



Economic & Revenue Forecast

June 2025



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

June 2025 | Economic & Revenue Forecast

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Executive Summary

This report presents the budget outlook based on current law and the June 2025 forecast for General Fund revenue, cash fund revenue, and the state TABOR outlook. It also includes summaries of expectations for the U.S. and Colorado economies and discussion of the economic situation for nine regions of the state.

General Fund Budget Outlook

FY 2024-25

The General Fund is expected to end FY 2024-25 with a 15.0 percent reserve, \$8.6 million below the statutory requirement. General Fund revenue is expected to decline by 1.2 percent and total \$17.04 billion. An expected increase in sales tax and Proposition EE tobacco tax revenues are more than offset by declines in both individual and corporate income tax revenue. Still, revenue is expected to exceed the Referendum C cap by \$142.2 million, or 0.7 percent of the level of the cap.

FY 2025-26

The forecast incorporates the 2025 Long Bill and other legislation affecting the FY 2025-26 budget overview. The General Fund is expected to end FY 2025-26 with a 14.2 percent reserve, \$83.6 million below the statutory reserve requirement. This amount may change based on ballot measures approved at the November 2025 election and legislation enacted during the 2026 legislative session. Total state revenue subject to TABOR is expected to exceed the Referendum C cap by \$83.3 million, just 0.4 percent of the level of the cap, and could fall below the cap even without an economic downturn.

General Fund revenue expectations were initially revised down compared to the March forecast when assuming that all tax credits would be fully in effect for the forecast period. The new revenue forecast was sufficiently low that certain tax credits contingent upon the revenue forecast, such as the family affordability tax credit and expanded state earned income tax credit, are expected to be reduced in tax year 2026. Reducing these tax expenditures ultimately boosted the individual income tax forecast compared to the March 2025 forecast, which had assumed that all tax credits would be available in the full amounts. After accounting for the reduction in these tax expenditures, General Fund revenue is expected to grow 3.1 percent and total \$17.57 billion, a 1.8 percent downgrade from the March 2025 forecast. The downgrade is largely attributable to lower-than-expected corporate income tax revenue, which is partially offset by the increase in the individual income tax and investment income tax forecasts.

FY 2026-27

General Fund revenue is expected to grow 4.0 percent and total \$18.27 billion, with state revenue subject to TABOR exceeding the Referendum C cap by \$535.5 million. The General Fund is projected to have \$148.2 million, or 0.8 percent, more available to spend or save than what is budgeted to be spent in FY 2025-26, after current law transfers and the statutory reserve requirement are fulfilled. This amount does not incorporate caseload growth, inflation, or other budgetary pressures.

The General Fund Budget Overview section presents an alternative scenario that projects additional FY 2026-27 budget obligations based on current law. Under this scenario ("Scenario B"), the year-end General Fund reserve could fall short of the reserve requirement by \$698.0 million. Additional explanation can be found in the discussion of the budget Scenario B (see Table 2 on page 12).

Risks to the Budget Outlook

Risk to the budget outlook remains elevated as, even without a recession, lower-than-expected General Fund revenue could cause revenue to fall below the Referendum C cap in any year during the three-year forecast period, with the highest risk in FY 2025-26 where revenue above the cap is only 0.4 percent above the cap. Meanwhile, higher-than-expected cash fund revenue would put pressure on the General Fund budget by increasing the state TABOR refund obligation without offsetting General Fund revenue to accommodate the increase. Other risks include elevated recession risk, volatile income tax revenue streams, and a rapidly evolving federal policy environment.

TABOR Refund Requirement for Exceeding Proposition FF Blue Book Estimate

Final accounting indicates that income tax revenue attributable to Proposition FF reached \$112.0 million in FY 2023-24 on an accrual basis, exceeding the estimate provided to voters in the 2022 Blue Book. The state will be required to refund \$12.4 million to taxpayers unless voters approve a ballot measure allowing the state to keep this amount.

Cash Fund Revenue

In the current budget year, cash fund revenue subject to TABOR is expected to total \$2.74 billion, a 2.0 percent decrease from the prior fiscal year. The decrease is mostly attributable to falling severance tax revenue and to House Bill 24-1434, which lowered the amount of sales tax revenue credited to the Housing Development Grant Fund. Falling revenue in these areas is expected to more-than-offset increases in other miscellaneous cash funds revenue, which continues to come in above expectations, and in gaming and transportation-related revenues. While severance tax revenue is expected to recover through the forecast period, diversions of cash fund revenue passed during the 2025 legislative session are expected to dampen cash fund revenue growth to 3.3 percent in FY 2025-26, a downward revision from the 11.2 percent growth estimated in the March 2025 forecast. After reaching \$2.83 billion in FY 2025-26, cash fund revenue subject to TABOR is expected to grow 13.0 percent to \$3.20 billion, with most growth attributable to [House Bill 25-1320](#), which diverts an estimated \$228.1 million to the Kids Matter Account in the State Education Fund. Discussion of the cash fund revenue outlook begins on page 41.

Economic Outlook

In 2024, the U.S. and Colorado economies continued to maintain a moderate-to-strong pace of expansion with low unemployment rates, job growth, and rising incomes. This forecast anticipates the U.S. and Colorado economies will continue to expand through the forecast period, but at a slower rate. Weakening in several economic indicators including business and consumer sentiment, labor market activity, and GDP growth paired with rapidly shifting

economic policy and tighter expectations for monetary policy have resulted in downward revisions to the economic forecasts for the state and nation for 2025 through 2027.

This forecast is shaped by the rapidly changing federal policy environment. This includes the expected implementation of higher tariffs. In the near-term, both proposed and realized tariff policies have resulted in more business volatility and uncertainty for consumers. Businesses have slowed hiring and pulled forward spending on imported goods during the first quarter of 2025 in anticipation of tariff-driven price increases, and are expected to slow investment throughout the forecast period. Labor markets are correspondingly expected to continue to soften.

Colorado's unemployment rate has climbed over the past year and is projected to remain at least 2 percentage points above post-pandemic lows throughout the forecast period. Inflation measures remain above the Federal Reserve's 2 percent target with slowing progress, and interest rates are anticipated to remain higher for a longer period of time in 2025 and 2026.

While there are bidirectional risks to the economic forecast, heightened uncertainty tips risks to the downside.

Discussion of the economic outlook begins on page 57, and summaries of expectations for the U.S. and Colorado economies are presented, respectively, in Tables 21 and 22 on pages 89 and 90.

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General Fund Budget Overview

This section presents the General Fund overview based on current law. The General Fund overview is shown in Table 1. This section also presents the following:

- a budget scenario for FY 2026-27 that incorporates General Fund obligations expected under current law (Table 2);
- a summary of changes in expectations relative to the March 2025 forecast (Table 3);
- a summary of transfers to and from the General Fund (Table 4);
- transfers to the State Education Fund (Figure 1);
- transfers to transportation and capital construction funds (Table 5);
- the disposition of fiscal policies dependent on revenue conditions, including calculations for an affordable housing transfer required by statute to appear in this June forecast (Table 6);
- General Fund rebates and expenditures (Table 7); and
- a complete list of transfers to and from the General Fund (Table 8), other than those included in Table 5.

Legislative Assumptions

This forecast is based on current law and incorporates all 2025 legislation that has become law or will become law if a referendum petition is not filed. Notably, the forecast incorporates the FY 2025-26 Long Bill and associated budget package. The forecast does not account for provisions that would only take effect if voters approve ballot measures at the November election.

Table 8 on page 22 summarizes 2025 legislation affecting the General Fund revenue forecast. Legislation affecting TABOR accounting and TABOR refund mechanisms is discussed in the TABOR Outlook section. Legislation affecting the cash fund revenue forecast is discussed in the Cash Fund Revenue section.

The budget outlook below also includes notable adjustments for:

- the Joint Budget Committee's decision to omit direct distributions to PERA from the base amount used to calculate the statutory reserve requirement;
- [House Bill 25-1320](#), which creates the Kids Matter Account in the State Education Fund and requires that income tax revenue equal to 65 percent of one-tenth of 1 percent of taxable income be credited to the account beginning in FY 2026-27; and
- [Senate Bill 25-310](#), which relocates \$500 million from the General Fund reserve to PERA beginning in FY 2025-26; schedules transfers from the General Fund to two new cash funds in FY 2025-26 and FY 2027-28, respectively; and reduces the General Fund direct distribution to PERA beginning in FY 2027-28.

Table 1A
Funds Available in the General Fund
Dollars in Millions

Line	Funds Available	FY 2023-24 Actual	FY 2024-25 Estimate	FY 2025-26 Estimate	FY 2026-27 Estimate
1	Beginning Reserve	\$2,427.4	\$3,153.5	\$2,349.9	\$1,855.8
2	General Fund Revenue (Table 12)	\$17,251.4	\$17,037.6	\$17,573.1	\$18,269.3
3	Transfers from Other Funds (Table 8A)	\$93.3	\$521.5	\$125.9	\$57.7
4	Total Funds Available	\$19,772.2	\$20,712.6	\$20,049.0	\$20,182.9
5	Percent Change in Funds Available	-7.0%	4.8%	-3.2%	0.7%

Table 1B
General Fund Expenditures
Dollars in Millions

Line	Expenditures	FY 2023-24 Actual	FY 2024-25 Budgeted	FY 2025-26 Estimate	FY 2026-27 Estimate
6	GF Appropriations Subject to the Limit	\$13,818.6	\$15,621.8	\$16,538.1	*
7	Appropriations from HSMA	\$115.3			
8	Overexpenditure from General Fund	\$153.8			
9	TABOR Refund Obligation Under Art. X, §20, (7)(d)	\$1,643.4	\$142.2	\$83.3	\$535.5
10	Rebates and Expenditures (Table 7)	\$241.9	\$187.0	\$904.7	\$482.6
11	Transfers to Other Funds (Table 8B)	\$543.9	\$1,879.4	\$453.8	\$458.1
12	Transfers to the State Education Fund	\$0.0	\$146.0	\$0.0	\$0.0
13	Transfers to Transportation Funds (Table 5A)	\$5.0	\$117.5	\$42.7	\$61.0
14	Transfers to Capital Funds (Table 5B)	\$348.9	\$254.1	\$170.6	\$20.0
15	Total Expenditures	\$16,870.8	\$18,348.0	\$18,193.1	*
16	Percent Change In Funds Available	-11.3%	8.8%	-0.8%	*
17	Reversions and Accounting Adjustments	\$252.2	-\$14.7		*

Asterisks ("*") indicate values not estimated.

Line 12, "Transfers to the State Education Fund," includes transfer pursuant to SB 23B-001. Does not include transfers to the SEF under Amendment 23, which are shown on line 29.

Line 17, "Reversions and Accounting Adjustments," indicates reversions of appropriated amounts and other accounting adjustments to arrive at the year-end balance published in the Annual Comprehensive Financial Report. FY 2023-24 includes \$255.0 million underrefunded from prior TABOR refund obligations, along with other adjustments. FY 2024-25 includes \$15.0 million in revised accrual adjustments for FY 2023-24 Proposition FF revenue, and an \$0.2 million reversion required by SB 25-243.

Table 1C
General Fund Reserve
Dollars in Millions

Line	Reserve	FY 2023-24 Actual	FY 2024-25 Budgeted	FY 2025-26 Estimate	FY 2026-27 Estimate
18	Year-End Reserve in General Fund	\$3,153.5	\$2,349.9	\$1,855.8	*
19	Year-End Reserve in PERA	\$0.0	\$0.0	\$500.0	*
20	Total Year-End Reserve	\$3,153.5	\$2,349.9	\$2,355.8	*
21	Year-End Reserve as a Percent of Appropriations	22.8%	15.0%	14.2%	*
22	Statutorily Required Reserve	\$2,031.5	\$2,358.5	\$2,439.5	*
23	Amount in Excess or (Deficit) of Statutory Reserve	\$1,122.0	-\$8.6	-\$83.6	*
24	Excess Reserve as a Percent of Expenditures	6.7%	0.0%	-0.5%	*

Asterisks ("*") indicate values that are not estimated.

Line 22, "Statutorily Required Reserve," calculates the reserve as 15 percent of operating appropriations, minus \$41.25 million (beginning in FY 2023-24), plus \$56.5 million (for FY 2024-25 only). Appropriations from the Healthy School Meals Account (line 7) are exempt from the reserve requirement.

Table 1D
Budget Scenario A: Holds FY 2025-26 Appropriations Constant
Dollars in Millions

Line	Projected Reserve Under Scenario	FY 2023-24 Actual	FY 2024-25 Estimate	FY 2025-26 Estimate	FY 2026-27 Estimate
25	Amount in Excess or (Deficit) of 15% Reserve Requirement				\$148.2
26	As a Percent of Prior-Year Expenditures				0.8%

This scenario holds appropriations in FY 2025-26 equal to appropriations in FY 2024-25 (line 6) to determine the total amount of money available relative to FY 2024-25 expenditures, net of the obligations in lines 9 through 14. Line 25 includes the year-end reserve amounts held in the both the General Fund and in PERA.

Table 1E
Budget Scenario B: Projected Obligations Based on Current Law
Dollars in Millions

Line	Projected Reserve Under Scenario	FY 2023-24 Actual	FY 2024-25 Estimate	FY 2025-26 Estimate	FY 2026-27 Estimate
27	Amount in Excess or (Deficit) of 15% Reserve Requirement				-\$698.0
28	As a Percent of Proposed Expenditures				-3.8%

This scenario includes annualized costs for 2025 legislation; assumed increases for school finance, Medicaid, higher education, community provider rates, and state employee compensation; capital construction and IT capital projects approved to date; and State Architect recommendations for controlled maintenance. See Table 2. Line 27 includes the year-end reserve amounts held in the both the General Fund and in PERA.

Table 1F
General Fund Overview Addenda
Dollars in Millions

Line	Addendum Items	FY 2023-24 Actual	FY 2024-25 Estimate	FY 2025-26 Estimate	FY 2026-27 Estimate
29	Percent Change in GF Appropriations	3.8%	13.0%	5.9%	*
30	5% of Personal Income Appropriations Limit	\$20,836.4	\$22,392.7	\$23,530.3	\$24,659.7
31	Transfers to SEF per Amendment 23	\$1,209.0	\$1,060.6	\$1,111.6	\$1,170.0

Asterisks ("*") indicate values that are not estimated.

FY 2024-25

The General Fund is expected to end FY 2024-25 with a 15.0 percent reserve, \$8.6 million below the statutory reserve requirement, which is set at 15.0 percent of appropriations less \$41.25 million, plus \$56.5 million (Table 1, line 22). Expectations for the year-end excess reserve were revised up by \$118.5 million relative to the March forecast, mostly due to legislatively-directed transfers into the General Fund which exceeded supplemental appropriations made in the Long Bill. General Fund revenue collections are expected to fall by 1.2 percent relative to FY 2023-24, mostly because of falling individual and corporate income tax revenue. State revenue subject to TABOR is expected to exceed the Referendum C cap by \$142.2 million.

FY 2025-26

Incorporating appropriations adopted in the Long Bill and other 2025 legislation, new transfers to and from the General Fund, as well as expectations for revenue, preexisting transfers, rebates and expenditures, and the TABOR refund obligation, the General Fund is expected to end FY 2025-26 with a 14.2 percent reserve, \$83.6 million below the statutory reserve requirement, which is set at 15.0 percent of appropriations less \$41.25 million (Table 1, line 22). The reserve amount includes money located in both the General Fund and in PERA, under [Senate Bill 25-310](#). This amount will change due to normal revenue forecast revisions, ballot measures approved at the November 2025 election, supplemental appropriations adopted during the 2026 legislative session, and other legislative changes to appropriations and transfers.

General Fund revenue collections are expected to increase by 3.1 percent, mostly due to individual income taxes, which are boosted due to the expected reduction in certain tax expenditures that are dependent on revenue conditions. See the Fiscal Policies Dependent on Revenue Conditions section for more detail. Revenue is expected to exceed the Referendum C cap by \$83.3 million.

Refund obligation for exceeding Proposition FF Blue Book estimate. The final amount of Proposition FF income tax revenue accrued to FY 2023-24 was \$112.0 million, exceeding the estimate of first full fiscal year revenue provided to voters in the 2022 Blue Book by \$11.3 million. [House Bill 25-1274](#) refers a ballot measure to voters at the 2025 election that, if approved, would allow the state to retain and spend \$12.4 million, equal to the excess amount plus 10 percent interest, that would otherwise be refunded in FY 2025-26. If required, the refund will be paid from the Healthy School Meals for All Cash Fund and is assumed not to affect the General Fund overview.

FY 2026-27 (Unbudgeted)

General Fund revenue is expected to grow by 4.0 percent in FY 2026-27, driven by individual income tax, corporate income tax, and sales tax collections. State revenue subject to TABOR is expected to exceed the Referendum C cap by \$535.5 million. Because a budget has not yet been enacted for FY 2026-27, this forecast presents two scenarios for the General Fund budget outlook.

Scenario A: Holds Appropriations Constant from FY 2025-26

Scenario A, shown on lines 25 and 26 of Table 1, shows the amount of revenue available to be spent or saved in FY 2026-27 if FY 2026-27 appropriations were held constant at the same level as FY 2025-26 appropriations. This scenario does not include annualizations of legislation. Based on this forecast, the General Fund will have \$148.2 million, or 0.8 percent, more available to spend or save than in FY 2025-26. This amount assumes current law obligations for FY 2025-26, including transfers, rebates, and expenditures (Table 1, lines 10 through 14), as well as a reserve requirement equal to 15.0 percent of appropriations, minus \$41.25 million, and the projected TABOR refund obligation. The \$148.2 million additional budget space incorporates the FY 2025-26 enacted budget and projected year-end balance. Any changes in revenue or adjustments made to the budget for FY 2025-26, including the 2026 supplemental budget package, will carry forward into FY 2026-27. This amount holds FY 2025-26 appropriations constant and therefore does not reflect any caseload, inflationary, or other budget pressures.

Scenario B: Projected Obligations Under Current Law

Scenario B, shown on lines 27 and 28 of Table 1, presents the amount of revenue in excess or deficit of the statutory reserve requirement for FY 2025-26 based on a set of projected changes to appropriations and transfers to accommodate current law budget pressures. The inclusion of Scenario B is illustrative and should not be considered an endorsement of any of the listed actions by Legislative Council Staff. Under Scenario B, the General Fund would end FY 2025-26 with a 10.7 percent reserve, \$698.0 million below the statutory reserve requirement.

Table 2 details the assumptions used to calculate Scenario B. Some additional explanation is provided below.

Changes in General Fund Appropriations. Scenario B shows how appropriations for the largest areas of General Fund expenditure may change in FY 2026-27. The growth rate assumptions provided below are based on JBC Staff analysis of prior year budget actions, and may overstate or understate needed cost increases for FY 2026-27 specifically:

- no increase in General Fund appropriations for school finance as a result of the new diversion to the Kids Matter Account authorized by House Bill 25-1320 (Table 2, line 3);
- \$349.0 million in increased General Fund appropriations for the Department of Health Care Policy and Financing for medical services premiums, behavioral health, and the Medicare Modernization Act, among others (Table 2, line 4);
- \$44.8 million in increased General Fund appropriations for higher education institutions, representing a 2.8 percent inflationary increase on the FY 2025-26 base for governing boards and financial aid (Table 2, line 5);
- \$52.6 million in increased General Fund appropriations for community providers, representing the same growth as seen in FY 2025-26 (Table 2, line 6);
- \$95.1 million in increased General Fund appropriations for state employee salaries, representing a 4.0 percent increase (Table 2, line 7); and
- \$5.4 million in annualizations of FY 2025-26 decision items for all other departments (Table 2, line 8).

Scenario B also includes out-year cost annualizations for 2025 legislation. Based on LCS final fiscal notes, FY 2026-27 General Fund expenditures for 2025 legislation are expected to be \$15.6 million less than FY 2025-26 expenditures (Table 2, line 2).

In total, Scenario B shows the budget impact of \$531.4 million in additional appropriations in FY 2026-27 compared with the FY 2025-26 baseline used for Scenario A (Table 2, line 9). With this increase, the scenario also estimates a \$79.7 million increase in the statutory reserve requirement (Table 2, line 14). Scenario B does not incorporate the costs for any new state programs receiving General Fund appropriations, which would further reduce the available amount.

Changes in General Fund transfers for capital projects. Scenario B shows a total of \$235.2 million in additional General Fund obligations for transfers to the Capital Construction Fund (Table 2, line 13). The amount includes out-year costs for capital construction (line 10) and IT capital (line 11) projects funded in FY 2025-26, alongside the State Architect’s recommended annual allocation for controlled maintenance spending (line 12), equal to 1 percent of the current replacement value of state buildings. The costs for new projects funded with General Fund transfers in FY 2026-27 would add to the total amount.

Table 2
FY 2026-27 Budget Scenario B
Projected Obligations Based on Current Law
Dollars in Millions

Line	Component	FY 2026-27
1	Excess Reserve Under Scenario A	\$148.2
2	2025 Legislation Out-Year Cost Annualizations	-\$15.6
3	School Finance (No increase due to Kids Matter Account diversion)	\$0.0
4	HCPF (all decision items)	\$349.0
5	Higher Ed. Institutions (2.8% increase based on inflation)	\$44.8
6	Community Providers (same increase as FY 2025-26)	\$52.6
7	Salary Survey (4.0% increase)	\$95.1
8	Estimated FY 2026 Decision Items Annualizations for Other Agencies	\$5.4
9	Total Change in Appropriations	\$531.4
10	Out-Year Cost of FY 2025-26 Funded Capital Const. Projects	\$25.8
11	Out-Year Cost of FY 2025-26 IT Capital Projects	\$6.7
12	State Architect Recommendation for Controlled Maintenance	\$202.6
13	Total Change in Capital Transfers	\$235.2
14	Change in Required Reserve (15% of Line 9)	\$79.7
15	Total Change in General Fund Obligations (Line 9 plus Line 13 plus Line 14)	\$846.2
16	Excess Reserve Under Scenario B (Line 1 minus Line 15)	-\$698.0

Source: June 2025 LCS Forecast and Joint Budget Committee Staff.

Risks to the General Fund Budget Outlook

Current-year revenue may fall below the Referendum C cap. FY 2024-25 revenue is expected to exceed the Referendum C cap by \$142.2 million, or 0.7 percent. For FY 2025-26, revenue is expected to exceed the Referendum C cap by just \$83.3 million, or 0.4 percent. Therefore, it is within the range of normal forecast error for revenue to fall below the Referendum C cap, in which case revenue, and not the cap, would limit the amount available for the General Fund budget. The amount by which revenue is projected to exceed the Referendum C cap is expected to increase throughout the forecast period, but remain within the range of normal forecast error. Revenue could fall below the Referendum C cap in any year of the forecast period, even without a recession.

Higher-than-expected cash fund revenue would increase General Fund budget pressures. Because TABOR surpluses are refunded using General Fund money, higher-than-expected cash fund revenue subject to TABOR would create additional budgetary pressures for the General Fund. Cash fund collections in FY 2023-24 exceeded expectations, resulting in additional pressure on General Fund budget space.

Recession risk is elevated. This forecast does not anticipate a recession, but heightened economic uncertainty increases recession risk. The Trump administration has begun to implement extensive new tariffs and has promised extensive changes to federal economic and tax policy, which have increased near-term volatility and medium-term uncertainty. A recession would reduce revenue below the Referendum C cap, thereby reducing the amount available for the General Fund budget.

The corporate income tax outlook is especially uncertain. Corporate income tax collections increased 18.2 percent in FY 2023-24, continuing to outperform expectations after 3 years of record highs. Corporate collections are expected to fall by 6.9 percent in FY 2024-25 and an additional 18.4 percent in FY 2025-26. Greater revenue than forecast would result in a higher TABOR refund obligation with no downstream impact on the state budget. However, a larger decline in corporate collections could raise more significant budget consequences if revenue falls below the Referendum C cap.

Changes Between the March and June Forecasts

Table 3 presents revisions to the General Fund budget outlook relative to the March forecast. These changes are explained below.

FY 2024-25

The March forecast anticipated that the General Fund would end FY 2024-25 with a reserve \$127.1 million below the statutory requirement. This June forecast upgraded that expectation by \$118.5 million and anticipates a reserve \$8.6 million below the statutory requirement (Table 1, line 23). The upward revision to the anticipated excess reserve is primarily due to increased transfers into the General Fund from [Senate Bill 25-264](#), [Senate Bill 25-312](#), and [Senate Bill 25-317](#), which were partially offset by increased appropriations and corresponding increase in the reserve requirement.

