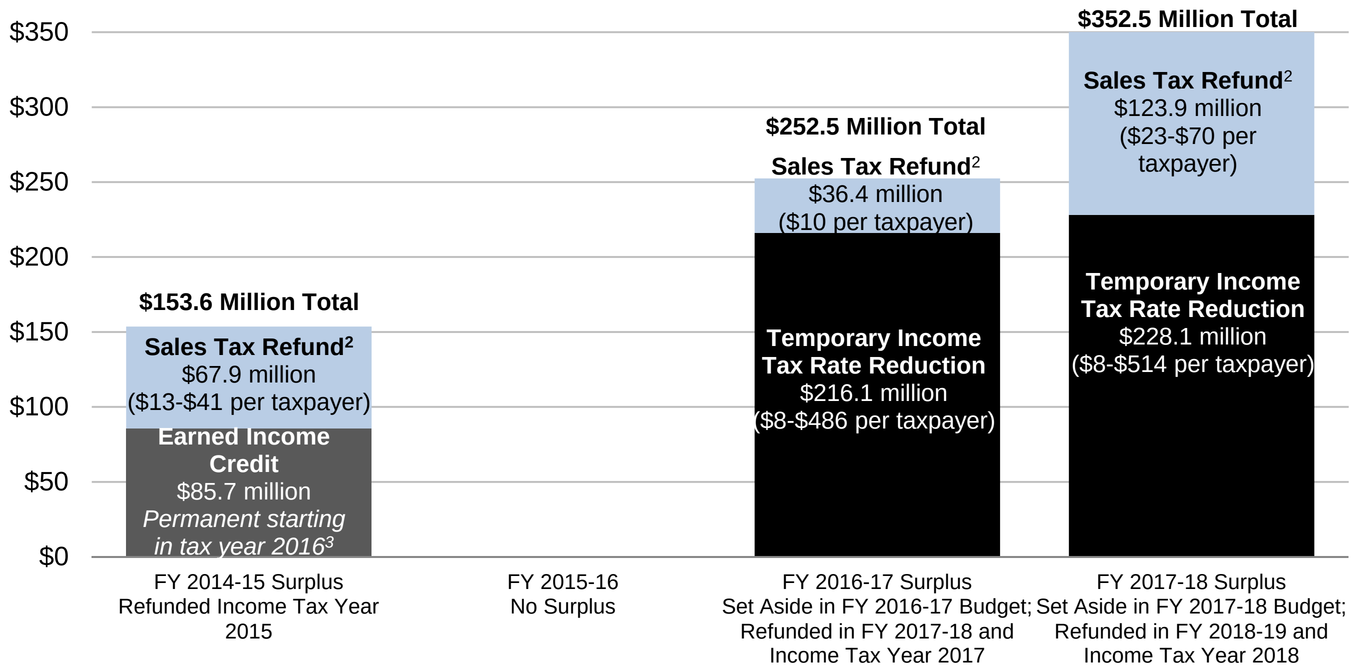
Figure 3 and Table 6 show how state law requires this money to be refunded. Current law contains three refund mechanisms: the six-tier sales tax refund, the Earned Income Tax Credit (EITC), and a temporary cut in the income tax rate from 4.63 percent to 4.50 percent. The size of the TABOR refund determines which refund mechanisms are available each year.

As a result of the FY 2014-15 TABOR surplus, the six-tier sales tax refund and the EITC will be available on tax returns for income tax year 2015. The first $85.7 million of the surplus will be refunded via the EITC, which is available to taxpayers who work but earn low incomes. The remaining $67.9 million will be refunded via the sales tax refund. State law requires the sales tax refund to be distributed among six income tiers as it was distributed in tax year 1999. As shown in Table 6, taxpayers filing single returns with adjusted gross incomes of up to $36,001 will receive refunds of $13 each; additionally, households that qualify for the EITC will receive an additional $262 on average. Taxpayers filing single returns with adjusted gross incomes of $204,000 and up will receive refunds of $41 each. For taxpayers filing joint returns, the sales tax refund amounts are doubled. Beginning in tax year 2016, the EITC will be available annually as a state income tax credit and will reduce General Fund revenue.

The TABOR surpluses collected in FY 2016-17 and FY 2017-18 will be refunded in FY 2017-18 and FY 2018-19, respectively, on income tax returns for tax years 2017 and 2018. In both years, surpluses are expected to be large enough to trigger a temporary income tax rate reduction. The state income tax rate is expected to be reduced to 4.50 percent beginning tax year 2017 through at least the end of tax year 2018, refunding $216.1 million in tax year 2017 and $228.1 million in tax year 2018. The remainder of each year's surplus, $36.4 million in tax year 2017 and $123.9 million in tax year 2018, will be refunded via a sales tax refund as shown in Table 6.

Estimated TABOR refunds, and the mechanisms expected to be used to pay them, are shown in Figure 3.

Figure 3
TABOR Refund Estimates[1]



Source: Legislative Council Staff.

[1]This figure illustrates refunds of revenue in excess of the Referendum cap. If voters reject Proposition BB, the state will be obligated to make a TABOR election provision refund of $66.1 million in FY 2015-16; mechanisms for this refund are described below.

[2]If the average sales tax refund among all taxpayers is $15 or less, Section 29-22-2002 (2)(b), C.R.S., requires that every taxpayer receive an identical refund. If the amount exceeds $15, Section 39-22-2003 (4)(a), C.R.S., requires the sales tax refund to be distributed following the proportions used for the sales tax refund in 1999. Taxpayers filing joint returns receive twice the amount shown.

[3] Section 39-22-123.5 (3), C.R.S., converts the Earned Income Tax Credit from a TABOR refund mechanism into a permanent tax credit the year after it is first used to refund a TABOR surplus.

TABOR election provision refund. Because fiscal year spending in FY 2014-15 exceeded the estimate provided to voters in the Proposition AA Blue Book, the state must issue a **TABOR election provision refund** to taxpayers in FY 2015-16. The amount of the refund is equal to **$66.1 million**, the amount of the Proposition AA taxes collected for FY 2014-15. No refund is required if the state receives later voter approval to retain and spend this amount.

House Bill 15-1367 set aside $58.0 million from revenue collected in FY 2014-15 for a TABOR election provision refund in FY 2015-16, and referred Proposition BB to voters. If voters approve Proposition BB, this money will be retained by the state and spent on school construction, education, substance abuse prevention and treatment, and public safety programs**. If voters reject Proposition BB, House Bill 15-1367 refunds $66.1 million, the amount of Proposition AA tax revenue collected in FY 2014-15**, via direct refunds to retail marijuana cultivators ($24.0 million), a reduction in the retail marijuana special sales tax rate ($17.1 million), and a six-tier sales tax refund identical to that used to refund a TABOR surplus ($25.0 million).

Table 5
TABOR Limit and Retained Revenue
Dollars in Millions

		Preliminary FY 2014-15	Estimate FY 2015-16	Estimate FY 2016-17	Estimate FY 2017-18
	TABOR Revenue				
1	General Fund [1]	$9,755.4	$9,952.6	$10,555.2	$11,069.9
2	Cash Funds [1]	2,748.2	$2,876.6	$2,950.4	$3,091.8
3	Total TABOR Revenue	$12,503.7	$12,829.2	$13,505.6	$14,161.7
	Revenue Limit				
4	Allowable TABOR Growth Rate	4.3%	4.4%	2.9%	4.2%
5	Inflation (*from Prior Calendar Year*)	2.8%	2.8%	1.2%	2.6%
6	Population Growth (*from Prior Calendar Year*)	1.5%	1.6%	1.7%	1.7%
7	TABOR Limit Base	$9,969.6	$10,390.6	$10,691.9	$11,141.0
8	Voter Approved Revenue Change (Referendum C)	$2,384.1	$2,438.6	$2,561.2	$2,668.7
9	Total TABOR Limit / Referendum C Cap	$12,353.7	$12,879.6	$13,253.1	$13,809.7
10	TABOR Revenue Above (Below) Referendum C Cap [4]	$150.0	($50.3)	$252.5	$352.0
	Retained/Refunded Revenue				
11	Revenue Retained under Referendum C [2]	$2,384.1	$2,438.6	$2,561.2	$2,668.7
12	Total Available Revenue (*Fiscal Year Spending*)	$12,353.7	$12,829.2	$13,253.1	$13,809.7
13	Revenue to Be Refunded to Taxpayers [3,4]	$153.6	$0.0	$252.5	$352.0
14	TABOR Reserve Requirement	$370.6	$384.9	$397.6	$414.3

Totals may not sum due to rounding.

[1] These figures differ from those reported in Tables 8 and 9 because of accounting adjustments across TABOR boundaries.

[2] Revenue retained under Referendum C is referred to as "General Fund Exempt" in the budget and the General Fund overview.

[3] Pursuant to 24-75-201 (2), C.R.S., the revenue above the Referendum C Cap is required to be set aside during the year it is collected to be refunded in the following fiscal year. For example, excess revenue collected in FY 2016-17 will be set aside in FY 2016-17 and refunded in FY 2017-18 on income tax returns for tax year 2017.

[4] Revenue to be refunded (line 13) exceeds revenue above the Referendum C Cap (line 10) by $3.6 million in FY 2014-15 This amount represents under-refunds of pre-Referendum C surpluses and other errors discovered in subsequent years that would have added to the last refund.

Table 6
Average Taxpayer TABOR Refunds

FY 2014-15 Surplus, Tax Year 2015 Estimate

Adjusted Gross Income			Single Filers: Six-Tier Sales Tax	Single Filers: Income Tax Rate Cut	Single Filers: Total without EITC	Single Filers: Total with EITC*	Joint Filers: Six-Tier Sales Tax	Joint Filers: Income Tax Rate Cut	Joint Filers: Total without EITC	Joint Filers: Total with EITC*
	up to	$36,001	$13	$0	$13	$247	$26	$0	$26	$260
$36,001	to	$77,000	18	-	18	150	36	-	36	168
$77,000	to	$120,000	21	-	21	21	42	-	42	42
$120,000	to	$163,000	23	-	23	23	46	-	46	46
$163,000	to	$204,000	25	-	25	25	50	-	50	50
$204,000	and up		41	-	41	41	82	-	82	82

**The EITC applies per household, while income and sales tax refunds are per return (single or joint).*
The 2015 sales tax refund tiers and amounts were provided by the Colorado Department of Revenue. Amounts are un-audited preliminary figures and subject to change.

No TABOR Surplus is Forecast for FY 2015-16, Tax Year 2016

FY 2016-17 Surplus, Tax Year 2017 Forecast

Adjusted Gross Income			Single Filers: Six-Tier Sales Tax	Single Filers: Income Tax Rate Cut	Single Filers: Total	Joint Filers: Six-Tier Sales Tax	Joint Filers: Income Tax Rate Cut	Joint Filers: Total
	up to	$37,601	$10	$8	$18	$20	$1	$21
$37,601	to	$80,500	10	45	55	20	24	44
$80,500	to	$125,500	10	88	98	20	74	94
$125,500	to	$170,400	10	135	145	20	125	145
$170,400	to	$213,300	10	175	185	20	175	195
$213,300	and up		10	486	496	20	504	524

FY 2017-18 Surplus, Tax Year 2018 Forecast

Adjusted Gross Income			Single Filers: Six-Tier Sales Tax	Single Filers: Income Tax Rate Cut	Single Filers: Total	Joint Filers: Six-Tier Sales Tax	Joint Filers: Income Tax Rate Cut	Joint Filers: Total
	up to	$38,501	$23	$8	$31	$46	$1	$47
$38,501	to	$82,400	31	47	78	62	26	88
$82,400	to	$128,500	36	93	129	72	78	150
$128,500	to	$174,500	41	143	184	82	133	215
$174,500	to	$218,400	44	185	229	88	184	272
$218,400	and up		70	514	584	140	532	672

General Fund Revenue

This section presents the Legislative Council Staff outlook for General Fund revenue, which provides the state's main source of operating appropriations. Table 8 on page 21 summarizes preliminary General Fund revenue collections for FY 2014-15 and projections for FY 2015-16 through FY 2017-18.

As summarized in Table 7 on page 18, bills passed during the 2015 legislative session increased General Fund revenue by an estimated $12.7 million in FY 2014-15, and are expected to reduce revenue by $8.1 million in FY 2015-16, and $9.6 million in FY 2016-17. Additionally, the FY 2014-15 TABOR surplus will trigger the partial refundability of the Gross Conservation Easement Income Tax Credit beginning in tax year 2015 and a permanent Colorado Earned Income Tax Credit (EITC) beginning in tax year 2016. The Colorado EITC allows low- and middle-income Colorado taxpayers to claim a tax credit equal to 10 percent of the federal EITC, thereby reducing their Colorado income tax liability. Triggered legislation is projected to impact the General Fund by an increasing amount, reducing revenue by $49.5 million in FY 2015-16 and $91.1 million in FY 2016-17 (Table 7).

Preliminary estimates for FY 2014-15 General Fund revenue totaled $9.8 billion, an increase of 9.2 percent ($826.3 million) over to the prior fiscal year. Revenue came in $33.2 million (or 0.3 percent) below June forecast expectations.

Consistent with the June forecast, revenue is expected to grow at a more moderate pace than in FY 2014-15 over the remainder of the forecast period, reflecting slower growth in economic activity, the pull-back in oil and gas industry activity, and the revenue impact of the EITC. Gross General Fund revenue (total revenue less the State Education Fund transfer) will grow 2.1 percent ($207.9 million) in FY 2015-16, and 6.1 percent ($607.5 million) in FY 2016-17. Relative to the June forecast, revenue is expected to come in $80.5 million lower in 2015-16 and $66.0 million higher in FY 2016-17.

Additional information regarding the main sources of revenue to the General Fund is provided below.

Individual income taxes. Growth in individual income taxes, the state's largest source of tax revenue, will moderate in FY 2015-16 following a double-digit increase in FY 2014-15. Sustained growth in employee wages and salaries across most industries will offset a slump in earnings and royalties from the oil and gas industry and the revenue reduction from the two income tax credits triggered by the TABOR surplus. Individual income tax revenue is expected to grow 1.6 percent in FY 2015-16 to total $6.5 billion. In FY 2016-17 and FY 2017-18, revenue will increase 5.9 percent and 5.2 percent, respectively.

Income tax revenue withheld from employee paychecks comprises the largest share of individual income tax collections. Withholding payments (shown in Figure 4 at left) continued to rise through the end of FY 2014-15 and into the current fiscal year, reflecting healthy job and wage growth for Colorado employees. Moderate growth in withholding is expected throughout the forecast period. Growth in estimated payments, which include income taxes on capital gains earnings, mineral royalties, and certain non-corporate business income, is expected to fall in the current fiscal year, reflecting the pull back in oil and gas activity, and a more moderate pace of economic growth in the state.

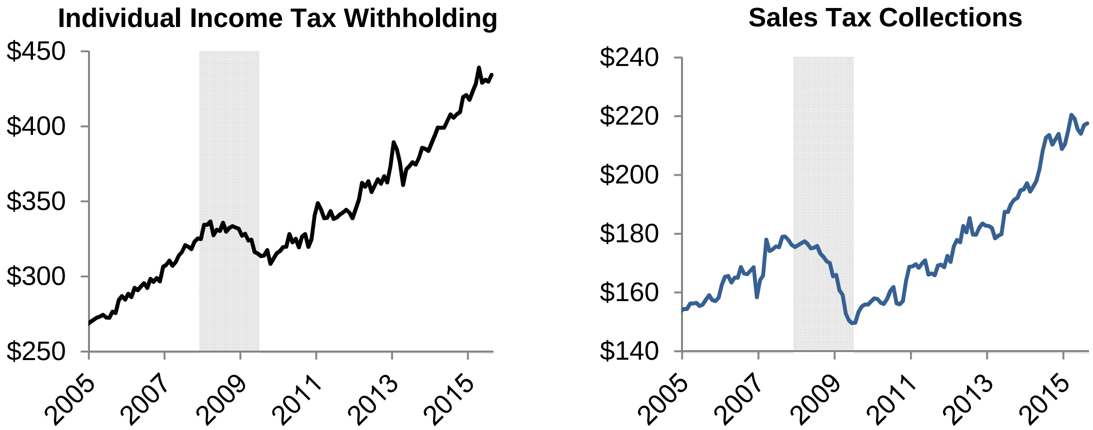
Table 7
Legislation Affecting General Fund Revenue
Dollars in Millions

Major Legislation Passed in 2015		2014-15	2015-16	2016-17
Sales and Use Tax				
HB 15-1012	Sales and Use Tax Exemptions for Dyed Diesel[1]			
HB 15-1180	Sales and Use Tax Refund for Medical and Clean Technology		-0.09	-0.09
Total			-0.09	-0.09
Tobacco Product Excise Tax				
HB 15-1301	Tobacco Credit Shipped to Out-of-State Consumers		-0.02	-0.03
Income Tax				
HB 15-1181	Colorado is Honoring Our Military Tax Exemption[2]			
HB 15-1219	EZ Investment Tax Credit for Renewable Energy		-0.75	-1.5
HB 15-1366	Expand Job Growth Tax Credit for Higher Education Project		-0.03	-0.08
SB 15-206	Implement Conservation Easement Audit	-3.5	-7	-7
SB 15-282	Jump-Start Program Distressed Counties		-0.2	-0.85
Total		-3.5	-7.97	-9.43
Court Receipts				
HB 15-1063	Prohibited Communications Concerning Patents		0.01	0.01
Other				
SB 15-255	Severance Tax Diversion	16.22		
Revenue Impact of 2015 Legislation		**12.72**	**-8.08**	**-9.55**

Triggered Legislation	2014-15	2015-16	2016-17
Income Tax			
ON: Partial Refundability of the Gross Conservation Easement Income Tax Credit[3]	-7.19	-7.19	-5.24
ON: Earned Income Tax Credit (10 percent of the federal credit)[4]		-42.83	-87.35
OFF: Historical Preservation Income Tax Credit[5]		<0.50	< 1.00
Sales and Use Tax			
OFF: Cleanroom Machinery Exemption[6]			< 0.50
Revenue Impact of Triggered Legislation	**-7.19**	**-49.52**	**-91.09**

[1]Indeterminate revenue decrease beginning FY 2014-15.
[2]Indeterminate revenue increase beginning FY 2014-15.
[3]Triggered on by the FY 2014-15 TABOR surplus. Available starting in tax year 2015 (Section 39-22-522 (5) (b), C.R.S.).
[4]Triggered on by the FY 2014-15 TABOR surplus. Permanent starting tax year 2016 (Section 39-22-123, C.R.S.).
[5]Expected to be triggered off by a December 2015 forecast of insufficient revenue to grow General Fund appropriations by 6 percent (Section 39-22-514, C.R.S.). Credits that otherwise would have been claimed are not expected to exceed $0.5 million in FY 2015-16 or $1 million in FY 2016-17.
[6]Expected to be triggered off by a June 2016 forecast of insufficient revenue to grow General Fund appropriations by 6 percent (Section 39-26-722, C.R.S.). Exemptions that otherwise would have been claimed are not expected to exceed $500,000 in FY 2016-17.

Figure 4
Selected Sources of General Fund Revenue
Millions of Dollars



Source: Colorado Department of Revenue. Data seasonally adjusted by Legislative council staff using the Census x12 method. Data shown on a cash-accounting basis as three-month moving averages. Data are through August 2015 (July and August 2015 data are preliminary).

Partial refundability of the Gross Conservation Easement Income Tax Credit and the EITC, which were triggered by the FY 2014-15 TABOR surplus, will impact individual income tax collections by an increasing amount over the next two fiscal years, reducing revenue by $50 million in FY 2015-16 and $92.6 million in FY 2016-17. Comparatively, legislation that passed in 2015 will have only a minor impact.

Expectations for individual income tax revenue are largely unchanged relative to the June forecast. Preliminary revenue estimates came in within 0.1 percent ($7.4 million) of the June forecast for FY 2014-15. The forecast for FY 2015-16 was reduced $41.4 million and the forecast for FY 2016-17 was increased $60.9 million.

Sales taxes. Sales tax collections totaled $2.6 billion in FY 2014-15, accounting for 26.7 percent of gross General Fund revenue. Total collections grew 8.1 percent, with near double-digit gains in receipts through the first nine months of the fiscal year over the same period in the prior fiscal year. However, growth slowed to 2.7 percent in the remaining three months of FY 2014-15 (Figure 4 at right). Collections came in $41.3 million below the June forecast.

Sales tax receipts are expected to maintain growth through the forecast period, though retail sales will be dampened somewhat as fuel prices inch up and growth in wage and salary earnings slow over the coming two years. Sales tax revenue is projected to increase 5.7 percent to $2.8 billion in FY 2015-16, followed by 6.7 percent growth in FY 2016-17. Relative to the June forecast, expectations for collections were reduced by $37.9 million in FY 2015-16 and $22.7 million in FY 2016-17.

Use taxes. Use tax collections totaled $260.2 million in FY 2014-15, growing 7.7 percent and reversing a small decline from the previous fiscal year. Growth in FY 2014-15 is entirely attributable to strength in the first half of the fiscal year, when taxes grew 14.4 percent over the same period in the prior year. Use tax collections fell 1.1 percent in the second half of FY2014-15, as investment in the oil industry declined following the drop in oil prices.

This forecast assumes that oil prices will level out and slowly tick upward in the coming two years, prompting a slow rebound in investment in businesses equipment subject to the use tax. Reflecting these assumptions, use tax revenue growth is expected to grow 5.6 percent in FY 2015-16 before regaining momentum in FY 2016-17, when revenue will grow 8.0 percent.

Corporate income taxes. Profitable years for oil and gas companies increased corporate income in Colorado through 2014, contributing to the $692.9 million in corporate income tax collections in FY 2014-15. While collections declined 3.9 percent from the prior year, FY 2014-15 marked the second highest year of collections in the state's history. The decline in oil prices and lower levels of Colorado oil production are expected to drive the 8.4 percent decline in revenue in FY 2015-16. Despite this decrease, corporate income taxes will remain at a relatively high level historically, buoyed by strength in the broader economy. Corporate profits are expected to increase at a modest pace starting in FY 2016-17 as the economy will continue to expand and energy companies shift to low-cost, profitable production opportunities amid the lower price environment.

Corporate income taxes came in $18.3 million below the June forecast for FY 2014-15, on lower than expected collections in the last two months of the fiscal year. Expectations for corporate income taxes were reduced $21.9 million in FY 2015-16 and were increased $2.4 million in FY 2016-17 relative to the June forecast.

Table 8
General Fund Revenue Estimates
Dollars in Millions

	Category	Preliminary FY 2014-15	Percent Change	Estimate FY 2015-16	Percent Change	Estimate FY 2016-17	Percent Change	Estimate FY 2017-18	Percent Change
	Excise Taxes								
1	Sales	$2,621.3	8.1	$2,769.9	5.7	$2,954.3	6.7	3069.0	3.9
2	Use	260.2	7.7	274.7	5.6	296.6	8.0	316.7	6.8
3	Cigarette	37.9	3.6	36.4	-3.9	35.6	-2.2	34.5	-3.0
4	Tobacco Products	17.8	5.3	20.5	15.0	19.5	-4.5	20.4	4.5
5	Liquor	41.5	2.8	42.9	3.5	44.3	3.1	45.8	3.3
6	Total Excise	2,978.6	7.9	3,144.4	5.6	3,350.3	6.5	3,486.4	4.1
	Income Taxes								
7	Net Individual Income	6,350.1	11.5	6,451.9	1.6	6,835.5	5.9	7191.1	5.2
8	Net Corporate Income	692.9	-3.9	634.9	-8.4	670.1	5.6	696.1	3.9
9	Total Income Taxes	7,042.950	9.8	7,086.8	0.6	7,505.7	5.9	7,887.1	5.1
10	Less: Portion Diverted to the SEF	-519.8	8.6	-522.2	0.5	-552.4	5.8	-579.8	5.0
11	Income Taxes to the General Fund	6,523.2	9.9	6,564.6	0.6	6,953.3	5.9	7,307.3	5.1
	Other Sources								
12	Insurance	257.6	7.8	267.9	4.0	279.3	4.3	293.5	5.1
13	Pari-Mutuel	0.6	0.2	0.6	2.1	0.6	-0.2	0.0	-97.8
14	Investment Income	8.1	-36.9	8.8	8.8	9.8	10.4	14.2	45.5
15	Court Receipts	2.6	0.3	2.5	-4.0	2.4	-3.3	0.0	-100.0
16	Other Income	30.4	42.4	20.2	-33.5	20.8	2.9	21.5	3.3
17	Total Other	299.3	8.1	300.0	0.2	312.9	4.3	329.2	5.2
18	Gross General Fund Revenue	$9,801.1	9.2	$10,009.0	2.1	$10,616.5	6.1	$11,123.0	4.8

Totals may not sum due to rounding. NA = Not applicable. NE = Not estimated. SEF = State Education Fund.

Table 9 summarizes the forecast for revenue to cash funds subject to TABOR. The largest sources of this revenue are fuel taxes and other transportation-related revenue, the hospital provider fee, severance taxes, and gaming taxes. The end of this section also presents the forecasts for federal mineral leasing and unemployment insurance revenue, as well as the recently approved marijuana sales and excise tax revenue. These forecasts are presented separately because they are not subject to TABOR restrictions.

Cash fund revenue subject to TABOR totaled $2.75 billion in FY 2014-15, and is expected to increase slightly to $2.88 billion in FY 2015-16. Increases in transportation-related and hospital provider fee revenue will be offset by declines in severance tax and insurance related revenue in FY 2015-16. Revenue collected via the state's 2.9 percent sales tax on medical and retail marijuana is projected to add $24.0 million to cash fund revenue subject to TABOR in FY 2015-16.

Total cash fund revenue subject to TABOR will increase 2.6 percent to $2.95 billion in FY 2016-17 as a rebound in severance tax revenue is offset by a decline in hospital provider fee revenue. This revenue is projected to grow another 4.8 percent to $3.09 billion in FY 2017-18, as severance tax revenue grows with increased oil and gas activity.

Transportation-related revenue subject to TABOR reached $1,164.6 million in FY 2014-15 and is expected increase $20.5 million to $1,185.1 million in FY 2015-16. Modest growth in transportation related revenue is expected through the end of the forecast period. The forecast for TABOR revenue to transportation related cash funds is shown in Table 10 on page 24.

The Highway Users Tax Fund (HUTF) is the largest source of transportation revenue subject to TABOR. The excise tax on gasoline and diesel fuel, the largest source of HUTF revenue, accounted for $599.4 million in FY 2014-15 and is expected to total $612.0 million in FY 2015-16. Excise taxes are based on gallons of fuel sold, which accelerated in FY 2014-15 as the price of oil fell. The HUTF also receives revenue from other sources, including registration fees, which generated $351.9 million in FY 2014-15 and are expected to generate $359.3 million in FY 2015-16. Total HUTF revenue was $1,014.8 million in FY 2014-15, and is expected to rise to $1,036.1 million in FY 2015-16.

A relatively small portion of the State Highway Fund (SHF) balance comes from revenue subject to TABOR. Local government grants and interest earnings are the two largest sources of TABOR revenue to the SHF. SHF revenue subject to TABOR fell 22.2 percent to $42.4 million in FY 2014-15, and is expected to decline another 11.0 percent to $37.8 million in FY 2015-16. The decrease is the result of fewer local government payments into the SHF, which spiked following the 2013 floods, leading to a lower balance in the state highway fund. Because the balance in the SHF is expected to decline, interest earnings will be lower, leading to declines in FY 2016-17 before rebounding in FY 2017-18 with increased interest from expected Senate Bill 09-228 transfers and an anticipated rise in federal interest rates.

Other transportation cash fund revenue subject to TABOR fell 4.0 percent in FY 2014-15. This decline is attributable to lower aviation fuel tax collections and law enforcement related collections. Other transportation cash fund revenue is expected to grow 3.5 percent in FY 2015-16 and 3.1 percent in FY 2016-17.

Table 9
Cash Fund Revenue Subject to TABOR Estimates
Dollars in Millions

	Preliminary FY 2014-15	Estimate FY 2015-16	Estimate FY 2016-17	Estimate FY 2017-18	CAAGR*
Transportation-Related	$1,164.6	$1,185.1	$1,204.6	$1,227.0	
Percent Change	2.5%	1.8%	1.6%	1.9%	1.8%
Hospital Provider Fee	$528.8	$805.8	$757.1	$799.6	
Percent Change	-6.7%	52.4%	-6.0%	5.6%	14.8%
Severance Tax	$280.2	$105.0	$175.3	$220.4	
Percent Change	4.3%	-62.5%	67.1%	25.7%	-7.7%
Gaming Revenue [1]	$99.3	$101.0	$104.1	$106.1	
Percent Change	1.0%	1.7%	3.0%	1.9%	2.2%
Insurance-Related	$21.5	$13.7	$11.0	$11.0	
Percent Change	4.1%	-36.4%	-19.7%	0.0%	-20.0%
Regulatory Agencies	$64.7	$66.6	$69.1	$70.6	
Percent Change	-5.5%	2.9%	3.7%	0.0%	2.9%
Capital Construction Related - Interest [2]	$4.7	$4.6	$4.6	$4.5	
Percent Change	93.9%	-1.1%	-0.6%	-1.1%	-0.9%
2.9% Sales Tax on Marijuana [3]	$22.4	$24.0	$25.3	$26.2	
Percent Change		7.3%	5.2%	3.6%	5.4%
Other Cash Funds	$562.7	$570.7	$599.3	$626.5	
Percent Change	-1.0%	1.4%	5.0%	4.5%	3.6%
Total Cash Fund Revenue	$2,748.8	$2,876.6	$2,950.4	$3,091.8	
Subject to the TABOR Limit	0.7%	4.6%	2.6%	4.8%	4.0%

Totals may not sum due to rounding.

** CAAGR: Compound average annual growth rate for FY 2014-15 to FY 2017-18.*

[1]Gaming revenue in this table does not include revenue from Amendment 50, which expanded gaming limits, because it is not subject to TABOR.

[2]Includes interest earnings to the Capital Construction Fund, the Controlled Maintenance Trust Fund, and transfers from certain enterprises into TABOR.

[3]Includes revenue from the 2.9 percent sales tax subject to TABOR collected from the sale of medical and retail marijuana. $14.5 million was collected and deposited into the General Fund in FY 2013-14.

Table 10
Transportation Funds Revenue Forecast by Source,
Dollars in Millions

	Preliminary FY 2014-15	Estimate FY 2015-16	Estimate FY 2016-17	Estimate FY 2017-18	CAAGR*
Highway Users Tax Fund (HUTF)					
Motor and Special Fuel Taxes	$599.4	$612.0	$621.2	$630.5	1.7%
Percent Change	4.5%	2.1%	1.5%	1.5%	
Total Registrations	$351.9	$359.3	$366.8	$374.2	2.1%
Percent Change	4.8%	2.1%	2.1%	2.0%	
Registrations	$210.9	$215.3	$219.8	$224.2	
Road Safety Surcharge	$123.1	$125.7	$128.3	$131.0	
Late Registration Fees	$18.0	$18.4	$18.7	$19.0	
Other HUTF Receipts[1]	$63.4	$64.9	$66.5	$67.6	2.2%
Percent Change	6.1%	2.2%	2.5%	1.8%	
Total HUTF	$1,014.8	$1,036.1	$1,054.4	$1,072.3	1.9%
Percent Change	4.7%	2.1%	1.8%	1.7%	
State Highway Fund[2]	$42.4	$37.8	$35.6	$37.1	-4.4%
Percent Change	-22.2%	-11.0%	-5.8%	4.2%	
Other Transportation Funds	$107.4	$111.2	$114.6	$117.6	3.0%
Percent Change	-4.0%	3.5%	3.1%	2.6%	
Aviation Fund[3]	$30.3	$32.6	$34.3	$35.9	
Law-Enforcement-Related[4]	$9.6	$9.6	$9.6	$9.6	
Registration-Related[5]	$67.5	$69.0	$70.7	$72.1	
Total Transportation Funds	$1,164.6	$1,185.1	$1,204.6	$1,227.0	1.8%
Percent Change	2.5%	1.8%	1.6%	1.9%	

Totals may not sum due to rounding.
*CAAGR: Compound average annual growth rate for FY 2014-15 to FY 2017-18.

[1]Includes daily rental fee, oversized overweight vehicle surcharge, interest receipts, judicial receipts, drivers' license fees, and other miscellaneous receipts in the HUTF.

[2]Includes only SHF revenue subject to Article X, Section 20, of the Colorado Constitution (TABOR).

[3]Includes revenue from aviation fuel excise taxes and the 2.9 percent sales tax on the retail cost of jet fuel.

[4]Includes revenue from driving under the influence (DUI) and driving while ability impaired (DWAI) fines.

[5]Includes revenue from Emergency Medical Services registration fees, emissions registration and inspection fees, motorcycle and motor vehicle license fees, and P.O.S.T. Board registration fees.

	Preliminary FY 2014-15	Estimate FY 2015-16	Estimate FY 2016-17	Estimate FY 2017-18	CAAGR*
Bridge Safety Surcharge	$103.1	$105.3	$107.5	$109.9	2.1%
Percent Change	2.0%	2.1%	2.1%	2.2%	

Note: Revenue to the Statewide Bridge Enterprise from the bridge safety surcharge is TABOR-exempt and therefore not included in the table above. It is included as an addendum for informational purposes.

Revenue to the Statewide Bridge Enterprise is not subject to TABOR and is shown as an addendum to Table 10. Revenue to this enterprise was $103.1 million in FY 2014 15 and is expected to grow 2.1 percent to $105.3 million in FY 2015-16. The bridge safety surcharge fee collections typically grow at the same rate as vehicle registrations.

Hospital Provider Fee (HPF) collections totaled $528.8 million in FY 2014-15, a decrease of 6.7 percent from the previous fiscal year. Collections are expected to jump 52.4 percent to $805.8 million in FY 2015-16. Collections are then anticipated to decrease to $757.1 million in FY 2016-17 before rebounding to $799.6 million in FY 2017-18.

HPF rates are set by the Department of Health Care Policy and Financing (HCPF) in order to draw matching funds from the federal government for hospital reimbursements and expansion of the state Medicaid program. HCPF determines fee rates according to federal cost models, which change for each federal fiscal year beginning in October. In prior years, HCPF has delayed fee increases until federal models are approved by the Centers for Medicare and Medicaid Services (CMS). More recently, CMS approval of federal cost models has occurred later in the state's fiscal year, leading to issues in the state's fee collection schedule. Beginning October 2015, HCPF will increase hospital provider fees based on the cost model for the new federal fiscal year in advance of the model's approval by the CMS. This change is expected to result in a $117 million increase in FY 2015-16 HPF revenue, on top of a previously anticipated increase attributable to the state's Medicaid expansion.

Severance tax revenue, including interest earnings, totaled $280.2 million in FY 2014 15, a slightly lower total than was forecast in June. Under the provisions of Senate Bill 15-255, the first $20 million in severance tax receipts collected in May and June 2015 were to be diverted to the General Fund. The actual diversion totaled $16.2 million. In FY 2015-16, total severance tax collections are projected to decline 62.5 percent to $105.0 million, a downward revision from the June forecast. The revision was largely due to the continued drop in oil prices this summer, which resulted in a downward revision for average annual prices from $52 per barrel to $45 per barrel in 2015. In FY 2016-17 and FY 2017-18, collections are projected to rise to $175.3 million and $220.4 million, respectively. These increases are the result of projected increases in the price of both oil and natural gas and the resulting increase in production. Table 11 on page 26 presents the forecast for severance tax revenue by mineral source.

Colorado oil prices continued to fall through the summer, reaching a low of $36 per barrel in August. Oil prices are expected to remain below $50 per barrel in 2015 due to the significant pool of reserves that have accumulated. Prices will gradually rise through the remainder of the forecast period as a result of the expanding economy. The decline in oil prices will reduce expected severance tax collections in FY 2015-16, and may dampen future drilling activity, although production in Weld County has not yet declined significantly and the industry has indicated that the price impact may be offset somewhat by production efficiency increases. Weld County is now responsible for over 88 percent of the state's oil production, and average monthly production in the county actually increased 7.3 percent to 8.4 million barrels through the first four months of 2015. The impact of the price drop on future drilling activity will depend on the length of time that prices remain low and the degree to which producers can increase drilling efficiency. This forecast assumes that oil prices will rise gradually through the remainder of the forecast period, and oil production in Weld County and the broader Niobrara formation will remain strong.

Table 11
Legislative Council Staff
Severance Tax Revenue Forecast by Source, September 2015
Millions of Dollars

	Preliminary FY 2014-15	Estimate FY 2015-16	Estimate FY 2016-17	Estimate FY 2017-18	CAAGR*
Oil and Gas	$264.7	$88.6	$160.4	$204.5	
Percent Change	6.1%	-66.5%	80.9%	27.5%	-8.6%
Coal	$5.4	$6.1	$6.1	$6.0	
Percent Change	-33.2%	14.2%	-1.4%	-1.4%	3.5%
Molybdenum and Metallics	$1.4	$1.4	$1.4	$1.5	
Percent Change	-21.4%	0.2%	0.2%	0.2%	0.2%
Total Severance Tax Revenue	$271.5	$96.2	$167.9	$211.9	
Percent Change	4.7%	-64.6%	74.4%	26.2%	-8.3%
Interest Earnings	$8.7	$8.7	$7.5	$8.5	
Percent Change	-7.9%	0.8%	-14.3%	13.7%	-0.6%
Total Severance Tax Fund Revenue	$280.2	$105.0	$175.3	$220.4	
Percent Change	4.3%	-62.5%	67.1%	25.7%	-8.0%

** CAAGR: Compound average annual growth rate for FY 2014-15 to FY 2017-18.*

Regional natural gas prices have remained stable throughout the summer. Prices at regional hubs were around $2.70 per Mcf (thousand cubic feet) in the first week of June. Although there was some mild fluctuation during the summer months, prices returned to $2.70 per Mcf by the end of August. Prices are expected to remain near this level through the fall. For FY 2015-16, oil and gas severance tax collections are expected to total $88.6 million due to the consistently low oil prices in 2015 and an increase in the ad valorem tax credits taken by operators. Collections will then increase to $160.4 million in FY 2016-17 and $204.5 million in FY 2017-18.

Coal production represents the second largest source of severance taxes in Colorado after oil and natural gas, and is expected to account for $6.1 million in collections in FY 2015-16. Total coal production in Colorado declined 10.1 percent in the first seven months of 2015 compared with the same period in 2014. This decline was largely due to year-to-date production drops of 25.8 percent and 48.0 percent, respectively, at the Bowie #2 and Foidel Creek mines. Of Colorado's top eight producing mines, four had year-over-year production increases during this seven month stretch, while four had production declines of between 6 and 48 percent. The Elk Creek mine in Gunnison County remains closed. In addition, in response to a federal district court order, the federal Office of Surface Mining Reclamation and Enforcement (OSM) approved a modified mine plan for the Colowyo mine in Moffat County. While the mine operator believes the new mine plan will satisfy the federal judge who issued the order, the court's response is still forthcoming. Meanwhile, year-to-date production at the Colowyo mine is up 35.8 percent from 2014 levels. In both FY 2016-17 and FY 2017-18, collections are expected to remain relatively flat at $6.1 million and $6.0 million, respectively.

Table 12
Tax Revenue from the Marijuana Industry
Millions of Dollars

	Preliminary FY 2014-15	Estimate FY 2015-16	Estimate FY 2016-17	Estimate FY 2017-18
Total Taxes on Marijuana	$88.4	$99.2	$113.7	$108.7
15% Excise Tax	$24.0	$25.4	$32.1	$34.3
State Share of 10% Special Sales Tax	$35.8	$42.4	$47.9	$41.0
Local Share of 10% special Sales Tax	$6.3	$7.5	8.4	$7.2
Total 10% Sales Tax	$42.1	$49.8	$56.3	$48.2
Proposition AA Taxes	$66.1	$75.2	$88.4	$82.6
2.9% Sales Tax on Medical Marijuana	$10.4	$9.7	$9.4	$9.2
2.9% Sales Tax on Adult-Use Marijuana	$11.8	$14.3	$15.8	$17.0
Taxes Subject to TABOR	$22.3	$24.0	$25.3	$26.2

Finally, projected interest earnings for FY 2015-16 have been revised downward from the June forecast to $8.7 million. The primary reason for the decrease is the projected decline in fund balances resulting from decreased severance tax revenue. Over the remainder of the forecast period, interest earnings are expected to be $7.5 million in FY 2016-17 and $8.5 million in FY 2017-18.

Limited gaming revenue includes taxes, fees, and interest earnings collected in the Limited Gaming Fund and the State Historical Fund. Most of this revenue is subject to TABOR; however, revenue attributable to Amendment 50, which expanded gaming beginning in FY 2009-10, is TABOR-exempt.

Gaming tax and fee revenue subject to TABOR totaled $99.3 million in FY 2014-15, a 1.0 percent increase from FY 2013-14. By contrast, total gaming tax revenue grew 5.0 percent in FY 2014-15 as casinos rebounded from poor performance during FY 2013-14, when access roads to gaming communities in Gilpin County were severely damaged during the September 2013 floods. Because of the structure of the statutory formula, years in which gaming tax revenues grow by more than 3 percent result in disproportionate increases in the share of gaming taxes that are exempt from TABOR. TABOR exempt Amendment 50 revenue grew by more than 20 percent in FY 2014-15.

Gaming revenue subject to TABOR is projected to grow 1.7 percent to $101.0 million in FY 2015-16. Growth will continue in the out years, with projected gaming revenue in FY 2016-17 and FY 2017-18 totaling $104.1 million and $106.1 million, respectively. Casinos are expected to attract some new business as household incomes continue to improve; however, growth rates are expected to remain low.

Medical and adult-use marijuana tax revenue totaled $88.4 million in FY 2014-15 and is expected to reach $99.2 million in FY 2015-16. This forecast includes the following provisions of current law enacted through the passage House Bill 15-1367:

- a one-day holiday from the special sales and excise tax on marijuana on September 16, 2015; and
- a reduction in the sales tax rate from 10 percent to 8 percent on July 1, 2017.

HB 15-1367 also referred Proposition BB to voters, asking if the state can retain $66.1 million or if this amount must be refunded to taxpayers. This revenue forecast assumes passage of

Proposition BB, which maintains the 10 percent sales tax rate throughout FY 2015 16. If Proposition BB fails, the sales tax rate is reduced from 10 percent to 0.1 percent on January 1, 2016 until $17.1 has been refunded to marijuana consumers. If this occurs, forecasted marijuana tax revenue totals for FY 2015-16 will be overstated by this amount.

Tax revenue from the state 2.9 percent sales tax on medical and adult-use marijuana is subject to TABOR and is expected to be $24.0 million in FY 2014-15 and $25.3 million in FY 2015-16. Sales tax collections on retail marijuana are expected to increase throughout the forecast period, while sales of medical marijuana decline slightly.

Federal Mineral Lease (FML) revenue is the state's portion of the money the federal government collects from mineral production on federal lands. Collections are mostly determined by the value of mineral production. Since FML revenue is not deposited into the General Fund and is exempt from TABOR, the forecast is presented separately from other sources of state revenue.

For FY 2014-15, FML revenue totaled $145.1 million, representing an 16.4 percent decrease from the previous year. In FY 2015-16, FML revenue is projected to total $132.1 million, a 2.6 percent decline from the June forecast. The decrease is primarily the result of continued low natural gas prices. Prices are expected to remain stable at this level through the fall.

In addition, Colorado coal production continues to decline, and roughly 75 percent of this production occurs on federal lands. Production was down 10.1 percent in the first seven months of 2015 compared with the same period in 2014, and it is expected to continue to decline through the forecast period. Mine layoffs and a 25.8 percent reduction in production year-to-date at the Bowie #2 mine will further dampen growth in FML revenue. Interestingly, year-to-date production is up 35.8 percent at the Colowyo mine, which apparently has averted a shutdown due to a federal court order.

FML revenue is expected to rebound to $159.9 million in FY 2016-17 and $166.6 million in FY 2016-17 with higher natural gas prices. These totals represent downward revisions from the June forecast, in part due to the agreement between the state and the Bureau of Land Management (BLM) under which the BLM will withhold $7.8 million in FML revenue annually in each of the next three fiscal years beginning in FY 2015-16. This money will be used to reimburse the BLM for the state's share of $50 million in bonus payments on cancelled leases that must be refunded.

Forecasts for ***Unemployment Insurance (UI) Trust Fund*** revenue, benefit payments, and year-end balance are shown in Table 13. Revenue to the UI Trust Fund has not been subject to TABOR since FY 2009-10 and is therefore excluded from Table 9 on page 23. Revenue to the Employment Support Fund, which receives a portion of the UI premium surcharge, is still subject to TABOR and is included in the Table 9.

A higher fund balance in FY 2013-14 and a healthy labor market continue to support the UI trust fund. In FY 2014-15, the ending balance for the fund was $680.1 million, a 14 percent increase from the previous year. The improvement occurred despite a decline in contributions to the fund from employers, as premiums paid by employers were lower by 1.8 percent in FY 2014-15. The amount an employer pays to the fund is dependent on the solvency of the fund and each employer's layoff history. Employers with fewer layoffs pay lower rates, while employers with more layoffs are charged higher rates. A higher year-end balance in the trust fund in FY 2013-14 and fewer layoffs helped reduce the amount of premiums paid by employers. In addition, the improving labor market helped reduce the amount of unemployment insurance benefits paid from the fund in FY 2014-15. Unemployment insurance benefits paid to unemployed workers were $52.3 million, or 9.8 percent, lower than one year ago. Finally, the fund's reserve ratio, used to determine whether the fund reserve levels are appropriate to ensure solvency, was 0.66 percent at the end of FY 2014-15. The UI trust fund is considered solvent when the reserve ratio reaches 1.6 percent, triggering a premium credit for employers.

The UI fund is projected to remain relatively stable through the forecast period. The UI trust fund ending balance is expected to decline slightly in FY 2015-16 as anticipated oil-related layoffs increase the amount of benefits paid. However, job growth from other industries and a higher chargeable wage base will keep the fund secure. State law requires the chargeable wage base to increase annually by the percentage change in average weekly earnings.

Table 13
Legislative Council Staff
Unemployment Insurance Trust Fund Forecast, September 2015
Revenues, Benefits Paid, and Fund Balance
Dollars in Millions

	Actual FY 2014-15	Estimate FY 2015-16	Estimate FY 2016-17	Estimate FY 2017-18	CAAGR*
Beginning Balance	$599.1	$680.1	$602.7	$584.3	
Plus Income Received					
UI Premium & Premium Surcharge[1]	$670.9	$526.8	$599.1	$674.1	0.16%
Interest	$15.5	$10.5	$11.7	$13.3	
Total Revenues	$686.4	$537.2	$610.8	$687.4	0.05%
Percent Change	-3.6%	-21.7%	13.7%	12.5%	
Less Benefits Paid	($482.5)	($489.7)	($504.2)	($464.2)	-1.28%
Percent Change	-9.8%	1.5%	3.0%	-7.9%	
UI Bonds Principal Repayment	($125.0)	($125.0)	($125.0)	$0.0	
Accounting Adjustment	$2.1	$0.0	$0.0	$0.0	
Ending Balance	$680.1	$602.7	$584.3	$807.6	0.12%
Solvency Ratio[2]					
Fund Balance as a Percent of Total Annual Private Wages	0.66%	0.56%	0.52%	0.69%	

Totals may not sum due to rounding.

**CAAGR: Compound average annual growth rate for FY 2014-15 to FY 2017-18.*

[1]This includes the regular UI premium, 30 percent of the premium surcharge, penalty receipts, and the accrual adjustment on premiums.

[2]When the solvency ratio exceeds 0.5 percent of total annual private wages, the solvency surcharge is triggered off.

Note: The Unemployment Insurance Trust Fund is not subject to TABOR.

The state and local economy continue to expand with increasing employment, falling unemployment rates, gains in consumer spending, and a hot real estate market. Nationally, the economy has benefited from lower oil prices and has been able to weather uncertainty in other parts of the world. This growth is expected to continue throughout 2015 and 2016. The Federal Reserve will balance tightening monetary policy with economic conditions, and they are expected to act sometime in the fourth quarter of 2015. Upward revisions to economic growth in the second quarter of 2015 show the economy recovered after a rough first quarter, but recent data releases have been mixed, suggesting that some areas of the economy may be weakening.

In Colorado, low oil prices have caused oil and natural gas companies to slow development of new wells, impacting natural resource employment and related industries. Underlying momentum in other sectors of the Colorado economy is helping offset the decline from the oil and natural gas sector, and growth is expected to be similar to that of the nation as a whole. Over the past several years, growth in Colorado has outpaced the rest of the nation, partially because of the boost provided from the development of oil wells in Northern Colorado.