Expected General Fund revenue and the expected TABOR refund obligation were both increased, primarily due to corporate income tax revenue. Cash Fund revenue expectations were revised down by \$18.9 million, creating more budget space, while exempt General Fund revenue was reduced by \$6.2 million. On net, the TABOR limit is expected to apply \$12.7 million less budget pressure than was forecast in March.

FY 2025-26

The March forecast was prepared before the General Assembly had enacted a budget for FY 2025-26. Table 3 compares the June 2025 forecast for FY 2025-26, which includes the Long Bill and all other 2025 legislation, to the March forecast's Scenario A in order to show how available funds were spent.

Table 3
Changes in the General Fund Budget Relative to the March 2025 Forecast (Scenario A)

Dollars in Millions, Positive Amounts Reflect an Increase Relative to March

Components of Change	FY 2024-25	FY 2025-26	Description of Changes
Funds Available	\$389.8	\$109.1	
Beginning Balance	\$0.0	\$149.5	Carries forward anticipated FY 2024-25 year-end balance to FY 2025-26.
General Fund Revenue	\$46.5	-\$313.2	Reflects forecast changes, particularly for corporate income taxes. See Table 11 showing legislative adjustment to General Fund revenue.
Transfers from Other Funds	\$343.3	\$54.6	Mostly legislative changes, including SB 25-264 , SB 25-312 , and SB 25-317 . See Table 8.
Expenditures	\$240.4	\$714.2	
Operating Appropriations	\$207.1	\$536.1	Reflects the FY 2025-26 Long Bill and other legislation.
TABOR Refund Obligation	\$33.8	-\$534.3	Changes to General Fund and cash fund revenue forecasts. See Table 9.
Rebates and Expenditures	\$2.0	\$620.4	SB 25-310 initiated a \$500 million warrant to PERA in FY 2025-26 only. Additionally, the annual direct distribution to PERA is counted in this line beginning in FY 2025-26. See Table 6.
SEF Transfers	\$0.0	\$0.0	
Transportation Transfers	\$0.0	-\$74.8	SB 25-257 . See Table 5.
Capital Const. Transfers	\$0.0	\$150.6	SB 25-262 . See Table 5.
Other Cash Fund Transfers	-\$2.5	\$16.2	Reflects a revision to the marijuana forecast for FY 2024-25. Changes in FY 2025-26 reflect 2025 legislation. See Table 8.
Reserve held in PERA	\$0.0	\$500.0	SB 25-310 begins accounting for \$500 million held in PERA as part of the General Fund Reserve.
Required Reserve	\$31.1	\$80.4	15 percent of change to operating appropriations shown above.
Accounting Adjustments	\$0.2	\$0.0	SB 25-243 .
Surplus Relative to Required Reserve	\$118.5	-\$403.7	Nets the above changes.

Summary of Net Transfers Between the General Fund and Cash Funds

Statutory transfers to and from the General Fund are presented in lines 3 and 11 through 14 of Table 1. Table 4 groups these transfers and summarizes their impact on the net General Fund position. Detailed General Fund transfers for infrastructure are presented in Table 5 on page 17. Detailed transfers not included in Table 5 are presented in Table 8 on pages 22 and 23.

Table 4
Net Transfers Between the General Fund and Cash Funds

Dollars in Millions

Transfer Category	2023-24	2024-25	2025-26	2026-27
Cash Fund Transfers to the GF (Table 8A)	\$93.3	\$521.5	\$125.9	\$57.7
General Fund Transfers to the SEF (Table 1, Line 12)	\$0.0	-\$146.0	\$0.0	\$0.0
General Fund Transfers to Transportation Funds (Table 5A)	-\$5.0	-\$117.5	-\$42.7	-\$61.0
General Fund Transfers to Capital Funds (Table 5B)	-\$348.9	-\$254.1	-\$170.6	-\$20.0
General Fund Transfers to Other Cash Funds (Table 8B)	-\$543.9	-\$1,879.4	-\$453.8	-\$458.1
Net General Fund Transfers	-\$804.4	-\$1,875.4	-\$541.2	-\$481.4

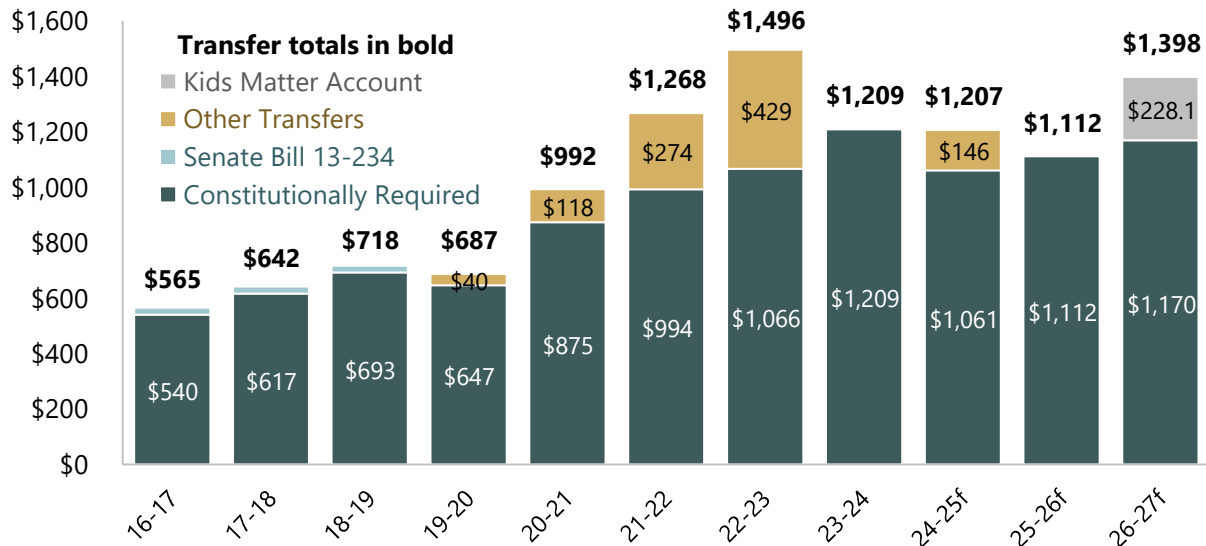
"GF" = General Fund; "SEF" = State Education Fund.

State Education Fund Transfers

The Colorado Constitution (Amendment 23) requires the State Education Fund (SEF) to receive one-third of 1 percent of taxable income. In FY 2024-25, the SEF will receive a total of \$1.06 billion as a result of this requirement, plus a \$146 million transfer scheduled under [**Senate Bill 23B-001**](#). The SEF is expected to receive \$1.11 billion in FY 2025-26 and \$1.40 billion in FY 2026-27, when a new diversion to the Kids Matter Account under [**House Bill 25-1320**](#) first applies. Figure 1 shows revenue to the State Education Fund, which is required to be used to fund kindergarten through twelfth grade public education.

Figure 1
Revenue to the State Education Fund

Dollars in Millions



Source: Office of the State Controller and Legislative Council Staff forecast. f = Forecast.

"Other Transfers" includes transfers under SB 19-246 for FY 2019-20, HB 20-1420 for FY 2020-21 and FY 2021-22, HB 20-1427 for FY 2020-21 through FY 2022-23, SB 21-208 for FY 2021-22, HB 22-1390 for FY 2022-23, and SB 23B-001 for FY 2024-25.

"Constitutionally Required" shows the one-third of 1 percent of federal taxable income that is required to be transferred to the State Education Fund under Article IX, Section 17 of the Colorado Constitution. The transfer for FY 2023-24 includes \$135 million in corrections for prior-year under-transfers.

Revenue transferred to the SEF under Amendment 23 is exempt from TABOR. Transfer amounts reduce both General Fund revenue and the state TABOR refund obligation, with no net impact on the amount available for the General Fund budget. Revenue transferred to the Kids Matter Account is subject to TABOR, and accounted as cash fund revenue subject to TABOR in this forecast.

General Fund Transfers for Transportation and Capital Construction

Statutory transfers from the General Fund to transportation and capital construction funds are shown in Table 5. In the General Fund overview shown in Table 1, these transfers are included on lines 13 and 14.

Table 5A
General Fund Transfers to Transportation Funds

Dollars in Millions

Bill Number	2023-24	2024-25	2025-26	2026-27
SB 21-260		\$117.5	\$42.7	\$61.0
SB 23-283	\$5.0			
Total Transfers to Transportation Funds	\$5.0	\$117.5	\$42.7	\$61.0

Table 5B
General Fund Transfers to Capital Funds

Dollars in Millions

Bill Number	2023-24	2024-25	2025-26	2026-27
HB 15-1344	\$17.5	\$20.0	\$20.0	\$20.0
SB 23-243	\$294.2			
SB 23-294	\$18.2			
HB 24-1215	\$19.0			
HB 24-1425		\$232.2		
SB 24-222		\$1.9		
SB 25-262			\$150.6	
Total Transfers to Capital Funds	\$348.9	\$254.1	\$170.6	\$20.0

HB 15-1344 transfers are contingent upon requests made by the Capital Development Committee.

General Fund transfers for transportation. [Senate Bill 21-260](#) directed annual transfers from the General Fund to the State Highway Fund (\$107.0 million) and the Multimodal Transportation and Mitigation Options Fund (\$10.5 million) beginning in FY 2024-25. [Senate Bill 25-257](#) reduced the State Highway Fund portions of these transfers, such that the total transfer is \$42.7 million in FY 2025-26 and \$61.0 million in FY 2026-27. Transfers will total \$110.5 million annually beginning in FY 2027-28.

General Fund transfers for capital projects. [Senate Bill 25-262](#) makes a one-time, \$150.6 million transfer to fund capital projects in FY 2025-26. Ongoing \$20.0 million transfers under House Bill 15-1344 occur annually upon requests made by the Capital Development Committee. This forecast updates FY 2023-24 actuals to reflect that the transfer made in that year was only \$17.5 million, not \$20.0 million, because a request letter was not sent to the Treasurer to authorize part of the transfer for that year.

Fiscal Policies Dependent on Revenue Conditions

Certain fiscal policies are dependent upon forecast revenue conditions. These policies are summarized below.

Tax Credit Availability and Amounts

In 2023 and 2024, the General Assembly adopted four bills that create income tax credits for which availability and amounts depend on revenue forecasts. Under this June forecast, the tax credits from all four bills are expected to be reduced in tax year 2026 as a result of reduced revenue expectations.

The availability and amounts of each tax credit are determined by expectations for growth in revenue subject to TABOR. At the same time, the availability and amounts of these tax credits also influence expectations for revenue subject to TABOR by impacting individual income tax revenue. As a result, the order in which the tax credits are evaluated to determine whether revenue conditions are satisfactory to allow the credit to be offered in full can be significant.

This forecast evaluates the revenue growth criteria for each tax credit in the order that the actual amounts of the tax credits will be determined throughout the year. For example, the decarbonization tax credits in [House Bill 23-1272](#) were evaluated before the workforce shortage tax credit in [House Bill 24-1365](#) because the actual amounts of the decarbonization tax credits are determined by the June forecast, while the actual amounts of the workforce shortage tax credits are determined by the September forecast. Forecast assumptions for each credit are described in more detail below.

Tax credits related to decarbonization in [House Bill 23-1272](#). The bill extends pre-existing income tax credits for electric and plug-in hybrid electric passenger vehicles (through 2028) and trucks (through 2032). It also creates new income tax credits for installation of heat pumps or sales of electric bicycles, both through 2032. Beginning in tax year 2026, credit amounts are reduced by half in tax years where the preceding June forecast from either Legislative Council Staff (LCS) or the Office of State Planning and Budgeting (OSPB) anticipates that state revenue subject to TABOR will grow by less than 4 percent.

If all of the tax credits in this section were assumed to be available in the full amounts, revenue growth subject to TABOR would be expected to grow by 2.0 percent in FY 2025-26. Because this is below the 4 percent revenue growth threshold, the credit amounts for electric motor vehicles, heat pumps, and electric bicycles are expected to be reduced by half in 2026, but return to the full amounts in tax year 2027.

Workforce shortage tax credit in [House Bill 24-1365](#). The bill creates a tax credit for tax years 2026 through 2032 for facility improvement and equipment acquisition costs associated with training programs to alleviate worker shortages. Total credit certificates issued for each tax year may not exceed \$15 million. This amount is reduced to \$7.5 million in tax years where the preceding September forecast from either LCS or OSPB anticipates that state revenue subject to TABOR will grow by less than 4 percent. The trigger will first apply based on the September 2025 forecasts of revenue for FY 2025-26.

If all of the tax credits in this section were assumed to be available in the full amounts except for the decarbonization tax credits described above, revenue growth subject to TABOR would remain below the 4 percent revenue growth threshold. Therefore, the revenue cap for the tax credit is expected to be reduced to \$7.5 million in tax year 2026, but return to \$15 million in tax year 2027. The actual revenue cap for 2026 will be determined by the September 2025 forecast.

Expanded earned income tax credit in [House Bill 24-1134](#) and family affordability tax credit in [House Bill 24-1311](#). These bills expand the state earned income tax credit ([HB 24-1134](#)) and create a family affordability income tax credit ([HB 24-1311](#)). Both credits apply unconditionally in tax year 2024. For tax year 2025 and later tax years, the credits in the bills may be reduced based on revenue projections for the fiscal year that begins during the tax year, as projected in the December forecast that is prepared by the agency whose forecast was selected by the Joint Budget Committee (JBC) to balance that fiscal year's budget. Based on the December 2024 OSPB forecast, both credits will be allowed in full for tax year 2025.

The availability and amounts of these two credits are determined by an adjustment factor, calculated as the forecasted compound annual growth of state revenue subject to TABOR in any fiscal year assuming that both credits are available in full, in relation to the March 2024 OSPB forecast for FY 2024-25 revenue. The adjustment factor must be at least 3.75 percent for the credits to be available in full. Under this June forecast, the adjustment factor is expected to be

3.5 percent for FY 2026-27, such that both tax credits are expected to be reduced for tax year 2026. Since the JBC selected the March 2025 OSPB forecast to balance the FY 2025-26 budget, the actual amounts of the credits for tax year 2026 will depend on the December 2025 OSPB forecast for FY 2026-27 revenue subject to TABOR. Both tax credits are assumed to be available in full for tax year 2027 because a forecast of FY 2027-28 revenue is not available.

Contingent Transfers for Affordable Housing

House Bill 19-1322 created conditional transfers from the Unclaimed Property Trust Fund (UPTF) to the Housing Development Grant Fund for affordable housing projects for three fiscal years. **House Bill 20-1370** delayed the start of these contingent transfers until FY 2022-23. The transfers are contingent based on the balance in the UPTF as of June 1 and the Legislative Council Staff June 2023 forecast and subsequent June forecasts. For the fiscal year in which the June forecast is published, if revenue subject to TABOR is projected to fall below a “cutoff” amount, equal to the projected Referendum C cap minus \$30 million dollars, a transfer will be made. The transfer is equal to the lesser of \$30 million or the UPTF fund balance. Based on the June 2023 and June 2024 LCS forecasts, no transfers were made for FY 2022-23 or FY 2023-24.

Statute requires that each June forecast report estimates of state revenue subject to TABOR and the cutoff amount, and the calculated transfer amount based on these estimates for the current fiscal year. Table 6 presents these amounts for FY 2024-25.

Table 6
Transfer from the Unclaimed Property Trust Fund
to the Housing Development Grant Fund
Dollars in Millions

Component	FY 2024-25	FY 2025-26	FY 2026-27
Revenue Subject to TABOR	\$19,281.7	\$19,910.1	\$20,976.9
TABOR Limit (Referendum C Cap)	\$19,139.5	\$19,826.7	\$20,441.4
Transfer Cutoff Amount	\$19,109.5	\$19,796.7	\$20,311.4
Excess/(Deficit) of Cutoff Amount*	\$172.2	\$113.3	\$565.5
FY 2024-25 Transfer Amount	\$0.0	\$0.0	\$0.0

*This amount must be \$0 or less for a transfer to be made.

Because this forecast projects that revenue subject to TABOR will exceed the cutoff amount, **no transfer will be made for FY 2024-25**. Based on this forecast, no transfer is expected for FY 2025-26 or FY 2026-27, as revenue subject to TABOR is expected to come in above the cutoff amount in both years.

Partial Refundability of the Conservation Easement Tax Credit

The conservation easement income tax credit is available as a nonrefundable credit in tax years when the state does not refund a TABOR surplus, as determined by the Annual Comprehensive Financial Report. In tax years when the state does refund a TABOR surplus, taxpayers may claim an amount up to \$50,000, less their income tax liability, as a refundable credit. The state collected a TABOR surplus in FY 2023-24, and this forecast expects a TABOR surplus in each of FY 2024-25, FY 2025-26, and FY 2026-27. Therefore, partial refundability of the credit is expected

to be available for tax years 2024 through 2027. Under [Senate Bill 24-126](#), the refundable amount will increase to \$200,000 per taxpayer per year beginning in tax year 2027.

Table 7
General Fund Rebates and Expenditures

Dollars in Millions

Category	Actual FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27
Senior and Veterans Property Tax Exemptions	\$161.2	\$173.1	\$179.8	\$193.6
Portion Accounted as TABOR Refund Mechanism	-\$161.2	-\$173.1	-\$142.2	-\$83.3
Percent Change in Property Tax Exemptions	-1.5%	7.4%	3.9%	7.7%
Property Tax Assessed Value Reductions	\$291.8	\$0.0	\$34.3	\$43.6
Portion Accounted as TABOR Refund Mechanism	-\$238.6	N/A	\$0.0	\$0.0
Percent Change in Assessed Value Reductions	N/A	N/A	N/A	27.1%
Direct Distributions to PERA			\$664.6	\$164.6
Percent Change in Direct Distribution to PERA			N/A	-75.2%
Cigarette Rebate	\$6.8	\$5.4	\$5.2	\$5.0
Percent Change in Cigarette Rebate	-10.9%	-20.5%	-4.4%	-4.2%
Old Age Pension Fund	\$92.9	\$89.3	\$88.5	\$85.3
Percent Change in Old Age Pension Fund	9.3%	-3.8%	-0.9%	-3.6%
Aged Property Tax and Heat Credit	\$12.1	\$17.5	\$13.0	\$13.4
Percent Change in Aged Property Tax and Heat Credit	1.0%	44.5%	-26.0%	3.7%
Older Coloradans Fund	\$10.0	\$10.0	\$10.0	\$10.0
Percent Change in Older Coloradans Fund	0.0%	0.0%	0.0%	0.0%
Interest Payments for School Loans	\$26.2	\$22.0	\$21.3	\$20.6
Percent Change in Interest for School Loans	148.9%	-16.1%	-3.2%	-3.2%
Firefighter Pensions	\$4.1	\$4.1	\$4.1	\$4.1
Percent Change in Firefighter Pensions	-3.5%	-0.9%	0.0%	0.0%
Amendment 35 Distributions	\$0.6	\$0.6	\$0.6	\$0.6
Percent Change in Amendment 35 Distributions	-8.7%	-5.9%	-2.8%	-2.0%
Marijuana Sales Tax Transfer to Local Governments	\$19.5	\$18.5	\$5.9	\$5.8
Percent Change in Marijuana Tax to Local Gov'ts	-11.0%	-5.0%	-68.1%	-1.9%
Business Personal Property Exemptions	\$16.4	\$19.5	\$19.6	\$19.2
Percent Change in Business Personal Prop. Exemptions	-1.2%	18.5%	0.5%	-2.0%
Total Rebates and Expenditures	\$241.9	\$187.0	\$904.7	\$482.6
Percent Change in Total Rebates and Expenditures	43.4%	-22.7%	383.9%	-46.7%

Totals may not sum due to rounding. N/A = Not applicable.

Local government reimbursements for property tax exemptions (line 1) and property tax assessed value reductions (line 4) are the first and second TABOR refund mechanisms, respectively, used to meet the prior year's refund obligation. Direct distributions to PERA (line 7) were removed from the General Fund reserve requirement and are first accounted as a rebate and expenditure in FY 2025-26. This line also includes a \$500 million warrant in FY 2025-26 only.

Table 8A
Cash Fund Transfers to the General Fund

Dollars in Millions

Bill Number	Transfers to the General Fund	2023-24	2024-25	2025-26	2026-27
HB 92-1126	Land and Water Management Fund	\$0.08	\$0.0	\$0.0	\$0.0
HB 05-1262	Amendment 35 Tobacco Tax	\$0.6	\$0.6	\$0.6	\$0.6
HB 08-1216	Consumer Outreach and Education Program	\$0.01	\$0.0	\$0.0	\$0.0
SB 13-133 & HB 20-1400	Limited Gaming Fund	\$23.6	\$23.3	\$27.5	\$26.7
HB 20-1427	2020 Tax Holding Fund	\$4.1	\$4.1	\$4.1	\$4.1
SB 21-213	Use of Increased Medicaid Match	\$8.8	\$7.3	\$1.2	\$0.0
HB 23-1041	Prohibit Greyhound Wagering				\$0.1
HB 23-1272	Decarbonization Tax Credits Administration	\$12.9	\$25.1	\$38.7	\$26.3
HB 23-1290	Proposition EE Revenue Retention	\$5.6			
SB 23-116	Affordable Housing Financing Fund	\$0.03			
SB 23-215	State Employee Reserve Fund	\$4.9			
HB 24-1413	Severance Tax Cash Funds		\$69.3		
HB 24-1414	COVID Heroes Collaboration Fund		\$3.4		
HB 24-1415	State Employee Reserve Fund	\$31.2			
HB 24-1424	College Opportunity Fund	\$1.5			
HB 24-1426	Controlled Maintenance Trust Fund		\$48.9		
SB 25-114	Financial Literacy and Exchange Fund		\$0.6		
SB 25-260	Household Financial Recovery Pilot Program		\$5.1		
SB 25-264	Various Cash Funds		\$171.3	\$53.9	
SB 25-293	License Plate Cash Fund		\$3.6		
SB 25-312	American Rescue Plan Act Funds		\$96.8		
SB 25-317	Cash Fund Investment Earnings		\$62.1		
All Bills	Total Transfers to the General Fund	\$93.3	\$521.5	\$125.9	\$57.7

Because Proposition II was approved by voters, the \$5.6 million set aside from the General Fund to pay refunds if Proposition II had failed was returned to the General Fund under HB 23-1290.

Table 8B
General Fund Transfers to Other Cash Funds
Dollars in Millions

Bill Number	Transfers from the General Fund	2023-24	2024-25	2025-26	2026-27
SB 11-047 & HB 13-1001 & SB 23-066 & HB 24-1396	Bioscience Income Tax Transfer to OEDIT	\$14.4	\$15.2	\$15.9	\$16.7
SB 14-215 & SB 25-268	Marijuana Tax Cash Fund	\$126.1	\$119.8	\$117.6	\$115.3
SB 15-244 & SB 17-267	State Public School Fund	\$22.1	\$21.0	\$19.1	\$18.7
HB 20-1116 & HB 24-1398	Procurement Technical Assistance Program	\$0.2	\$0.2	\$0.2	\$0.2
HB 20-1427	2020 Tax Holding Fund	\$207.8	\$239.9	\$237.7	\$243.6
SB 22-191	Procurement of Information Technology Resources	\$0.0			
SB 22-195	Conservation District Grant Fund	\$0.1	\$0.1	\$0.1	\$0.1
SB 22-215 & SB 23-283	Infrastructure Investment and Jobs Act Cash Fund	\$84.0			
HB 23-1041	Prohibit Greyhound Wagering		\$0.03	\$0.05	
HB 23-1107	Crime Victim Services	\$3.0			
HB 23-1269	Extended Stay & Boarding Permits				
HB 23-1273	Wildfire Resilient Homes Grant Program	\$0.1			
HB 23-1290	Proposition EE Revenue Retention	\$5.6			
HB 23-1305	Continue Health Benefits in Work-Related Death	\$0.2	\$0.2	\$0.2	
SB 23-001	Public-Private Collaborations for Housing	\$5.0			
SB 23-005	Forestry and Wildfire Mitigation Workforce	\$1.0	\$1.0	\$1.0	\$1.0
SB 23-044	Veterinary Education Loan Repayment Program	\$0.5			
SB 23-056	Compensatory Direct Distribution to PERA	\$10.0			
SB 23-166	Wildfire Resiliency Code Board	\$0.3			
SB 23-199 & SB 25-268	Marijuana Cash Fund	\$4.1		\$2.5	\$2.5
SB 23-205	Universal High School Scholarship Program	\$25.0			
SB 23-255	Wolf Depredation Compensation Fund	\$0.2	\$0.4	\$0.4	\$0.4
SB 23-257	Auto Theft Prevention Cash Fund	\$5.0			
HB 23B-1001	Housing Development Grant Fund	\$15.1			

SB 22-191 directs transfers of unspent prior year General Fund appropriations for IT procurement. Any transfer amount is already included in General Fund appropriations and not counted again here.

For FY 2022-23 and FY 2023-24, **HB 23-1269** requires transfers from unexpended funds appropriated for county child welfare programs. Future transfer amounts are already included in General Fund appropriations amounts and not counted again here.

HB 23-1290 required that \$23.65 million be transferred to the Proposition EE Refund Cash Fund on September 1, 2023. Of this amount, \$18.03 million was transferred from the Preschool Programs Cash Fund, and the remaining \$5.62 million was transferred from the General Fund.

SB 23-056 requires that a \$10.0 million warrant be paid from the General Fund to PERA. This amount is shown in this table as a General Fund obligation that is not included in the appropriations amount in Table 1, line 6.

Table 8B (Cont.)
General Fund Transfers to Other Cash Funds
Dollars in Millions

Bill Number	Transfers from the General Fund	2023-24	2024-25	2025-26	2026-27
HB 24-1043	Death and Disability Payment Cash Fund			\$2.1	\$2.1
HB 24-1152	ADU Fee Reduction and Encouragement Program	\$5.0	\$8.0		
HB 24-1176	Behavioral and Mental Health Cash Fund		\$4.0		
HB 24-1211	Senior Services Contingency Reserve Fund	\$2.0			
HB 24-1213	Judicial Collection Enhancement Fund	\$2.5			
HB 24-1214	Community Crime Victims Cash Fund	\$4.0			
HB 24-1237	Child Care Facility Development Cash Fund		\$0.3		
HB 24-1280	Welcome, Reception, and Integration Cash Fund		\$2.5		
HB 24-1313	Transit-Oriented Communities Infrastructure Fund		\$35.0		
HB 24-1349	Firearms and Ammunition Excise Tax Cash Fund		\$9.0	\$35.8	\$36.9
HB 24-1364	Longitudinal Data System Cash Fund		\$5.0		
HB 24-1365	Opportunity Now Grants		\$4.0		
HB 24-1379	Clean Water Cash Fund				\$0.2
HB 24-1386	Broadband Infrastructure Cash Fund		\$4.6		
HB 24-1390	Healthy School Meals for All Program Cash Fund		\$0.0		
HB 24-1397	Creative Industries Cash Fund		\$0.5		
HB 24-1420	Crime Victim Services Fund		\$4.0		
HB 24-1421	Multidisciplinary Crime Prevention Crisis Intervention		\$3.0		
HB 24-1439	Apprenticeship Programs		\$4.0		
HB 24-1465	Family and Medical Leave Insurance Fund	\$0.4			
HB 24-1466	ARPA Recipient Cash Funds		\$1,394.6		
SB 24-170	America 250 - Colorado 150 Cash Fund		\$0.3		
SB 24-214	State Agency Sustainability Revolving Fund	\$0.1	\$0.4		
SB 24-218	Lineworker Apprenticeship Grant Program Cash Fund		\$0.8		
SB 24-221	Rural Hospital Cash Fund		\$1.7		
HB 25-1209	Marijuana Entrepreneur Fund			\$0.3	\$0.3
SB 25-007	Prescribed Fire Claims Cash Fund			\$0.3	
SB 25-213	Broadband Infrastructure Cash Fund			\$0.8	
SB 25-254	Stationary Sources Control Fund			\$5.0	
SB 25-255	Hazardous Substance Response Fund			\$6.0	
SB 25-269	Infrastructure Investment & Jobs Act Cash Fund			\$4.0	
SB 25-308	Health-Related Social Needs			\$0.0	\$0.0
SB 25-310	Death Benefit Fund			\$5.0	\$5.0
SB 25-310	Peace Officer Training and Support Fund				\$15.0
All Bills	Total General Fund Transfers to Other Cash Funds	\$543.9	\$1,879.4	\$453.8	\$458.1

Under **HB 24-1390**, the balance of the Healthy School Meals for All General Fund Exempt Account is transferred to a new cash fund on July 1, 2024. The balance of the account was \$0 on that date and no money was transferred.

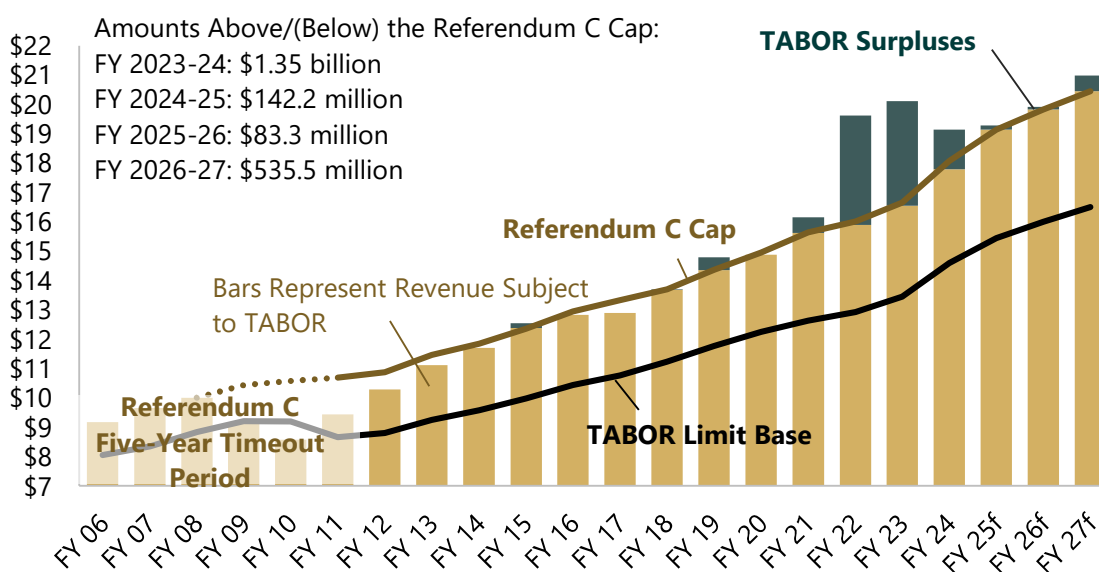
SB 24-214 increased the amount of a transfer to the Energy Fund that occurred in June 2022. The additional amount, \$125,000, was deposited in the Energy Fund in FY 2023-24.

SB 25-308 directs transfers of unspent General Fund appropriations for health-related social needs. Any transfer amount is already included in General Fund appropriations and not counted again here.

TABOR Outlook

The state TABOR outlook is presented in Table 9 and illustrated in Figure 2, which also provides a history of the TABOR limit base and the Referendum C cap. In FY 2023-24, state revenue subject to TABOR exceeded the Referendum C cap, creating a state obligation for TABOR refunds to taxpayers in FY 2024-25. State revenue subject to TABOR is projected to exceed the Referendum C cap in each of FY 2024-25, FY 2025-26, and FY 2026-27, creating a state obligation for TABOR refunds to be paid to taxpayers in each of FY 2025-26, FY 2026-27, and FY 2027-28.

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



Source: Office of the State Controller and Legislative Council Staff. f = Forecast.

*The refund amount for FY 2023-24 differs from the surplus amounts because it includes \$288.9 million in under-refunds from prior TABOR surpluses.

Forecasts for FY 2024-25 Through FY 2026-27

State revenue subject to TABOR is projected to exceed the Referendum C cap throughout the forecast period. The forecast incorporates the methodological changes to the calculation of state population growth used to determine the TABOR revenue limit in [Senate Bill 25-180](#). Revenue in the current FY 2024-25 is expected to exceed the Referendum C cap by \$142.2 million.

Revenue is projected to exceed the cap by \$83.3 million in FY 2025-26, and by \$535.5 million in FY 2026-27. Refunds of those amounts are expected to be returned to taxpayers in the fiscal year following the collection of each surplus. The actual refund obligation in any given year will incorporate any over- or under-refund of prior year surpluses.

The state obligation to reimburse counties for homestead and other property tax exemptions in FY 2025-26 and FY 2026-27 will be partially paid from the prior year TABOR refund obligation (\$142.2 million in FY 2025-26; \$83.3 million in FY 2026-27) and partially paid from General Fund revenue (\$71.9 million in FY 2025-26 and \$153.9 million in FY 2026-27); these amounts are also reflected in Table 6 on page 20.

Relative to the March forecast, expectations for revenue subject to TABOR were increased by about \$34 million in FY 2024-25, reflecting increased expectations for General Fund revenue subject to TABOR, primarily due to upward revisions to corporate income tax revenue. Expectations for revenue subject to TABOR were decreased by \$534 million in FY 2025-26 due to downward revisions to General Fund and cash fund revenue subject to TABOR. Downward revisions in sales tax revenue and corporate income tax revenue are partially offset by an upward revision to individual income tax revenue. In FY 2026-27, expectations were revised downward by \$398 million, with increased cash fund revenue due to the diversion of \$228 million from the General Fund to the Kids Matter Account more than offset by downward revisions in General Fund revenue from nearly every source.

Based on a September 2024 projection from the Office of the State Auditor, **Adams State University** is expected to be disqualified as a TABOR enterprise during FY 2024-25. When a higher education institution is disqualified as an enterprise, its fee revenue becomes subject to TABOR for the fiscal year, and an upward adjustment is made to the TABOR limit base and the Referendum C cap. The disqualification of Adams State is not incorporated in this forecast. If Adams State is disqualified, then both state revenue subject to TABOR and the TABOR limit will be higher than estimated, with a relatively small net impact on the amount of the FY 2024-25 TABOR surplus.

The amounts presented above do not include the TABOR (3)(c) refund obligation for **Proposition FF** revenue exceeding the 2022 Blue Book estimate in FY 2023-24, which is payable unless voters approve Proposition LL in November 2025, which would allow the state to retain this revenue. It is assumed that this refund obligation will be administered differently than the TABOR (7)(d) refund obligations that arise when state revenue exceeds the TABOR limit. There is no mechanism in current law to refund this excess to taxpayers.

Risks to the Forecast

Estimates of the TABOR surplus and TABOR refund obligation represent the amount by which state revenue subject to TABOR is expected to exceed the Referendum C cap. Therefore, any error in the General Fund or cash funds revenue forecasts will result in an error of an equal amount in the TABOR refund forecast. Any forecast error for inflation or population growth will also impact the TABOR situation by resulting in higher or lower allowable growth in the Referendum C cap.

TABOR surpluses mitigate risks to the General Fund budget from the impacts of lower-than-expected General Fund revenue. However, since the TABOR surplus in each of FY 2024-25 and FY 2025-26 is insufficient to cover the entire amount of reimbursements to local governments for property tax exemptions for seniors and veterans, the first of the TABOR refund mechanisms, as discussed below, any reduction in FY 2024-25 or FY 2025-26 General Fund revenue relative to forecast expectations will impact the FY 2025-26 or FY 2026-27 General Fund

budget, respectively. Since the currently projected surpluses in those years are below 1.0 percent of revenue subject to TABOR, collections even very slightly below the forecast could cause revenue to fall below the Referendum C cap in one or both fiscal years.

In FY 2026-27, the projected TABOR surplus is larger, but as a percentage of revenue subject to TABOR, remains well within normal forecast error. A reduction in General Fund revenue relative to forecast expectations will result in a smaller obligation for TABOR refunds, and will impact the budget if the error is great enough to erase the projected TABOR surplus. Likewise, error in the forecast for cash fund revenue subject to TABOR also poses a risk to the outlook for the General Fund budget. Greater-than-expected revenue from cash fund sources would increase the General Fund obligation for TABOR refunds, thereby reducing the amount available for the budget.

TABOR Refund Mechanisms

TABOR refund mechanisms and expected refund amounts are shown in Figure 3. Current state law includes two ongoing refund mechanisms for FY 2023-24 and beyond. For FY 2023-24 through FY 2033-34, there are two additional temporary refund mechanisms, established in [Senate Bill 24-228](#), and for FY 2024-25 and FY 2025-26, there is one additional temporary refund mechanism, established in [Senate Bill 24-111](#). These refund mechanisms are discussed below.

The first ongoing refund mechanism that applies for each year in the forecast period is the local government reimbursement for **homestead property tax exemptions** for seniors, veterans with a disability, and Gold Star spouses. Based on this forecast, this mechanism is expected to be used for tax years 2024 through 2027.

Senate Bill 24-111 establishes a new refund mechanism used to refund the TABOR surplus collected for FY 2024-25 and FY 2025-26 through reductions in the assessed value of **owner-occupied senior primary residences** for those who have previously qualified for the existing senior homestead exemption but who are currently ineligible because they moved. Local governments' foregone property tax revenue as a result of the bill is reimbursed by the state government. Figure 3 includes this mechanism with the "Property Tax Refunds" label. The mechanism is estimated to refund \$34 million in property tax year 2025 and \$44 million in property tax year 2026.

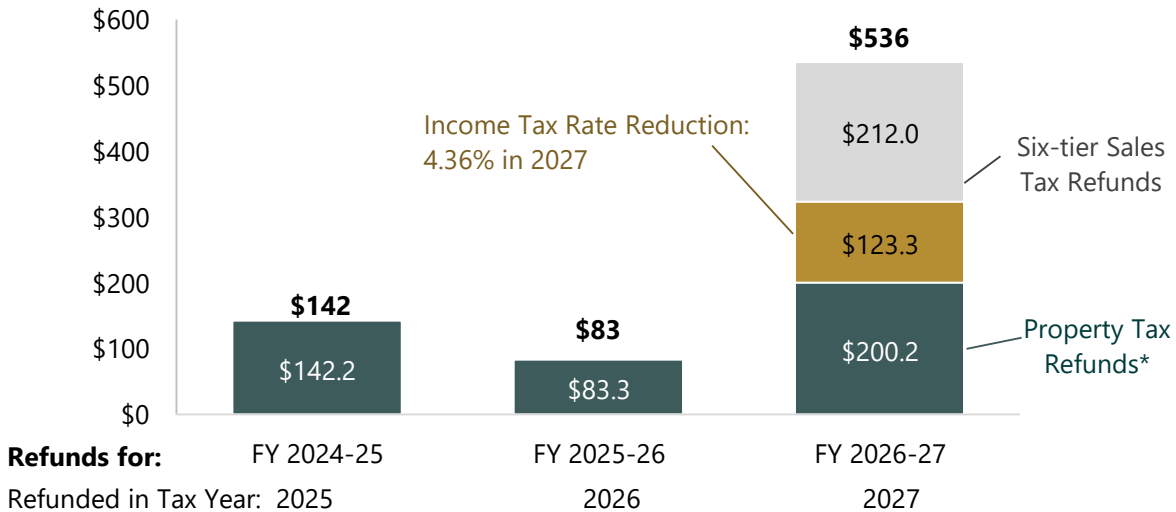
As discussed above, the TABOR surpluses collected in FY 2024-25 and FY 2025-26 are expected to be insufficient to fully fund reimbursements for property tax exemptions, which are expected to total \$214.1 million in FY 2025-26 and \$237.2 million in FY 2026-27. TABOR surpluses are expected to fall short of those expenditures by \$71.9 million in FY 2024-25 and by \$153.9 million in FY 2025-26. This means that a portion of FY 2025-26 and FY 2026-27 homestead exemption reimbursements, and the entirety of SB 25-111 valuation reduction reimbursements, will be paid from General Fund revenue rather than the FY 2024-25 and FY 2025-26 TABOR refund obligations.

The **temporary income tax rate reduction** is expected to apply for tax year 2027 as the second TABOR refund mechanism after property tax refunds. The income tax rate will be reduced from 4.40 percent to 4.36 percent in tax year 2027, based on the expected amounts of the TABOR surplus remaining after property tax refunds in FY 2026-27.

This forecast anticipates that the income tax rate reduction mechanism will not be triggered in tax year 2025 or 2026. In subsequent years, the amount of the income tax rate reduction that is triggered depends on the amount of the TABOR surplus remaining after reimbursements to local governments for property tax exemptions.

The **six-tier sales tax refund mechanism** is expected to apply for tax year 2027 with refund amounts based on taxpayer incomes. While SB 24-228 established a higher threshold for triggering identical sales tax refunds, that change is contingent upon an Internal Revenue Service ruling that has not yet been made. Hence, this forecast assumes the current law threshold remains at \$15 per person throughout the forecast period, pending further information. Table 9 on page 29 presents estimated six-tier and identical sales tax refund amounts for tax years 2025, 2026, and 2027.

Figure 3
Expected TABOR Refunds and Refund Mechanisms
Dollars in Millions



Source: Legislative Council Staff June 2025 forecast.

* "Property tax refunds" includes the homestead exemption for seniors, veterans, and Gold Star Spouses, and property tax reimbursements to local governments under SB 24-111.

Refunds made via property tax reductions reduce obligations that would otherwise be paid from General Fund revenue. Refunds made via the income tax rate reduction or sales tax refunds are paid to taxpayers when they file their state income tax returns. TABOR refund mechanisms are accounted for as an offset against the amount of surplus revenue restricted to pay TABOR refunds, rather than as a revenue reduction. Therefore, the General Fund revenue forecast does not incorporate downward adjustments as a result of refund mechanisms being activated.

Table 9
Projected TABOR Refunds via the Six-Tier or Identical Sales Tax Refund Mechanisms

Tax Year 2025 Refunds from FY 2024-25 TABOR Refund Obligation

Taxpayer Distribution by AGI	Single Filers	Joint Filers
up to \$54,000	\$0	\$0
\$54,001 to \$110,000	\$0	\$0
\$110,001 to \$176,000	\$0	\$0
\$176,001 to \$248,000	\$0	\$0
\$248,001 to \$327,000	\$0	\$0
\$327,001 and up	\$0	\$0

Tax Year 2026 Refunds from FY 2025-26 TABOR Refund Obligation

Taxpayer Distribution by AGI	Single Filers	Joint Filers
up to \$55,000	\$0	\$0
\$55,001 to \$113,000	\$0	\$0
\$113,001 to \$180,000	\$0	\$0
\$180,001 to \$255,000	\$0	\$0
\$255,001 to \$336,000	\$0	\$0
\$336,001 and up	\$0	\$0

Tax Year 2027 Refunds from FY 2026-27 TABOR Refund Obligation

Taxpayer Distribution by AGI	Single Filers	Joint Filers
up to \$57,000	\$36	\$72
\$57,001 to \$116,000	\$48	\$96
\$116,001 to \$185,000	\$56	\$112
\$185,001 to \$261,000	\$66	\$132
\$261,001 to \$344,000	\$71	\$142
\$344,001 and up	\$115	\$230

AGI = Adjusted gross income.

Note: Amounts do not include estimates for reimbursements to local governments for property tax exemptions

Table 10A
State Revenue Subject to TABOR
Dollars in Millions

Line	TABOR Revenue	Actual FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27
1	General Fund Revenue	\$16,630.5	\$16,539.3	\$17,075.9	\$17,774.4
2	Cash fund Revenue	\$2,797.2	\$2,742.4	\$2,834.1	\$3,202.4
3	Total TABOR Revenue	\$19,427.7	\$19,281.7	\$19,910.1	\$20,976.9

Line 1, General Fund Revenue, differs from the amount in the General Fund revenue summary because of accounting adjustments across TABOR boundaries.

Table 10B
TABOR Revenue Limit
Dollars in Millions

Line	Revenue Limit	Actual FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27
4	Allowable TABOR Growth Rate	8.5%	5.9%	3.6%	3.1%
5	Inflation (from Prior Calendar Year)	8.0%	5.2%	2.3%	2.3%
6	Population Growth (from Prior Calendar Year)	0.5%	0.6%	1.4%	0.8%
7	TABOR Limit Base	\$14,588.1	\$15,448.7	\$16,003.1	\$16,499.2
8	Voter Approved Revenue Change (Referendum C)	\$3,485.1	\$3,690.7	\$3,823.6	\$3,942.1
9	Total TABOR Limit/Referendum C Cap	\$18,073.2	\$19,139.5	\$19,826.7	\$20,441.4
10	TABOR Revenue Above or Below Referendum C Cap	\$1,354.5	\$142.2	\$83.3	\$535.5

Line 9, Total TABOR Limit, assumes that all enterprises will maintain enterprise status. If an enterprise is disqualified, both revenue subject to TABOR and the Referendum C cap will have equal upward adjustments.

Table 10C
Revenue Retained and Refunded Under TABOR
Dollars in Millions

Line	Retained/Refunded Revenue	Actual FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27
11	Revenue Retained under Referendum C	\$3,485.1	\$3,690.7	\$3,823.6	\$3,942.1
12	Fiscal Year Spending (revenue available to be spent or saved)	\$18,073.2	\$19,139.5	\$19,826.7	\$20,441.4
13	Outstanding Underrefund Amount	\$288.9			
14	Revenue Refunded to Taxpayers	\$1,643.4	\$142.2	\$83.3	\$535.5

Line 11, "Revenue Retained under Referendum C", is referred to as "General Fund Exempt" in the budget.

Line 13, "Outstanding Underrefund Amount," represents under-refunds from prior years.

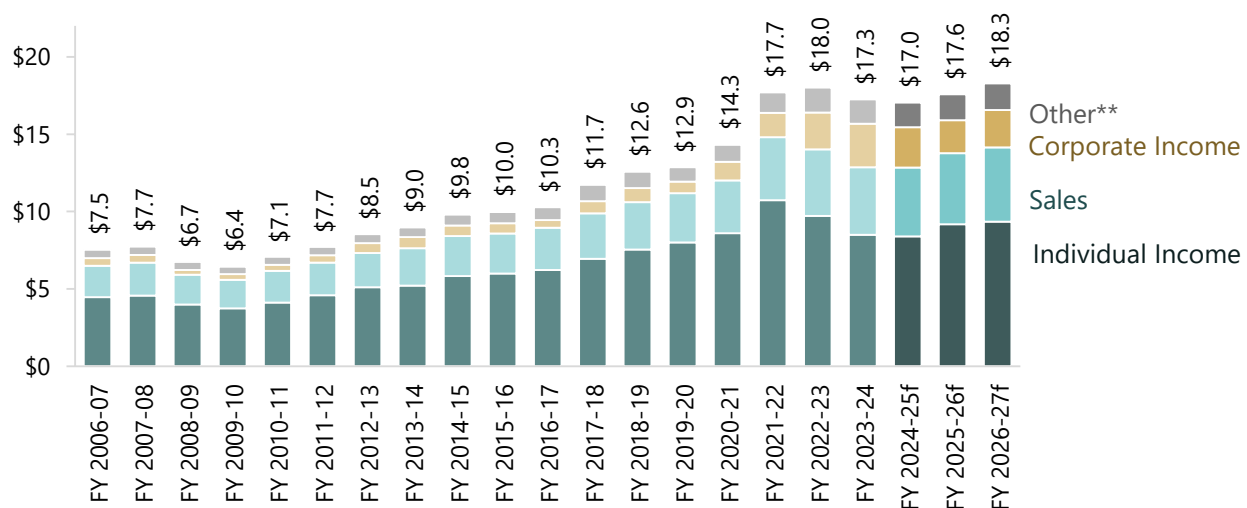
Table 10D
TABOR Reserve Requirement
Dollars in Millions

Line	Reserve Requirement	Actual FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27
15	TABOR Reserve Requirement	\$542.2	\$574.2	\$594.8	\$613.2

General Fund Revenue

This section presents the outlook for General Fund revenue, the state's main source of funding for discretionary operating appropriations. The three primary sources of General Fund revenue are individual income tax, sales tax, and corporate income tax collections. Other sources of General Fund revenue include excise taxes (retail marijuana, tobacco, and liquor), insurance premium tax, pari-mutuel tax, court receipts, and investment income. Table 12 on pages 38 through 40 summarizes General Fund revenue collections for FY 2023-24 and projections for FY 2024-25 through FY 2026-27; these are also illustrated in Figure 4, below.

Figure 4
General Fund Revenue Sources
Billions of Dollars



Amounts shown for FY 2024-25 through FY 2026-27 are forecasts.

The segment labeled "Other" includes: use tax; retail marijuana special sales tax; cigarette, tobacco, and liquor excise taxes; Proposition EE tobacco taxes; firearms and ammunition tax; insurance premium tax; pari-mutuel wagering tax; court receipts; investment income; and miscellaneous small sources that are not forecast independently.