Personal income is increasing as the labor market heals, and is expected to continue to grow throughout the forecast period. A falling unemployment rate and more jobs will contribute to wage and salary growth in 2016. The Federal Reserve will gradually raise interest rates, which may impact the return on other investments as households shift the balance of their portfolios between savings accounts and equity markets.

Global growth has been anemic. The Eurozone continues to plod along without a resolution to the Greek debt crisis, while China's economy is slowing as it undergoes structural reforms. Reforms in China are aimed at long-term economic sustainability, which is causing volatility in the short-run. Many developing economies rely on China to purchase raw materials. Global financial markets may pose a risk to domestic financial markets. Meanwhile, the dollar has continued to strengthen amidst weakness in other economies.

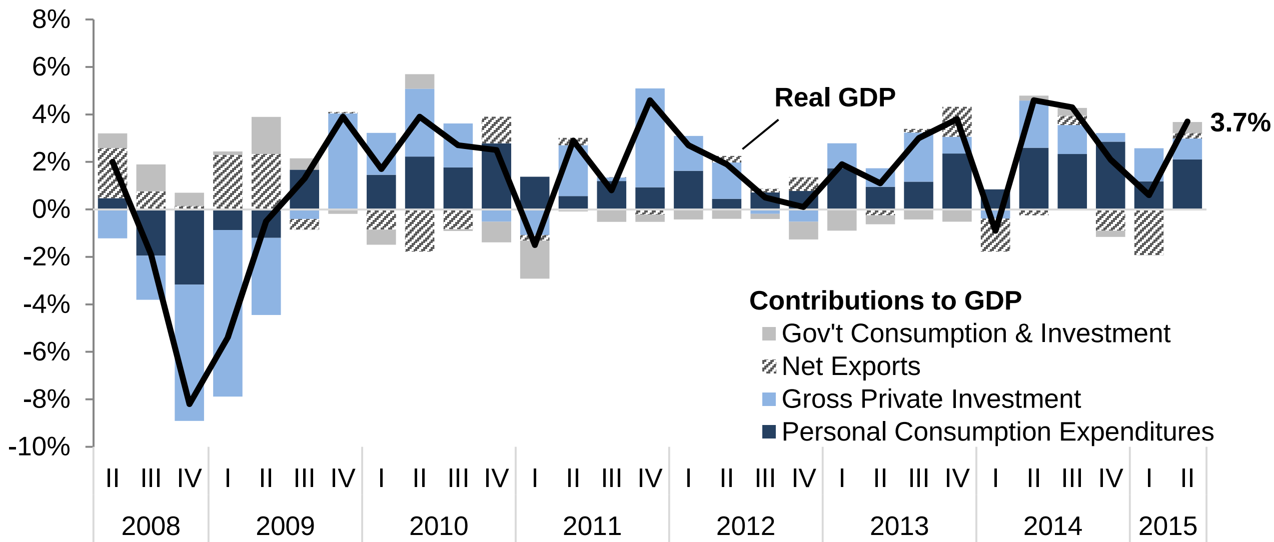
Expectations for the U.S. and Colorado economies are summarized in Tables 14 and 15 on pages 49 and 50.

Gross Domestic Product

After growing at a sluggish rate in the first quarter, U.S. economic activity picked up in the second quarter of 2015. Real gross domestic product (GDP), the value of all goods and services produced, rose at a 3.7 percent annualized rate in the second quarter of the year. The improvement in the second quarter came from greater business investment, investments in residential properties, and higher exports. Figure 5 shows the contributions to GDP for each quarter since 2008.

Personal consumption expenditures accelerated to 3.1 percent growth in the second quarter relative to 1.8 percent in the prior quarter, reflecting lower oil prices, steady hiring, and improving consumer confidence. Business investment increased 5.2 percent, supported by an increase in inventories as business increased their stockpiles, suggesting optimism for future consumer demand. Spending on intellectual property was particularly strong, growing at the fastest rate since the last quarter of 2007. Intellectual

Figure 5
Contribution to Real Gross Domestic Product
Seasonally Adjusted Annual Rates



Source: U.S. Bureau of Economic Analysis.
Note: "Real" GDP is inflation-adjusted. Contributions to percent change and percent change in GDP reflect annualized quarter-over-quarter growth rates.

property is a primary driver of economic growth and a helpful indicator to guage national competitiveness, as it includes U.S. company trademarks. Government spending increased slightly, with state and local government gains offsetting losses from the federal government.

In 2014, the Colorado economy (as measured by state GDP) increased 6.4 percent, outpacing 3.9 percent growth nationwide. Gains from the mining (which includes oil and gas) and construction sectors helped produce the fifth fastest growth in the nation in 2014. North Dakota grew the fastest, with gains of 8 percent from the previous year. Figure 6 shows the percent change in nominal (not adjusted for inflation) GDP by state from 2013 to 2014.

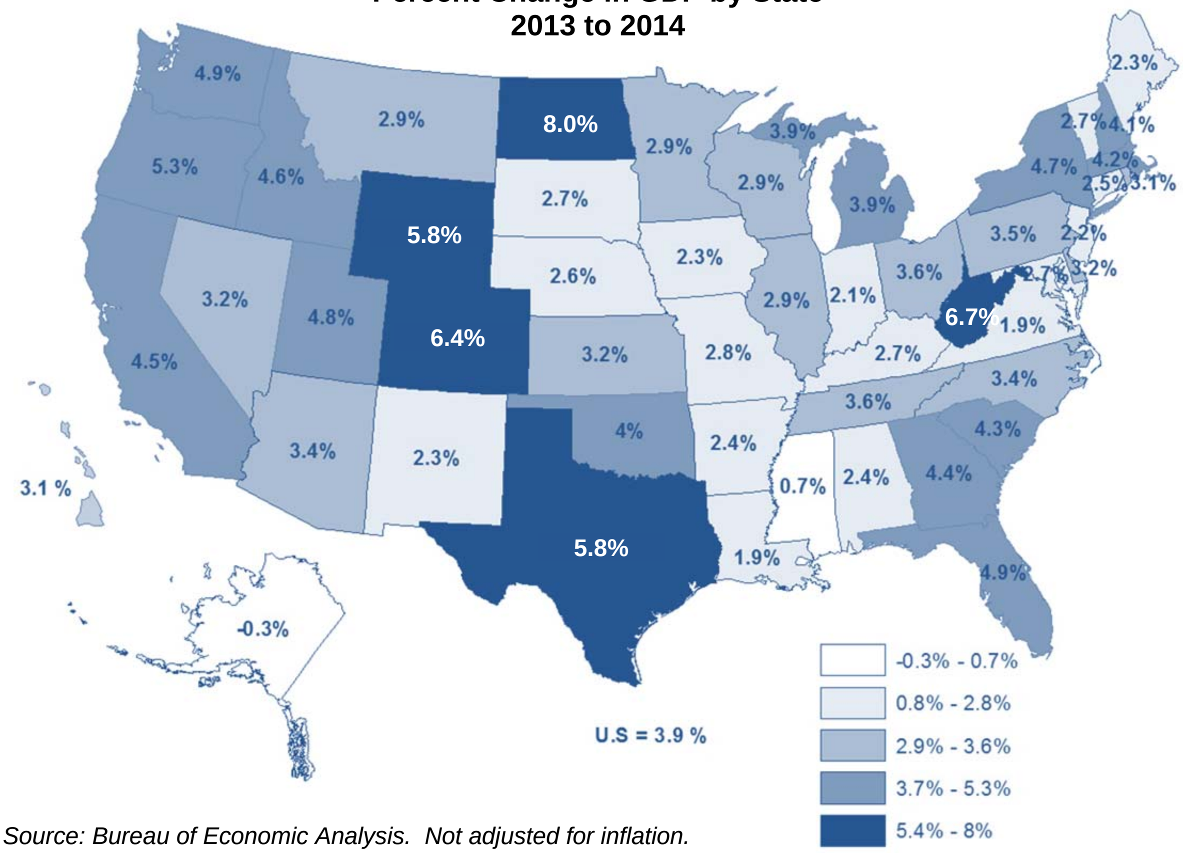
- The national economy will maintain moderate growth rates throughout the forecast period. Real GDP will increase 2.3 percent in 2015 and 2.4 percent in 2016.

Business Income and Activity

Businesses have had to adjust to the decline in oil prices and the strengthening dollar. Corporate profits and proprietors' income flattened in the first half of 2015 following strong growth after the recession. The decline in oil prices have both reduced oil and natural gas sector profits and investment and benefited other sectors. The dollar has appreciated against other currencies, making it cheaper to buy goods from other countries. Manufacturing activity continues to grow, but at a more modest pace because of the strengthening dollar. Figure 7 shows different measures of business income and activity.

Corporate profits, proprietor's income, and business investment have all increased thus far in 2015, although at a slower rate than in 2014 as firms adjust to the lower price of oil and the strengthening dollar. Proprietor's income increased 3.7 percent between the first half of 2014 and

Figure 6
Percent Change in GDP by State
2013 to 2014



Source: Bureau of Economic Analysis. Not adjusted for inflation.

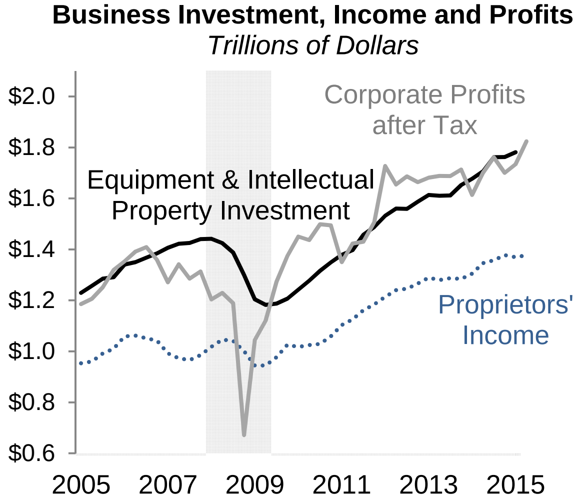
the first half of 2015. Proprietor's income, a component of personal income, represents payments to self-employed individuals and unincorporated business owners. Corporate profits after taxes increased 7.5 percent between the first quarter of 2014 and the first quarter of 2015.

The Institute for Supply Management (ISM) produces two separate indices to show business activity. Any value above 50.0 represents an expansion of activity from the previous month. The ISM business activity index, which measures activity in the services sector, increased to 63.9 in August 2015, the second highest reading since the end of the recession. The ISM manufacturing index was 51.1 in August, down from 58.1 a year earlier when the dollar began to appreciate against other global currencies.

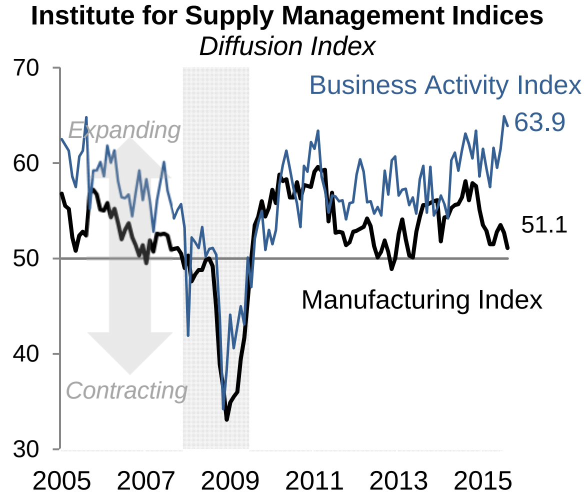
The divergence in the two ISM measures illustrates the impact of a strengthening dollar; because services are generally bought with dollars the exchange rate has only a limited impact on their consumption, while manufactured products can be purchased from other countries. An appreciating dollar makes it cheaper to buy goods from other countries rather than placing new orders with U.S. manufacturers.

The Federal Reserve's Industrial Production Index increased 1.3 percent between July 2014 and July 2015, which also indicates slow but continued growth in manufacturing activity. Recent increases have been largely attributable to increased production of automobile parts and finished vehicles. Industrial activity in the mining sector slowed in the first four months of 2015.

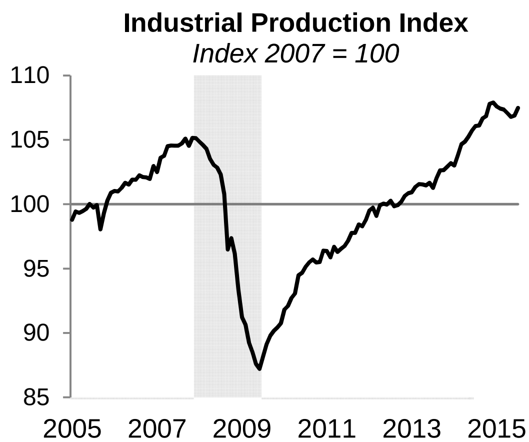
Figure 7
Selected Indicators of U.S. Business Activity



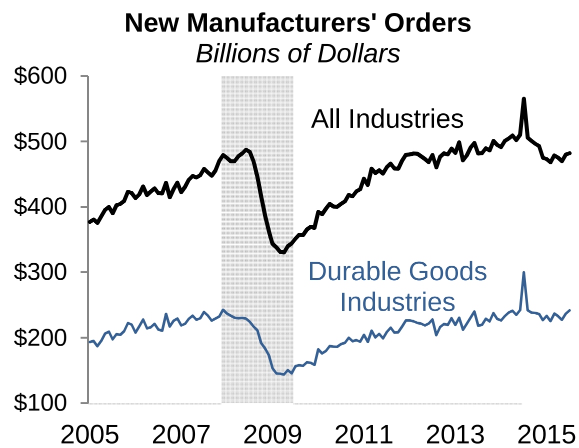
Source: Bureau of Economic Analysis. Data are not adjusted for inflation.



Source: Institute for Supply Management.



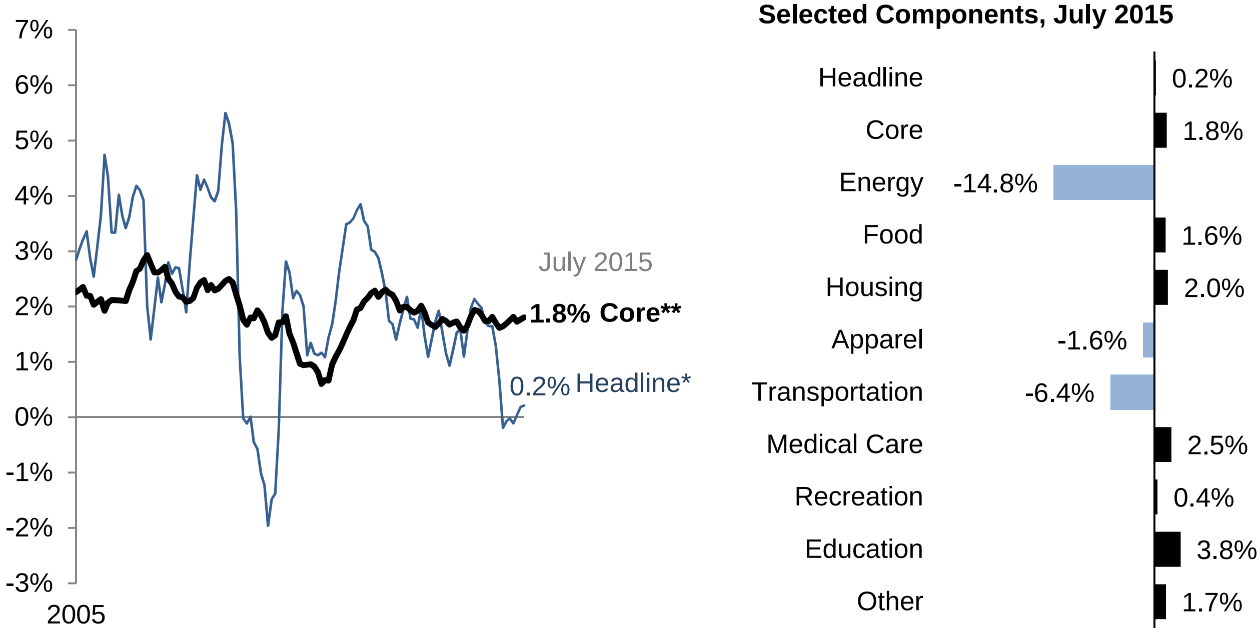
Source: Federal Reserve Board of Governors.



Source: U.S. Census Bureau. Data are not adjusted for inflation.

All data are seasonally adjusted. Shaded areas represent period of recession.

Figure 8
U.S. Consumer Price Index (CPI-U) Inflation
Percent Change in Prices, Year-over-Year



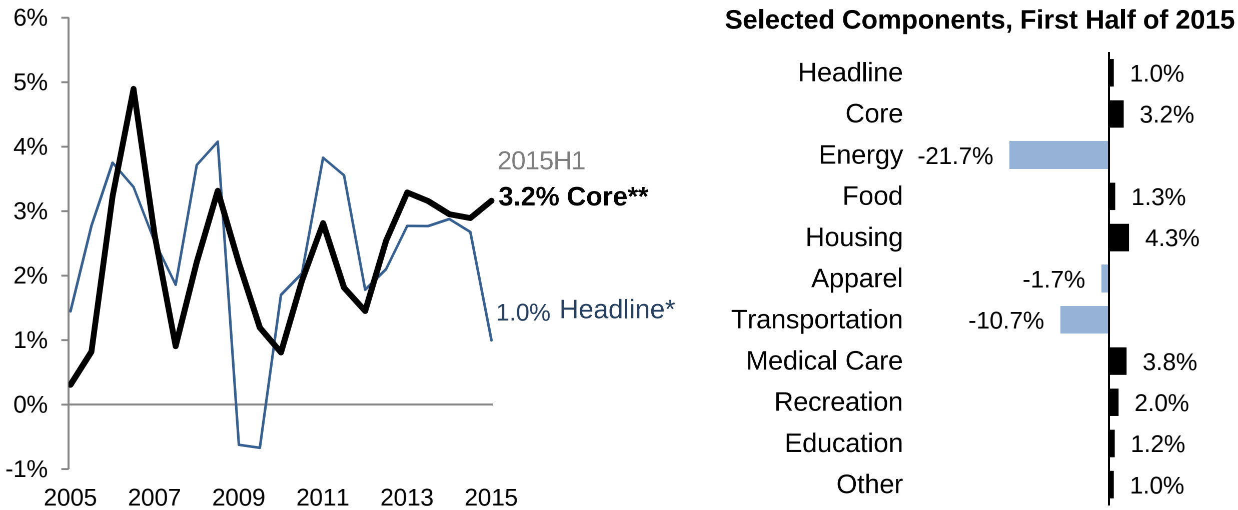
Source: U.S. Bureau of Labor Statistics. Inflation is calculated as the growth in urban area prices in a given period relative to the same period in the prior year.
**Headline inflation includes all products and services. **Core inflation excludes food and energy prices.*

Monetary Policy and Inflation

Inflation, which measures year-over-year changes in prices, remains subdued due to low energy prices. Headline inflation, which excludes the more volatile price components of energy and food, ticked up just above zero, while core inflation was 1.8 percent in July over July 2014. Changes in selected components of the U.S. consumer price index are shown at right in Figure 8. Energy and transportation prices are down, while most other price components exhibited only modest upward pressures. Oil price stabilization will not be reflected in inflation rates until 2016.

Consistent with historical trends, prices of goods and services in Colorado, as measured by the Denver-Boulder-Greeley consumer price index (CPI), are exhibiting higher inflationary pressures than the national indicator (Figure 9). Headline inflation in the first half of year rose 1.0 percent over the same period last year, while core inflation rose 3.2 percent. Greater appreciation in home prices, recreation, and medical care caused the rise, while energy and transportation prices dropped considerably on lower oil prices. Monetary policy "normalization" remains dependent on further improvements in economic growth and labor market conditions, as well as core inflation rates remaining at or around 2 percent. In September, the Federal Open Market Committee (FOMC) continued a target federal funds rate of 0 percent to 0.25 percent (the effective federal funds rate is shown at the top of Figure 10). A slow lift off in the target rate is anticipated by many economists later this year. Meanwhile, the FOMC announced that the committee is maintaining its existing policy of reinvesting proceeds from Treasury securities and principal payments on agency debt, such as

Figure 9
Denver-Boulder-Greeley consumer Price Index (CPI-U) Inflation
Percent Change in Prices, Year-over-Year



Source: U.S. Bureau of Labor Statistics. Inflation is calculated as the growth in urban area prices in a given period relative to the same period in the prior year.
**Headline inflation includes all products and services. **Core inflation excludes food and energy prices.*

Fannie Mae or Freddie Mac debts, and agency mortgage-backed securities. This policy will keep the Federal Reserve balance sheet elevated (shown at the bottom of Figure 10) and is expected to maintain a highly accommodative monetary policy. Since the Federal Funds rate affects the cost of doing business for banks, all interest rates should experience upward pressure as the Federal Reserve slowly increases the target rate. However, longer term interest rates such as mortgage rates should not increase as fast as short term rates, as the elevated balance sheet will continue to put downward pressure on the longer term rates.

In addition, the gradual rise in rates will likely shift investment patterns, as higher interest rates will offer higher yields for investors over time. All else equal, this may take some of the air out of markets, potentially resulting in a drop in certain equities prices as rates rise over time.

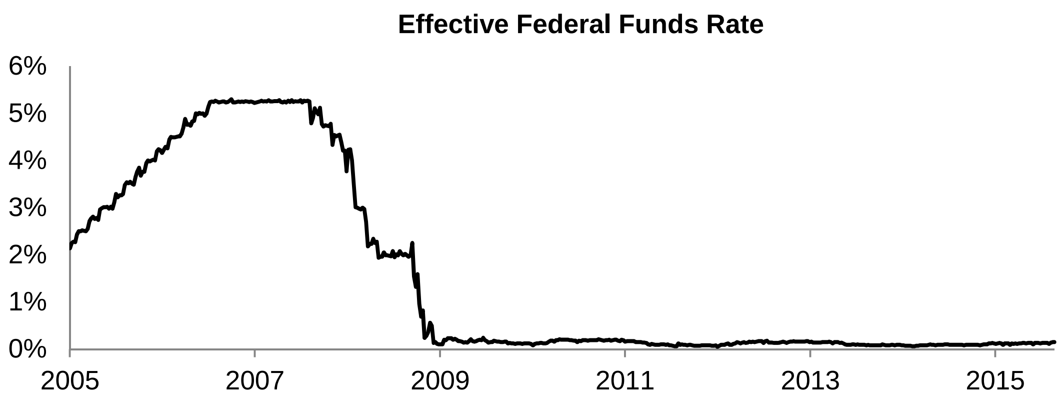
- Nationally, prices are expected to increase only 0.1 percent in 2015, reflecting the decline in oil prices. In 2016, inflation is expected to return to a more normal rate of 1.6 percent.

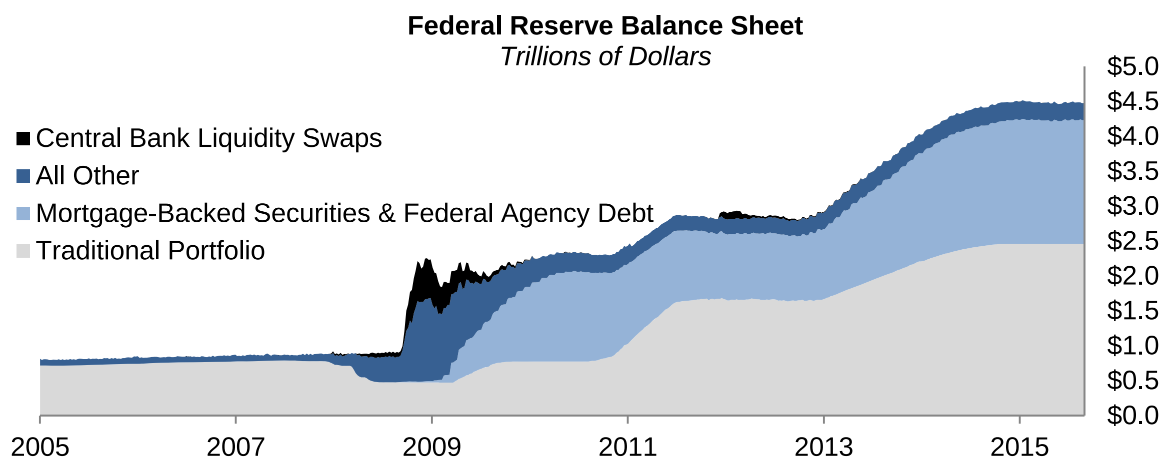
- The Denver-Boulder-Greeley CPI is expected to increase 1.2 percent in 2015, reflecting the increasing cost of housing in the area and low energy prices. Prices are expected to increase 2.6 percent in 2016.