Source: Office of the State Controller and Legislative Council Staff June 2025 forecast.

Individual income tax is the largest component of General Fund revenue and is expected to fall slightly in the current year following the enactment of large income tax credits during the 2024 legislative session. Individual income tax revenue is expected to increase in FY 2025-26 and FY 2026-27, and the outlook for FY 2025-26 has been revised up since March. These revisions are driven largely by changes in certain income tax credits that are conditional on expectations for revenue subject to TABOR, which has been revised downward since March. These downward revisions triggered adjustments in the amounts of conditional tax credits thereby reducing expected income tax refunds, which are a subtraction from total income tax revenue.

Corporate income taxes are also expected to fall in the current fiscal year, following record highs. Sales tax revenue growth is expected to be sluggish in FY 2024-25 and FY 2025-26 as consumer sentiment wanes. General Fund revenue is expected to reach \$18.37 billion by the end of the forecast period in FY 2026-27.

The forecast incorporates adjustments to the forecast for legislation enacted during the 2025 session. Table 11 presents the impacts of enacted legislation on General Fund revenue.

Table 11
2025 Legislation Affecting General Fund Revenue
Dollars in Millions

Bill Number	Bill Title	FY 2024-25	FY 2025-26	FY 2026-27
<u>HB 25-1320</u>	School Finance Act			-\$228.1
<u>SB 25-310</u>	Proposition 130 Implementation		-\$15.0	-\$15.0
	Tax Incentives for Employee-Owned Businesses			
<u>HB 25-1021</u>	Deposit Bond Forfeitures in Judicial Fund		-\$1.0	-\$2.0
<u>SB 25-241</u>	Achieving a Better Life Experience		-\$1.5	-\$1.5
<u>SB 25-302</u>	Tax Deduction		-\$0.5	-\$1.1
	Reauthorize Advanced Industries Tax Credit			
<u>HB 25-1157</u>	Commercial Motor Vehicle Transportation			-\$0.9
<u>SB 25-320</u>	Regional Transportation Authority		-\$0.5	-\$0.5
<u>SB 25-272</u>	Sales & Use Tax Exemption		-\$0.0	-\$0.0
	Transfer Cash Fund Investment			
<u>SB 25-317</u>	Earnings to General Fund		\$30.0	\$10.0
	Changes to Money in the Capital			
<u>SB 25-262</u>	Construction Fund		\$12.5	\$12.5
<u>HB 25-1296</u>	Tax Expenditure Adjustment	-\$0.5	\$5.4	\$10.7
	Stabilization Payments for Safety			
<u>SB 25-290</u>	Net Providers		\$0.4	\$0.3
<u>SB 25-026</u>	Adjusting Certain Tax Expenditures	\$0.1	\$0.1	\$0.1
Total		-\$0.4	-\$29.8	-\$215.5

[HB 25-1320](#) diverts General Fund revenue to the Kids Matter Account in the State Education Fund.

[SB 25-310](#) impacts assume a 3 percent interest rate. Actual impacts may be respectively higher or lower depending on if the actual interest rate is higher or lower.

[HB 25-1021](#) impacts are at least -\$1.0 million in FY 2025-26 and at least -\$2.0 million in FY 2026-27 depending on tax credit certifications from the Office of Economic Development and International Trade.

[SB 25-317](#) diverts interest from several cash funds to the General Fund.

[HB 25-1208](#) (not included) may reduce revenue if local governments increase their tip offset amount.

Risks to the General Fund revenue forecast are elevated as economic conditions are highly uncertain. The potential expiration, or expansion, of many of the provisions of the 2017 Tax Cuts and Jobs Act at the end of 2025 carries bidirectional risk relative to the current income tax forecasts. The aforementioned conditional income tax credits also represent risks to the forecast, with relatively small changes in forecast growth for FY 2025-26 and FY 2026-27 likely to change credit amounts and availability. Stronger-than-expected wage gains could boost sales and income tax collections above the amounts projected in this forecast. Downside risks include households pulling back on spending due to high uncertainty and persistently high interest rates weighing on business investment, each of which would result in lower General Fund collections.

Income Tax

Taxable income earned by all Colorado individuals and corporations is taxed at one flat rate.

Proposition 121 reduced the income tax rate from 4.55 percent to 4.40 percent beginning in tax year 2022. Income tax revenue is credited to the General Fund and is subject to TABOR, except that:

- an amount equal to one third of one percent of taxable income is transferred to the State Education Fund (SEF) and exempt from TABOR under **Amendment 23**, approved by voters in 2000;
- an amount equal to one-tenth of one percent of taxable income is transferred to the State Affordable Housing Fund and exempt from TABOR under **Proposition 123**, approved by voters in 2022;
- an amount equal to 65 percent of one-tenth of one percent of federal taxable income is diverted to the Kids Matter Account in the SEF under the School Finance Act in [House Bill 25-1320](#), starting in FY 2026-27; and
- non-corporate taxpayers with adjusted gross incomes over \$300,000 are required to add back a portion of their federal standard or itemized deductions when computing their Colorado taxable income. Revenue attributable to this addition is deposited into the Healthy School Meals for All Cash Fund, exempt from TABOR, and required to be spent for the healthy school meals program created in **Proposition FF**, approved by voters in November 2022.

This section presents forecasts separately for income taxes paid by individuals and non-corporate businesses, and for income taxes paid by corporations.

Individual Income Tax

Individual income tax revenue is the largest source of General Fund revenue, accounting for about 53 percent of revenue to the General Fund in FY 2023-24, before accounting for the SEF and affordable housing transfers.

Forecast for FY 2024-25. Individual income tax revenue is expected to decline 1.3 percent in FY 2024-25, to total \$9.91 billion before the SEF and affordable housing transfers. Expectations for revenue were decreased by \$60.6 million relative to the March 2025 forecast. The downgrade reflects primarily greater than expected uptake of new tax credits enacted in the 2024 legislative session for tax year 2024, which is also the primary contributor to the decline in income tax revenue in FY 2024-25. Income tax refunds are up by 52 percent through May in FY 2024-25, compared with the same period last year, offsetting growth in wage withholding and cash with returns.

The forecast incorporates an upward adjustment of \$724 million to cash with returns in April 2025 as well as a downward adjustment of \$724 million in estimated payments in the same month as a result of the Department of Revenue identifying an error in the way some payments had been classified by the Gen Tax system. The adjustment is expected to impact levels of cash with returns and estimated payments on an ongoing basis. The adjustment has no net impact on cash basis expectations for individual income tax revenue collections in FY 2024-25, but

impacts the way the revenue collected is accrued back to fiscal years, and offsetting some of the decline in revenue accrued to FY 2024-25 due to increased refunds.

Forecasts for FY 2025-26 and FY 2026-27. Individual income tax collections are expected to grow 8.4 percent in FY 2025-26 to \$10.7 billion, and by 4.1 percent in FY 2026-27 to \$11.2 billion. Relative to the March 2025 forecast, this represents an upward revision of \$60.8 million in FY 2025-26, and a downward revision of \$17.1 million in FY 2026-27.

These revisions are driven largely by changes in the tax year 2026 expectations for the amount of certain income tax credits that are conditional on revenue expectations. These include the innovative motor vehicle and innovative truck credit, the heat pump and thermal energy network tax credit, and the electric bicycle tax credit established in [House Bill 23-1272](#), the workforce shortage tax credit established in [House Bill 24-1365](#), the expanded earned income tax credit established in [House Bill 24-1134](#), the family affordability tax credit established in [House Bill 24-1311](#).

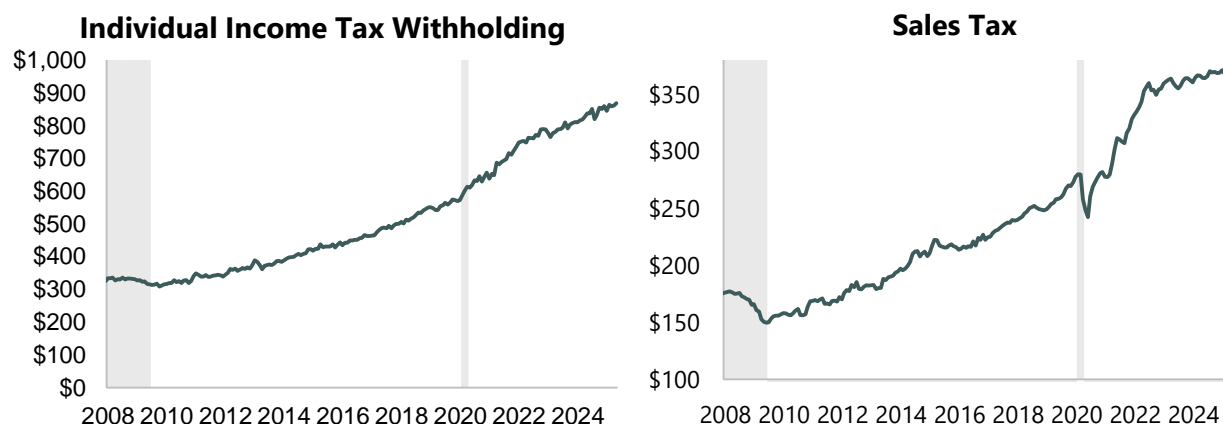
None of these tax credits are projected to be available in their maximum amounts in tax year 2026 based on downward revisions to projected revenue subject to TABOR in FY 2025-26 and FY 2026-27. The triggering of partial tax credits resulted in reduced expectations for the magnitude of income tax refunds, which are a subtraction from total income tax revenue, in FY 2025-26 and FY 2026-27, and an upward revision to income tax revenue in FY 2025-26, and a much smaller downward revision in FY 2026-27 than would have been the case had conditional tax credits been expected to be available in their maximum amounts.

The growth rate of revenue subject to TABOR in FY 2025-26 is projected to be 2 percent in the June 2025 forecast, before the application of the partial tax credit triggers. If revenue subject to TABOR in FY 2025-26 is projected to grow by less than 4 percent in either the LCS or OSPB forecasts in June 2025, the conditional tax credits established in [House Bill 23-1272](#) are required to be reduced by half in tax year 2026.

As shown in the left panel of Figure 5, wage withholding, which is the largest stream of income tax revenue totaling over three times the amount of estimated payments and cash with returns combined in recent fiscal years, slowed considerably in 2023, the first year when the income tax rate cut in Proposition 121 applied to withheld taxes, but has since grown at a rate consistent with a moderate expansion. Wage withholding is expected to continue moderate but slowing growth in 2025, before picking up in 2026, reflecting expectations for growth in employment and wages.

The forecast continues to include downward adjustments to individual income tax revenue due to the expiration of many of the provisions of the 2017 Tax Cuts and Jobs Act at the end of 2025 that is scheduled under current law. A new tax bill extending and modifying those provisions is making its way through Congress, and both upside and downside risks to the revenue outlook remain elevated due to uncertainty regarding the detail, timing, and magnitude of anticipated federal tax policy changes.

Figure 5
Selected General Fund Revenue Sources
 Millions of Dollars in Monthly Collections



Source: Office of the State Controller with Legislative Council Staff seasonal adjustments. Data are shown as a three-month moving average on a cash basis. May 2025 collections are preliminary data from the Department of Revenue.

This forecast includes downward adjustments for future **impacts of legislation** on individual income tax revenue enacted by the General Assembly during the 2025 legislative session, including the expansion of the income tax credit for care workers in [House Bill 25-1296](#) and the extension of the income tax credit for energy storage systems in [Senate Bill 25-026](#). The forecast also includes an adjustment of \$228.1 million for the diversion from the General Fund to the Kids Matter Account in the SEF under [House Bill 25-1320](#) starting in FY 2026-27.

The availability and amount of some income tax credits are dependent on state revenue conditions. This forecast assumes that these income tax credits are reduced in tax year 2026, as discussed above. The forecast also includes an adjustment for the federal Social Security Fairness Act, enacted in 2025, which increases Social Security payments for some public employees and is expected to increase Colorado individual income tax receipts starting for tax year 2025.

Starting in July 2024, revenue attributable to Proposition FF for the **Healthy School Meals for All Program** is deposited into the Healthy School Meals for All Cash Fund. Prior to that, revenue was deposited into a specific account in the General Fund. Final reporting for tax year 2023 indicates that through November 2024, 187,231 returns included the Proposition FF revenue addition. Revenue totaled \$109.2 million for tax year 2023. Reflecting lower-than-expected revenue received, the Proposition FF revenue accrued to FY 2023-24 was adjusted downward in December 2024, from \$127.0 million to \$112.0 million.

As of June 2, 2025, Proposition FF revenue for tax year 2024 totals \$90.1 million, an increase of 33 percent over the \$65.5 million collected during the same period last year. As a result, revenue expectations were increased through the forecast period, with tax year 2024 revenue expected to total \$125.8 million, an upward revision of \$13.0 million from the March 2025 forecast.

Starting with tax year 2026, the forecast incorporates the constitutionally required adjustment in addback amounts, discussed below, as well as significant downward adjustments due to the anticipated expiration of the 2017 Tax Cuts and Jobs Act, which will lower standard deduction amounts, thereby reducing the amount that taxpayers will be required to add back to calculate

their state income tax liability. Proposition FF revenue is expected to come in as follows, on an accrual basis:

- \$131.9 million for FY 2024-25
- \$114.9 million for FY 2025-26; and
- \$93.4 million for FY 2026-27.

Revenue accrued for FY 2023-24 exceeded the \$100.7 million estimate provided to voters in the 2022 Blue Book for Proposition FF. The state is required under TABOR (3)(c) to refund the excess to taxpayers and to increase the addback thresholds to reduce future revenue in proportion to the excess. The expected refund amount is \$12.4 million, which includes \$11.3 million in excess revenue plus ten percent interest. While there is no refund mechanism in place in current law to issue these refunds to taxpayers, the forecast assumes that Proposition FF revenue will be reduced by 10.1 percent starting in tax year 2026. [House Bill 25-1274](#) refers a ballot measure, to voters at the November 2025 election. If approved, the measure, Proposition LL, will allow the state to retain and spend the excess revenue.

Corporate Income Tax

The corporate income tax forecast includes collections from C corporations and partnerships that have property, payroll, or sales in Colorado. Corporate income taxes have historically been a volatile revenue source because they are highly responsive to economic conditions and to federal tax policy. In addition, many corporations make strategic tax decisions about when and how to claim credits and deductions, making it more difficult to estimate the amount of corporate tax revenue.

Colorado corporate income tax revenue has greatly exceeded expectations in recent years, posting record high growth rates in each year since FY 2019-20. In FY 2023-24, revenue increased by 18.2 percent, up to \$2.8 billion. After coming off historical highs, revenue is expected to decline by 6.9 percent in FY 2024-25 and 18.4 percent in FY 2025-26, then pick up in FY 2026-27.

Colorado corporate income tax revenue has increased due to several factors, including inflation and tax legislation. In addition to changing several significant tax provisions and reducing the federal income tax rate from 35 percent to 21 percent, the federal Tax Cuts and Jobs Act of 2017 placed a temporary \$10,000 annual cap on the federal income tax deduction for state and local taxes ("SALT" deduction) for individual income taxpayers. However, [Senate Bill 22-124](#) allows Colorado owners of partnerships and S-corporations to file taxes at the entity level instead of the individual level, which allow taxpayers a larger SALT deduction. Data from the Colorado Department of Revenue show that many businesses have been reclassified from sole proprietorships and pass-through entities (whose taxes are counted as individual income tax revenue) to C corporations and partnerships (whose taxes are counted as corporate income tax revenue), causing a shift from individual to corporate income tax revenue.

Sales Tax

The 2.9 percent state sales tax is assessed on the purchase of goods, except those specifically exempted, and a small collection of services. Sales tax revenue is expected to grow by a sluggish 1.9 percent in FY 2024-25, a downward revision from the March 2025 forecast due to

downgraded expectations for consumer activity. A portion of the expected growth is attributable to [House Bill 24-1434](#), which reduces the amount of sales tax revenue to be allocated to the Housing Development Grant Fund by \$35 million per year. Despite an upward adjustment for the bill, sales tax revenue growth is expected to remain dampened, below the inflation plus population growth rate. The overall retail sales forecast has been downgraded as uncertainty in trade policy lends to lower consumer sentiment paired with worse expectations for the labor market and personal income.

While the FY 2025-26 sales tax revenue forecast has been similarly downgraded from March 2025, growth is expected to accelerate modestly to 3.1 percent, as the implementation of new tariffs are expected to increase inflation and therefore generate higher nominal retail sales. The volatility and uncertainty in trade policy creates more risk than usual for the sales and use tax revenue forecast, which is generally highly correlated with other economic indicators such as the labor market, personal income, and consumer activity.

Use Tax

The 2.9 percent state use tax is due when sales tax is owed, but is not collected at the point of sale. Use tax revenue is largely driven by capital investment among manufacturing, energy, and mining firms. Manufacturing activity has remained slow in a lagged response to high interest rates, leading to a 7.2 percent decline in use tax revenue for FY 2023-24 with another 5.9 percent decline expected for FY 2024-25.

Investment in industries most directly impacted by high interest rates—particularly oil and gas, construction, and manufacturing—is expected to remain weak through FY 2024-25 and FY 2025-26. Interest rates are expected to remain higher for longer than previously forecasted, and higher input costs from steel and aluminum tariffs pose a risk to production. Still, inflationary pressure on inputs may contribute to some use tax growth. In combination of these factors and partly due to accrual adjustments, use tax collections are expected to partly rebound and increase by 6.2 percent in FY 2025-26, before accelerating to 11.5 percent growth in FY 2026-27 as interest rates wane and the drag on production amidst federal trade policy uncertainty wanes.

Proposition EE Cigarette, Tobacco, and Nicotine Taxes

Proposition EE increased cigarette and tobacco taxes, created a new tax on nicotine products, and created a minimum price for cigarette sales. Revenue from the new taxes is exempt from TABOR as a voter-approved revenue change. Proposition EE revenue is deposited in the General Fund, transferred to the 2020 Tax Holding Fund, and distributed to fund preschool programs, tobacco education programs, and the General Fund. Proposition EE tax rates increased on all three types of products beginning on July 1, 2024.

Revenue from Proposition EE is expected to increase by 15.4 percent to \$239.9 million in the current fiscal year as the tax increases go into effect. The revenue forecast was downgraded slightly compared to March due to lower-than-expected cigarette collections, which were partially offset by higher nicotine tax collections. Table 12 shows expected revenue collections, while equivalent transfers from the General Fund to the 2020 Tax Holding Fund are shown in Table 8B.

Cigarette revenue is the largest portion of Proposition EE, making up 58 percent of total Proposition EE revenue in FY 2023-24. Cigarette use tends to decline over time, but consumption fell more steeply than normal in FY 2023-24, down 16.3 percent from FY 2022-23, consistent with a nationwide trend. Proposition EE cigarette revenue is expected to increase by 3.7 percent in the current fiscal year due to the tax rate increase, despite low consumption.

Nicotine is the next largest revenue stream, with revenue increasing throughout the forecast period due to increased tax rates and rising prices on nicotine products. The forecast for nicotine faces elevated downside risks. Many nicotine products are imported from China and the future of federal trade policy is uncertain, particularly regarding de minimis exemptions. Eliminating the de minimis exemption is expected to have a negative impact on revenue collections, as it may make it more difficult to import flavored vape products and may make them more expensive for consumers. Additionally, increased federal enforcement against flavored e-cigarettes could reduce sales. On the other hand, continued increases in consumption could push tax revenue higher.

Tobacco makes up the rest of the Proposition EE revenue, bringing in \$11.2 million in FY 2023-24. Tobacco revenue is expected to increase by 72.1 percent to \$19.3 million in the current fiscal year following the summer tax rate increase. However, revenue is expected to fall by 3.6 percent in FY 2025-26 as many tobacco products, such as cigars, are imported and consumption may be reduced due to increased tariffs.

Table 12A
Total General Fund Revenue Estimates
Dollars in Millions

Category	Actual FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27
Sales, Use, and Excise Taxes	\$5,096.7	\$5,196.9	\$5,358.8	\$5,603.2
Percent Change in Sales, Use, and Excise Taxes	-0.3%	2.0%	3.1%	4.6%
Income Tax to the General Fund	\$11,304.7	\$11,009.1	\$11,309.7	\$11,768.4
Percent Change in Income Tax to the General Fund	-6.5%	-2.6%	2.7%	4.1%
Other General Fund Revenue	\$850.1	\$831.5	\$904.7	\$897.7
Percent Change in Other General Fund Revenue	7.2%	-2.2%	8.8%	-0.8%
Gross General Fund Revenue	\$17,251.4	\$17,037.6	\$17,573.1	\$18,269.3
Percent Change in Gross General Fund Revenue	-4.1%	-1.2%	3.1%	4.0%

Table 12B
Sales, Use, and Excise Taxes
Dollars in Millions

Category	Actual FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27
Sales Tax	\$4,362.6	\$4,445.5	\$4,585.3	\$4,797.8
Percent Change in Sales Tax	1.4%	1.9%	3.1%	4.6%
Use Tax	\$233.2	\$219.4	\$232.9	\$259.8
Percent Change in Use Tax	-7.2%	-5.9%	6.2%	11.5%
Retail Marijuana Sales Tax	\$195.0	\$185.3	\$168.7	\$165.5
Percent Change in Retail Marijuana Sales Tax	-11.3%	-5.0%	-8.9%	-1.9%
Cigarette Tax	\$20.5	\$19.3	\$18.4	\$17.6
Percent Change in Cigarette Tax	-14.4%	-5.9%	-4.4%	-4.2%
Tobacco Products Tax	\$21.6	\$23.6	\$23.9	\$24.9
Percent Change in Tobacco Products Tax	-8.9%	9.4%	1.2%	4.1%
Liquor Tax	\$56.0	\$55.0	\$56.0	\$57.0
Percent Change in Liquor Tax	-0.6%	-1.8%	1.8%	1.8%
Proposition EE Tobacco Taxes	\$207.8	\$239.9	\$237.7	\$243.6
Percent Change in Proposition EE Tobacco Taxes	-11.6%	15.4%	-0.9%	2.5%
Firearms and Ammunition Tax	\$0.0	\$9.0	\$35.8	\$36.9
Percent Change in Firearms and Ammunition Tax	N/A	N/A	297.9%	3.2%
Total Sales, Use, and Excise Taxes	\$5,096.7	\$5,196.9	\$5,358.8	\$5,603.2
Percent Change in Sales, Use, and Excise Taxes	-0.3%	2.0%	3.1%	4.6%

Table 12C
Income Taxes
Dollars in Millions

Category	Actual FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27
Net Individual Income Tax	\$10,044.2	\$9,913.9	\$10,744.8	\$11,183.2
Percent Change in Net Individual Income Tax	-8.3%	-1.3%	8.4%	4.1%
Net Corporate Income Tax	\$2,796.6	\$2,604.8	\$2,124.8	\$2,427.7
Percent Change in Net Corporate Income Tax	18.2%	-6.9%	-18.4%	14.3%
Total Income Taxes	\$12,840.8	\$12,518.7	\$12,869.6	\$13,610.9
Percent Change in Total Income Taxes	-3.6%	-2.5%	2.8%	5.8%
Less: Portion Diverted to the SEF	-\$1,209.0	-\$1,060.6	-\$1,111.6	-\$1,170.0
Percent Change in SEF Diversion	13.4%	-12.3%	4.8%	5.3%
Less: Portion Diverted to Kids Matter Account	\$0.0	\$0.0	\$0.0	-\$228.1
Percent Change in Kids Matter Diversion	N/A	N/A	N/A	N/A
Less: Portion Diverted for Affordable Housing	-\$327.0	-\$317.0	-\$333.5	-\$351.0
Percent Change in Affordable Housing Diversion	104.4%	-3.1%	5.2%	5.3%
Less: Portion Diverted for Healthy School Meals	\$0.0	-\$131.9	-\$114.9	-\$93.4
Percent Change in School Meals Diversion	N/A	N/A	-12.9%	-18.7%
Income Tax to the General Fund	\$11,304.7	\$11,009.1	\$11,309.7	\$11,768.4
Percent Change in Income Tax to the General Fund	-6.5%	-2.6%	2.7%	4.1%

Income tax collected under Proposition FF is diverted to the Healthy School Meals for All Cash Fund beginning in FY 2024-25.

Table 12D
Other General Fund Revenue
Dollars in Millions

Category	Actual FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27
Insurance Premium Tax to General Fund	\$541.9	\$605.9	\$661.5	\$704.4
Percent Change in Insurance Premium Tax	4.9%	11.8%	9.2%	6.5%
Pari-Mutuel Wagering Tax	\$0.3	\$0.2	\$0.2	\$0.2
Percent Change in Pari-Mutuel Wagering Tax	4.9%	-30.3%	-5.9%	-2.3%
General Fund Investment Income	\$251.6	\$161.4	\$189.9	\$141.9
Percent Change in Investment Income	33.5%	-35.9%	17.7%	-25.2%
Court Receipts to General Fund	\$3.2	\$3.2	\$1.7	\$1.7
Percent Change in Court Receipts	1.4%	1.1%	-47.8%	2.3%
Other General Fund Income	\$53.1	\$60.8	\$51.4	\$49.4
Percent Change in Other General Fund Income	-37.4%	14.5%	-15.4%	-3.9%
Total Other General Fund Revenue	\$850.1	\$831.5	\$904.7	\$897.7
Percent Change in Other General Fund Revenue	7.2%	-2.2%	8.8%	-0.8%

Cash Fund Revenue

This section presents the forecast for cash fund revenue subject to TABOR and for selected sources of cash fund revenue exempt from TABOR. Cash fund revenue subject to TABOR is a determinant of the state TABOR refund obligation, which is paid from the General Fund. Cash fund revenue exempt from TABOR does not have a direct impact on the General Fund budget, but revenue available for expenditure from those cash funds may trade off with spending from the General Fund.

Cash Fund Revenue Subject to TABOR

Table 13 summarizes the forecast for cash fund revenue subject to TABOR. The largest sources of cash fund revenue subject to TABOR are motor fuel taxes and other transportation-related revenue, severance taxes, and gaming taxes.

Table 13
Cash Fund Revenue Subject to TABOR
Dollars in Millions

Line	Revenue Source	Actual FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	CAAGR
1	Transportation-Related	\$1,425.1	\$1,491.6	\$1,507.4	\$1,560.5	
2	Transportation-Related Percent Change	12.5%	4.7%	1.1%	3.5%	3.1%
3	Severance Tax	\$218.4	\$62.7	\$261.1	\$266.9	
4	Severance Tax Percent Change	-41.7%	-71.3%	316.3%	2.2%	6.9%
5	Gaming Revenue	\$92.9	\$95.2	\$96.6	\$98.4	
6	Gaming Revenue Percent Change	-23.4%	2.4%	1.5%	1.9%	1.9%
7	Insurance-Related	\$26.9	\$26.7	\$26.8	\$26.8	
8	Insurance-Related Percent Change	1.4%	-0.8%	0.4%	0.2%	-0.1%
9	Regulatory Agencies	\$96.1	\$103.7	\$104.9	\$102.3	
10	Regulatory Agencies Percent Change	7.5%	7.9%	1.2%	-2.5%	2.1%
11	2.9% Sales Tax on Marijuana	\$5.4	\$4.2	\$4.0	\$3.7	
12	2.9% Marijuana Tax Percent Change	-24.6%	-21.7%	-4.2%	-7.9%	-11.6%
13	Housing Development Grant Fund (HDGF)	\$76.9	\$37.1	\$38.9	\$42.8	
14	HDGF Percent Change	7.2%	-51.7%	4.7%	10.2%	-17.7%
15	Kids Matter Account in State Education Fund				\$228.1	
16	Kids Matter Account Percent Change				N/A	
17	Other Cash Funds	\$855.5	\$921.3	\$794.4	\$872.9	
18	Other Cash Funds Percent Change	7.0%	7.6%	-13.8%	9.9%	0.6%
19	Total Cash Fund Revenue Subject to the TABOR Limit	\$2,797.2	\$2,742.4	\$2,834.1	\$3,202.4	
20	Total Cash Fund Revenue Percent Change	1.5%	-2.0%	3.3%	13.0%	4.6%

Totals may not sum due to rounding.

CAAGR is the compound average annual growth rate for FY 2023-24 to FY 2026-27.

Line 5, Gaming revenue in this table does not include extended gaming revenue from Amendments 50 and 77, because it is not subject to TABOR.

Line 11, Marijuana revenue in this table includes revenue from the 2.9 percent sales tax collected from the sales of medical and retail marijuana. This revenue is subject to TABOR.

FY 2023-24. Cash fund revenue subject to TABOR totaled \$2.80 billion in FY 2023-24, representing an increase of 1.5 percent from the prior fiscal year. The increase in cash fund revenue subject to TABOR primarily came from transportation-related cash funds and other miscellaneous cash funds, the two largest sources of cash fund revenue subject to TABOR. Together these categories made up about 82 percent of the total. Total cash funds growth was slowed by declining collections from severance tax and gaming revenue.

FY 2024-25. In the current budget year, cash fund revenue subject to TABOR is expected to total \$2.74 billion, a 2.0 percent decrease from the prior fiscal year. The decrease is mostly attributable to falling severance tax revenue and to [House Bill 24-1434](#), which lowered the amount of sales tax revenue credited to the Housing Development Grant Fund. Falling revenue in these areas is expected to more-than-offset increases in other miscellaneous cash funds revenue and in transportation-related revenue.

Compared to the March forecast, revenue expectations were revised down by \$18.9 million. The revision is mainly from a decrease in expected revenue from Other Cash Funds, which was slightly offset by an increase in severance tax revenue.

FY 2025-26 and FY 2026-27. Despite a reduction in revenue to Other Cash Funds, total cash fund revenue is expected to pick up in FY 2025-26 and FY 2026-27. Total cash fund revenue is expected to increase by 3.3 percent in FY 2025-26 despite the diversions of interest earnings from several cash funds to the General Fund per [SB 25-317](#). A rebound in severance tax revenue helped offset some of this decline. In FY 2026-27, cash fund revenue is expected to increase by 13.0 percent. This growth is mainly attributable to the first diversion to the Kids Matter Account in the State Education Fund. [House Bill 25-1320](#) requires that, beginning July 1, 2026, state revenues collected from an existing tax on 65 percent of one-tenth of one percent of federal taxable income must be deposited into the account. Money in the fund must only be used for total program funding and categorical programs and is subject to annual appropriation by the General Assembly.

Transportation-Related Revenue

Transportation-related revenue subject to TABOR is expected to increase by a moderate 4.7 percent in FY 2024-25 following a 12.5 percent increase in FY 2023-24. Transportation-related revenue is expected to continue to increase through the forecast period, albeit at a slower pace, growing 1.1 percent in FY 2025-26 and 3.5 percent in FY 2026-27. The slowdown is largely attributable to [SB 25-258](#), which temporarily reduces the road safety surcharge by \$3.70 from September 1, 2025 to September 1, 2027. The forecast for transportation-related revenue is presented in Table 14.

Transportation-related revenue was revised downward by \$2.3 million in FY 2024-25 compared to the March 2025 forecast. The downward revision is primarily driven by sluggish motor fuel revenue. Revenue expectations were additionally revised downward by \$33.3 million and \$34.6 million in FY 2025-26 and FY 2026-27, respectively, as a result of stagnant motor fuel revenue and reduction in the road safety surcharge. In addition, [SB 25-317](#) diverts interest earnings for certain accounts in the Highway Users Tax Fund (HUTF) to the General Fund for FY 2025-26, contributing \$1.3 million to the downgraded forecast.

Motor fuel revenue is the largest component of transportation revenue, making up nearly half of total collections, followed by revenue from vehicle registrations. Consistent with nationwide trends, collections for taxes on gasoline and diesel fuel declined by 0.5 percent in FY 2023-24 and are expected to decrease another 1.7 percent in FY 2024-25 while remaining relatively flat in FY 2025-26 and FY 2026-27. Improving vehicle fuel efficiency, including the increasing use of electric vehicles, paired with permanent shifts to remote or hybrid work for some are likely contributors to dampened motor fuel collections. While it is not yet clear whether these factors will lead to permanent declines in motor fuel revenue, growth in motor fuel revenue is not expected to reach historical levels in the short- or long-term.

Road usage fees, which were implemented in April 2023, are collected alongside motor fuel taxes such that a downward revision to the motor fuel forecast leads to a corresponding downward revision to projected road usage fee collections. Still, road usage fees increased to 4 cents per gallon in July 2024 and will increase by an additional 1 cent per gallon in each fiscal year through the forecast period; therefore, growth in collections is expected to average about 24 percent each year in FY 2024-25 through FY 2026-27.

Downward revisions to revenue from motor fuel and road usage fees were paired with decreased projections for collections from **vehicle registrations, including the road safety surcharge** in FY 2025-26 and FY 2026-27. The reduction in the road safety surcharge from SB 25-258 lends to a downgraded revenue forecast of \$17.2 million in FY 2025-26 and \$16.5 million in FY 2026-27 for the road safety surcharge.

Finally, **retail delivery fees**, which were created by SB 21-260 and went into effect on July 1, 2022, slightly underperformed March 2025 forecast expectations. The forecast has correspondingly been downgraded by \$0.2 million in each forecasted fiscal year, attributable to wary consumer sentiment. However, revenue from retail delivery fees is expected to continue to increase at significant rates throughout the forecast period as online spending continues to grow and the fee increases by a minimum of 1 cent per year from its current level of 29 cents per delivery.

Table 14A
Transportation Revenue by Source
Dollars in Millions

Line	Revenue Source	Actual FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	CAAGR
1	Highway Users Tax Fund (HUTF)	\$1,218.0	\$1,276.0	\$1,289.7	\$1,333.5	2.3%
2	Non-HUTF	\$207.1	\$215.5	\$217.7	\$227.0	2.3%
3	Total Transportation Funds	\$1,425.1	\$1,491.6	\$1,507.4	\$1,560.5	2.3%
4	Total Transportation Funds Percent Change	12.5%	4.7%	1.1%	3.5%	

Totals may not sum due to rounding.

CAAGR is the compound average annual growth rate for FY 2023-24 to FY 2026-27.

Table 14B
Highway Users Tax Fund Revenue
Dollars in Millions

Line	Revenue Source	Actual FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	CAAGR
5	Motor and Special Fuel Taxes	\$648.9	\$637.8	\$636.8	\$637.8	-0.4%
6	Motor and Special Fuel Taxes Percent Change	-0.5%	-1.7%	-0.2%	0.2%	
7	Road Usage Fees	\$92.9	\$117.6	\$145.1	\$175.0	17.1%
8	Road Usage Fees Percent Change	631.2%	26.5%	23.4%	20.6%	
9	Total Registrations	\$389.6	\$429.1	\$413.6	\$420.7	1.9%
10	Total Registrations Percent Change	18.6%	10.1%	-3.6%	1.7%	
11	<i>Total Registrations - Registrations</i>	<i>\$242.1</i>	<i>\$244.9</i>	<i>\$248.6</i>	<i>\$252.8</i>	1.1%
12	<i>Total Registrations - Road Safety Surcharge</i>	<i>\$104.0</i>	<i>\$141.3</i>	<i>\$121.1</i>	<i>\$123.3</i>	4.3%
13	<i>Total Registrations - Late Registration Fees</i>	<i>\$43.5</i>	<i>\$42.9</i>	<i>\$43.9</i>	<i>\$44.6</i>	0.6%
14	Retail Delivery Fees	\$21.2	\$24.8	\$27.0	\$29.8	8.9%
15	Retail Delivery Fees Percent Change	14.3%	17.1%	8.7%	10.5%	
16	Other HUTF Receipts	\$65.3	\$66.7	\$67.2	\$70.3	1.9%
17	Other HUTF Receipts Percent Change	21.2%	2.1%	0.7%	4.6%	
18	Total HUTF	\$1,218.0	\$1,276.0	\$1,289.7	\$1,333.5	2.3%
19	Total HUTF Percent Change	14.3%	4.8%	1.1%	3.4%	

Totals may not sum due to rounding.

CAAGR is the compound average annual growth rate for FY 2023-24 to FY 2026-27.

Line 14, "Retail delivery Fees", includes retail delivery fee revenue credited to the HUTF under SB 21-260.

Line 16, "Other HUTF Receipts", includes daily rental fee, oversized overweight vehicle surcharge, interest receipts, judicial receipts, drivers' license fees, and other miscellaneous receipts in the HUTF.

Table 14C
Non-HUTF Transportation Revenue Subject to TABOR
Dollars in Millions

Line	Revenue Source	Actual FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	CAAGR
20	State Highway Fund (SHF)	\$27.8	\$31.9	\$29.0	\$30.4	2.3%
21	SHF Percent Change	0.9%	14.9%	-9.2%	4.9%	
22	Other Transportation Funds	\$179.3	\$183.6	\$188.7	\$196.6	2.3%
23	Other Percent Change	3.4%	2.4%	2.8%	4.2%	
24	<i>Other - Aviation Fund</i>	<i>\$53.5</i>	<i>\$52.5</i>	<i>\$53.5</i>	<i>\$55.4</i>	0.9%
25	<i>Other - Multimodal Transp. Options Fund</i>	<i>\$15.1</i>	<i>\$17.7</i>	<i>\$19.2</i>	<i>\$21.2</i>	8.9%
26	<i>Other - Law Enforcement-Related</i>	<i>\$6.6</i>	<i>\$7.2</i>	<i>\$6.7</i>	<i>\$6.5</i>	-0.5%
27	<i>Other - Registration-Related</i>	<i>\$104.1</i>	<i>\$106.2</i>	<i>\$109.3</i>	<i>\$113.4</i>	2.2%
28	Total Non-HUTF	\$207.1	\$215.5	\$217.7	\$227.0	2.3%
29	Total Non-HUTF Percent Change	3.1%	4.1%	1.0%	4.3%	

Totals may not sum due to rounding.

CAAGR is the compound average annual growth rate for FY 2023-24 to FY 2026-27.

Line 20, "State Highway Fund (SHF)", includes only SHF revenue subject to TABOR.

Line 24, "Other - Aviation Fund", includes revenue from aviation fuel excise taxes and the 2.9 percent sales tax on the retail cost of jet fuel.

Line 26, "Other - Law Enforcement-Related", includes revenue from driving under the influence (DUI) and driving while ability impaired (DWAI) fines.

Line 27, "Other - Registration-Related", includes revenue from Emergency Medical Services registration fees, emissions registration and inspection fees, motorcycle and motor vehicle license fees, and POST Board registration fees.

Most fuel taxes and vehicle registration fees are credited to the **Highway Users Tax Fund** (HUTF). From the HUTF, funds are disbursed to the Department of Transportation, State Patrol within the Department of Public Safety, the Division of Motor Vehicles within the Department of Revenue, the Department of Natural Resources, and to county and municipal governments. The State Patrol, Department of Revenue, and Department of Natural Resources receive HUTF funds through annual appropriations. The remaining revenue is allocated to the Department of Transportation (via the State Highway Fund), counties, and municipalities based on how much revenue is collected. Revenue is distributed based on multiple formulas that differ between revenue streams. SB 25-258 temporarily adjusted the formula for Funding Advancements for Surface Transportation and Economic Recovery Act of 2009 (FASTER) revenue streams, decreasing the amount distributed to the HUTF and increasing the amount distributed to counties and municipalities from September 1, 2025 to September 1, 2027. Impacted revenue streams include the unregistered vehicle fine, daily rental fee, road safety surcharge, late registration fees, and oversize/overweight fees. The estimated distributions from the HUTF are shown in Table 15 below.

Table 15
Highway Users Tax Fund Distributions
Dollars in Millions

Line	HUTF Distribution Forecast	Actual FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27
1	Department of Public Safety	\$195.2	\$208.3	\$220.3	\$220.3
2	Department of Revenue	\$4.5	\$2.0	\$1.2	\$1.2
3	Department of Natural Resources	\$0.3	\$0.3	\$0.3	\$0.3
4	State Highway Fund	\$621.8	\$650.1	\$643.6	\$667.9
5	Counties	\$231.5	\$242.6	\$246.5	\$257.4
6	Municipalities	\$166.2	\$174.3	\$179.4	\$187.9
7	Total HUTF Distributions	\$1,219.5	\$1,277.5	\$1,291.3	\$1,334.9
8	Total Nonexempt Revenue	\$1,218.0	\$1,276.0	\$1,289.7	\$1,333.5
9	Assumed Exempt Revenue	\$1.5	\$1.5	\$1.6	\$1.4
10	Transfers to HUTF	\$0.0	\$0.0	\$0.0	\$0.0

Line 1, "Department of Public Safety", allocations are made "off-the-top" to CDPS, regardless of the amount of revenue collected.

Line 2, "Department of Revenue", revenue is appropriated to the Department of Revenue in the Long Bill. The actual amount distributed to the department is often different from the amount appropriated due to differences in revenue collections. The amounts estimated in FY 2024-25 reflect full appropriations.

Line 3, "Department of Natural Resources", receives an ongoing appropriation of \$300,000 for capital construction.

Severance Tax

Severance tax revenue declined by 42 percent in FY 2023-24 to \$218.4 million, largely due to a steep decline in oil and gas collections that were partially offset by increased coal, molybdenum and metals taxes, and interest earnings. In FY 2024-25, severance tax revenue subject to TABOR is expected to decrease by another 71.3 percent, an upward revision from the March 2025 forecast, but still a large downward revision of about \$140 million from the December 2024 forecast. Since November 2024, there have been about \$181 million in oil and gas severance tax refunds according to data from the Department of Revenue, \$110 million of which were recorded in February. Comparatively, there were about \$73 million in refunds for FY 2023-24.

Historically high refunds in the current fiscal year have offset revenue from withholding, estimated payments, and cash receipts over this time period. Large property tax bills for operators over the past couple of years have led to a large amount of ad valorem tax credits that have combined with a weaker value of oil and gas production. Severance tax revenue is more volatile than other revenue sources due to the boom-bust nature of the oil and gas sector and Colorado's tax structure. The forecast for the major components of severance tax revenue is shown in Table 16.

Severance tax collections from **oil and natural gas** fell by 48.7 percent in FY 2023-24 as oil and gas markets corrected following a post-recession wave. The decrease coincided with an expected increase in ad valorem tax credit utilization that reflected the jump in oil and gas property taxes for the 2023 property tax year. For FY 2024-25, weaker than expected market conditions and collections coincided with historically high tax refunds. The outlook now anticipates oil and gas severance tax revenue will fall by 84.5 percent in FY 2024-25. In FY 2025-26, fewer ad valorem credits and higher natural gas prices will contribute to oil and gas revenue growing to an estimated \$236.2 million. Severance tax revenue is expected to decline 1.9 percent in FY 2026-27 as producers take higher allowable ad valorem credits, and markets remain stable.

Table 16
Severance Tax Revenue Forecast by Source
Dollars in Millions

Revenue Source	Actual FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	CAAGR
Oil and Gas Taxes	\$178.1	\$27.6	\$236.2	\$231.7	
Oil and Gas Percent Change	-48.7%	-84.5%	754.9%	-1.9%	9.2%
Coal Taxes	\$6.6	\$6.9	\$6.9	\$6.7	
Coal Percent Change	48.0%	4.9%	-0.5%	-3.0%	0.4%
Molybdenum and Metallica Taxes	\$1.7	\$1.8	\$1.9	\$1.9	
Molybdenum and Metallica Percent Change	173.8%	9.3%	4.1%	1.7%	5.0%
Total Severance Tax Revenue	\$186.4	\$36.4	\$245.0	\$240.3	
Total Severance Tax Revenue Percent Change	-47.1%	-80.5%	573.5%	-1.9%	8.8%
Interest Earnings	\$32.0	\$26.3	\$16.0	\$26.5	
Interest Earnings Percent Change	42.3%	-17.8%	-39.1%	65.2%	-6.1%
Total Severance Tax Fund Revenue	\$218.4	\$62.7	\$261.1	\$266.9	
Total Severance Tax Fund Revenue Percent Change	-41.7%	-71.3%	316.3%	2.2%	6.9%

CAAGR: Compound average annual growth rate for FY 2023-24 to FY 2026-27.

Coal severance tax revenue increased by 48 percent in FY 2023-24 to \$6.6 million. Beginning in 2022 and continuing over the next few years, policy changes are phasing out tax credits for underground mines and a tonnage exemption, boosting collections above what would be expected otherwise. As the phase-out ends, shifting market dynamics are expected to result in declining collections through the forecast period. Based on collections through April, the outlook for FY 2024-25 has been revised down about \$1.0 million. However, ongoing reductions in demand from the electricity sector are still expected to contribute to declines through the forecast period, consistent with national expectations and the longer-term trend.

Metal and molybdenum tax collections rose 173.8 percent to \$1.7 million in FY 2023-24, a rebound after a large decline in the previous fiscal year. The market for metals and molybdenum is expected to contribute to further gains in FY 2024-25, and remain fairly stable from FY 2025-26 to FY 2026-27. Through the forecast period, collections are expected to remain below the long-term average.

Finally, **interest earnings** are forecast to decline 17.8 percent in FY 2024-25, before declining another 39.1 percent in FY 2025-26. The forecast for interest earnings in FY 2025-26 has been revised down due to legislative adjustments that will credit interest in the Just Transition Cash Fund and the Local Government Severance Tax Cash Fund to the General Fund. Higher projected severance tax revenues in FY 2025-26 and FY 2026-27 are expected to boost interest earnings in FY 2026-27.

Limited Gaming Revenue

Limited gaming revenue includes taxes, fees, and interest earnings collected in the Limited Gaming Fund and the State Historical Fund. The state limited gaming tax is a graduated tax assessed on casino adjusted gross proceeds, the amount of wagers collected less the amount paid to players in winnings. Casinos on tribal lands in southwestern Colorado are not subject to the state tax.

Gaming revenue is subject to TABOR except for revenue attributable to gaming expansions enacted under Amendment 50 and Amendment 77 (extended limited gaming), which is TABOR-exempt. In addition, [House Bill 24-1469](#) specifies that limited gaming revenue that is distributed to local governments by a constitutional requirement is considered a collection for another government, and is therefore exempt from TABOR. Thus, pre-Amendment 50 county and city distributions, as well as distributions of revenue in the State Historical Fund to gaming cities, are no longer subject to TABOR. This resulted in a reduction in limited gaming revenue subject to TABOR of \$31.6 million in FY 2023-24. House Bill 24-1469 is expected to decrease the gaming tax revenue accounted as subject to TABOR by about \$33 million per year through the forecast period.

Growth in gaming revenue has decelerated since FY 2020-21, posting 3.2 percent growth in FY 2023-24, the lowest growth rate since the COVID-19 recession. Growth is expected to decelerate further to 2.0 percent in FY 2024-25 and 0.1 percent in FY 2025-26 as consumers perceive a weakened economy and household budgets correspondingly are constrained by persistently high prices. FY 2024-25 estimates were slightly downgraded from the March 2025 forecast based on recent actual data coming in lower than expected paired with worsening consumer sentiment regarding the trajectory of the economy. FY 2025-26 growth estimates were similarly downgraded based on a weakened economic forecast for consumer activity and labor market conditions. In addition, [SB 25-317](#) diverts interest in the Limited Gaming Fund to the General Fund in FY 2025-26, contributing to most of the forecast downgrade for that fiscal year. Collections from gaming are expected to reaccelerate to a 4.9 percent growth rate in FY 2026-27, reaching \$189.8 million as the labor market begins to re-tighten and consumer confidence revives. Statute only allows for pre-Amendment 50 revenue (subject to TABOR) to grow by 3.0 percent annually, so in years such as FY 2026-27 where projected gaming revenue

growth is above that threshold, extended limited gaming revenue (TABOR-exempt) grows faster than total gaming revenue.

Other Cash Funds

The other cash funds line in Table 13 shows revenue subject to TABOR that is collected in cash funds other than those for which a specific forecast is prepared. The number of cash funds varies across fiscal years and is a significant portion of the overall forecast for cash fund revenue subject to TABOR. Year-to-year fluctuations in this revenue can be an important determinant of the TABOR refund obligation and the General Fund budget.

In FY 2023-24, other cash funds revenue subject to TABOR totaled \$855.5 million, a 7.0 percent increase from the prior year. Out of the almost 400 cash funds, the top 20 funds made up 61.2 percent of total other cash funds revenue. The funds with the largest TABOR revenues in FY 2023-24 were the Medicaid Nursing Facility Cash Fund (\$54.4 million), the Public School Fund (also known as the “permanent fund,” \$41.0 million), and the Adult Dental Fund (\$37.4 million). Revenue to the Medicaid Nursing Facility Fund comes from nursing facility fees to draw down matching federal funds, while the Public School Fund consists of proceeds from state land leases. Revenue from the Adult Dental Fund is from transfers from the Unclaimed Property Trust Fund across TABOR district boundaries made each year to fund dental services for adult Medicaid beneficiaries.