Energy Markets

Lagging demand, particularly in Europe and developing countries, and record-high stockpiles continue to drag oil prices down. After hovering around $60 per barrel in May and June, the price of oil resumed its decline from last summer. Oil prices dropped below $40 a barrel in August, the lowest since early 2009, before rebounding to the mid $40s a barrel by mid-September.

Figure 10
U.S. Monetary Policy Indicators





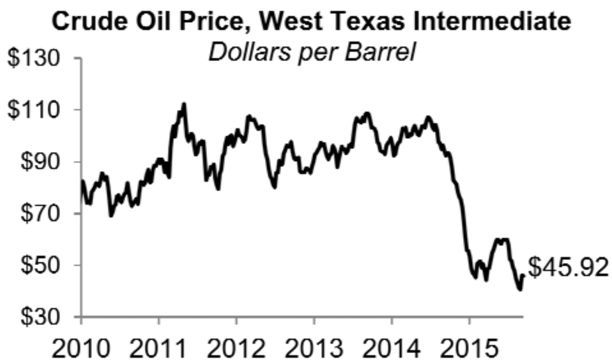
Source: Federal Reserve Board of Governors.

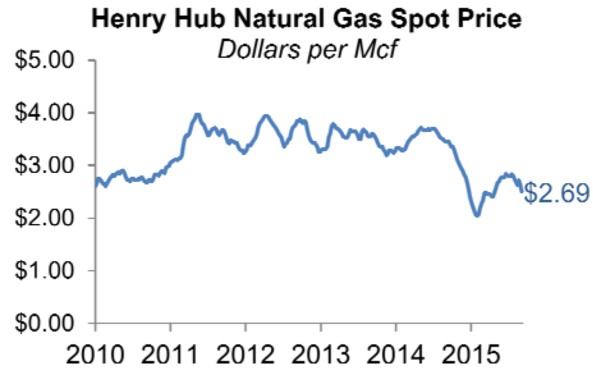
Natural gas prices also remained low, as mild summer weather weakened demand. By the end of August, the average price was $2.70 per thousand cubic feet (Mcf), 23 percent lower from the same month one year prior. Selected energy market indicators are provided in Figure 11.

Colorado oil production increased through the first quarter of the year despite lower prices. Total Colorado oil production was 41 percent higher through the first three months of the year than the same period one year ago. Figure 12 shows monthly Colorado oil production from January 2001 to March 2015.

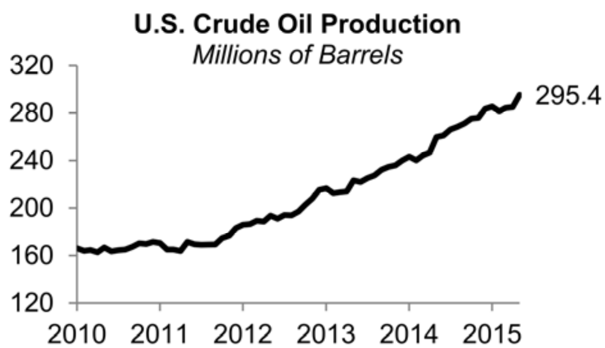
Production activity continues primarily because of robust drilling activity that occurred through late 2014. Wells are most productive in the first few years of production, before becoming less productive over time. Projects that were under construction or already up and running by late 2014 are expected to continue to operate. However, oil production is expected to begin to decline later this year, as new wells required to backfill the lost production from retiring wells have not been drilled in 2015. Permit applications received by the Colorado Oil and Gas Conservation Commission were down 21 percent through the first four months of the year relative to

Figure 11
Selected Indicators of Oil and Gas Industry Activity

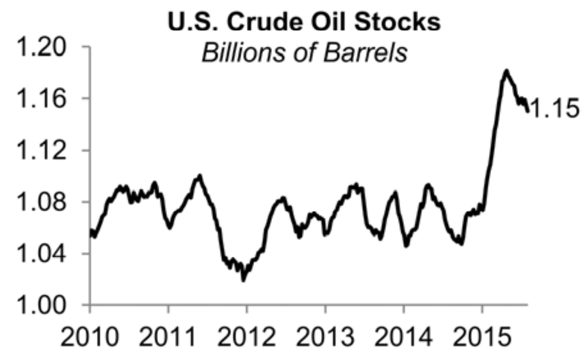




Source: Energy Information Administration. Weekly average prices. Data are not seasonally adjusted.



Source: Energy Information Administration. Data are shown as three-month moving averages and are not seasonally adjusted.



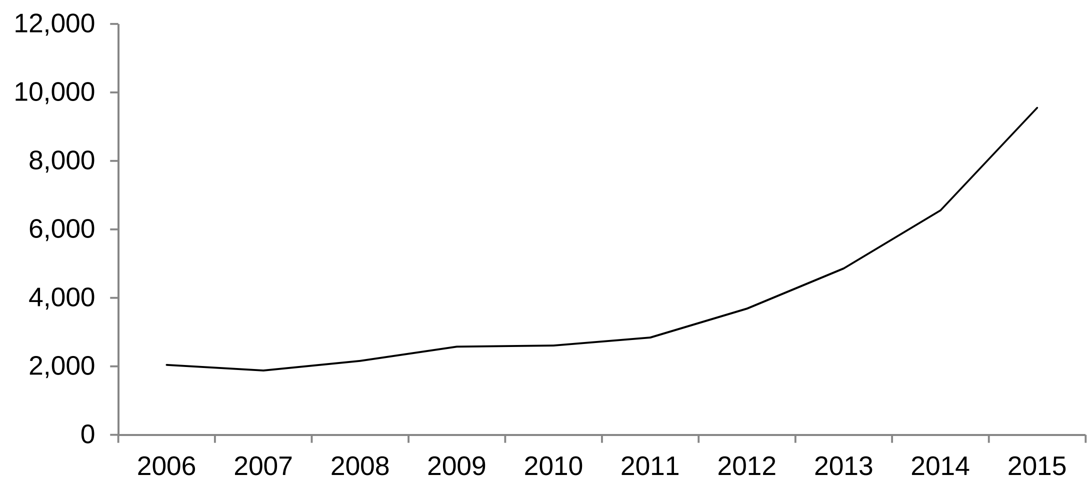
Source: Energy Information Administration. Data are not seasonally adjusted.

the same period last year. Colorado production is expected to continue decreasing through mid-2016 before growth resumes late in 2016.

Nationwide, crude oil production declined by 100,000 barrels per day in July compared with June. The Organization of the Petroleum Exporting Countries (OPEC) appears dedicated to maintaining production at current rates in an effort to keep oil prices low, forcing high-cost producers out of the market. This will continue to put pressure on the U.S. oil industry. In addition, if a nuclear agreement with Iran is approved by Congress and sanction relief occurs, additional oil supplies are expected to be released into an already saturated global market, placing further downward pressure on oil prices. Among Colorado producers, larger companies are likely to be better positioned to fare low oil prices by capitalizing on economies of scale and more diversified drilling opportunities. Oil prices may become more volatile as the industry continues to adjust to lower prices by pursuing only the most productive and cost-effective exploration and production.

U.S. regular gasoline retail prices averaged $2.79 a gallon in July, a decrease of one cent from June and 82 cents lower than in July 2014. The U.S Energy Information Administration (EIA) expects monthly average gasoline prices to decline to an average of $2.11 a gallon in the fourth quarter of 2015.

Figure 12
Colorado Oil Production
Thousands of Barrels



Source: Colorado Oil and Gas Conservation Commission. Not seasonally adjusted data.

Despite declining gasoline prices nationally, the price of gas in Colorado has steadily increased since July despite the drop in the price of crude oil. An outage of a major refinery in Indiana has cut the supply of refined fuel, raising gas prices in Colorado and a large portion of Midwest states. In July, the average price of regular unleaded gas in Colorado was $2.79 a gallon, up 17 cents from a month ago. Gas prices are expected to decline once refinery operations have been restored.

Labor Markets

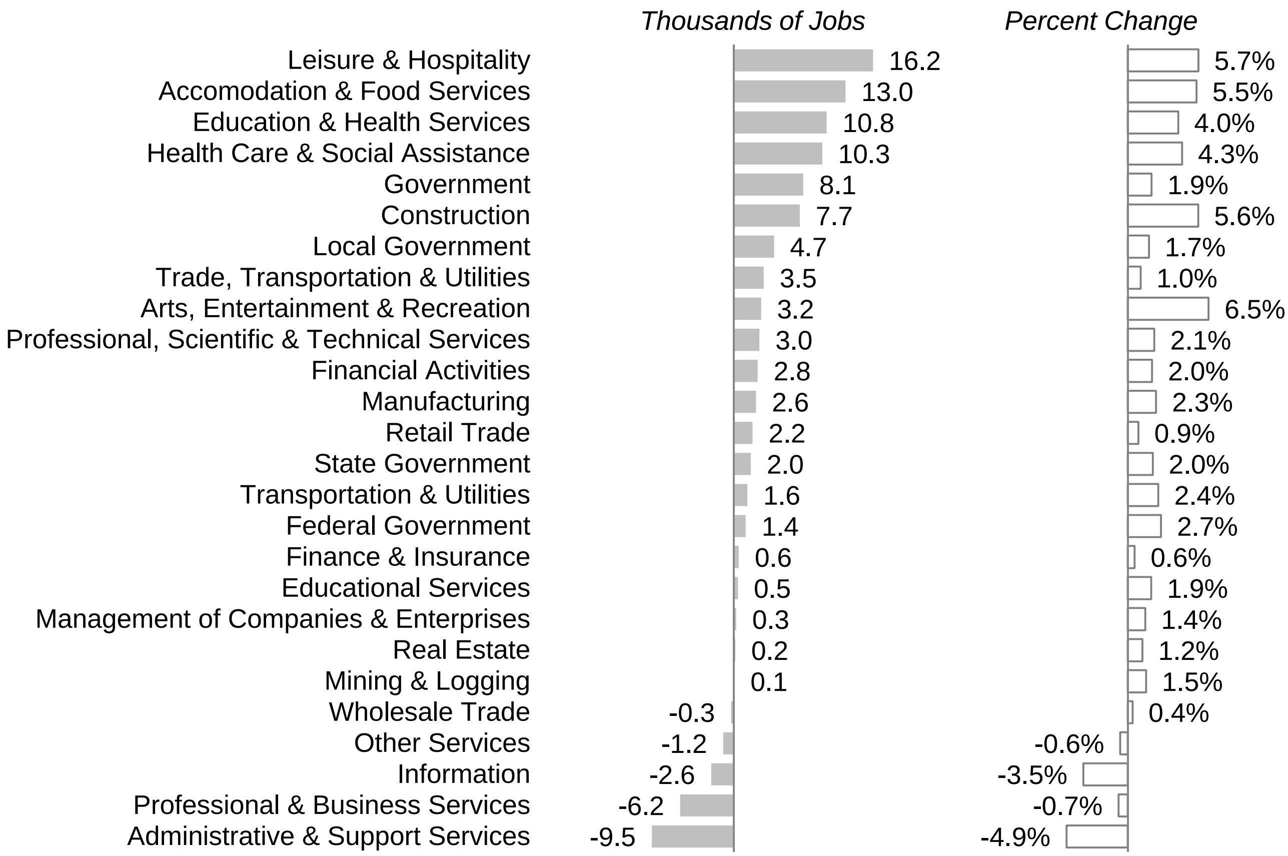
Through the first seven months of the year, Colorado's labor market indicators remain positive, despite lower oil and gas prices affecting job growth in the mining industry and their supporting industries. An improving national economy and a diverse regional economy continue to make workforce conditions favorable in the state.

As shown in Figure 13, the state has added jobs in most industries through July 2015 compared with the same month one year ago. Tourism-related industries, such as accommodation and food services, and entertainment and recreation, had the fastest growth rates, indicating increased consumer confidence. Job losses in the administrative and support services were the greatest, likely due to loses in the oil and gas industry, as this industry is primarily engaged in activities that provide business services to clients in other industries. Nationally, workforce conditions have been fairly robust but remain mixed. The nation continues to add jobs at a healthy rate and the unemployment rate in August fell to its lowest rate since late 2007.

However, wage growth remains sluggish and many workers continue to struggle to find work with adequate pay.

In July relative to a year prior, Colorado added just over 50,000 jobs, a 2.0 percent increase and on par with nationwide job growth over the same period. Losses in several industries in Colorado slowed growth in the first seven months of the year. Job losses in these industries are expected to continue to decline through the remainder

Figure 13
Colorado Job Gains and Losses by Industry
Year-over-Year Change
July 2014 to July 2015



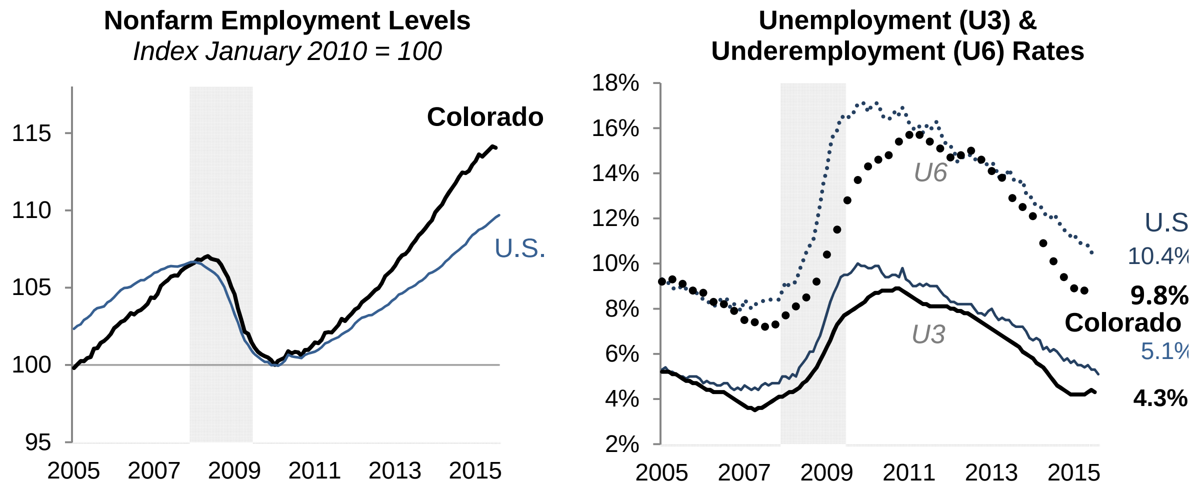
Source: Bureau of Labor Statistics.

of the year, though Colorado's economy will add jobs overall. The state's unemployment rate remained steady through the first seven months of the year at about 4.3 percent, well below the national rate of 5.1 percent in August.

Nationally, job growth has continued to post steady gains, averaging 211,000 new jobs each month this year through August. Meanwhile, both initial and continued claims for unemployment continue to trend downward at the national level. Shown at the right in Figure 14, the nation's underemployment rate also continued a downward trend, dropping to 8.8 percent in the second quarter of 2015. A four percent or smaller gap between the primary underemployment rate is thought to indicate that an economy is at full employment. The nation's gap closed to 5.3 percent in July. The state's gap, however, was 4.5 percent in July, indicating that Colorado's labor market remains closer to full employment than the nation's.

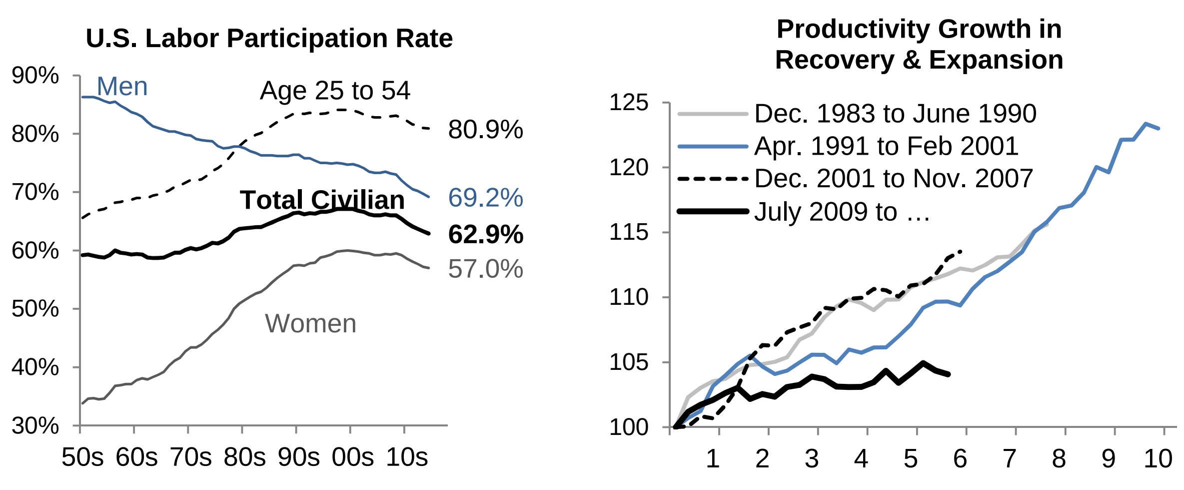
Longer-term demographic trends and labor productivity have slowed employment and economic growth in recent years. Labor force participation continues to edge downward as baby-boomers age and retire (Figure 15 at left). Those ages 65 and over spend considerably less on average

Figure 14
Colorado and U.S. Labor Market Comparisons



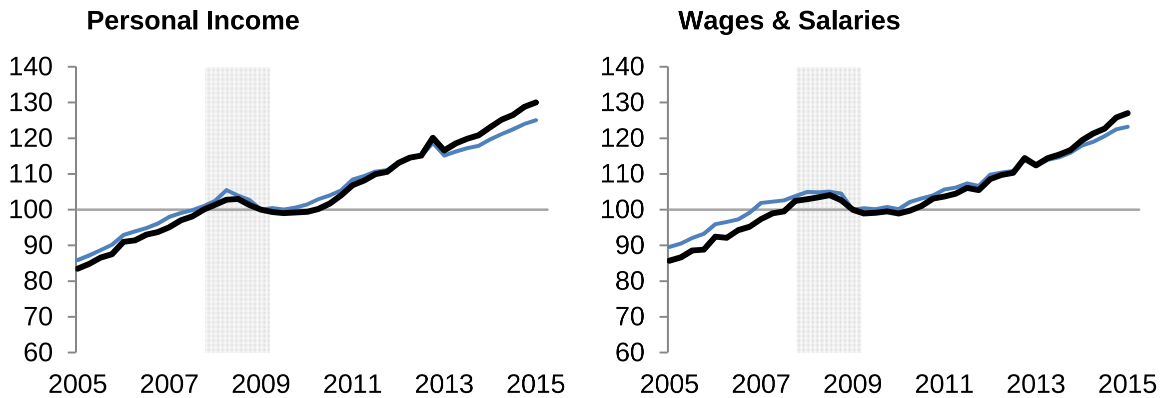
Source: Bureau of Labor statistics. Underemployment rates for Colorado are shown as four-quarter averages and are through July, while data for the U.S. are monthly and through august. Data are seasonally adjusted.

Figure 15
Longer-Term Moderators of Growth



Source: Bureau of Labor Statistics. Labor productivity is calculated as inflation-adjusted GDP divided by the seasonally adjusted total number of hours worked by nonfarm business employees.

Figure 16
Personal Income Growth in Colorado and the Nation
Indexed to First Quarter 2009



than those of prime working-age (age 25 to 54). Additionally, the money retired individuals use for consumption shifts from earned income to drawing from savings and investments, including pensions and retirement funds. With a higher share of the population at retirement age than in the past, both income and consumption are expected to moderate slightly. In addition to those ages 65 and over, labor force participation rates for those of primary working age have also been declining since the early 2000s. Some of this trend can be attributed to the inability to find work following the 2007-2009 recession. However, the continued downward trend well into the recovery also suggests initial shifts away from full-time work among younger generations, including a rise in stay-at-home parenting and part-time work.

- As most of Colorado's industries continue to add jobs, the state's total nonfarm employment will expand at a rate of 2.3 percent in 2015 and 1.9 percent in 2016. The national labor market will add jobs at a slightly more modest pace of 2.1 percent in 2015 and 1.8 percent in 2016.

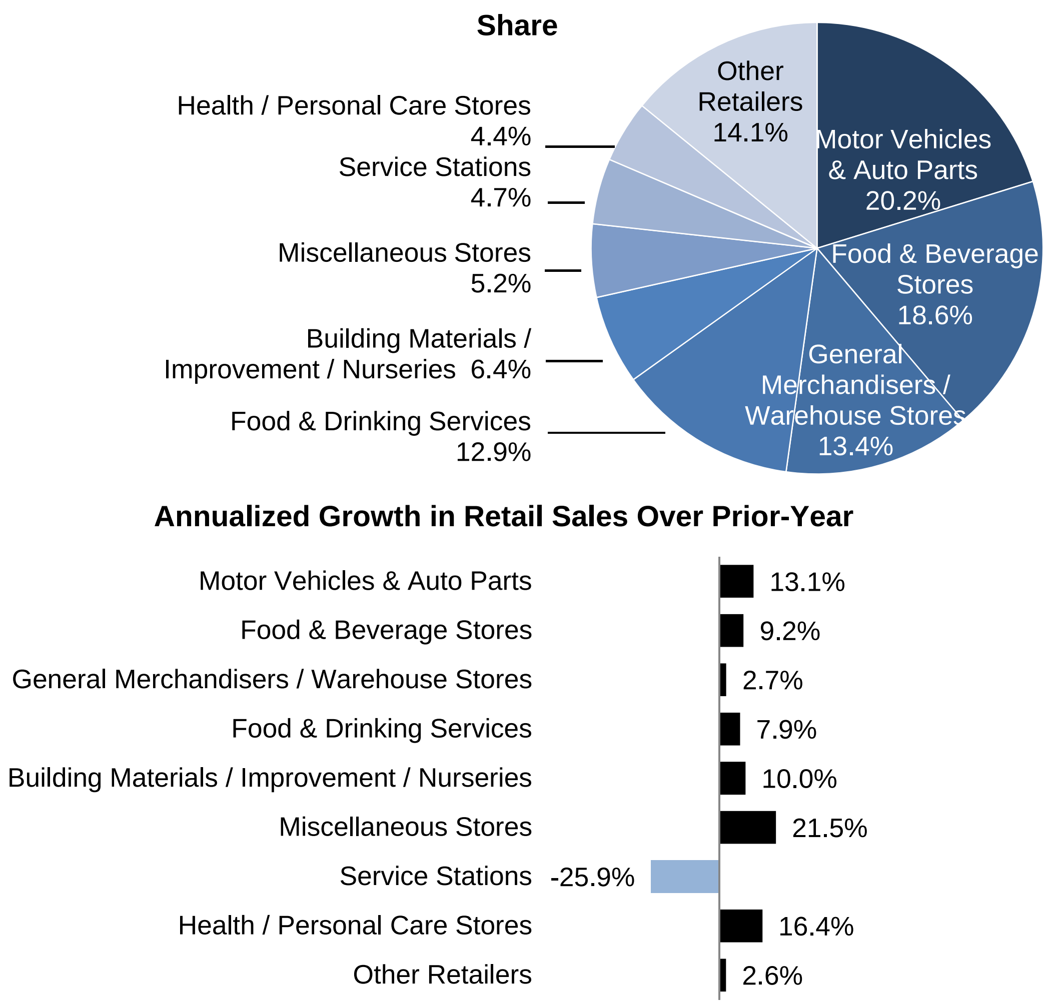
- The Colorado unemployment rate will continue to stabilize, averaging 4.4 percent in 2015 and 4.4 percent in 2016.

Households and Consumers

Household income and consumption continued to increase through the first half of 2015, but at a slower rate than in 2014. Household income is derived from several sources, including proprietor's income, wages and salaries, retirement income, and transfer payments. Wage and salary income in both Colorado and the nation has been expanding because of the improving labor market. However, income from the extraction of natural resources is declining. Lower prices for fuel have hurt sales at gas stations but freed up money to spend on other goods and services.