Other cash funds revenue is projected to increase by 7.7 percent to \$921.3 million in FY 2024-25, then decline by 13.8 percent in FY 2025-26. The decline is mainly attributable to [SB 25-317](#), which diverts just over \$20 million of interest accrued by other cash funds to the General Fund in FY 2025-26. Several of these cash funds require ongoing diversions of interest income to the General Fund after FY 2025-26. It is estimated that almost \$9.2 million will be diverted to the General Fund in FY 2026-27.

Compared to the March forecast, other cash fund revenue expectations were revised downward by \$26.3 million in FY 2024-25 and \$195.3 million in FY 2025-26.

The forecast anticipates that the pace of growth in other cash funds revenue will slow in FY 2025-26 as fund balances are spent down or swept and cash fund interest earnings fall. This revenue stream has consistently over-performed forecast expectations. While downside risks are present, risks to the outlook for other miscellaneous cash fund revenue are weighted to the upside.

Cash Fund Revenue Exempt from TABOR

Selected sources of TABOR-exempt cash fund revenue are presented below due to their importance as budget determinants. A few of the areas discussed include revenue subject to TABOR, such as 2.9 percent sales taxes on marijuana products, sports betting fee revenue, and unemployment support surcharges. This portion of the forecast document is not exhaustive, as there are many other sources of TABOR-exempt cash fund revenue that are not discussed here.

Marijuana Tax Revenue

Marijuana tax revenue continues to fall. The decline in marijuana tax revenue has largely been due to low prices alongside falling demand as other states across the country legalize marijuana, and the increasing availability of intoxicating hemp. Revenue is expected to continue to fall throughout the forecast period. The presence of intoxicating hemp poses a downside risk for the forecast that is difficult to quantify, as the amount of intoxicating hemp being bought and sold in Colorado is unknown.

The state's 15 percent excise tax and 15 percent special sales tax, which make up the majority of the marijuana-related revenue, are voter-approved revenue exempt from TABOR. The 2.9 percent general state sales tax is assessed on medical marijuana and non-marijuana products sold at marijuana retailers, and is subject to the state's revenue limit. The marijuana tax revenue forecast is shown in Table 17.

Table 17A
Tax and Interest Revenue from the Marijuana Industry

Dollars in Millions

TABOR Status	Actual FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27
Exempt	\$247.0	\$231.8	\$208.9	\$204.0
Nonexempt	\$5.1	\$4.2	\$4.0	\$3.7
Total	\$252.1	\$236.0	\$212.9	\$207.7
Percent Change in Total Revenue	-12.1%	-6.4%	-9.8%	-2.5%

Table 17B
Exempt Revenue from the Marijuana Industry

Dollars in Millions

Revenue Source	Actual FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27
Special Sales Tax	\$195.0	\$185.3	\$168.7	\$165.5
Percent Change in Special Sales Tax	-11.3%	-5.0%	-8.9%	-1.9%
Excise Tax	\$47.9	\$42.6	\$37.3	\$35.7
Percent Change in Excise Tax	-17.1%	-11.1%	-12.3%	-4.4%
Interest	\$4.1	\$3.9	\$2.9	\$2.8
Percent Change in Interest	36.4%	-5.0%	-26.8%	-1.9%
Total Exempt Revenue	\$247.0	\$231.8	\$208.9	\$204.0
Percent Change in Total Exempt	-12.0%	-6.2%	-9.9%	-2.4%

Table 17C
Nonexempt Revenue from the Marijuana Industry
Dollars in Millions

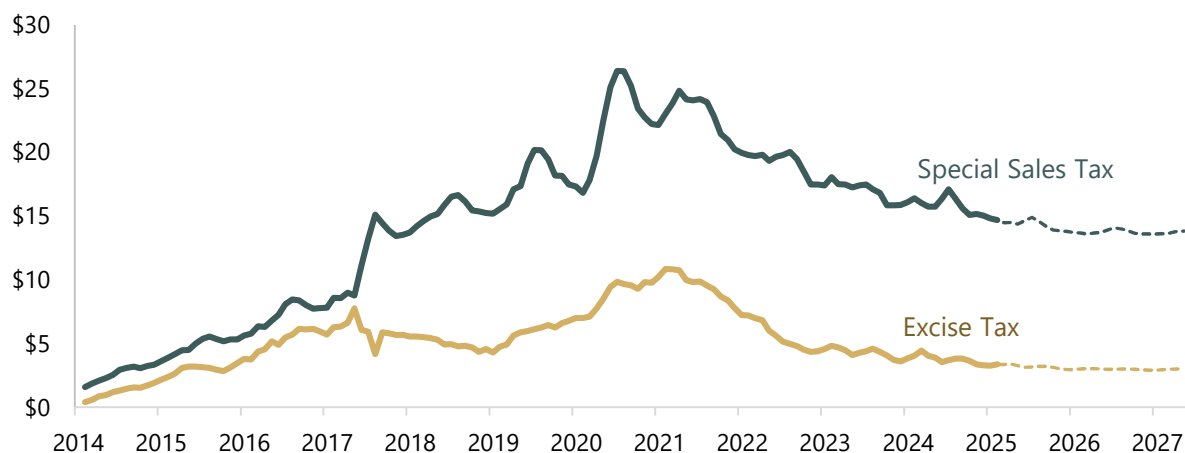
Revenue Source	Actual FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27
Sales Tax on Medical Marijuana	\$3.9	\$2.9	\$2.5	\$2.1
Percent Change in Medical Marijuana	-30.6%	-25.9%	-13.0%	-15.5%
Sales Tax on Non-Marijuana Products	\$1.2	\$1.3	\$1.4	\$1.6
Percent Change in Non-Marijuana Sales	10.0%	8.1%	7.4%	7.8%
Interest Income	\$0.2	\$0.1	\$0.1	\$0.1
Percent Change in Interest	16.2%	-15.0%	-15.0%	-15.0%
Total Nonexempt Revenue	\$5.1	\$4.2	\$4.0	\$3.7
Percent Change in Nonexempt Revenue	-14.6%	-17.8%	-4.2%	-7.9%

The **marijuana special sales tax** is the largest source of marijuana revenue, assessed when consumers purchase marijuana at retail stores. Revenue is distributed to the Marijuana Tax Cash Fund (MTCF), the State Public School Fund, the General Fund, Marijuana Cash Fund, and local governments. House Bill 25-268 modified the distribution of special sales tax revenue by reducing the local share, increasing the distribution to the MTCF, and Special sales tax revenue continues to fall, but at a slowing rate compared to prior years. However, the special sales tax can be quite volatile on a monthly basis, making it difficult to predict.

Special sales tax revenue is expected to continue to fall in the current fiscal year and the next, and begin flattening out in fiscal year 2027 as consumption and prices start to rebound. Special sales tax revenue is expected to be 5.0 percent lower in FY 2024-25 compared to the prior year, and to fall by another 8.9 percent in the following fiscal year. Revenue is expected to begin stabilize by the end of FY 2027-28. Special sales tax revenue is not expected to fall indefinitely, as price pressures and population increases will eventually put sufficient upward pressure on tax revenue to reverse the recent downward trend.

The **marijuana excise tax** is the second-largest source of marijuana revenue, assessed when a retailer or production facility purchases marijuana from a grower. Revenue is dedicated entirely to the BEST Fund for school construction. The excise tax is based on the calculated or actual wholesale price of marijuana when it is transferred from the cultivator or manufacturer to the retailer. Therefore, wholesale prices are a significant determinant of excise tax revenue. Falling prices have contributed to falling excise tax revenue per unit, as well as falling sales volume as cultivators exit the market because prices are too low to support their businesses. The number of licensed cultivators has fallen by 13 percent compared to one year prior.

Figure 6
Adult-Use Marijuana Revenue Forecast
 Millions of Dollars, 3-Month Moving Average



Source: Colorado Department of Revenue and Legislative Council Staff forecast.

Wholesale prices are 12.6 percent lower than they were a year ago. Excise tax revenue collections are expected to fall slowly over the next few years, but are expected to stabilize by the end of FY 2026-27. Revenue is expected to be about 11.1 percent lower in FY 2024-25 than the prior year and then decrease by another 12.3 percent in FY 2025-26.

Exempt interest credited to the MTCF reached \$4.1 million in FY 2023-24, a 36 percent increase from the year prior, as interest rates increased. This amount is expected to fall to \$3.9 million in the current fiscal year as revenue and the MTCF fund balance decline. Exempt interest is credited to the fund in a lump sum at the end of the fiscal year which adds additional uncertainty to this forecast as there is no tracking data throughout the year.

The **2.9 percent state sales tax** rate applies to medical marijuana and non-marijuana products purchased at retail marijuana stores. Revenue from the 2.9 percent sales tax is deposited in the MTCF and is subject to TABOR. The medical marijuana sales tax brought in \$3.9 million in FY 2023-24, a 31 percent decline compared to the year prior. The number of medical marijuana card holders continues to decline significantly, and is expected to result in continued falling medical marijuana tax revenue throughout the forecast period. Retail marijuana dispensaries also remitted \$1.2 million in 2.9 percent general sales tax in FY 2023-24. Collections are expected to stay fairly low throughout the rest of the forecast period.

Table 18
Distributions of Marijuana Revenue
Dollars in Millions

Marijuana Revenue Distribution	Actual FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27
Marijuana Tax Cash Fund	\$135.3	\$127.9	\$124.4	\$121.8
BEST Fund	\$47.9	\$42.6	\$37.3	\$35.7
General Fund	\$27.3	\$25.9	\$23.6	\$23.2
State Public School Fund	\$22.1	\$21.0	\$19.1	\$18.7
Marijuana Cash Fund	\$0.0	\$0.0	\$2.5	\$2.5
Local Distributions	\$19.5	\$18.5	\$5.9	\$5.8
Total Distributions	\$252.1	\$236.0	\$212.9	\$207.7
Percent Change in Total Distributions	-9.0%	-6.4%	-9.8%	-2.5%

Based on the above forecasts, revenue distributed to the **Marijuana Tax Cash Fund** is expected to be \$127.9 million in FY 2024-25, \$124.4 million in FY 2025-26, and \$121.8 million in FY 2026-27. This is a downward revision relative to the March forecast, due to lower incoming revenue data and a continuing decline in the number of business licenses for the marijuana industry.

Federal Mineral Lease

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 on federal land and royalty rates negotiated between the federal government and mining companies. FML revenue is exempt from TABOR.

In FY 2023-24, FML revenue decreased by 44.2 percent along with a correction in natural gas prices following a steep spike that peaked at \$8.81 per million BTU in August 2022. As shown in Table 19, FML revenue is forecast to increase about 2 percent to \$98.8 million in FY 2024-25 with higher natural gas prices to begin 2025 as prices have average about \$4.00 per million BTU year-to-date. Natural gas prices are forecast to rise further, near \$5.00 per million BTU in 2026, increasing expected non-bonus lease revenue payments. Along with climbing natural gas prices, revenues may benefit from a jump in new lease activity. FML revenue is expected to grow through the forecast period.

Table 19
Federal Mineral Lease Revenue Distribution
Dollars in Millions

Item	Actual FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27
Total FML Revenue	\$96.9	\$98.8	\$131.4	\$145.9
Bonus Payments (portion of total revenue)	\$0.4	\$0.3	\$1.3	\$1.5
Local Government Permanent Fund	\$0.2	\$0.2	\$0.7	\$0.7
Higher Education FML Revenue Fund	\$0.2	\$0.2	\$0.7	\$0.7
Other FML Payments (non-bonus revenue)	\$96.5	\$98.5	\$130.1	\$144.4
State Public School Fund	\$46.6	\$47.6	\$62.8	\$69.8
Colorado Water Conservation Board	\$9.6	\$9.8	\$13.0	\$14.4
DOLA Grants	\$19.3	\$19.7	\$26.0	\$28.9
DOLA Direct Distribution	\$19.3	\$19.7	\$26.0	\$28.9
School Districts	\$1.6	\$1.7	\$2.2	\$2.5
Higher Education FML Revenue Fund	\$0.2	\$0.2	\$0.7	\$0.7

DOLA = Department of Local Affairs.

Note: The table shows the actual and projected revenue distributions to the various FML recipients. It does not reflect transfers of FML revenue from the recipients and funds to other funds, such as the General Fund, that have occurred.

Sports Betting

Sports betting was legalized after the passage of **Proposition DD** at the November 2019 election. Betting launched on May 1, 2020, and has grown significantly since its inception. Revenue collected from sports betting activity includes licensing fees, an operations fee, and tax revenue, which is set at 10 percent of casinos' net sports betting proceeds. As voter-approved revenue, sports betting tax revenue is not subject to the TABOR limit, but fee revenues are subject to TABOR.

While Proposition DD limited sports betting revenue to \$29 million per year, voters approved **Proposition JJ** in the November 2024 election, which allows the state to retain sports betting revenue above \$29 million to fund water projects. As sports betting tax revenue totaled \$30.4 million in FY 2023-24, the passage of Proposition JJ allows an additional \$1.4 million of revenue in FY 2023-24 to be transferred to the Water Plan Implementation Cash Fund. In addition, [**House Bill 25-1311**](#) decreased the amount of free bets sports betting operators may deduct from their tax owed beginning in FY 2025-26 and disallows free bet deductions in FY 2026-27 onwards. Due to Proposition JJ and HB 25-1311, water projects are expected to receive an additional \$6.2 million in FY 2024-25, another \$13.4 million in FY 2025-26, and another \$26.6 million in FY 2026-27.

TABOR-exempt sports betting revenue, which consists of taxes and interest, grew by 19.5 percent in FY 2023-24, marking four years of double-digit growth since the legalization of sports betting. Growth is expected to remain high yet slower than previous years, estimated at 15.6 percent in FY 2024-25, a \$1.3 million upgrade from the March 2025 forecast as recent actuals came in slightly higher than expected. Growth is expected to accelerate to 19.7 percent in FY 2025-26 and 30.8 percent in FY 2026-27, largely attributable to increased revenue from the HB 25-1311 provisions described above.

Sports betting fee revenue subject to TABOR—which includes gaming licenses, operations fees, credit card fees, interest, and other charges for service—grew 4.7 percent to \$2.4 million in FY 2023-24, but is expected to decline by 15.6 percent in FY 2024-25, mostly due to decreasing revenue from operations fees and other charges for services such as credit card fees, fines, and interest. Revenue is expected to rebound from its FY 2024-25 low in future years, growing 8.3 percent in FY 2025-26 and another 1.7 percent in FY 2026-27. This revenue is included in the Other Cash Funds forecast in Table 13.

Firearms Tax

Approved by voters in the November 2024 election, **Proposition KK** created a new 6.5 percent tax on firearms, certain firearm parts, and ammunition (firearms tax). Firearms dealers, manufacturers, and ammunition vendors making less than \$20,000 per year in retail sales are exempt, as are sales to peace officers, law enforcement agencies, and active-duty military are exempt from the excise tax. Implementation of the new tax will begin April 1, 2025. Revenue from the tax is TABOR exempt as a voter-approved revenue change.

Proposition KK revenue is deposited in the General Fund, transferred to the new Firearms and Ammunition Excise Tax Cash Fund, then distributed as follows after paying administrative costs:

- the first \$30 million in the first fiscal year, adjusted for inflation in each fiscal year thereafter, is transferred to the Colorado Crime Victim Services Fund (Victim Services Fund) in the Division of Criminal Justice of the Department of Public Safety for crime victim services grants;
- the next \$5 million in each fiscal year is transferred to the Behavioral and Mental Health Cash Fund for the continuation and expansion of the Veterans Mental Health Services program;
- the next \$3 million in each fiscal year is transferred to the Behavioral and Mental Health Cash Fund for the continuation and expansion of access to behavioral health crisis response system services for children and youth; and
- the next \$1 million in each fiscal year is transferred to the School Disbursement Program Cash Fund and is subject to annual appropriation by the General Assembly.

If revenue is left over after making the required annual distributions, it will remain available for future use as determined by the state legislature. Revenue from the firearms tax is expected to reach \$9.0 million in FY 2024-25, \$35.8 million in FY 2025-26, and \$36.9 million in FY 2026-27, with comparable amounts in future years. About two-thirds of the projected revenue is expected to be from firearms and parts sales, while about one-third is expected to be from ammunition sales.

Unemployment Insurance Trust Fund

The Unemployment Insurance Trust Fund (UITF) receives revenue from the UI standard premium, the employer support surcharge, and interest. Additionally, a solvency surcharge is sometimes imposed when the fund balance is low. The premium and surcharge rates are determined by the prior fiscal year's reserve ratio, which is the fund balance as a percentage of total wages, such that a higher fund balance corresponds to lower premium and surcharge rates in the following calendar year. Revenue in the fund is used to pay unemployment insurance

benefits to Coloradans who have lost a job through no fault of their own. Benefit payment are determined by an individual's prior wages.

Forecasts for Unemployment Insurance Trust Fund (UITF) revenue, benefit payments, and year-end balances are shown below in Table 20. Revenue to the UITF is not subject to TABOR and is therefore excluded from Table 13. Revenue to the Employment Support Fund and Benefit Recovery Fund, which receive a portion of the UI premium surcharge, is subject to TABOR and is included in the revenue estimates for other cash funds in Table 13.

Table 20A
Unemployment Insurance Trust Fund Balance
Dollars in Millions

Component	Actual FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27
Beginning Balance	\$286.6	\$726.1	\$1,336.1	\$1,659.9
Total Revenue	\$1,021.6	\$1,408.3	\$1,246.7	\$1,092.2
Less: Benefits Paid	\$727.5	\$798.3	\$922.9	\$932.1
Other Net Changes	\$145.5	\$0.0	\$0.0	\$0.0
Ending Balance	\$726.1	\$1,336.1	\$1,659.9	\$1,820.1
Ending Reserve Ratio	0.40%	0.70%	0.84%	0.89%

Table 20B
Unemployment Insurance Trust Fund Revenue
Dollars in Millions

Source	Actual FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27
UI Premium	\$823.5	\$1,080.2	\$1,069.7	\$1,036.4
UI Premium Percent Change	2.8%	31.2%	-1.0%	-3.1%
Solvency Surcharge	\$111.8	\$258.8	\$108.6	\$0.0
Solvency Surcharge Percent Change	N/A	131.4%	-58.0%	-100.0%
Interest	\$8.0	\$17.9	\$28.8	\$29.7
Interest Percent Change	1143%	122.6%	60.9%	3.0%
Other	\$78.3	\$51.4	\$39.5	\$26.1
Total Revenue	\$1,021.6	\$1,408.3	\$1,246.7	\$1,092.2
Percent Change in Total Revenue	16.7%	37.8%	-11.5%	-12.4%

Totals may not sum due to rounding.

Other income includes private loans applied to federal loans outstanding, and estimated diversions from the Employment Support Fund; the Employment, Training and Technology Fund; and the Benefit Recovery Fund pursuant to SB 23-232 and HB 24-1409

FY 2024-25 Revenue to the UITF is expected to increase by 37.8 percent in the current FY 2024-25. Revenue from the UI premium is expected to grow due to an increase in the taxable wage base pursuant to Senate Bill 20-207, as well as a higher premium rate. Additionally, the solvency surcharge is assessed for the full fiscal year, compared to only a half-year impact in FY 2023-24. Senate Bill 25-242 is expected to reduce diversions into the UITF from the Employer Support Surcharge on net beginning in FY 2024-25, which resulted in a downward revision compared to the March forecast. Benefit payments are expected to increase by 9.7 percent in the current year as claims rise and the average benefit payment increases. The fund is expected to end the fiscal year with a balance of \$1.34 billion, representing an upward revision of \$150.2 million compared to the March forecast, and a reserve ratio just above 0.7 percent.

FY 2025-26 Revenue to the UITF is expected to fall by 11.5 percent in FY 2025-26, primarily due to revenue from the solvency surcharge. The solvency surcharge is directed to be turned off in the calendar year following the fiscal year when the reserve ratio exceeds 0.7 percent. As a result, the solvency surcharge is expected to be turned off in 2026, thereby reducing revenue. The UI premium and employer support surcharge rates are expected to be reduced for 2026 due to the improving fund balance as well.

Benefit payments are expected to increase through FY 2025-26 as unemployment continues to rise. Additionally, as a result of the fund balance reaching \$1.3 billion in FY 2024-25, the forecast also anticipates an increase in benefits paid pursuant to Senate Bill 22-234, which repealed the requirement that a person wait one week before becoming eligible for unemployment compensation once the balance reaches at least \$1 billion. The fund balance is expected to rise to \$1.66 billion by the end of the fiscal year, increasing the reserve ratio to 0.84 percent.

FY 2026-27 UITF revenue is projected to fall again in FY 2026-27 as support surcharge revenue falls to zero and the UI premium rate falls again in 2027 due to the rising reserve ratio in FY 2025-26. Interest revenue is projected to reach nearly \$30 million, while employer support surcharge diversions are expected to fall. Benefits payments are expected to increase only slightly, about 1.0 percent, as the unemployment rate is expected to fall, which is offset by rising wages increasing the average benefit payment. The UITF is projected to end the forecast period with a balance of \$1.82 billion.

Economic Outlook

U.S. economic indicators at the end of 2024 showed a growing economy, with economic output maintaining a moderate pace of growth, relatively low unemployment rates, continued job growth, and rising incomes. Rapidly shifting federal policy, tighter expectations for monetary policy, and the recent weakening in several economic indicators (with Colorado falling behind the nation in several measures) have heightened risks and narrowed the path for continued economic expansion. While this forecast anticipates the U.S. and Colorado economies will expand through the forecast period, this forecast has made downward revisions to expectations for economic growth for the state and nation as heightened uncertainty and federal policy turmoil begin to impact consumer and business activity.

This forecast is shaped by the rapidly changing federal policy environment. This includes the implementation of higher tariffs on imported goods from Canada, Mexico, China, and other major trading partners. In the near-term, both proposed and realized tariff policies have resulted in more business volatility as companies scramble to anticipate changes and navigate prices for essential business inputs. In an uncertain environment, businesses are likely to scale back on nonessential capital investments and activities, leading to slower growth over a longer time horizon. Trade policy also creates uncertainty for consumers, and has had a dramatic impact on consumer sentiment, possibly signaling a pullback in consumption activity as households restrict discretionary spending. After consumers and businesses pulled forward spending on imported goods and equipment in the first quarter of 2025 in anticipation of tariff-driven price increases, expected and actual tariffs are likely to reduce trade volumes, put upward pressure on prices, and dampen consumer spending as well as business investment in structures and equipment. For Colorado specifically, tariffs will impact the state's reliance on Canadian crude oil imports and put upward pressure on retail gasoline prices.

Over the next year, labor markets are expected to soften. Although the unemployment rate is expected to remain near a level consistent with an economic expansion, the rate is projected to climb over 2 percentage points from post-pandemic lows. Notably, the unemployment rate is projected to remain near this higher level through the forecast period, impacted by the lagged effects of higher interest rates, slowing consumer and business activity, and reduced federal spending in the labor market. Coinciding with higher unemployment, Colorado's labor force participation rate has moderated, and businesses are adding fewer employees, currently at an average rate well below pre-pandemic levels. Colorado's labor market will continue to be impacted by lower population growth through the forecast period, with fewer native entrants into the working age population and slower net migration.

Inflation, as measured by year-over-year price changes, is at levels seen in early 2025, though it has crept back up through May for both the state and the nation. Inflation has been measured at slightly lower levels in Colorado than nationally, with the most significant difference in the housing component. Other indicators also point to an ongoing housing market correction in Colorado including still-recovering home prices, a sharp drop in multifamily home construction, and declining single family home construction. Residential construction is expected to continue to decline in 2025 and 2026.

Most economic data are backward looking, and cannot provide a clear signal if the economy is in fact heading for a change in course. Given the rapidly evolving environment of the past several months, this forecast is subject to elevated uncertainty, with risks tipped toward the downside. On the downside, consumers and businesses may respond more negatively to turbulent trade policy, federal spending changes, rising prices, and market volatility than anticipated. On the upside, clarity on federal tax policy could boost spending and investment, while clearer trade policy could alleviate market volatility and cultivate domestic industrial activity in a protective trade environment.

Tables 21 and 22 on pages 89 and 90 present the June 2025 Legislative Council Staff forecasts for the U.S. and Colorado economies, respectively. The tables in the Appendix, beginning on page 99, present historical data for the U.S. and Colorado economies.