Nationally, personal income increased 4.4 percent in 2014 and 4.3 percent through the first half of 2015 on a year-over-year basis. There was broad growth in the various components of personal income, with only farm proprietor's income declining. Rental and interest income both accelerated in the second quarter of 2015. In Colorado, personal

Figure 17
Colorado Retail and Food Service Sales, by Sector
January to April 2015



Source: Colorado Department of Revenue.
**Other includes: clothing and accessory stores, sporting goods stores, furniture and home furnishings stores, electronics and appliance stores, and non-store retailers.*

income increased 5.8 percent in 2014 and 5.6 percent in the first quarter of 2015 compared with the same period in 2014. Figure 16 compares personal income in Colorado and the nation by indexing the growth to the first quarter of 2009.

Wage and salary income is the largest component of personal income. Nationally, wages and salaries accelerated to 5.1 percent growth in the first half of 2015 from 4.3 percent in 2014. In Colorado, wages and salaries grew 6.4 percent in 2015 in the first quarter of 2015 after growing 6.6 percent in 2014. Wage and salary growth in Colorado has been significantly higher than the nation because the state has been adding jobs at a faster pace.

The growing economy and sustained income growth has boosted consumer spending since the end of the recession. Personal consumption expenditures, a component of GDP, increased 3.2 percent in the first half of 2015 on a year-over-year basis. This growth was led by the consumption of durable goods, which increased 6.5 percent; while the consumption of non-durable goods and services increased at the more modest rates of 2.4 percent and 2.9 percent, respectively.

Another measure of consumer spending, retail sales, also shows growth. Personal consumption expenditures is a broader measure of consumption that includes the value of all goods and services consumed by individuals, such as the purchase of new goods, utilities, business services, and healthcare. Retail sales are a narrower measure of consumption based on sales to consumers from certain types of businesses such as grocery stores, auto dealers, department stores, and bars and restaurants. Nationally, real retail sales, which accounts for inflation, grew 2.2 percent in 2014 and 2.2 percent in the first seven months of 2015. Without adjusting for inflation, retail sales increased 4.0 percent in 2014 and 2.0 percent in the first seven months of 2015.

In Colorado, seasonally adjusted retail sales increased 8.5 percent in 2014 and 9.0 percent in the first three months of 2015, on a year-over-year basis. Two of the largest retail sectors, automobile dealers and food and beverage stores, grew 13.1 percent and 9.2 percent, respectively. Sales at service stations in the first four months of 2015 were 25.9 percent lower than sales in the same period in 2014 because of the fall in gas prices in the second half of 2014. Figure 17 shows the share of retail sales by industry in Colorado during the first four months of 2015 and annualized growth by type of retailer. Increasing personal income will continue to support consumer spending, which is the largest component of GDP.

- Colorado personal income will increase 5.2 percent in 2015 and 4.9 percent in 2016.

- Wages and salaries will increase 5.2 percent in Colorado in 2015, as lower wage and salary income for oil workers will be offset by more employment in other sectors of the economy. In 2016, wage and salary income will grow 4.8 percent.

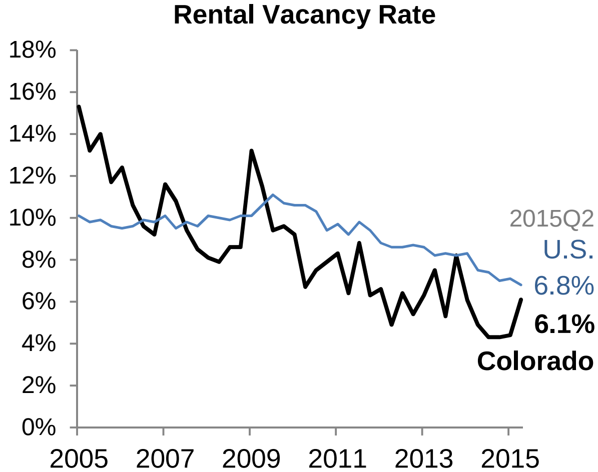
- Colorado retail sales will grow 4.8 percent in 2015 as growth in other retail sectors will offset declining sales at service stations caused by a full year of low gas prices. In 2016, retail sales will grow 4.8 percent, similar to the expected growth in personal income.

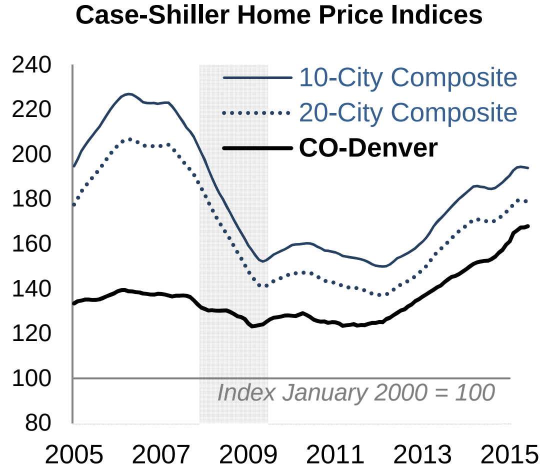
Residential Housing and Construction

Employment gains, net population growth, and changing demographic trends in the state are bolstering the Colorado housing market. Although progress varies across the state, markets are improving overall. The Metro Denver and northern Front Range residential areas continue to be two of the most robust markets in the country.

Tight inventories have created a seller's market. Nationally, the average time for a home to sell is 5.4 months. If houses are selling quicker than the average it generally indicates that buyers outnumber sellers in the market, while homes on the market longer indicate that sellers outnumber buyers. In July 2015, on average, houses in Colorado were selling in 3.5 months, a decline of 27.1 percent from the same period one year ago.

Figure 18
Selected Housing Market Indicators





Source: U.S. Census Bureau and S&P Dow Jones Indices LLC. Data are seasonally adjusted.

According to the Colorado Association of Realtors, the statewide median sales price of a single-family home in July 2015 was $310,000, a 10.7 percent increase from the same month one year ago. During the same period, townhouses and condominiums increased by 14.4 percent to $215,000. A combination of millennials (between ages 18-34) and baby boomers who want to live in or near urban areas are boosting demand and home prices, particular in Metro Denver and the northern Front Range.

The tight housing market is also pushing up rental rates. The Colorado Division of Housing reports that the average state vacancy rate declined from 4.9 percent in the first quarter of the year to 4.4 percent in the second quarter, while average rental rates increased by 5 percent to $1,200 during the same period.

Price and rent appreciation are expected to slow somewhat, however, as higher home prices have begun to induce new listings across the state and new construction. Although residential construction has shown growth in Colorado since 2011, the industry is struggling to build enough homes to meet demand. Shortages in skilled labor and readily-buildable lots have inhibited construction. Construction activity is expected to continue at strong rates through the forecast period, but likely not fast enough to meet demand.

An improving national labor market is also aiding improvement in U.S. real estate markets, although home prices in many states remain below pre-recession peaks. Prices in Nevada, which are 35.4 percent below the peak, have the farthest to go. Total housing starts year-to-date through July are up 8.8 percent over the same period last year. Multi-family homes continue to account for a far greater share of housing starts than prior to the recession. Figure 18 shows the 20-City Case Schiller Home price index from 2005 to 2015. The index measures changes in the prices of single family residences.

- Reflecting the growing population and low vacancy rates, total residential construction permits in Colorado will increase 8.6 percent in 2015 and 8.9 percent in 2016. Single family permits will grow faster than multi-family and 12.2 percent in 2016.

permits, increasing 10.9 percent in 2015 and 12.2 percent in 2016.

Nonresidential Construction

Nationally, the nonresidential construction sector continues to grow at a solid pace. High demand for nonresidential real estate is driving down vacancy rates, stimulating more projects. In addition, an improving labor market and falling energy prices are also supporting the sector. Colorado's nonresidential market also continues to experience positive growth, with the metro Denver area reporting the most robust growth. Nevertheless, rising labor costs for skilled workers, both nationally and in Colorado, is slowing growth.

A lack of skilled construction workers continues to plague the industry in both Colorado and nationally. An aging workforce and an industry still recovering from a loss of skilled workers during the last recession have been hampering the industry for several years. However, recent efforts to get contractors to work more closely with high schools and community colleges to improve skilled trade programs appear to indicate improvement in this area.

- Demand for new industrial and office space along the Front Range will continue to bolster nonresidential construction in Colorado throughout the forecast period. The value of nonresidential construction will increase 9.0 percent in 2015 and 5.1 percent in 2016.

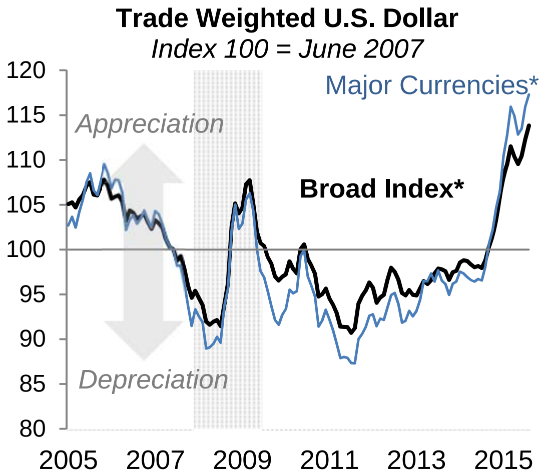
Global Economy

Global economic growth remains sluggish, slowing U.S. growth prospects in 2015. The value of the dollar remains high relative to the currencies of major U.S. trade partners, as shown at left in Figure 19. As a result, U.S. exports are more expensive at a time when growth in foreign economies has slowed. Year-to-date through June, exports of U.S. goods and services are down 5.2 percent relative to the same period last year, which is shown in Figure 19 at right. The drop in the value of exports to Canada was the single largest contributor to the decline, though exports to the nation's other top trading partners, including Mexico, China, and Japan, also fell. Exports to the 27 European member countries were down 0.4 percent through June. Low oil prices are leading the decline in the value of exports.

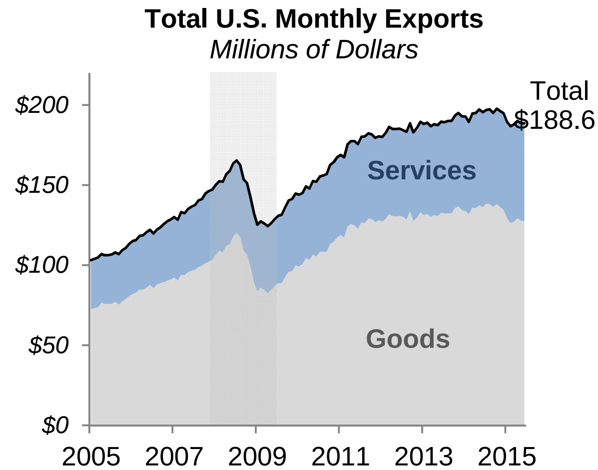
Exports from Colorado are proving more resilient to global economic shortfalls. Colorado exports were up 3.2 percent through June over the same period last year. Lower exports to Canada were offset by strong gains elsewhere, including trade to Mexico, China, and the Eurozone. Exports of aircraft and space machinery, and industrial and electrical machinery, led growth in Colorado exports in the first half of 2015.

Global economic stumbling blocks impacted emerging and developed countries in the first half of the year. The International Monetary Fund (IMF) has called for China to implement structural reforms, including a more flexible currency, to manage China's transition toward what the IMF anticipates will be "slower yet safer and more sustainable growth." In August, China took steps toward market-based valuation of its currency. With the increased currency flexibility and signs that the Chinese economy is slowing, the Chinese renmimbi saw the largest depreciation relative to the dollar in two decades. The slowdown in China's economy as it transitions to a consumer based economy is raising doubts about global economic activity. China has been one of the few engines of growth for the global economy and many emerging markets are reliant on its strength.

Figure 19
Selected Trade Indicators



Source: Federal Reserve Board of Governors.



Source: Bureau of Economic Analysis (balance of payments basis). Data are seasonally adjusted but not adjusted for inflation.

Eurozone economies continue to be bogged down by the Greek debt crisis. In mid-August, Eurozone finance ministers approved the third bail-out since May 2010, paving the way for Greece to receive up to €86 billion ($95 billion) over the next three years. While the bailout may keep Greece from default, economic growth in the Eurozone has suffered from market volatility and the nascent recovery in the region appears to have stalled based on second quarter GDP growth. In August, Eurostat estimated that output from the 19 Euro currency members grew a modest 1.2 percent in the second quarter over the same period last year. Lackluster economic performances in France and Italy have contributed most to the lagging regional economy.

Despite a fiscal stimulus program enacted at the end of 2014, Japan's economy contracted in the second quarter of 2015, shrinking at an annualized rate of 1.6 percent over the preceding period. Meanwhile, Russia's recession deepened in the second quarter of the year on low oil prices and the slowing Chinese economy.

Agriculture

A wet spring in Colorado and other parts of the nation has helped farmers be more productive, increasing the amount of wheat, corn, and hay harvested but pushing down prices. In addition, ranchers are buying less feed because they are able to grow more hay and graze livestock on grass land. This drop in demand has also contributed to the decline in prices. Through the first six months of the year, the price of wheat declined 30.0 percent compared with the same period in 2014. The price of corn and alfalfa hay was down 18.3 percent and 14.3 percent, respectively.

The number of cows on Colorado feedlots has declined 6.2 percent in the first half of 2015, following a trend that started in 2012. According to the United States Department of Agriculture, improved pasture conditions have allowed ranchers to graze cattle to heavier weights, rather than keeping them in feedlots. The strong dollar is also hurting demand for U.S. beef exports. Milk production has increased 4.1

percent in Colorado despite falling demand for milk nationally.

According to the Federal Reserve Branch in Kansas City, operating loans to farms are increasing while farm income is expected to decrease. Farms are taking out loans to finance day-to-day operations rather than loans to make improvements to capital or to purchase real estate. There has been no increase in the number of defaults, but if this trend continues there is the potential for future risks and generally weaker credit conditions for farms.

Summary

The economy continues to expand. Nationally, healthy growth in the second quarter shows that underlying momentum will continue throughout the forecast period. Oil and gas development had propelled Colorado's economy to one of the best performing in the country over the past several years. The fall in oil prices will eliminate that boost, but the state's diverse economy will continue to grow.

Both the nation and the state are adding jobs, which, combined with changing demographics, is causing unemployment rates to fall. The improving labor market will eventually put some upward pressure on wages, although structural changes including an aging labor force and lower worker productivity growth will limit wage growth. Consumer spending will grow with personal income growth in Colorado and the nation.

Housing prices in Colorado have increased as demand has outstripped supply. Higher prices are making it more attractive to build and sell homes, helping support new housing construction. Low vacancy rates are helping to boost non-residential construction. A lack of skilled workers in the construction sector, however, has limited the supply of new construction that can be started.

Risks to the Forecast

The economic forecast is based on data that lags behind the economic activity that it is designed to measure. For example, second quarter GDP growth was revised up to 3.7 percent growth from the advance estimate of 2.3 percent. The revision is large, but not unusual. If other data series have similar revisions it is because the underlying economy is stronger than initially reported. This forecast is based on the most recent data available but these data may be revised going forward. If those are upward revisions based on stronger underlying economic growth, this forecast is too pessimistic.

There are several economic obstacles that pose a risk to this forecast. The Federal Reserve is expected to raise interest rates which could dampen economic activity. China has shown signs of slowing, which has increased volatility in the global financial system and caused the Yuan to depreciate rapidly. The Greek debt crisis has been unpredictable and could continue to slow growth in the European Union. Funding for the federal government expires October 1 and the debt ceiling will need to be raised sometime before December. The world economic system has been able to navigate similar risks in recent years, but any of these could be more disruptive than currently expected which will make this economic forecast too optimistic.

Table 14
National Economic Indicators

Calendar Years	2010	2011	2012	2013	2014	*Legislative Council Staff Forecast* 2015	2016	2017
Real GDP (*Billions*)[1]	$14,783.8	$15,020.6	$15,354.6	$15,583.3	$15,961.7	$16,328.8	$16,720.7	$17,155.4
Percent Change	2.5%	1.6%	2.2%	1.5%	2.4%	2.3%	2.4%	2.6%
Nonfarm Employment (*Millions*)[2]	130.3	131.8	134.1	136.4	139.0	141.9	144.5	147.4
Percent Change	-0.7%	1.2%	1.7%	1.7%	1.9%	2.1%	1.8%	2.0%
Unemployment Rate[2]	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%	5.1%	5.0%
Personal Income (*Billions*)[1]	$12,477.1	$13,254.5	$13,915.1	$14,068.4	$14,694.2	$15,340.7	$16,107.8	$16,977.6
Percent Change	3.2%	6.2%	5.0%	1.1%	4.4%	4.4%	5.0%	5.4%
Wage and Salary Income (*Billions*)[2]	$6,377.5	$6,633.2	$6,930.3	$7,114.4	$7,477.8	$7,806.8	$8,181.6	$8,631.5
Percent Change	2.0%	4.0%	4.5%	2.7%	5.1%	4.4%	4.8%	5.5%
Inflation[2]	1.6%	3.1%	2.1%	1.5%	1.6%	0.1%	1.6%	2.2%

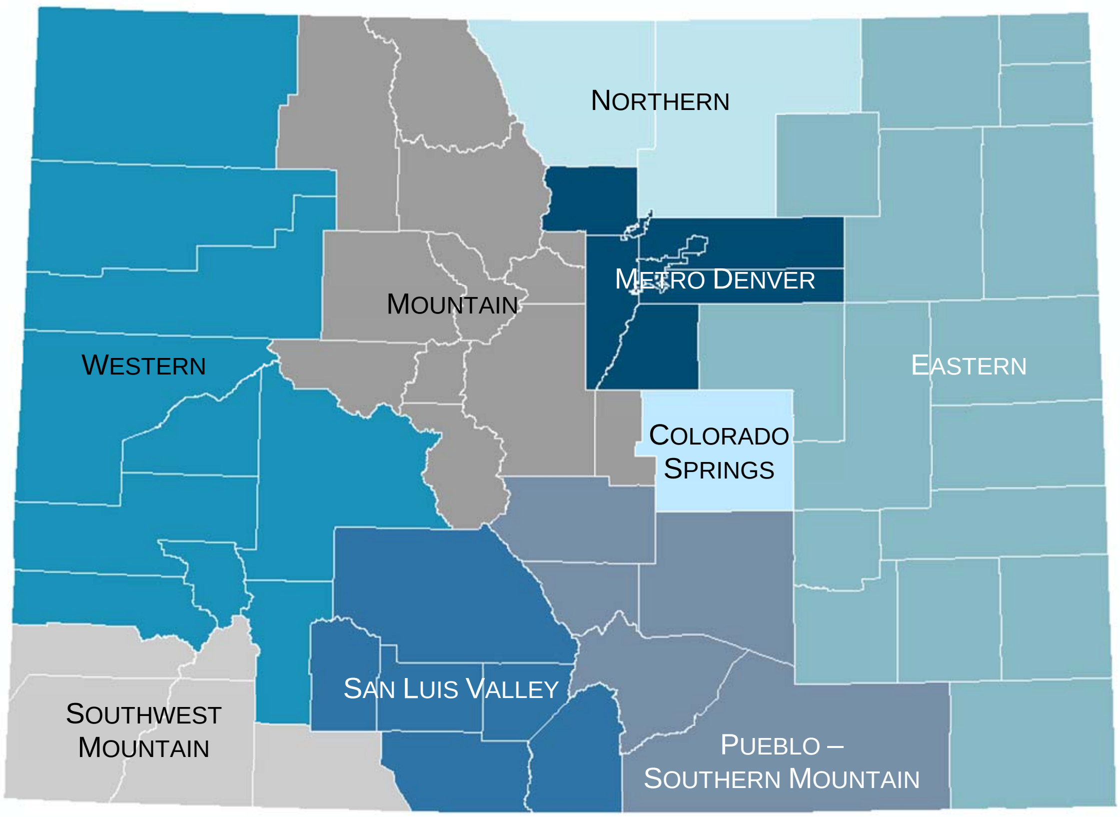
Sources
[1]*Bureau of Economic Analysis. Real gross domestic product (GDP) is adjusted for inflation. Personal income and wages and salaries not adjusted for inflation.*
[2]*Bureau of Labor Statistics. Inflation shown as the year-over-year change in the consumer price index for all urban areas (CPI-U).*

Table 15
Colorado Economic Indicators

Calendar Years	2010	2011	2012	2013	2014	*Legislative Council Staff Forecast* 2015	2016	2017
Population (*Thousands, as of July 1*)[1]	5,048.6	5,119.7	5,191.7	5,272.1	5,355.9	5,444.4	5,536.2	5,631.8
Percent Change	1.5%	1.4%	1.4%	1.5%	1.6%	1.7%	1.7%	1.7%
Nonfarm Employment (*Thousands*)[2]	2,222.3	2,258.7	2,313.1	2,382.2	2,463.6	2,521.1	2,568.5	2,630.2
Percent Change	-1.0%	1.6%	2.4%	3.0%	3.4%	2.3%	1.9%	2.4%
Unemployment Rate[2]	8.8	8.2	7.7	6.5	4.9	4.4	4.4	4.3
Personal Income (*Millions*)[3]	$210,454	$226,145	$240,350	$247,069	$261,480	$274,983	$288,520	$306,190
Percent Change	1.9%	7.5%	6.3%	2.8%	5.8%	5.2%	4.9%	6.1%
Wage and Salary Income (*Millions*)[3]	$113,790	$118,559	$125,135	$129,597	$138,187	$145,325	$152,373	$161,359
Percent Change	1.3%	4.2%	5.5%	3.6%	6.6%	5.2%	4.8%	5.9%
Retail Trade Sales (*Millions*)[4]	$70,738	$75,548	$80,073	$83,569	$89,921	$94,216	$98,759	$104,685
Percent Change	6.6%	6.8%	6.0%	4.4%	7.6%	4.8%	4.8%	6.0%
Housing Permits (*Thousands*)[1]	11.6	13.5	23.3	27.5	28.7	31.1	33.9	37.1
Percent Change	23.9%	16.5%	72.6%	18.1%	4.2%	8.6%	8.9%	9.5%
Nonresidential Building (*Millions*)[5]	$3,147	$3,923	$3,695	$3,614	$4,301	$4,687	$4,926	$5,046
Percent Change	-6.2%	24.7%	-5.8%	-2.2%	19.0%	9.0%	5.1%	2.4%
Denver-Boulder-Greeley Inflation[2]	1.9%	3.7%	1.9%	2.8%	2.8%	1.2%	2.6%	2.6%

Sources
[1]*U.S. Census Bureau. Residential housing permits are the number of new single and multi-family housing units permitted for building.*
[2]*Bureau of Labor Statistics. Nonfarm employment estimates include revisions to 2014 and 1st quarter 2015 data expected by Legislative Council Staff from the Bureau of Labor Statistic's annual re-benchmarking process. Inflation shown as the year-over-year change in the consumer price index for Denver-Boulder-Greeley metro areas.*
[3]*Bureau of Economic Analysis. Personal income and wages and salaries not adjusted for inflation.*
[4]*Colorado Department of Revenue.*
[5]*F.W. Dodge.*

Colorado Economic Regions



A Note on Data Revisions

Economic indicators reported in this forecast document are often revised by the publisher of the data and are therefore subject to change. Employment data is based on survey data from a "sample" of individuals representative of the population as a whole. Monthly employment data is based on the surveys received at the time of data publication and this data is revised over time as more surveys are collected to more accurately reflect actual employment conditions. Because of these revisions, the most recent months of employment data may reflect trends that are ultimately revised away. Additionally, employment data undergoes an annual revision, which is published in March of each year. This annual revision may affect one or more years of data values.

Like the employment data, residential housing permits and agriculture data are also based on surveys. This data is revised periodically. Retail trade sales data typically has few revisions because the data reflects actual sales by Colorado retailers. Nonresidential construction data in the current year reflects reported construction activity, which is revised the following year to reflect actual construction activity.

Metro Denver Region

The Denver area, which accounts for about 56 percent of Colorado's population, drives the state economy. Over the past five years, the region has exhibited better comprehensive economic performance than most other parts of the state. More recently, while the crash in oil prices has dampened employment at energy firms and related businesses, the broader Denver economy has taken less of a hit than the northern Front Range. Strong fundamentals and relative invulnerability to shocks in individual industries are expected to continue to allow Denver to outperform most other regions through the forecast period. Regional indicators for the Denver area are shown in Table 16.

Denver's labor market remains healthy, but growth is slowing. The region added about 12,000 jobs over the first seven months of 2015, about half as many as were added during the same period in 2014. Brisk employment growth in some industries is being offset by contraction in others. Service sectors like education, health care, and hospitality are growing quickly while others including professional and business services and financial activities are reporting losses.