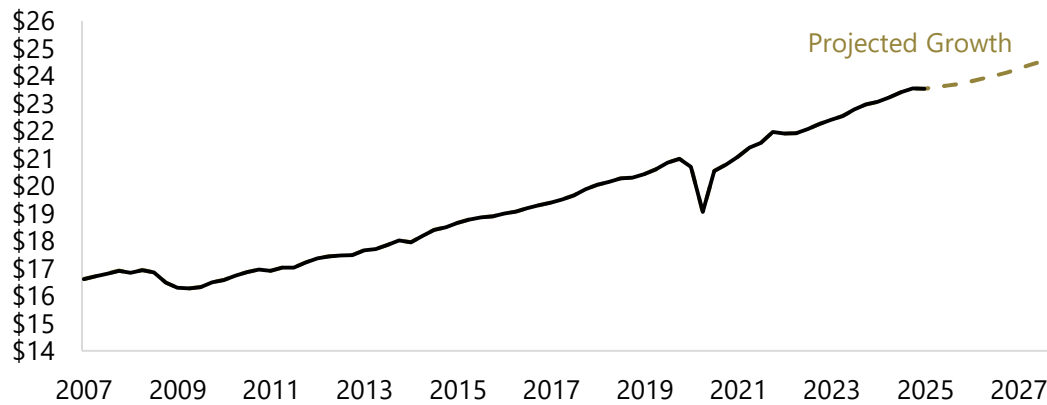
Gross Domestic Product

The U.S. real inflation-adjusted gross domestic product (GDP), the broadest measure of economic output, increased at an annualized rate of 2.8 percent in 2024, slightly slower than the 2023 rate of 2.9 percent, but still beating most economists' expectations. Growth in the U.S. economy was broad-based in 2024, with strong consumer spending and businesses investment. U.S. imports, which subtract from GDP, were up from the prior year.

In the first quarter of 2025, U.S. GDP decreased at an annualized rate of 0.2 percent, after growing by 2.4 percent in the prior quarter. A significant increase in U.S. imports offset large gains in business investment. The surge in imported goods and businesses investment, such as foreign-made equipment and machinery, was primarily driven by preemptive spending in anticipation of tariffs. Finally, consumer spending slowed and total government expenditures were down in the first quarter of the year.

Real U.S. GDP growth is projected to slow to 1.3 percent in 2025 as contributions from consumer activity, business investment, and government spending all decelerate. U.S imports are also expected to continue to slow economic growth through most of the year. Economic activity is expected to pick up modestly through the remainder of forecast period. The labor market's lagged response to still-high interest rates, tepid business investment, expected tariffs, and reduced federal government spending will likely dampen growth in 2025. Risks to the GDP forecast are weighted to the downside.

Figure 7
U.S. Real Gross Domestic Product
2017 Dollars in Trillions



Source: U.S. Bureau of Economic Analysis and Legislative Council Staff June 2025 Forecast.

After robust spending in the last quarter of 2024, consumer spending slowed in the first quarter of 2025. Consumer spending increased at an annual rate of 1.2 percent in the first quarter of 2025, after increasing by 4.0 percent in the last quarter of 2024. The slowdown was primarily from consumers pulling back on spending of durable goods, such as motor vehicles and parts, household furnishing, recreational items, power tools and lawnmowers. In the fourth quarter of 2024, spending on durable goods increased at an annual rate of 12.4 percent from the prior quarter but declined by 3.8 percent in first quarter of 2025. Spending on nondurable goods, such as food and beverages and clothing and footwear slowed in the first quarter to 2.2 percent, after increasing by 3.1 percent in the previous quarter. Gasoline and other energy goods were relatively flat with lower energy prices during the first quarter of the year. Finally, consumer spending on services increased by at an annual rate of 1.7 percent in the first quarter of 2025 after growing by 3.0 percent in the previous quarter.

The outlook for the overall economy depends greatly on near-term and medium-term consumer activity. The economy will expand as long as consumers are able to sustain growth. This forecast anticipates positive U.S. consumer contributions through 2026, although the lagged effects of higher interest rates and potential tariffs will likely slow the pace of expansion.

Rapid growth in business investment in the first quarter of 2025 is considered temporary. Business investment increased by a notable annual rate of 24.4 percent in the first quarter of 2025, the highest quarter over quarter increase since the fourth quarter of 2021. Nonresidential investments, particularly equipment expenditures such as information processing equipment like computers, laptops, phones, and servers, and a buildup in inventories were the primary drivers for this business investment growth. Businesses also increased spending on software products, but pulled back on research and development. Nonresidential structure investments were also down in the first quarter compared to the previous quarter. Finally, investment in residential structures was only slightly down from the 5.5 percent increase in the last quarter of 2024. The surge is expected to be temporary as most of the boost was from businesses expecting higher future costs due to tariffs.

Total government spending was slightly down in the first quarter of 2025. Federal expenditures declined by 4.6 percent in the first quarter of 2025, which was offset by an increase in state and local government spending. Overall, total government spending declined by 0.7 percent in the first quarter of 2025. Governments had consistently made positive contributions to GDP since the end of 2022, with state and local governments contributing more than the federal government. In 2024, total government expenditures increased by 3.4 percent, down from 3.9 percent in 2023. Such public sector contributions, specifically federal government outlays, will likely face headwinds in 2025 and 2026, as expected spending cuts reduce federal funding for many areas and programs.

U.S. imports surged in the first quarter of 2025 largely because of tariffs. U.S. importers frontloaded on goods purchases in the first quarter of 2025 to get in front of anticipated tariff hikes. As a result, U.S. imports surged in first quarter of 2025, increasing by a robust 42.6 percent from the prior quarter. This was the largest increase since the third quarter of 2020, when international trade resumed after a period of pandemic-induced restrictions and slowdowns. Exports were also slightly up in the first quarter as many of the country's trading partners imposed retaliatory tariffs on U.S. exported goods. This increase was more than offset by the increase in imports, for a net drag on GDP of almost 5 percent.

While U.S. imports are expected to continue to be a drag on economic growth in 2025, growth will soften amidst evolving trade policy.

Colorado's economic growth lagged the nation and most other states in 2024. The total value of all final goods and services (GDP) produced in Colorado was \$4.5 billion in 2024, a 1.9 percent increase from the prior year, but down from 4.4 percent in 2023 and slower than the U.S. annual rate of 2.8 percent. The professional, scientific, and technical services industry remains the state's largest sector. Colorado had the 16th largest state economy in the U.S. in 2024 but ranked 40th in terms of growth, down from the 10th fastest in 2023.

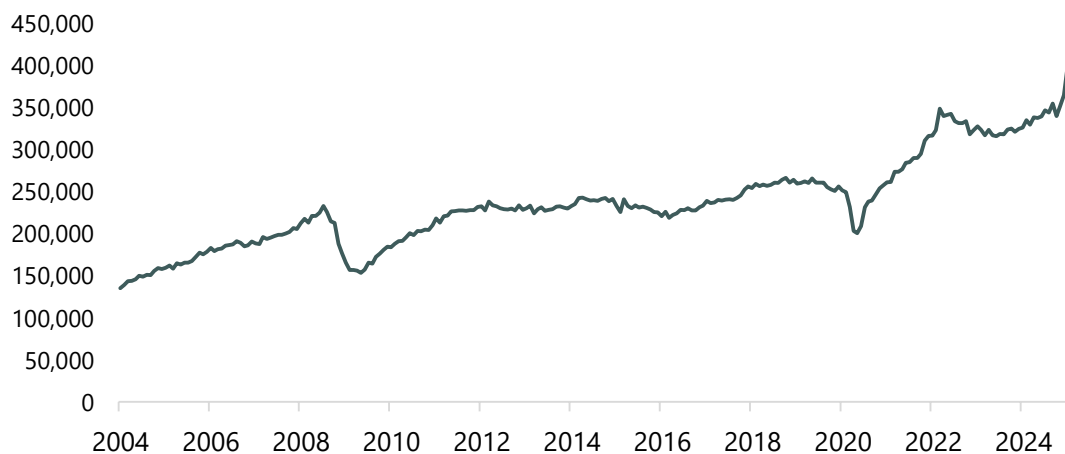
Global Economy and International Trade

Trade policy continues to evolve, with expected impacts on global and U.S. economic activity. The United States' trade policies and other countries' responses have led to increased uncertainty for the near term as policy decisions continue to change rapidly, posing a downside risk to both business investment and consumer sentiment. While the currently enacted tariffs pose increased but limited short-term risk for resurgent inflation in the United States, potential future tariff escalations by the U.S. or retaliatory actions by other countries may have broader negative impacts to the global economy.

Global economic outlook downgraded amidst trade war escalations. The International Monetary Fund lowered its baseline projection for global GDP growth in April 2025 amidst uncertain and rapidly evolving trade policy. Global growth expectations were downgraded from 3.3 percent to 2.8 percent in 2025, and from 3.3 percent to 3.0 percent in 2026. The slowdown in growth is expected to be concentrated in the United States and countries most significantly impacted by its tariffs, including China and the Euro area, as inflation progress slows and businesses and consumers pull back their spending in the wake of uncertainty. Still, barring escalation of global conflicts, global economic growth is expected to remain above recessionary levels through the forecast period.

After short-term surge in imports; future remains uncertain. As discussed above, U.S. imports spiked to record highs in the first three months of 2025 as businesses and consumers stocked up on goods amidst policy uncertainty (Figure 8, below). For the remainder of 2025 and into 2026, increased tariffs are expected to pose a drag on global economic growth, particularly for the United States and its significant trade partners. However, medium- and longer-run effects will depend on the continued evolution of U.S. trade policy and potential retaliatory actions of other countries. In early May 2025, the United States and China enacted a 90-day agreement to pause most tariffs. As a result, the U.S. lowered its tariff increases on Chinese imports from 145 percentage points to 30 percentage points; China correspondingly lowered its retaliatory tariff rate increases from 125 percentage points to 10 percentage points. Continued actions by the U.S. and its trade partners to reduce tariffs would improve the global outlook while future tariff hikes pose a downside risk.

Figure 8
Nominal U.S. Imports of Goods and Services
Millions of Dollars



Source: U.S. Census Bureau, Economic Indicators Division. Data is seasonally adjusted through March 2025.

U.S. tariffs reach a century high. While U.S. trade policy continues to rapidly evolve, tariffs have reached levels not seen since the Great Depression, with the average effective rate increase estimated at around 20 percentage points. Significant new tariffs imposed under the current U.S. administration since January 2025 include the following:

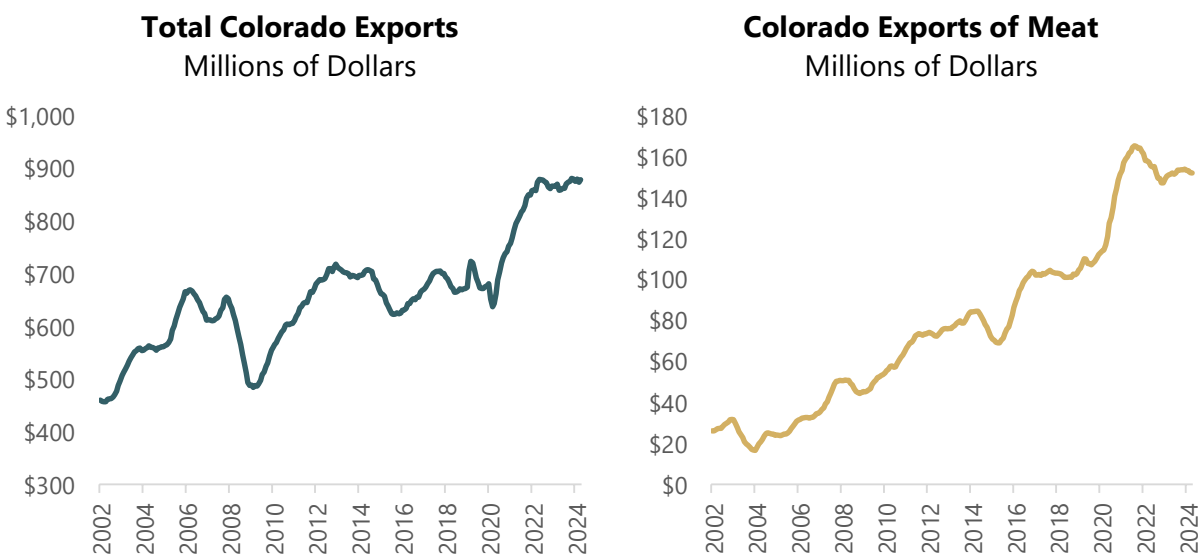
- 30 percentage point increase on all imports from China, with more increases anticipated for late summer;
- 25 percentage increase on goods from Mexico and non-energy goods from Canada that do not meet the rules of origin outlined in the United States–Mexico–Canada Agreement (an estimated 50 percent of Mexican goods and 62 percent of Canadian goods);
- 10 percentage point increase on potash oil and energy products from Canada;
- 10 percentage point increase on potash from Mexico;
- 10 percentage point increase on all countries, excluding smartphones and other consumer electronics containing semiconductors;

- 25 percentage point increase on increase on automobiles and automobile parts;
- 25 percentage point increase on all goods from countries importing Venezuelan oil;
- steel and aluminum tariffs increased to 50 percent, 25 percent for the United Kingdom; and
- scheduled increases on most countries ranging from 1 to 74 percentage points in July 2025.

The tariff hikes imposed by the U.S. have triggered several retaliatory tariffs on U.S. products, including a 10-percentage point increase on Chinese imports of U.S. goods; a 25-percentage point increase on Canadian imports of certain U.S. goods; and a range of tariff increases on European Union imports of U.S. goods.

Colorado exports lag the nation. While U.S. exports were up 2.4 percent in the first quarter of 2025 compared to the year prior, Colorado exports (Figure 9, left) were up just 1.5 percent during the same time period. Through the first quarter of 2025, a 3.2 percent year-over-year decline in exports of edible meat (Figure 9, right), one of Colorado's leading exports, contributed to slower export growth as Colorado's cattle industry has faced several years of declining cattle production. Colorado exports are buoyed by 1.4 and 7.7 percent growth in exports to Canada and Mexico respectively, the state's two biggest trade partners. Colorado export growth is expected to stagnate through the forecast period as retaliatory tariffs paired with the current cattle cycle dampen the demand and supply of goods.

Figure 9
Colorado Exports



Source: U.S. Census Bureau, Economic Indicators Division. U.S. Import and Export Merchandise trade statistics through March 2025. Data is seasonally adjusted using a 12-month rolling average.

Labor Markets

The U.S. and Colorado labor market indicators remain consistent with an economy in a cooling expansion, but clouds are assembling on the horizon. In particular, elevated uncertainty causing businesses and consumers to pull back economic activity poses risks to the labor market outlook.

Employers are adding new employees at a monthly average rate well below pre-pandemic levels. Though U.S. and Colorado unemployment rates remain low, they have been steadily increasing. Some of the rise in unemployment rates reflects new or returning entrants to the labor force. Near-term employment growth is expected to continue to slow for both the U.S. and Colorado, as the Federal Reserve pauses interest rate cuts until inflation abates further. Long-term employment growth is challenged by demographic shifts. Finally, quality issues affecting Colorado's state-level labor market data makes the labor market picture hazier than usual.

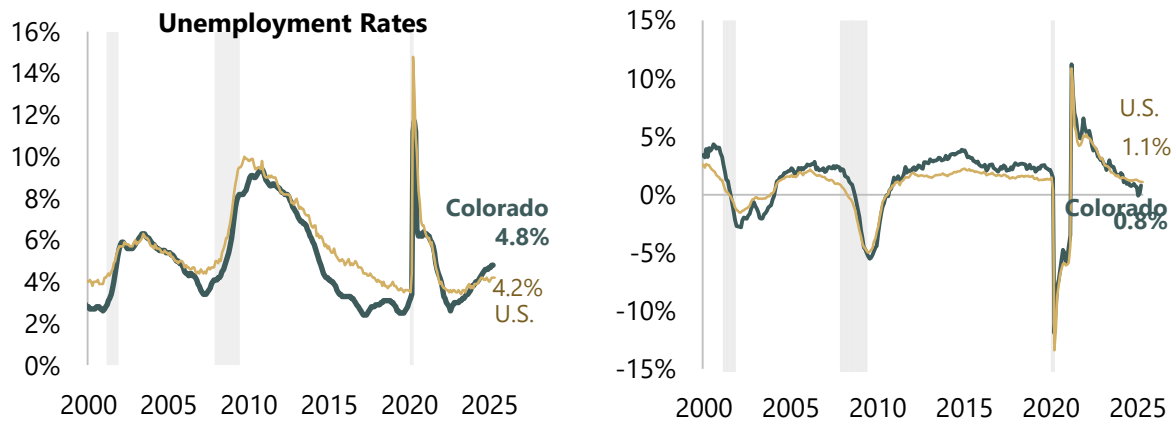
- U.S. nonfarm employment growth is expected to be 0.9 percent in 2025, before slowing to 0.0 percent in 2026 and 0.2 percent in 2027. The U.S. unemployment rate is expected to average 4.3 percent in 2025, 4.7 percent in 2026, and 4.5 percent in 2027.
- In Colorado, employment growth is expected to decelerate to 0.6 percent in 2025 from 1.1 percent in 2024. Employment is expected to decelerate further, to 0.3 percent growth in 2026 and 0.8 percent in 2027. The Colorado unemployment rate averaged 4.3 percent in 2024, and is expected to increase to averages of 4.9 percent in 2025, 5.0 percent in 2026, and 4.7 percent in 2027.

Hiring slows as unemployment rates drift up. Employment growth continues to slow nationally and in Colorado (Figure 10, right), consistent with a high-interest rate environment and elevated uncertainty. Through April 2025, the number of nonfarm jobs in the U.S. was up 1.2 percent relative to year-ago levels, down from an average of 1.3 percent growth in 2024. Colorado added jobs at a rate of 0.8 percent through the first four months of 2025, down from an average of 1.1 percent growth in 2024. Colorado is averaging 1,200 monthly job gains in 2025, down from 1,800 in 2024 and below pre-pandemic monthly gains of about 5,000 jobs in 2018 and 2019.

Through April 2025, unemployment rates in the U.S. and Colorado were averaging 4.1 and 4.8 percent, respectively, up from averages of 4.0 and 4.3 percent in 2024 (Figure 10 left). In April, the U.S. unemployment rate was 0.4 percentage points above its pre-pandemic average across 2018 and 2019, while the Colorado rate was a full 2 percentage points higher than the average of 2.8 percent in 2018 and 2019, indicating considerable slack in the state labor market.

Colorado's unemployment rate was the 8th highest among the states in April 2025, equal to that of Louisiana and New Jersey. South Dakota had the lowest unemployment rate (1.8 percent), while the highest rate belonged to Nevada (5.6 percent). With an increase of 0.8 percentage points, Colorado had the third highest increase in unemployment from April 2024 to April 2025, behind only Mississippi (1.2 percentage points) and Michigan (1.1 percentage points).

Figure 10
Selected Colorado and U.S. Labor Market Indicators



Source: U.S. Bureau of Labor Statistics. Data are seasonally adjusted. U.S. data are through May 2025. Colorado data are through April 2025.

Colorado labor market lags the U.S. Current labor market data indicate that Colorado’s labor market performance has fallen behind that of the U.S. over the past year, with higher unemployment rates and lower employment growth rates, reversing longstanding trends. The state has not experienced such a sustained period of underperforming the U.S. labor market in at least the past 25 years. Compared to other states, Colorado’s labor market is disproportionately exposed to struggling or volatile sectors such as high tech or the oil and gas industries. In addition, because it’s relatively vulnerable to shifts in tourism-related consumer spending, Colorado tends to underperform the nation during economic slowdowns and outperform it during expansions. As discussed below, it is likely that data issues are also contributing to overestimating state unemployment rates and underestimating state employment growth.

State employment data remain hazy. Larger than usual revisions, reduced household and establishment survey response rates since the pandemic, and a system modernization that disrupted the collection of employment census data (QCEW) in Colorado at the end of 2023 combine to make the state employment picture cloudier than usual. Disruption of the employment census data in particular contributed to a break in the data series between July 2023 and June 2024 such that the data may not reflect actual conditions.

Revisions to employment and unemployment statistics from 1976 through 2024 were announced in March 2025. Colorado’s employment growth was revised down in 2024, from 1.7 percent to 1.1 percent, a difference of 22,400 jobs. Likewise, Colorado’s unemployment rate for 2024 was revised upward, from 3.9 percent to 4.6 percent. The newly published revision may understate Colorado’s employment growth and overstate Colorado’s unemployment rate starting in 2024, and is expected to impact 2025 labor market data at least until the next annual revision in early 2026.

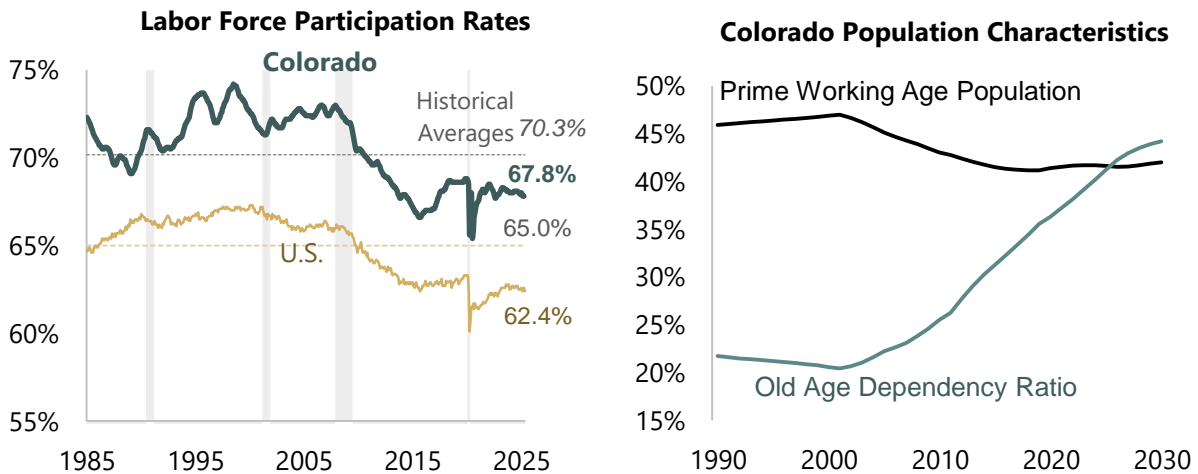
The U.S. Bureau of Labor Statistics website cautions users of the revised data, citing “unusual movements in the Colorado QCEW data.”¹ Currently, the expectation is nonfarm employment and household unemployment data continue to be published by the U.S. Bureau of Labor Statistics for Colorado, but the direction and magnitude of employment revisions influenced by the census data, particularly for industry or regional level data, are unclear.

Federal policy may slow Colorado job growth and lift unemployment rates. A shift in federal government policy toward reducing the federal workforce is expected to impact job growth and unemployment rates in Colorado, although the full impacts are delayed due to the Deferred Resignation Program, whereby employees who resigned are on paid administrative leave until October 2025. About 57,000 federal workers are employed in Colorado, accounting for 1.9 percent of total nonfarm employment. The federal workforce declined by 800 workers, or 1.4 percent in the first four months of 2025. The federal government workforce in Colorado includes civilian employees in a variety of federal agency regional offices in the state, as well as active military, security agency employees, and postal workers. Additional state and local government jobs as well as certain private sector jobs are also dependent on federal government activities. For example, U.S. Forest Service, National Park Service, U.S. Fish and Wildlife Service, and Bureau of Land Management activities support leisure and hospitality employment in the state.

Colorado’s labor force participation rate among the nation’s highest. Colorado’s labor force participation rate held steady at 67.8 percent in April 2025, well above the U.S. rate of 62.6 percent (Figure 11, left). Among the 50 states, Colorado consistently ranks in the top five highest labor force participation rates, along with North Dakota (69.5), Nebraska (69.3), South Dakota (68.9), Utah (68.3), and Minnesota (68.2). The lowest labor force participation rates belong to West Virginia (54.3) and Mississippi (56.2). Compared to the U.S., Colorado’s labor force participation rate is bolstered by higher rates for women (63.1 percent in Colorado versus 57.5 percent in the U.S. on average over the past year).

¹ U.S. Bureau of Labor Statistics. “Revisions in State Establishment-based Employment Estimates Effective January 2025.” <https://www.bls.gov/web/laus/benchmark.htm#Table3>

Figure 11
Selected Labor Force Indicators



Source: U.S. Bureau of Labor Statistics. Data are seasonally adjusted. U.S. data are through May 2025. Colorado data are through April 2025. * Historical average dating back to January 1985 (left). Colorado State Demography Office, 2023 projections. The prime working age population is the population ages 25 to 54. The old age dependency ratio is the population ages 65 and older divided by the prime working age population (right).