The Denver region's labor force population and unemployment rate are illustrated in Figure 20. Decelerating job growth has been offset by declining labor force participation, resulting in a roughly constant unemployment rate. The Denver area labor force population had grown smoothly since the start of the recovery, but appears to have reversed course since over the last 12 months. A flat or downward trend in the labor force may indicate that the region has reabsorbed many of the discouraged workers and students who left the labor force during the recession, and that the labor force population trend may increasingly be driven by demographic factors associated with an aging population, principally retirements.

Table 16
Metro Denver Region Economic Indicators
Adams, Arapahoe, Broomfield, Boulder, Denver, Douglas, and Jefferson Counties

	2011	2012	2013	2014	YTD 2015
Employment Growth [1]	1.8%	2.9%	3.6%	3.6%	3.1%
Unemployment Rate [2]	8.1%	7.5%	6.4%	4.7%	4.1%
Housing Permit Growth [3]					
Denver-Aurora MSA Single-Family	-0.4%	58.5%	18.9%	16.3%	9.7%
Boulder MSA Single-Family	-5.2%	29.0%	22.5%	17.7%	33.8%
Nonresidential Construction Growth [4]					
Value of Projects	24.7%	14.2%	22.2%	3.9%	24.6%
Square Footage of Projects	36.5%	-8.6%	-9.1%	10.5%	10.9%
Level (*Millions*)	2,704	2,471	2,246	2,482	1,843
Number of Projects	-2.5%	6.1%	22.4%	25.1%	15.4%
Level	576	611	748	936	666
Retail Trade Sales Growth [5]	4.3%	8.0%	4.6%	8.6%	10.0%

MSA = Metropolitan statistical area. NA = Not available.
[1]Bureau of Labor Statistics, CES (establishment survey). Seasonally adjusted. Data through July 2015.
[2]Bureau of Labor Statistics, LAUS (household survey). Data prior to 2010 adjusted by Legislative Council Staff. Data through July 2015.
[3]U.S. Census. Growth in the number of residential building permits. Data through June 2015.
[4]F.W. Dodge. Data through July 2015.
[5]Colorado Department of Revenue. Data through March 2015.

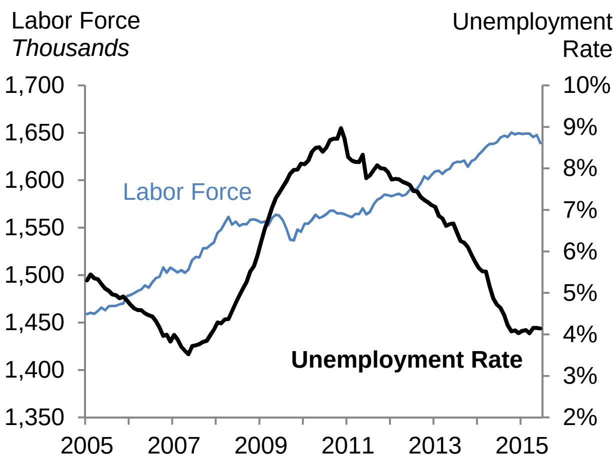
Consumer spending, as measured by retail trade, continues to grow. Figure 21 charts Denver region retail trade since 2007. After exhibiting very quick growth over the first half of 2014, retail trade flattened in the winter of 2014 and spring of 2015, immediately following the plunge in gasoline prices. Lower consumer spending on fuel is moderating retail trade growth in 2015, counteracting some of the growth in spending on other goods and services.

Denver's housing market is hot. Demand is high and supply is scarce, and prices are at or near record highs. High home values, short sale times, and tight credit conditions are conspiring to keep would be homebuyers in rental properties. According to the Denver Metro Association of Realtors, single family homes spent an average of 22 days on the market in July, down from 29 days in July 2014. Prices have dropped slightly in the last few months. In July, the median priced single family home sold for $350,000, down 2.8 percent from June 2015. The median priced condominium sold for $215,000.

While demand is expected to remain high for at least the next year, price gains could cool further depending on the rate at which new supply becomes available. Figure 22 shows residential building permits issued in the region by nominal dollar value and number of units. As shown, permit issuances now top pre recession peak levels in terms of numbers of units, and the units being constructed are less expensive, in both nominal and real terms, than those being built in the mid 2000s. Many of these new units will become rental properties.

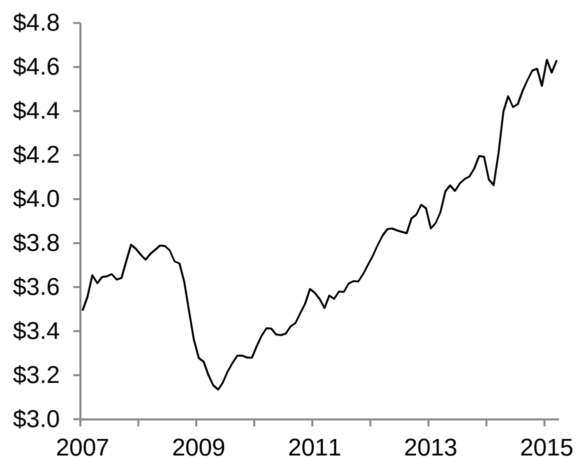
Nonresidential construction in Denver is up, relative to 2014, in terms of the value, number, and square footage of projects. Office and industrial vacancy rates are low, and demand for new business space remains high. Projects that have broken ground in the past quarter include the 100,000 square foot Google campus in Boulder and a new 100,000 foot industrial building at the HighField Business Park near Centennial Airport. Figure 23 shows nonresidential building permits, by square feet, in the Denver area.

Figure 20
Metro Denver Labor Force and Unemployment Rate



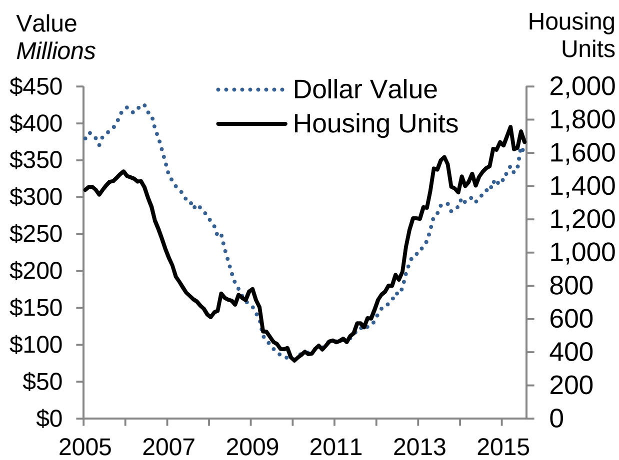
Source: U.S. Bureau of Labor Statistics; LAUS. Seasonally adjusted. Data through June 2015.

Figure 21
Metro Denver Retail Trade
Billions of Dollars



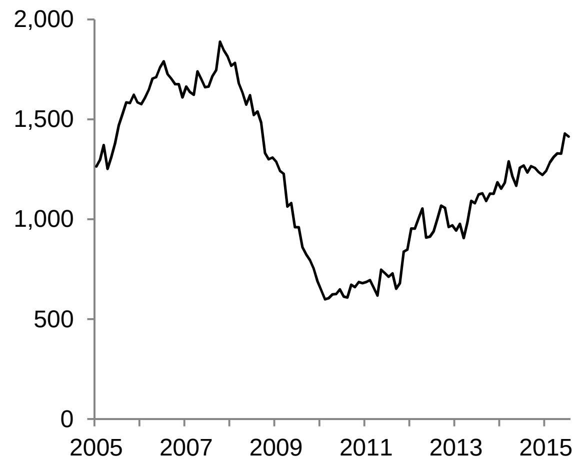
Source: Colorado Department of Revenue. Three-month moving average; seasonally adjusted. Data through March 2015.

Figure 22
Metro Denver Residential Building Permits



Source: F.W. Dodge. Three-month moving average. Data through July 2015.

Figure 23
Metro Denver Nonresidential Building Permits
Thousands of Square Feet



Source: F.W. Dodge. Three-month moving average. Data through July 2015.

Northern Region

While the economy of the northern region, including Larimer and Weld Counties, continues to be the strongest in the state, the recent decline in oil prices appears to be bifurcating the region somewhat. In Larimer County, growth in employment, construction activity and retail sales all continue to accelerate. In contrast, in oil-dependent Weld County, while the unemployment rate remains among the lowest in the state, employment growth has decelerated through the first seven months of 2015. Similarly, the growth in both construction permits and retail sales has slowed markedly from rates exhibited in 2014. Since much of these data reflect only the first half of 2015 and oil prices have dropped markedly since June, further deceleration in economic activity, especially in Weld County, is anticipated. Table 17 shows economic indicators for the northern region.

Table 17
Northern Region Economic Indicators
Weld and Larimer Counties

	2011	2012	2013	2014	YTD 2015
Employment Growth [1]					
Fort Collins-Loveland MSA	1.8%	2.7%	3.2%	2.8%	3.1%
Greeley MSA	4.1%	4.8%	5.4%	8.8%	6.4%
Unemployment Rate [2]					
Fort Collins-Loveland MSA	7.1%	6.6%	5.7%	4.3%	3.7%
Greeley MSA	8.6%	7.8%	6.6%	4.5%	4.2%
State Cattle and Calf Inventory Growth [3]	10.2%	-3.4%	-8.7%	-4.2%	-6.2%
Natural Gas Production Growth [4]	9.6%	13.3%	12.6%	26.3%	35.2%
Oil Production Growth [4]	28.0%	36.6%	44.5%	52.4%	40.1%
Housing Permit Growth [5]					
Fort Collins-Loveland MSA Total	1.0%	59.3%	28.8%	8.7%	34.2%
Fort Collins-Loveland MSA Single Family	45.7%	63.3%	31.3%	10.2%	14.2%
Greeley MSA Total	-3.1%	54.6%	45.6%	41.1%	12.6%
Greeley MSA Single Family	-2.6%	58.8%	37.7%	18.5%	4.5%
Nonresidential Construction Growth [6]					
Value of Projects	-11.8%	12.0%	55.0%	31.1%	-6.6%
Square Footage of Projects	-36.4%	42.1%	40.4%	45.5%	-25.4%
Level (*Thousands*)	244,493	273,779	424,437	556,538	329,296
Number of Projects	-5.1%	23.3%	-2.5%	66.5%	-34.5%
Level	129	159	155	258	114
Retail Trade Sales Growth [7]					
Larimer County	8.0%	5.8%	6.3%	8.3%	11.6%
Weld County	26.6%	5.2%	8.0%	11.8%	7.0%

MSA = Metropolitan statistical area. NA = Not available.
[1] Bureau of Labor Statistics, CES (establishment survey). Seasonally adjusted. Data through July 2015.
[2] Bureau of Labor Statistics, LAUS (household survey). Data prior to 2010 adjusted by Legislative Council Staff. Seasonally adjusted. Data through July 2015.
[3] National Agricultural Statistics Service. Cattle and calves on feed through April 2015.
[4] Colorado Oil and Gas Conservation Commission. Data through March 2015.
[5] U.S. Census Bureau. Growth in the number of residential building permits. Data through June 2015.
[6] F.W. Dodge. Data through July 2015.
[7] Colorado Department of Revenue. Data through March 2015.

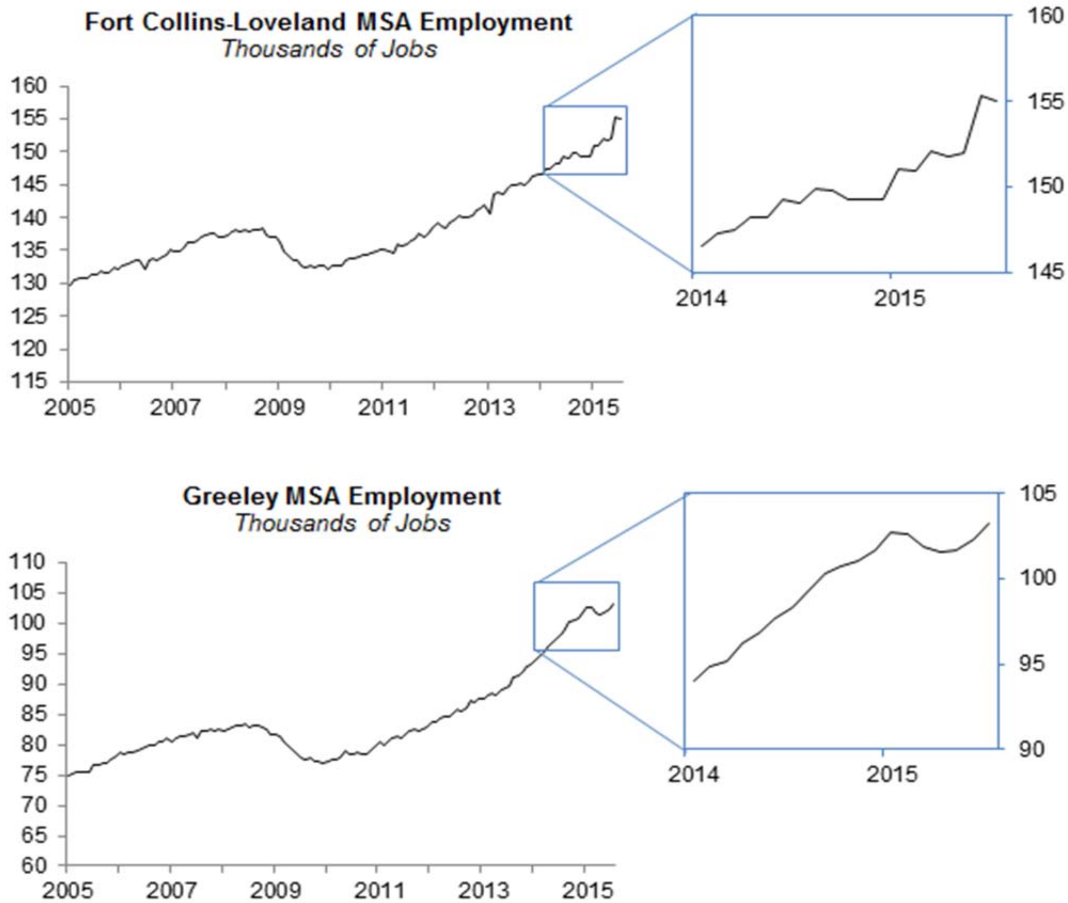
Over the last five years, the northern region has been the epicenter of oil and natural gas production in the state. While the growth in natural gas production continued apace in the first three months of 2015, the growth in regional oil production appears to be decelerating. After growing 52.4 percent in 2014 on a year over year basis, oil production increased only 40.1 percent between January and March 2015 compared with the same period in 2014. This decline is likely the result of the recent plunge in oil prices. In June, industry sources had indicated that if oil prices remained in the $50-55 per barrel range, regional production was not expected to drop significantly. Production is almost certain to drop, however, with oil prices currently hovering around $40 per barrel.

The drop in oil prices may finally be having an impact on the regional labor market. While regional employment growth is still the strongest in the state, growth appears to be slowing, especially in oil-dependent Weld County. Figure 24 shoes employment trends for Larimer and Weld counties, with the pull-out boxes highlighting growth that occurred in 2014 and the first half of 2015. Employment growth is 3.1 percent in Larimer County and 6.4 percent in Weld County, compares to rates of 2.8 percent and 8.8 percent, respectively, in 2014. As Figure 24 shows, while growth has continued apace in Larimer County in 2015, growth has slowed in Weld County.

A similar story is playing out in the regional housing market. While regional construction activity continues to accelerate in Larimer County, in the first half of 2015 growth in construction activity tapered in Weld County. In the first six months of 2015, residential permits increased 34.2 percent in Larimer County but only 12.2 percent in Weld County. This comes after three consecutive years with permit growth in Weld County above 40 percent. In addition, there were 66 nonresidential construction projects started in the first six months 2015, a decrease of 62.1 percent relative to a similar period a year earlier. Figure 25 shows the three-month moving average of residential construction permits in the northern region.

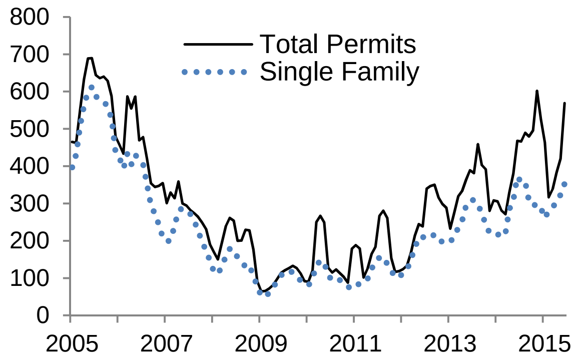
This same pattern was also evident in regional retail sales. Through the first three months of 2015, the growth rate for retail sales in Larimer County accelerated while growth Weld County sales decelerated compared with 2014. In Larimer County, sales increased 11.6 percent between January and March of 2015 compared with the same period in 2014, while sales in Weld County increased 7.0 percent. This compares to 2014 growth rates for Larimer and Weld counties of 8.3 percent and 11.8 percent, respectively. Figure 26 shows that the growth in indexed retail sales in each county in the northern region continues to outpace both the state and the nation as a whole.

Figure 24
Fort Collins – Loveland and Greeley MSA Nonfarm Employment
Seasonally Adjusted Data



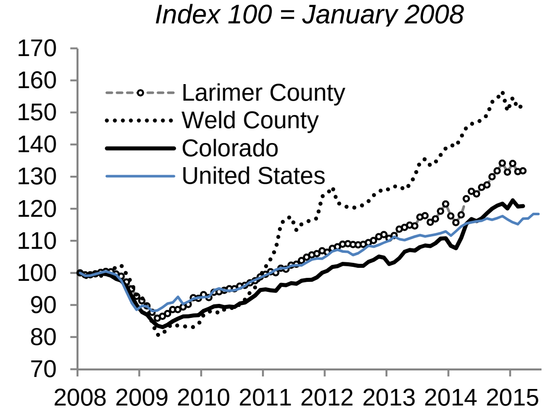
Source: U.S. Bureau of Labor Statistics, CES, Data through July 2015.

Figure 25
Northern Region
Residential Building Permits
Number of Housing Units



Source: U.S. Census Bureau. Data shown as three-month moving averages. Data are not seasonally adjusted and are through July 2015.

Figure 26
Retail Trade Activity
Index 100 = January 2008



Source: Colorado Department of Revenue and U.S. Census Bureau. Data shown as a three-month moving averages. Data are seasonally adjusted and are through March 2015.

Colorado Springs Region

The economy in the Colorado Springs region is progressing. Relative to 2014, the region is exhibiting improved performance in consumer spending, single family homebuilding, and nonresidential construction. The labor market continues to improve at approximately the same pace as last year. Only the volatile multifamily residential construction data show regression from the region's position in 2014. Indicators for the Colorado Springs region are shown in Table 18.

The Colorado Springs labor force is shrinking. Year to date through June, the region's labor force population fell 1.3 percent, based on the Bureau of Labor Statistics' Local Area Unemployment Statistics (LAUS), a survey of households that is frequently revised. The LAUS indicate that the region's labor force population has decreased in two of the four previous six month periods, and grown by less than 0.2 percent in each of the two others, suggesting a consistent trend.

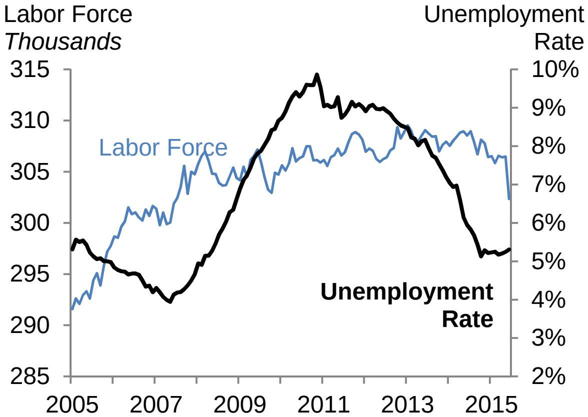
A declining labor force population could indicate that workers in Colorado Springs are enrolling in colleges, emigrating to other areas , or becoming discouraged and ending their job hunts. More likely, the decline reflects demographic factors, and more older workers are retiring. A shrinking labor force is helping to keep the unemployment rate low, even as job growth has slowed slightly from its pace in 2014. Figure 27 illustrates the regional labor force population and unemployment rate.

Table 18
Colorado Springs Region Economic Indicators
El Paso County

	2011	2012	2013	2014	YTD 2015
Employment Growth [1]					
Colorado Springs MSA	1.3%	1.0%	2.3%	1.9%	1.7%
Unemployment Rate [2]	9.0%	8.8%	7.9%	5.2%	5.2%
Housing Permit Growth [3]					
Total	29.1%	33.0%	17.2%	3.8%	-22.5%
Single-Family	-3.8%	50.1%	19.2%	-7.7%	3.5%
Nonresidential Construction Growth [4]					
Value of Projects	17.5%	-1.6%	25.2%	-12.0%	25.0%
Square Footage of Projects	16.8%	0.5%	6.5%	-4.2%	13.2%
Level (*Thousands*)	477,253	479,770	510,809	489,589	287,127
Number of Projects	10.5%	-11.7%	-1.7%	-5.9%	9.2%
Level	409	361	355	334	214
Retail Trade Sales Growth [5]	8.2%	5.5%	4.1%	4.4%	5.9%

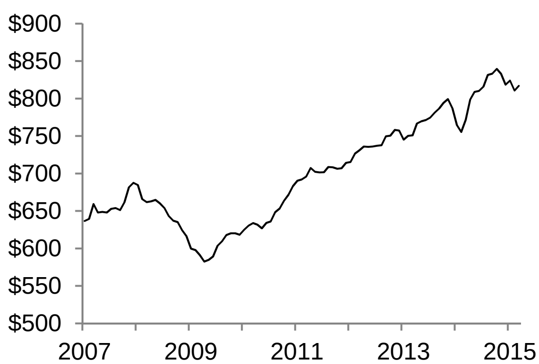
MSA = Metropolitan statistical area. NA = Not Available.
[1]U.S. Bureau of Labor Statistics, CES (establishment survey). Seasonally adjusted. Data through July 2015.
[2]U.S. Bureau of Labor Statistics, LAUS (household survey). Data prior to 2010 adjusted by Legislative Council Staff. Seasonally adjusted. Data through July 2015.
[3]U.S. Census. Growth in the number of residential building permits. Data through June 2015.
[4]F.W. Dodge. Data through July 2015.
[5]Colorado Department of Revenue. Data through March 2015.

Figure 27
Colorado Springs Labor Force and Unemployment Rate



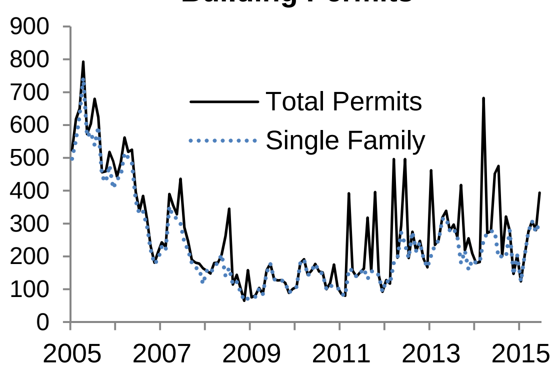
Source: U.S. Bureau of Labor Statistics; LAUS. Seasonally adjusted. Data through June 2015.

Figure 28
Colorado Springs Retail Trade
Millions of Dollars



Source: Colorado Department of Revenue. Three-month moving average; seasonally adjusted. Data through March 2015.

Figure 29
Colorado Springs MSA Residential Building Permits



Source: U.S. Census Bureau. Three-month moving average. Data through June 2015.

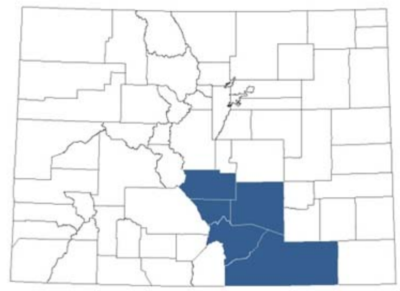
Consumer spending, as measured by retail trade, grew 5.9 percent between January and March compared with the same period in 2014. However, seasonally adjusted retail sales declined slightly from the last quarter of 2014 to the first quarter of 2015, partially a reflection of reduced consumer spending on fuel. Once the region's labor market begins to tighten, upward wage pressure will result in additional disposable income for households and boost regional consumer spending. A history of seasonally adjusted retail trade since 2007 is shown in Figure 28.

Construction activity in Colorado Springs shows signs of progress. Nonresidential construction has made considerable gains relative to a weak 2014, with substantial increases in the number, value, and square footage of permitted projects. Some of the individual planned projects are quite large. For example, an Olympic Museum, a new Air Force Academy Visitors Center, and a Sports Medicine and Performance Center at the University of Colorado at Colorado Springs have selected sites and are in the active planning stages.

The region is also adding new homes, though at a slower pace than other parts of the Front Range. The number of permits issued for single family homes continues its year by year increase, however, home construction remains well below pre recession levels. The number of multifamily permits issued fell precipitously between January and June compared with the same period in 2014. This can be attributed more to the spike in multifamily permits issued last year than slower construction planning this year. Single family and total residential permits issued in the Colorado Springs MSA (including Teller County) are shown in Figure 29.

Pueblo – Southern Mountains Region

Economic activity in the Pueblo region, which consists of Pueblo, Fremont, Custer, Huerfano and Las Animas counties, softened in 2015. Year-over-year growth points to an expansion in activity relative to last year. However, trends since the start of the year show modest declines in area employment and retail trade activity. Area housing market and regional construction activity remain subdued. Table 19 shows economic indicators for the Pueblo region.



Labor market conditions in the Pueblo MSA, which includes Pueblo County, are more robust than other counties in the region. Year-to-date through July, the Pueblo MSA has grown 2.3 percent over the same period last year (Figure 30 at left). The five-county Pueblo region grew 1.1 percent through June over the same period last year. The unemployment rate for the region ticked up slightly to 6.4 percent in June, relative to a recent low of 6.2 percent at the start of the year. The raising rate reflects a rising population of unemployed persons as well as a declining labor force (Figure 30 at right).

Year-to-date through March area retail trade rose 3.8 percent, reflecting strong growth through the end of 2014. However, retail trade has softened since the start of 2015, as shown in Figure 31.

Table 19
Pueblo Region Economic Indicators
Custer, Fremont, Huerfano, Las Animas, and Pueblo Counties

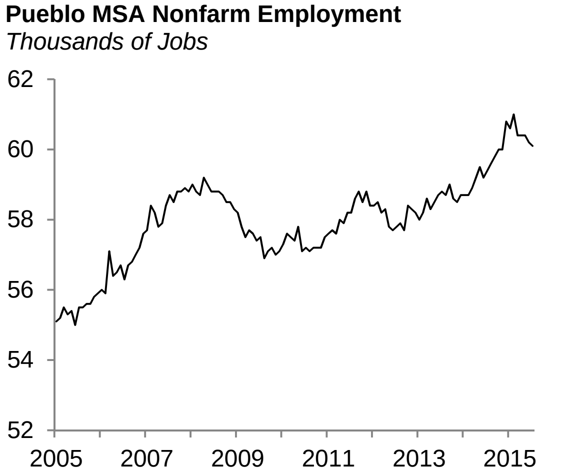
	2011	2012	2013	2014	YTD 2015
Employment Growth					
Pueblo Region[1]	0.4%	-1.0%	-0.8%	1.5%	1.1%
Pueblo MSA[2]	1.5%	-0.2%	0.8%	1.6%	2.3%
Unemployment Rate[1]	10.7%	10.8%	10.0%	7.4%	6.4%
Housing Permit Growth[3]					
Pueblo MSA Total	-49.6%	125.4%	-40.6%	-0.6%	65.9%
Pueblo MSA Single-Family	-45.5%	50.9%	-8.1%	-0.6%	-2.2%
Nonresidential Construction Growth[4]					
Value of Projects	-58.1%	717.4%	-75.3%	192.7%	-63.2%
Square Footage of Projects	3.9%	390.8%	-72.2%	197.9%	-70.9%
Level (*Thousands*)	22,288	109,397	30,389	90,527	15,565
Number of Projects	5.1%	-31.7%	7.1%	96.7%	-44.7%
Level	41	28	30	59	21
Retail Trade Sales Growth[5]	9.5%	2.9%	1.4%	5.1%	3.8%

MSA = Metropolitan statistical area. NA = Not Available.
[1]U.S. Bureau of Labor Statistics, CES (establishment survey). Seasonally adjusted. Data through July 2015.
[2]U.S. Bureau of Labor Statistics, LAUS (household survey). Data prior to 2010 adjusted by Legislative Council Staff. Seasonally adjusted. Data through July 2015.
[3]U.S. Census Bureau. Growth in the number of residential building permits. Data through June 2015.
[4]F.W. Dodge. Data through July 2015.
[5]Colorado Department of Revenue. Data through March 2015.

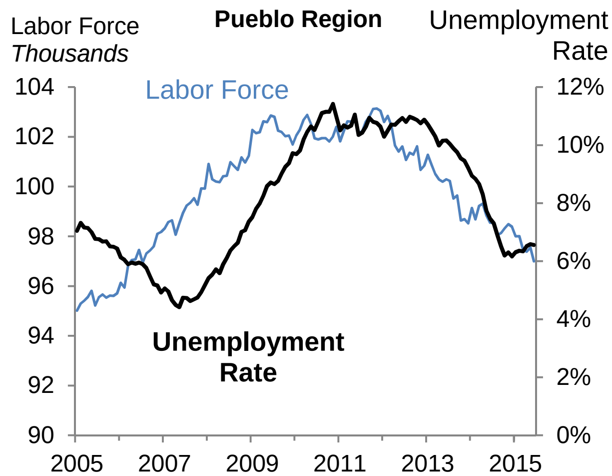
Pueblo's housing market remains subdued. Building of multi-family housing units picked up in the Pueblo MSA, while single family construction weakened through June over the same period last year. As shown in Figure 32, the dollar value and amount of residential building in the Pueblo region remains low relative to the housing boom that preceded the Great Recession.

Nonresidential construction weakened year-to-date through July relative to the same period last year. The value, square footage, and number of projects are all down in 2015, following relatively strong activity in the year prior.

Figure 30
Selected Labor Market Indicators

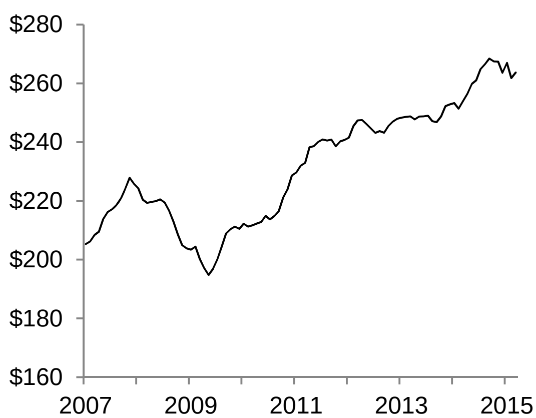


Source: U.S. Bureau of Labor Statistics; CES. Data are seasonally adjusted and are through July 2015.



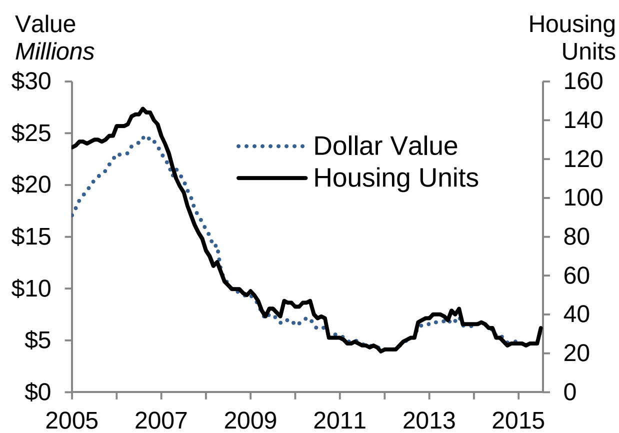
Source: U.S. Bureau of Labor Statistics; CES. Data are seasonally adjusted and are through July 2015.

Figure 31
Pueblo Region Retail Trade
Millions of Dollars



Source: Colorado Department of Revenue and U.S. Census Bureau. Data shown as a three-month moving averages. Data are seasonally adjusted and are through March 2015.

Figure 32
Pueblo Region Residential Building Permits



Source: F.W. Dodge. Not seasonally adjusted. Data are shown as three-month moving averages and are through July 2015.

San Luis Valley Region

The rural San Luis Valley region, which includes Alamosa, Conejos, Costilla, Mineral, Rio Grande, and Saguache counties, continued to show modest economic improvements through the first half of 2015. Labor market, retail sales and housing market indicators showed gains. However, the unemployment rate remains elevated relative to most other regions in the state. Table 20 shows economic indicators for the region.

Employment growth continued to accelerate in the San Luis Valley region, rising to 3.3 percent between January and July 2015, compared with the same period last year (Figure 33 at left). The area unemployment rate ticked down to 6.4 percent in July (Figure 33 at right).

Consumer spending and housing market conditions also showed moderate growth at the start of the year. Permits for residential building are up in the region, following a decline in 2014. Retail sales increased 10.9 percent in January through March compared with the same period last year. Figure 34 shows indexed retail sales for the San Luis Valley, Colorado, and the nation. While data in this small, rural region is volatile, the retail sales trend indicates that growth since January 2008 has caught up to Colorado retail sales in recent months.

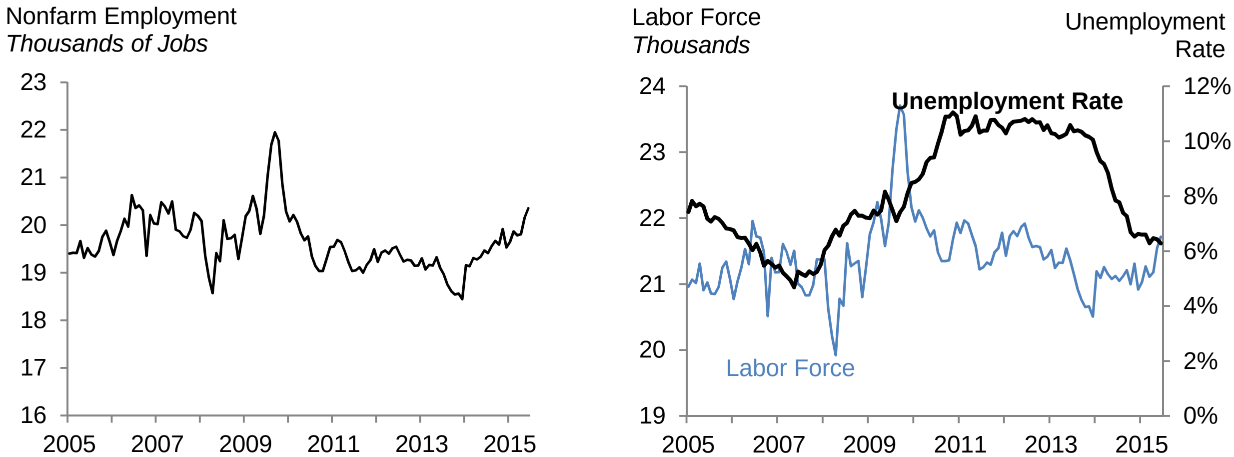
Agriculture plays a significant role in the San Luis Valley region economy. In recent years, potato and barley have become prominent crops in the area. Both crops require less water than other growable crops in the region. While most crop prices have fallen in 2015 on lower global demand and higher production, potato prices have remained relatively stable, supporting farm profits. Prices received for Colorado potatoes are shown in Figure 35.

Table 20
San Luis Valley Region Economic Indicators
Alamosa, Conejos, Costilla, Mineral, Rio Grande, and Saguache Counties

	2011	2012	2013	2014	YTD 2015
Employment Growth [1]	-1.4%	0.1%	-2.2%	2.8%	3.3%
Unemployment Rate [1]	10.5%	10.6%	10.3%	7.9%	6.4%
Statewide Crop Price Changes [2]					
Barley					
Acres Harvested	48,700	43,100	46,600	42,900	
Crop Value ($/Acre)	$ 702.9	$ 904.6	$ 824.4	$ 730.1	
Potatoes					
Acres Harvested	53,900	54,000	49,600	53,900	
Crop Value ($/Acre)	$ 4,304	$ 2,668	$ 3,614	$ 3,530	
Housing Permit Growth [3]	-9.2%	41.5%	15.0%	-25.0%	17.6%
Retail Trade Sales Growth [4]	5.8%	2.9%	0.5%	3.5%	10.9%

NA = Not Available.
[1]U.S. Bureau of Labor Statistics, LAUS (household survey). Data prior to 2010 adjusted by Legislative Council Staff. Seasonally adjusted. Data through July 2015.
[2]National Agricultural Statistics Service. Barley through December 2014; potatoes through November 2014.
[3]F.W. Dodge. Data through July 2015.
[4]Colorado Department of Revenue. Data through March 2015.

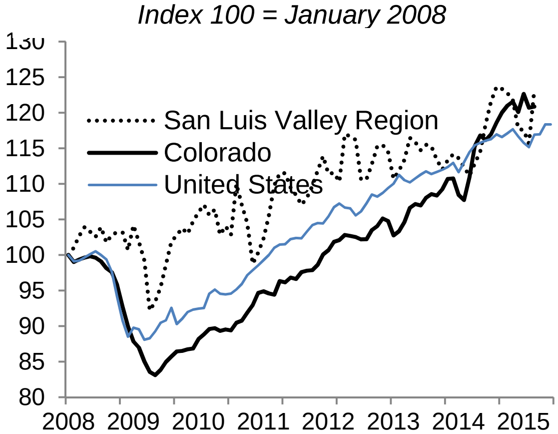
Figure 33
Selected San Luis Valley Labor Market Indicators



Source: U.S. Bureau of Labor Statistics; LAUS. Data prior to 2010 adjusted by Legislative Council Staff. Data are seasonally adjusted and are through June 2015.

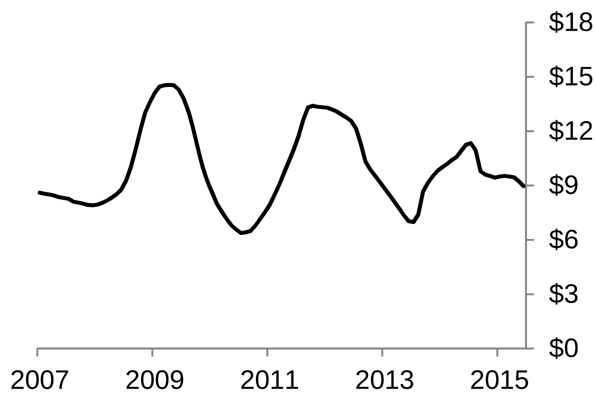
Source: U.S. Bureau of Labor Statistics; LAUS. Data are seasonally adjusted and are through June 2015.

Figure 34
Retail Trade Activity
Index 100 = January 2008



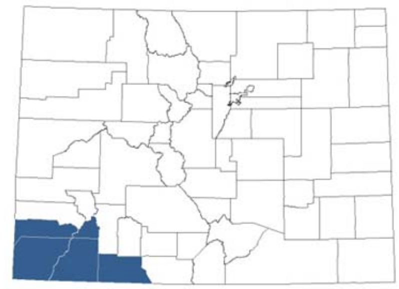
Source: Colorado Department of Revenue and U.S. Census Bureau. Data shown as a three-month moving averages. Data are seasonally adjusted and are through March 2015.

Figure 35
Prices Received For Colorado Potatoes
$/Cwt



Source: National Agricultural Statistics Service. Data shown as twelve-month moving averages. Data through June 2015.

Southwest Mountain Region



The economy of the southwest mountain region is based largely on tourist visitation and the abundance of recreational opportunities, including visitations to National Parks and recreating at local ski areas. Thus far in 2015, the regional economy is providing mixed signals. While regional employment and residential construction are exhibiting strong levels of growth, growth in retail sales appears to be stagnant. Visitation levels at the region's national parks have declined after posting strong growth in 2014. Table 21 shows economic indicators for the southwest mountain region.

The regional labor market, which has lagged behind the state as a whole, improved in 2014 and is maintaining momentum through the first half of 2015. Employment is up 4.5 percent in the first six months of 2015 relative to the same period in the prior year, slightly down from the 4.9 percent year-over-year growth exhibited in 2014. Meanwhile, the unemployment rate fell to 4.5 percent in July, its lowest level since 2008. Regional employment surpassed its pre-recession peak in December 2014. Figure 36 shows the unemployment rate and the size of the labor force in the Southwest Mountain region of the state.

The regional housing market has recovered nicely, and a portion of the regional job growth was due to employment increases in the construction sector. In the first seven months of 2015, the number of housing permits grew 21.9 percent relative to the same period a year earlier. This growth rate has been consistent since the spring, and if this trend continues, it will mark the third consecutive year of double-digit permit increases.

Retail sales in the region increased 1.9 percent in the first three months of 2015, the fifth consecutive year of positive growth. Even so, consumer spending in the region continues to lag behind other areas of the state, and growth appears to be decelerating. Growth thus far in 2015 is at the lowest level since 2010. As shown in Figure 37, during the recession retail trade in the region fell to a lower point than other areas in the state, and has recovered at a slower rate, even though pre-recession peak levels were passed in 2012.

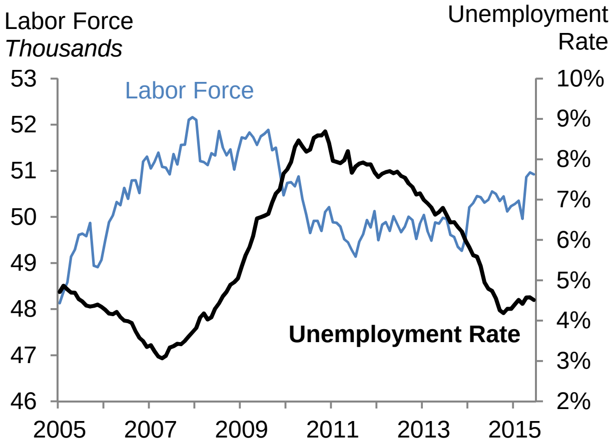
Table 21
Southwest Mountain Region Economic Indicators
Archuleta, Dolores, La Plata, Montezuma, and San Juan Counties

	2011	2012	2013	2014	YTD 2015
Employment Growth [1]	7.9%	7.5%	6.6%	4.9%	4.5%
Unemployment Rate[1]	7.9%	7.5%	6.6%	4.9%	4.5%
Housing Permit Growth [2]	-29.5%	2.4%	44.7%	14.2%	21.9%
Retail Trade Sales Growth [3]	9.0%	6.1%	5.5%	2.0%	1.9%
National Park Recreation Visits[4]	1.9%	-13.8%	-5.9%	8.9%	-5.5%

NA = Not available.
[1]U.S. Bureau of Labor Statistics, LAUS (household survey). Seasonally adjusted. Data prior to 2010 adjusted by Legislative Council Staff. Data through July 2015.
[2]F.W. Dodge. Data through July 2015.
[3]Colorado Department of Revenue. Data through March 2015.
[4]National Park Service. Data through July 2015. Recreation visits for Mesa Verde National Park and Hovenweep National Monument.

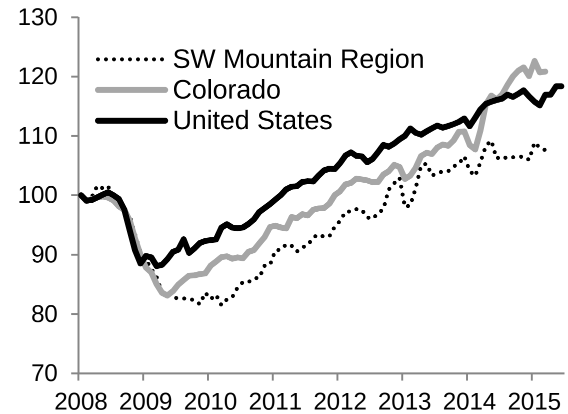
Some of the slowing in growth in retail sales may be from a slowdown in visitors to Hovenweep National Monument and Mesa Verde National Park. In the first seven months of 2015, visitation at these parks decreased 5.5 percent relative to the same period a year earlier.

Figure 36
Southwest Mountain Region



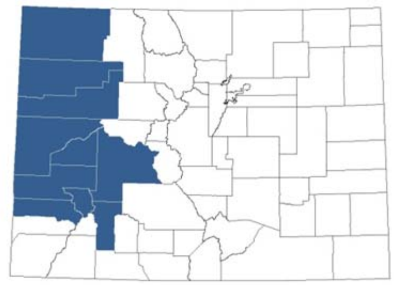
Source: U.S. Bureau of Labor Statistics; LAUS. Data prior to 2010 adjusted by Legislative Council Staff. Data are seasonally adjusted and are through June 2015.

Figure 37
Retail Trade Trends
Index 100 = Januarv 2008



Source: Colorado Department of Revenue and U.S. Census Bureau. Data shown as a three-month moving averages. Data are seasonally adjusted and are through March 2015.

Western Region



Economic indicators in the western region were mixed across industries and geographic areas through the first seven months of 2015. Although the regional unemployment rate is at its lowest point since 2008, regional job growth varied significantly across different areas within the region. The positive trend of accelerating growth in the number of housing permits were offset by the fact that regional consumer spending continues to lag behind other areas of the state. On the downside, the decline in regional natural gas production appears to have accelerated through the first quarter of 2015, and production from the region's coal mines continues to fall, as mining operations face a diverse set of economic and legal challenges. Economic indicators for the western region are shown in Table 22.

While overall employment growth continued to be flat in the first seven months of 2015, employment trends within the region vary widely. Resort destinations in the Roaring Fork Valley and Ouray and San Miguel counties continued to buoy regional employment numbers. In contrast, areas with natural resource-based economies are struggling. Declining natural gas production resulting from relatively low prices is dampening employment in Garfield and Rio Blanco Counties, and the coal industry is struggling region wide. In Delta County, the West Elk mine has not reopened, and the Bowie #2 Mine cut a third of its workforce in 2014. The Colowyo and Trapper mines in Moffat County face potential closure due to pending lawsuits over environmental assessments. In the first seven months of 2015, the regional unemployment rate rose from 4.9 percent in December to 5.3 percent in July. While this rate is still slightly above the statewide average, it has been falling steadily since 2010 on an average annual basis. The western region's unemployment rate and labor force are plotted in Figure 38.

Table 22
Western Region Economic Indicators
Delta, Garfield, Gunnison, Hinsdale, Mesa, Moffat, Montrose, Ouray, Rio Blanco, and San Miguel Counties

	2011	2012	2013	2014	YTD 2015
Employment Growth [1]					
Western Region[1]	-0.4%	0.3%	-0.6%	2.4%	0.7%
Grand Junction MSA[2]	0.6%	0.9%	0.6%	2.2%	1.7%
Unemployment Rate[1]	9.7%	9.0%	8.0%	5.9%	5.3%
Natural Gas Production Growth[3]	4.1%	1.9%	-9.1%	-4.9%	-30.7%
Housing Permit Growth [4]	-20.8%	22.4%	-1.0%	7.9%	22.3%
Nonresidential Construction Growth [4]					
Value of Projects	-60.1%	13.2%	-24.7%	221.9%	-33.6%
Square Footage of Projects	-59.2%	26.0%	-42.0%	157.9%	-15.6%
Level (*Thousands*)	542	682	396	1,021	396
Number of Projects	-32.7%	16.7%	-28.6%	21.8%	-14.7%
Level	66	77	55	67	29
Retail Trade Sales Growth [5]	8.8%	1.0%	3.5%	3.9%	9.2%

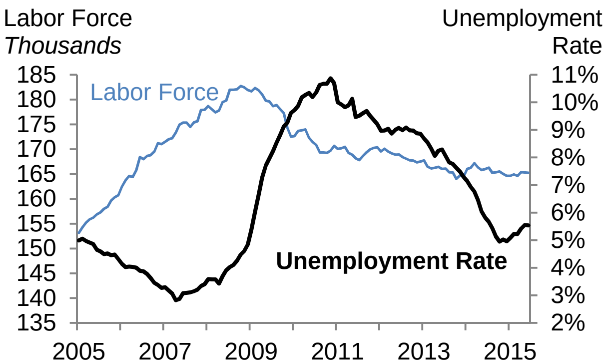
MSA = Metropolitan statistical area. NA = Not available.
[1] U.S. Bureau of Labor Statistics, LAUS (household survey). Data prior to 2010 adjusted by Legislative Council Staff. Seasonally adjusted. Data through July 2015.
[2] U.S. Bureau of Labor Statistics, CES (establishment survey). Seasonally adjusted. Data through June 2015.
[3] Colorado Oil and Gas Conservation Commission. Data through March 2015.
[4] F.W. Dodge. Data through July 2015.
[5] Colorado Department of Revenue. Seasonally adjusted. Data through March 2015.

After increasing 7.9 percent on a year-over-year basis in 2014, residential construction in the western region has accelerated in the first seven months of 2015 with housing permits up 22.3 percent. Nonresidential construction in the region, however, is off after an uptick in 2014. The number and square footage of projects are down 70.6 percent and 15.6 percent, respectively, in the first seven months of 2015 compared with a similar period in the prior year.

Through March, consumer spending, as proxied by retail trade sales, grew 9.2 percent compared with the same period in 2014. This would represent an uptick from 3.9 percent retail trade growth rate in 2014. Even so, retail sales continue to lag well behind other areas of the state. As shown in Figure 39, retail trade sales in the western region fell to a lower point than other areas in the state during the recession, and has recovered at a slower rate.

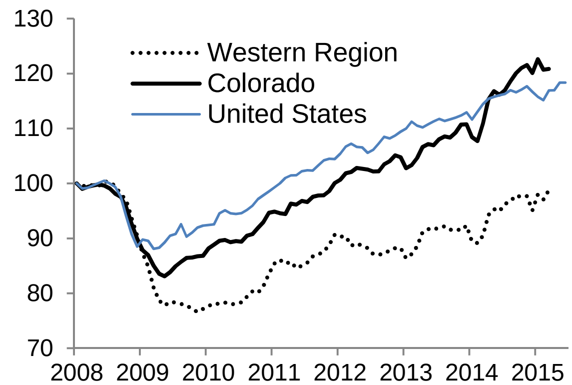
The western region's natural gas production is concentrated in the Piceance Basin, primarily in Garfield County. Through March, regional gas production was down 30.7 percent compared with the same period in 2014. If this trend continues, this would make the third consecutive year of regional production declines. Figure 40 compares western regional natural gas production to production in the rest of the state through the end of 2014. While statewide natural gas production has remained relatively stable, regional production has continued to decline since it peaked in 2012.

Figure 38
Western Region



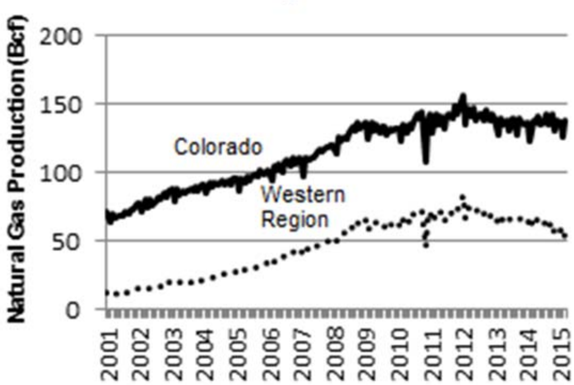
Source: U.S. Bureau of Labor Statistics; LAUS. Data are seasonally adjusted and are through June 2015.

Figure 39
Retail Trade Trends
Index 100 = January 2008



Source: Colorado Department of Revenue and U.S. Census Bureau. Data shown as a three-month moving averages. Data are seasonally adjusted and are through March 2015.

Figure 40
Colorado and Western Region Natural Gas Production



Source: Colorado Oil and Gas Conservation Commission. Data through March 2015.

Mountain Region

Buoyed by strong performance in the tourism industry, the mountain region remains among the healthiest of the state's rural economies. While job growth stalled in the first half of 2015, retail trade continues to expand rapidly, indicating robust activity by residents and visitors to the area. Indicators for the mountain region are shown in Table 23.

The region experienced by far its best year of post recession job growth in 2014. Thus far, last year's growth has not led to additional progress in 2015. According to the Bureau of Labor Statistics' Local Area Unemployment Statistics (LAUS), a survey of households, the number of jobs in the region has remained essentially flat since the beginning of the year. At the same time, a decline in the region's labor force population – likely attributable to retirements, out migration, or some combination thereof – has pushed the unemployment rate down to 3.8 percent. The unemployment rate will continue to drop as the region's population ages, even if job growth remains lackluster. Figure 41 shows a history of the reported number of jobs in the mountain region since 2005.

While the labor market is holding steady, consumer spending in the mountain region continues to advance quickly. Figure 42 indexes national, state, and mountain region retail trade to January 2008, before the effects of the recession were fully appreciable in terms of consumer spending. As shown in Figure 42, mountain region retail trade suffered a greater blow from the recession in percentage terms than the rest of the state or country. It also recovered much more slowly, as visitors who had previously sustained the region's retail economy tightened or eliminated their travel budgets. Since early 2014, however, mountain region retail trade has grown more quickly than the state and nation and is now firmly above its prerecession level. To the extent that economies elsewhere in the state and nation continue to improve, the mountain region will reap additional future benefits from visitors.

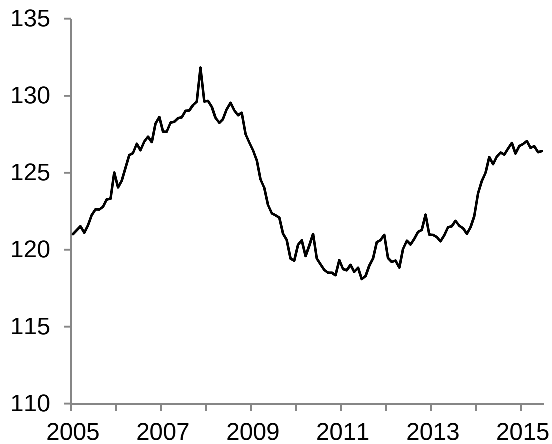
Table 23
Mountain Region Economic Indicators
Chaffee, Clear Creek, Eagle, Gilpin, Grand, Jackson, Lake, Park, Pitkin, Routt, Summit, and Teller Counties

	2011	2012	2013	2014	YTD 2015
Employment Growth [1]	-0.2%	0.9%	0.8%	3.7%	1.6%
Unemployment Rate[1]	7.8%	7.0%	6.1%	4.3%	3.8%
Housing Permit Growth[2]	2.9%	6.9%	63.6%	1.3%	-14.7%
Nonresidential Construction Growth [2]					
Value of Projects	195.4%	-57.4%	-8.6%	84.8%	77.1%
Square Footage of Projects	169.1%	-29.6%	-19.6%	206.5%	5.3%
Level (*Thousands*)	779	548	441	1,352	505
Number of Projects	-13.7%	11.4%	2.0%	20.0%	-52.6%
Level	44	49	50	60	18
Retail Trade Sales Growth[3]	8.0%	5.8%	6.3%	8.3%	11.6%

[1]Bureau of Labor Statistics. LAUS (household) survey. Seasonally adjusted. Data prior to 2010 adjusted by Legislative Council Staff. Data through July 2015.
[2]F.W. Dodge. Data through July 2015.
[3]Colorado Department of Revenue. Seasonally adjusted. Data through March 2015.

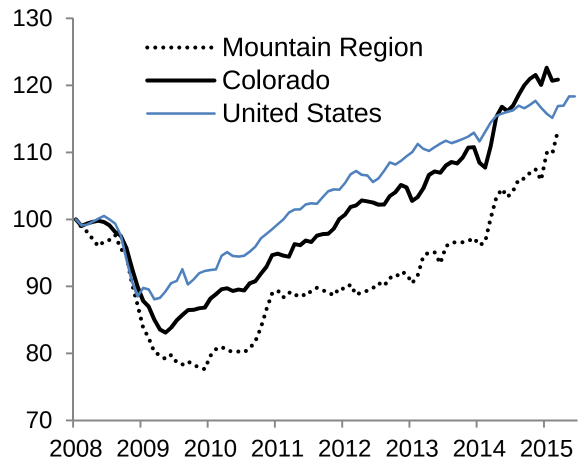
Because of the region's relatively small size, gleaning economic insight from construction indicators can be difficult. On a year over year basis, housing permit issuances are down 14.7 percent in 2015 after a major rebound in 2013 that held steady last year. Residential construction permits are charted by housing units and dollar value in Figure 43. Nonresidential construction has made gains in terms of the value and square footage of projects, while the number of projects has slipped considerably from early 2014.

Figure 41
Mountain Region Employment
Thousands of Jobs



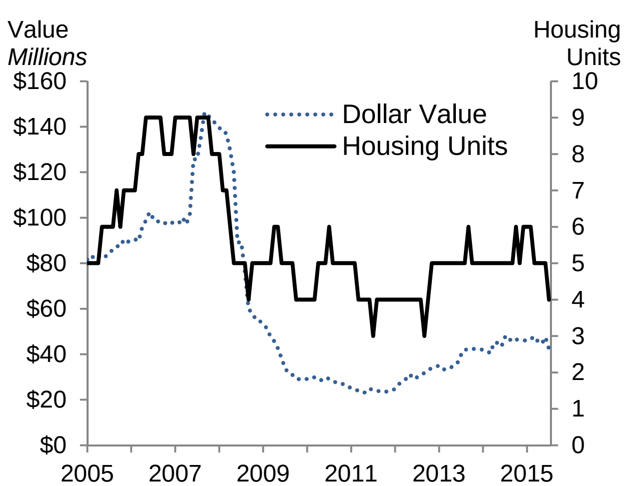
Source: U.S. Bureau of Labor Statistics; LAUS. Seasonally adjusted. Data through June 2015. Data prior to 2010 adjusted by Legislative Council Staff.

Figure 42
Retail Trade Trends for the Nation, State, and Mountain Region
Index 100 = January 2008



Source: Colorado Department of Revenue and U.S. Census Bureau. Three-month average; seasonally adjusted. State and regional data through March 2015. National data through June 2015.

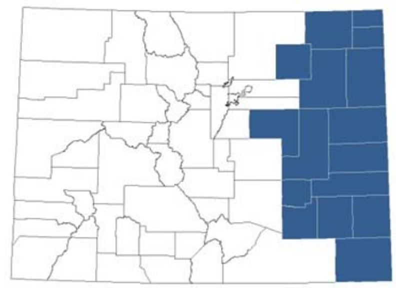
Figure 43
Mountain Region Residential Building Permits



Source: F.W. Dodge. Three-month moving average. Data through July 2015.

Eastern Region

The eastern region, which includes sixteen rural counties along Colorado's eastern plains, showed mixed economic activity through the first half of the year. While labor market conditions improved, agriculture and livestock industries and consumer spending were less positive. Economic indicators for the eastern region are shown in Table 24.



The unemployment rate in the eastern region held at 3.9 percent in July, below the statewide rate of 4.4 percent. The rural, agricultural economy of the region has consistently experienced lower unemployment rates than the statewide average. Area employment increased 3.7 percent this year through July, following growth of 3.6 percent in 2014. Moderate employment and labor market growth point to strong fundamentals of economic expansion in the region. Figure 44 shows the employment, labor force and the unemployment rate for the region.

In 2015, farm profits have been pinched as crop prices continue to fall on lower global demand and higher supply due to favorable spring weather conditions. Figure 45 shows the prices received for selected Colorado crops prominent in the eastern region. Through June, the value of Colorado exports of most crops and livestock has fallen, reflecting an appreciating dollar and lower global demand.

While milk production in the eastern region is up through June, the state cattle and calf inventory is down, following three consecutive years of declines. Farmers are rebuilding their herds after drought conditions in prior years and are sending fewer animals to feedlots. Additionally, animals on feedlots are larger than they have been historically. As a result, national beef production continues to rise even with lower inventories and fewer cattle.

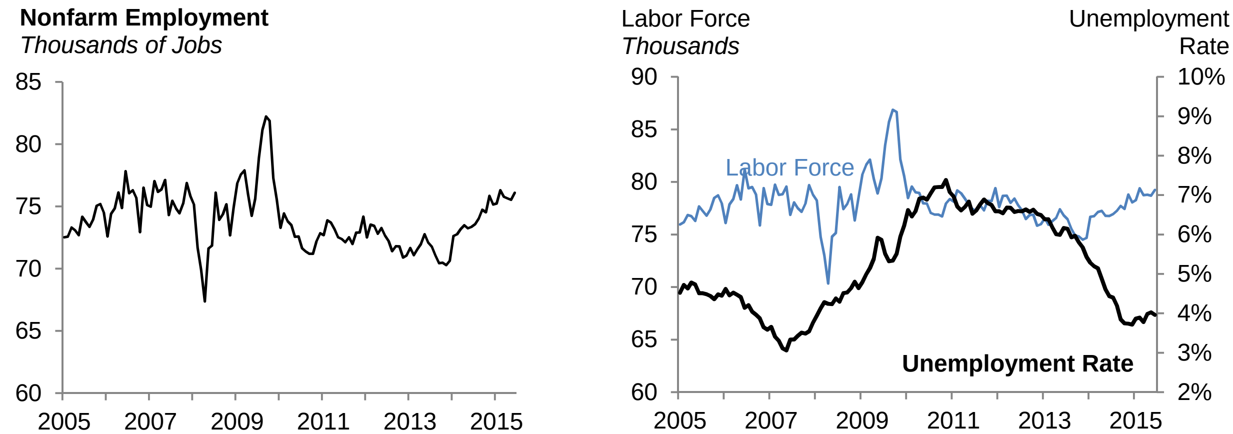
Table 24
Eastern Region Economic Indicators
Baca, Bent, Logan, Cheyenne, Crowley, Elbert, Kiowa, Kit Carson, Lincoln,
Morgan, Otero, Phillips, Prowers, Sedgwick, Washington, and Yuma Counties

	2011	2012	2013	2014	YTD 2015
Employment Growth [1]	0.5%	-0.9%	-1.3%	3.6%	3.7%
Unemployment Rate [1]	6.7%	6.6%	6.0%	4.4%	3.9%
Crop Price Changes [2]					
Wheat ($/Bushel)	41.7%	4.2%	0.8%	-11.5%	-30.0%
Corm ($/Bushel)	59.3%	9.2%	-2.8%	-31.0%	-18.3%
Alfalfa Hay (Baled, $/Ton)	40.9%	37.0%	-0.1%	-11.3%	-14.3%
Livestock [3]					
State Cattle and Calf Inventory Growth	10.2%	-3.4%	-8.7%	-4.2%	-6.2%
Milk Production	6.5%	7.1%	3.5%	7.9%	4.1%
Retail Trade Sales Growth [4]	13.7%	4.1%	2.4%	10.2%	-4.8%

NA = Not Available.
[1]U.S. Bureau of Labor Statistics, LAUS (household survey). Seasonally adjusted. Data prior to 2010 adjusted by Legislative Council Staff. Data through July 2015.
[2]National Agricultural Statistics Service. Price data through June 2015.
[3]National Agricultural Statistics Service. Data through June 2015.
[4]Colorado Department of Revenue. Data through March 2015.

Following strong gains through most of 2014, consumer spending in the eastern plains has fallen off precipitously in more recent months as shown in Figure 46. Year-to-date through March, retail trade is down 4.3 percent relative to same period last year.

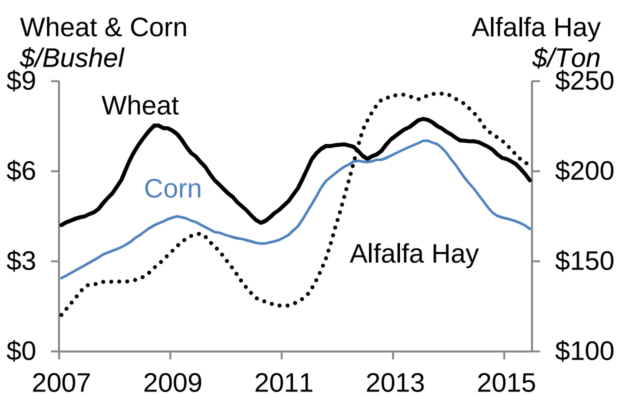
Figure 44
Selected Eastern Region Labor Market Indicators



Source: U.S. Bureau of Labor Statistics; LAUS. Data prior to 2010 adjusted by Legislative Council staff. Data are seasonally adjusted and are through June 2015.

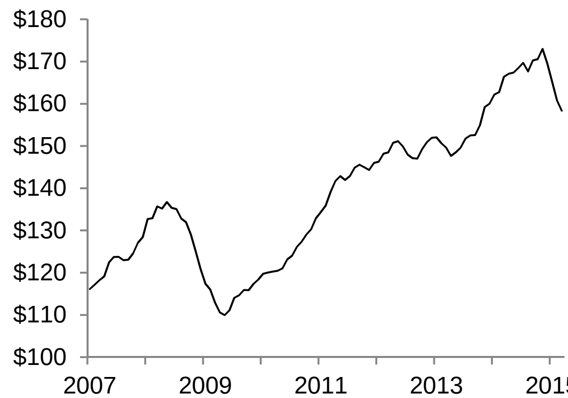
Source: U.S. Bureau of Labor Statistics; LAUS. Data are seasonally adjusted and are through June 2015.

Figure 45
Prices Received for Colorado Crops



Source: National Agricultural Statistics Service. Data shown as twelve-month moving averages. Data through June 2015.

Figure 46
Eastern Region Retail Trade
Millions of Dollars



Source: Colorado Department of Revenue. Data shown as a three-month moving averages. Data are seasonally adjusted and are through March 2015.

National Economic Indicators

Calendar Years	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GDP ($ *Billions*) [1]	10,284.8	10,621.8	10,977.5	11,510.7	12,274.9	13,093.7	13,855.9	14,477.6	14,718.6	14,418.7	14,964.4	15,517.9	16,155.3	16,663.2	17,348.1
Percent Change	6.5%	3.3%	3.3%	4.9%	6.6%	6.7%	5.8%	4.5%	1.7%	-2.0%	3.8%	3.7%	4.1%	3.1%	4.1%
Real GDP ($ *Billions*) [1]	12,559.7	12,682.2	12,908.8	13,271.1	13,773.5	14,234.2	14,613.8	14,873.7	14,830.4	14,418.7	14,783.8	15,020.6	15,354.6	15,583.3	15,961.7
Percent Change	4.1%	1.0%	1.8%	2.8%	3.8%	3.3%	2.7%	1.8%	-0.3%	-2.8%	2.5%	1.6%	2.2%	1.5%	2.4%
Unemployment Rate [2]	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%
Inflation [2]	3.4%	2.8%	1.6%	2.3%	2.7%	3.4%	3.2%	2.9%	3.8%	-0.3%	1.6%	3.1%	2.1%	1.5%	1.6%
10-Year Treasury Note [3]	6.0%	5.0%	4.6%	4.0%	4.3%	4.3%	4.8%	4.6%	3.7%	3.3%	3.2%	2.8%	1.8%	2.4%	2.5%
Personal Income ($ *Billions*) [1]	8,637.1	8,991.6	9,153.9	9,491.1	10,052.9	10,614.0	11,393.9	12,000.2	12,502.2	12,094.8	12,477.1	13,254.5	13,915.1	14,068.4	14,694.2
Percent Change	8.1%	4.1%	1.8%	3.7%	5.9%	5.6%	7.3%	5.3%	4.2%	-3.3%	3.2%	6.2%	5.0%	1.1%	4.4%
Wage & Salaries ($ *Billions*) [1]	4,825.9	4,954.4	4,996.4	5,137.9	5,421.9	5,692.0	6,057.4	6,395.2	6,531.9	6,251.4	6,377.5	6,633.2	6,930.3	7,114.4	7,477.8
Percent Change	8.3%	2.7%	0.8%	2.8%	5.5%	5.0%	6.4%	5.6%	2.1%	-4.3%	2.0%	4.0%	4.5%	2.7%	5.1%
Nonfarm Employment (*Millions*) [2]	132.0	132.1	130.6	130.3	131.7	134.0	136.4	137.9	137.2	131.2	130.3	131.8	134.1	136.4	139.0
Percent Change	2.2%	0.0%	-1.1%	-0.2%	1.1%	1.7%	1.8%	1.1%	-0.6%	-4.3%	-0.7%	1.2%	1.7%	1.7%	1.9%

Sources
[1] *Bureau of Economic Analysis. Real gross domestic product (GDP) is adjusted for inflation. Personal income and wages and salaries not adjusted for inflation.*
[2] *Bureau of Labor Statistics. Inflation shown as the year-over-year change in the consumer price index for all urban areas (CPI-U).*
[3] *Federal Reserve Board of Governors.*

Colorado Economic Indicators

Calendar Years	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Nonfarm Employment (*Thousands*) [1]	2,214.2	2,227.1	2,184.7	2,152.6	2,179.4	2,225.9	2,279.7	2,331.1	2,350.6	2,245.5	2,222.3	2,258.7	2,313.1	2,382.2	2,463.6
Percent Change	3.8%	0.6%	-1.9%	-1.5%	1.2%	2.1%	2.4%	2.3%	0.8%	-4.5%	-1.0%	1.6%	2.4%	3.0%	3.4%
Unemployment Rate[1]	2.7	3.8	5.6	6.0	5.5	4.9	4.2	3.8	4.9	7.6	8.8	8.2	7.7	6.5	4.9
Personal Income ($ *Millions*) [2]	$148,099	$155,918	$156,032	$159,330	$166,625	$177,819	$191,699	$202,599	$212,102	$206,438	$210,454	$226,145	$240,350	$247,069	$261,480
Percent Change	11.7%	5.3%	0.1%	2.1%	4.6%	6.7%	7.8%	5.7%	4.7%	-2.7%	1.9%	7.5%	6.3%	2.8%	5.8%
Per Capita Personal Income ($) [2]	$34,227	$35,230	$34,748	$35,182	$36,421	$38,390	$40,611	$42,174	$43,377	$41,518	$41,689	$44,183	$46,315	$46,897	$48,730
Percent Change	9.0%	2.9%	-1.4%	1.2%	3.5%	5.4%	5.8%	3.8%	2.9%	-4.3%	0.4%	6.0%	4.8%	1.3%	3.9%
Wage & Salary Income ($ *Millions*) [2]	$86,412	$89,130	$88,089	$89,281	$93,569	$98,787	$105,664	$112,506	$116,682	$112,301	$113,790	$118,559	$125,135	$129,597	$138,187
Percent Change	12.8%	3.1%	-1.2%	1.4%	4.8%	5.6%	7.0%	6.5%	3.7%	-3.8%	1.3%	4.2%	5.5%	3.6%	6.6%
Retail Trade Sales ($ *Millions*) [3]	$57,955	$59,014	$58,850	$58,689	$62,288	$65,492	$70,437	$75,329	$74,760	$66,345	$70,738	$75,548	$80,073	$83,569	NA
Percent Change	10.2%	1.8%	-0.3%	-0.3%	6.1%	5.1%	7.5%	6.9%	-0.8%	-11.3%	6.6%	6.8%	6.0%	4.4%	
Residential Housing Permits [4]	54,596	55,007	47,871	39,569	46,499	45,891	38,343	29,454	18,998	9,355	11,591	13,502	23,301	27,517	28,686
Percent Change	10.7%	0.8%	-13.0%	-17.3%	17.5%	-1.3%	-16.4%	-23.2%	-35.5%	-50.8%	23.9%	16.5%	72.6%	18.1%	4.2%
Nonresidential Construction (*Millions*) [5]	$3,498	$3,476	$2,805	$2,686	$3,245	$4,275	$4,641	$5,259	$4,114	$3,354	$3,147	$3,923	$3,695	$3,614	$4,301
Percent Change	-7.9%	-0.6%	-19.3%	-4.2%	20.8%	31.7%	8.6%	13.3%	-21.8%	-18.5%	-6.2%	24.7%	-5.8%	-2.2%	19.0%
Denver-Boulder-Greeley Inflation [1]	4.0%	4.6%	2.0%	1.0%	0.1%	2.1%	3.6%	2.2%	3.9%	-0.6%	1.9%	3.7%	1.9%	2.8%	2.8%
Population (*Thousands, July 1*) [4]	4,327	4,426	4,490	4,529	4,575	4,632	4,720	4,804	4,890	4,972	5,049	5,120	5,192	5,272	5,356
Percent Change	6.7%	2.3%	1.5%	0.9%	1.0%	1.2%	1.9%	1.8%	1.8%	1.7%	1.5%	1.4%	1.4%	1.5%	1.6%

Sources

[1]*Bureau of Labor Statistics. Nonfarm employment estimates include revisions to 2014 data expected by Legislative Council Staff from the Bureau of Labor Statistic's annual re-benchmarking process. Inflation shown as the year-over-year change in the consumer price index for Denver-Boulder-Greeley metro areas.*

[2]*Bureau of Economic Analysis. Personal income and wages and salaries not adjusted for inflation.*

[3]*Colorado Department of Revenue.*

[4]*U.S. Census Bureau. Residential housing permits are the number of new single and multi-family housing units permitted for building.*

[5]*F.W. Dodge.*