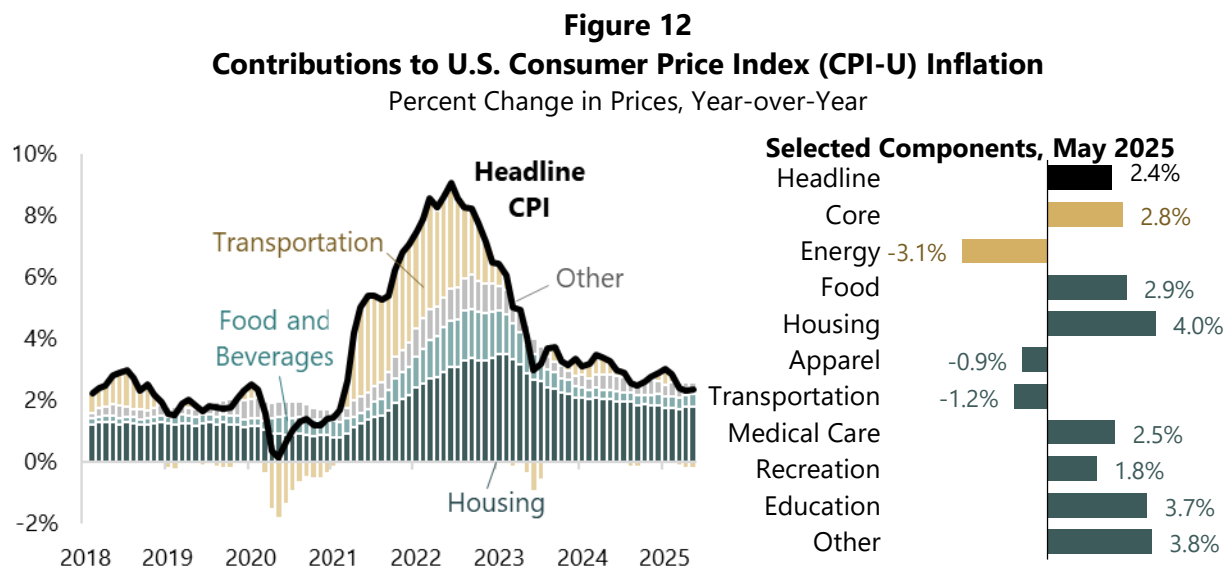
Labor force growth will be challenged by demographic shifts. While Colorado's labor force is bolstered by its higher labor force participation rate, longer term demographic shifts will challenge growth and slow job gains. The State Demography Office projects that while Colorado's prime working age population (ages 25 to 54) will increase by 12 percent between 2020 and 2030, the population ages 65 and older is expected to grow 36 percent, with especially fast growth among the 75 and older population (Figure 11, right). As the Colorado population ages into groups with lower labor force participation rates, labor force growth will slow, weighing on employment growth and impacting the types of jobs that are needed.

Labor force and employment growth rely on net migration. Growth in Colorado's labor force and employment will be constrained by population growth, which has slowed since 2015. Population growth declined from 1.9 percent in 2015, to a 32-year low of 0.5 percent in 2021. Natural increase, or births minus deaths, has mostly declined since 2006, with rising death rates and falling birth rates. Employment and population growth has relied on net migration to the state, both from other states and internationally. Housing affordability challenges as well as federal immigration policies are expected to weigh on net migration and therefore population and employment growth through the forecast period, with sectors particularly reliant on an immigration workforce such as construction and leisure and hospitality likely facing the most challenges.

Inflation

Inflation progress stagnates despite falling energy prices. U.S. inflation remains only slightly above the Federal Reserve's long-term 2 percent rate target, though inflation progress has stalled in recent months. Through May, inflation data do not yet show strong signs of increased price inflation as a result of the new tariffs. As measured by the U.S. urban average consumer price index (CPI-U), year-over-year inflation ticked up to 2.4 percent in May after reaching its

lowest value in over four years in April (2.3 percent). A slight increase in food inflation contributed to the small uptick in May; however, energy prices, which tend to be more volatile than other components of spending, have declined in recent months contributing to lower overall inflation.

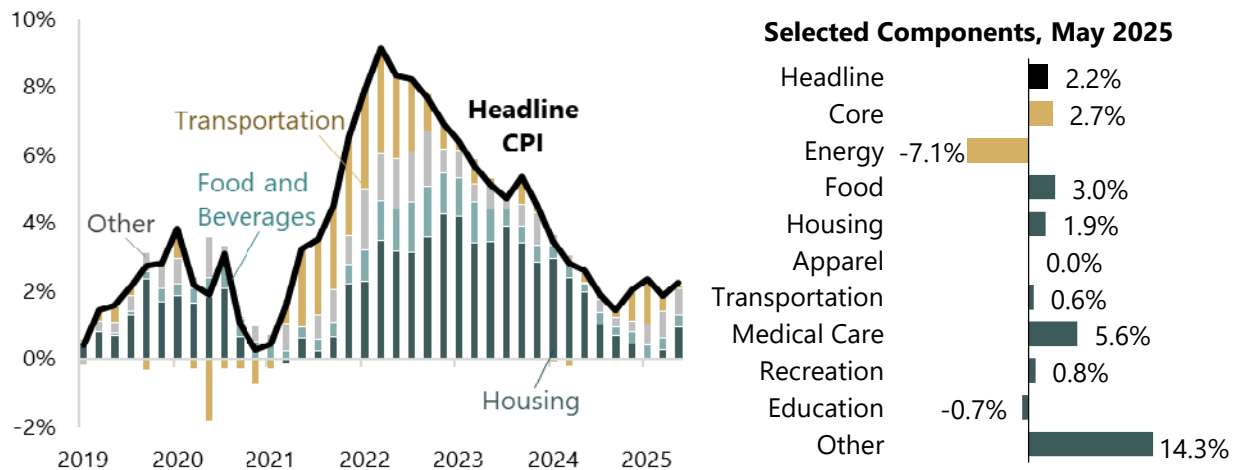


Source: U.S. Bureau of Labor Statistics.

Headline inflation includes all products and services. Transportation includes new and used vehicles, vehicle parts, and motor fuel. Housing includes the cost of rent, homeowner rental equivalent, utilities, and other housing costs.

Inflation in the Denver area ticks up as housing inflation rebounds. Inflation in the Denver-Aurora-Lakewood area ("the Denver area") sits at 2.2 percent in the most recent reading. Figure 12 shows the recent path of headline inflation and inflation among select components, as measured by the Denver area consumer price index. Housing inflation remains low by historical standards, but accelerated rapidly to 1.9 percent in May after falling to 0.0 percent in January. Transportation inflation has been volatile throughout 2025 due to changes in vehicle and gas prices. Inflation for goods in the Denver area fell to 0.6 percent in the most recent reading, compared with 3.0 percent for services.

Figure 13
Denver-Aurora-Lakewood Consumer Price Index (CPI-U) Inflation
 Percent Change in Prices, Year-over-Year

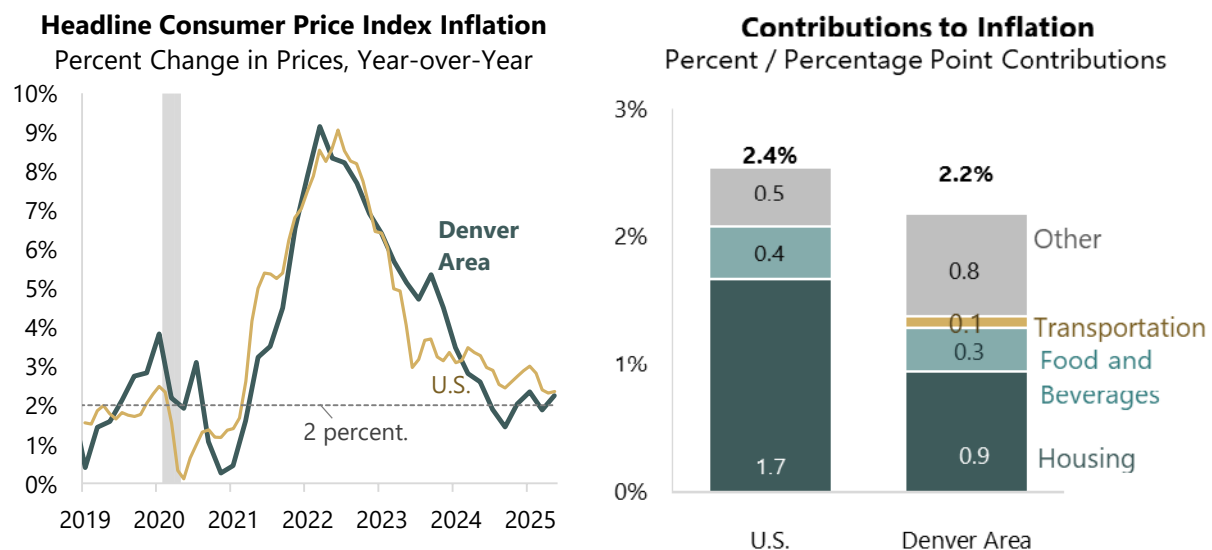


Source: U.S. Bureau of Labor Statistics and Legislative Council Staff calculations.

Headline inflation includes all products and services. Transportation includes new and used vehicles, vehicle parts, and motor fuel. Housing includes the cost of rent, homeowner rental equivalent, utilities, and other housing costs.

Housing and other inflation is significantly different in the Denver area compared to the U.S. Headline inflation in the Denver area is slightly lower than that of the nation as housing inflation in Denver remains low, despite recent increases. Lower housing inflation in the Denver area has been partially offset by higher inflation in the “other” category, which includes personal care products, tobacco products, and a variety of miscellaneous services. Figure 13 (right) presents contributors to the current rates of inflation for the nation compared to the Denver area.

Figure 14
Comparing U.S. and Colorado Inflation



Source: U.S. Bureau of Labor Statistics and Legislative Council Staff calculations.

Note: The “Contributions to Inflation” chart (right) shows U.S. and Denver area inflation through May 2025, reflecting the most recent data available. Totals may not sum due to rounding.

Housing is by far the largest component of the CPI and currently makes up about 45 percent of U.S. consumer prices. The housing component includes costs for rent payments (or for homeowners, the cost a homeowner would receive to rent their home), utilities, and other housing-related goods and services. Housing prices in the U.S. are 4.0 percent higher than they were a year ago, compared to 1.9 percent in the Denver area. The exact reason for low housing inflation in the Denver area is not clear. However, the Denver area did see a larger run-up in prices during the 2020 to 2022 housing boom and has higher housing prices overall, which may have resulted in a larger price correction at the beginning of 2025 that is beginning to normalize.

Prices in the “other” category, on the other hand, were significantly higher in the Denver area compared to the U.S., which partially offset the difference in housing inflation. Inflation data for individual goods and services in this category are not available at the local level, so the exact source of divergence from the U.S. is not known.

Tariffs put upward pressure on near-term prices and cloud the inflation outlook. New tariffs are expected to put upward pressure on inflation in 2025 and 2026. However, there is considerable uncertainty around how tariffs will impact inflation in 2025, as the extent of the new tariffs, including final tariff rates, total countries and goods affected, duration, and retaliatory tariffs, continues to develop.

An analysis by the Federal Reserve Bank of Atlanta estimates that increasing tariffs by 10 percent on China, 25 percent on Canada and Mexico, and 10 percent on the rest of the world would increase U.S. CPI by between 0.8 and 1.6 percentage points, depending on the extent to which price increases are passed on to consumers.² Tariffs on final goods typically result in a one-time increase in inflation soon after going into effect, while tariffs on intermediate goods have a more persistent impact.³ On the other hand, tariffs and the uncertainty around them are expected to slow economic activity, which will partially offset some of the upward pressure on prices. Recent upticks in inflation data and the imposition of new tariffs have both contributed to an upward revision to the inflation forecast for both the U.S. and the Denver area.

- U.S. inflation is expected to be 3.2 percent in 2025 decelerating to 3.0 percent in 2026, and 2.4 percent in 2027.
- Denver-area inflation is expected to be 2.3 percent in 2025, increase to 2.8 percent in 2026, and then tick down to 2.3 percent in 2027.

Monetary Policy

Interest rates are expected to stay higher for longer. The Federal Open Market Committee (FOMC) held interest rates steady at the May meeting, and indicated that it is strongly committed to reducing inflation to 2 percent and considers labor market conditions to be solid. This implies that the FOMC is likely to keep the Federal Funds rate higher to tame inflation. This

² <https://www.atlantafed.org/-/media/documents/research/publications/policy-hub/2025/02/28/01--tariffs-and-consumer-prices.pdf>

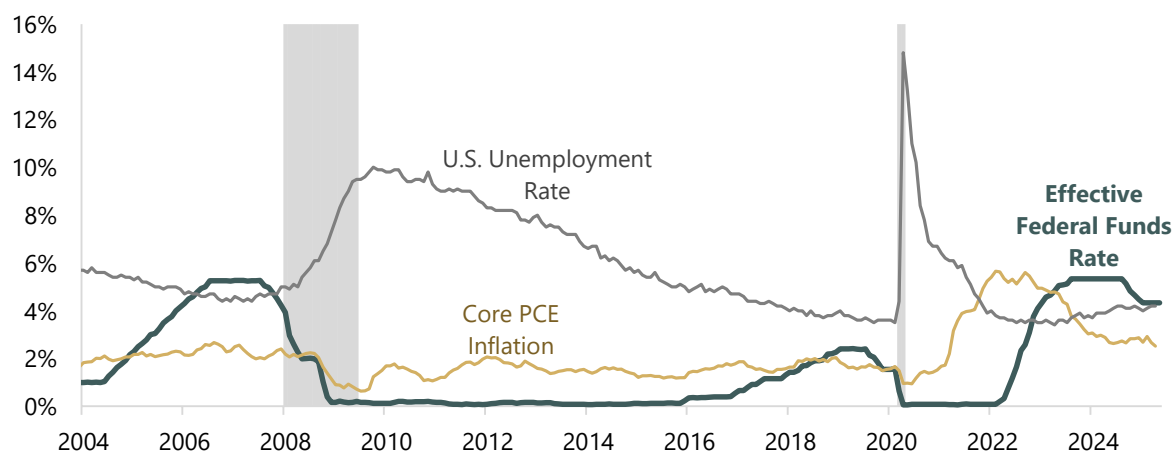
³ <https://www.federalreserve.gov/econres/notes/feds-notes/how-do-trade-disruptions-affect-inflation-20250228.html>

forecast expects the FOMC will cut interest rates by 25 to 50 basis points in 2025, while the longer run outlook remains unclear.

The FOMC uses changes to its balance sheet and its benchmark interest rate, the federal funds rate, to promote maximum employment and a long-term average of 2 percent inflation. The Federal Reserve can slow inflation by raising the federal funds rate, which increases the cost of short-and medium-term borrowing, and by reducing the size of its balance sheet, which increases the cost of long-term borrowing.

The FOMC uses the personal consumption expenditures price index excluding food and energy, also known as core PCE, as its preferred measure of trend inflation. Core PCE continues to inch closer to the Federal Reserve's 2 percent average inflation target, falling to 2.5 percent in the most recent April reading, while the unemployment rate remains at a healthy level (Figure 15). Falling inflation and a healthy labor market will allow the Federal Reserve to keep interest rates elevated as the impact of tariffs on price stability becomes clearer. The path of the Federal Funds rate is highly uncertain, as the Federal Reserve identifies inflation risks as being weighted to the upside (implying higher interest rates) and risks to economic activity as weighted to the downside (implying lower interest rates).

Figure 15
Core PCE, Unemployment, and the Federal Funds Rate
Percent / Year-Over-Year Percent Change



Source: The Federal Reserve, U.S. Bureau of Economic Analysis, and U.S. Bureau of Labor Statistics.

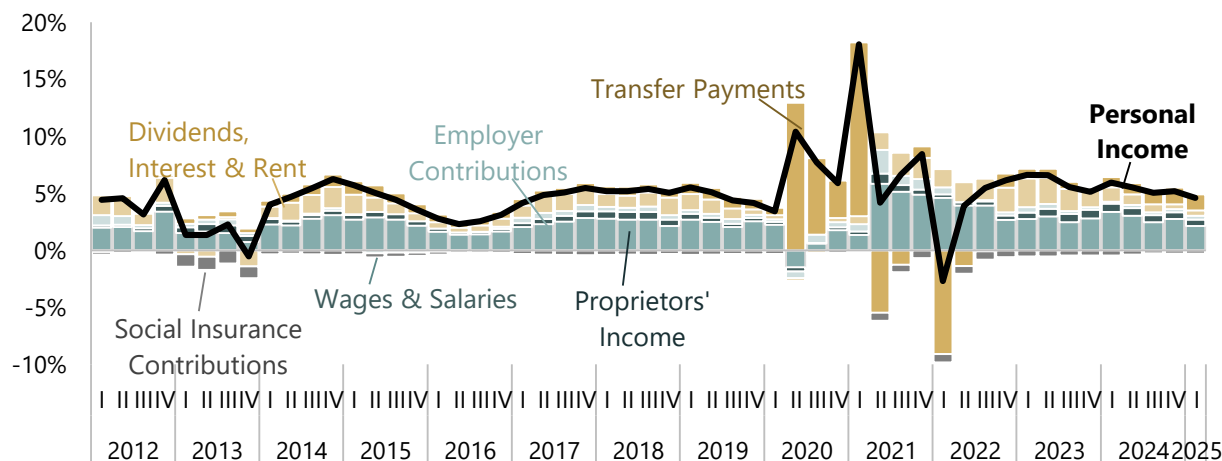
The Fed has slowed the pace of reducing its balance sheet by allowing a portion of its portfolio of U.S. treasury bonds and mortgage-backed securities to mature without replacement. Expectations for the future of quantitative tightening are unclear, as the FOMC has noted that multiple FOMC members would be open to ending balance sheet reductions earlier than previously expected as a result of uncertainty around the federal government's statutory debt limit. Ending quantitative tightening earlier than expected could apply downward pressure on long term interest rates, resulting in an upside risk for inflation and long-term borrowing.

Personal Income

Personal income measures the aggregate amount of income received by individuals and households from wages and salaries, business ownership, investments, and other sources.

Personal income drives individual income tax revenue, the state's principal revenue stream, and foreshadows consumer spending and contributions to sales tax receipts. Personal incomes have grown slower in Colorado than the nation since early 2023. Data quality concerns with Colorado's employment census data may make state-level personal income data less reliable, resulting in an underreporting of total wages and salaries. A history of year-over-year growth in nominal personal income in the U.S. is shown in Figure 16.

Figure 16
U.S. Nominal Personal Income and Its Contributions
 Year-over-Year Percent Change



Source: U.S. Bureau of Economic Analysis with Legislative Council Staff calculations. Data are seasonally adjusted through the first quarter of 2025.

Total U.S. personal income was 4.6 percent higher in the first quarter of 2025 compared to a year prior. Wages and salaries are the largest source of personal income, and were up 4.2 percent compared to one-year prior, a bit slower than the average rate of growth before the pandemic. The second-largest component of personal income, dividends, interest, and rent, grew by just 1.5 percent over the past year. Modest growth in most areas of personal income has been offset by larger government transfer payments, particularly from social security and Medicare. Transfer payments are expected to increase further in the second quarter, as the Social Security Fairness Act takes effect, increasing social security payments. Personal income growth in Colorado is available through the fourth quarter of 2024, and has followed a similar pattern as the nation, but is growing at a slower pace.

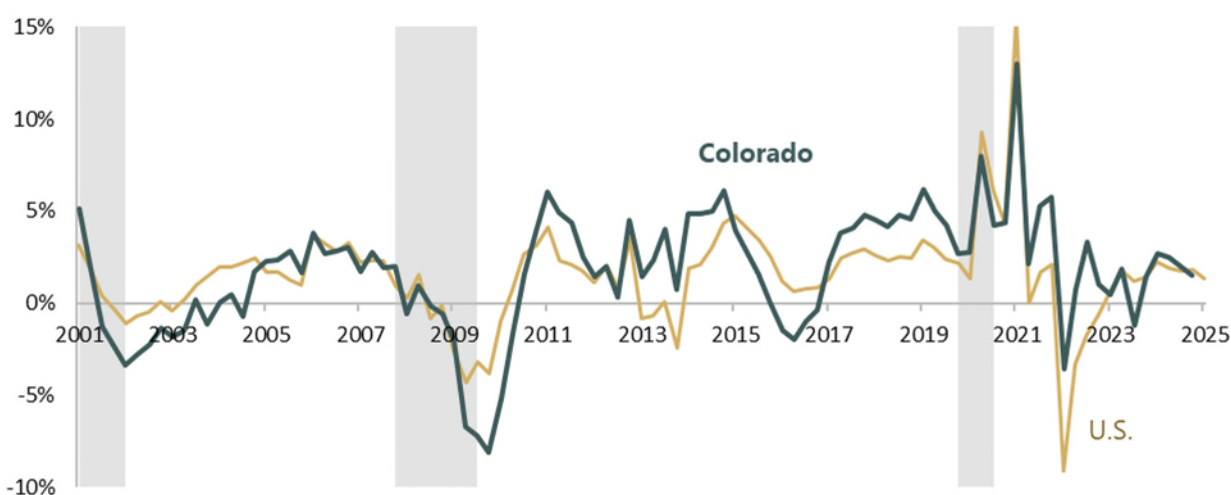
Expectations for overall personal income growth have been revised down through the forecast period. Personal income growth in Colorado slowed below the national rate for the second consecutive year in 2024, which may be due to receding inflationary pressure, slower employment growth, or data quality issues underreporting wages. This trend is expected to continue in 2025 before income growth in Colorado ticks back up in line with national growth. Through the forecast period, more moderate labor market expectations will weigh on the state's personal income growth.

- U.S. personal income growth is expected to slow in to 4.5 percent in 2025, 4.3 percent in 2026, and 4.3 percent in 2027.

- Personal income growth in Colorado is expected to slow to a modest 4.2 percent in 2025 as wage pressures from a tight labor market recede and employment growth slows. Personal income is projected to increase 4.4 percent in 2026, before growing 5.0 percent in 2027.

While nominal personal income continues to grow, households have also had to contend with high inflation. After adjusting for population and inflation, estimated real personal incomes in both Colorado and the U.S. increased modestly over the past year, up by 1.5 percent and 1.3 percent, respectively (Figure 17). Real per-capita personal income is expected to continue increasing at a slow pace for both the U.S. and Colorado in 2025, although upside risk to inflation could result in headwinds.

Figure 17
Real Per-Capita Personal Income Growth
Year-over-Year Percent Change



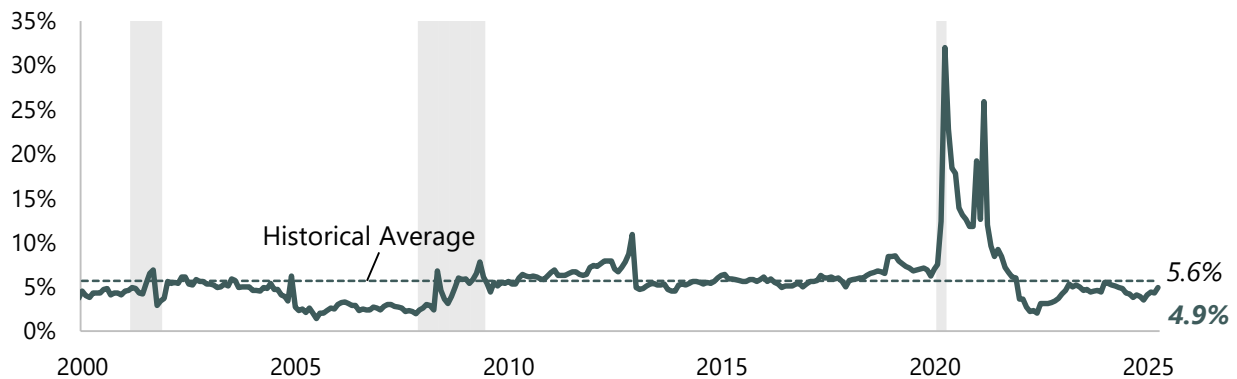
Source: U.S. Bureau of Economic Analysis, U.S. Census Bureau, and LCS calculations. Data are adjusted for inflation using the national PCE price index.

Household Finances

On the whole, indicators of household finances appear healthy. The levels of debt and delinquencies remained stable for most of 2024 and indicate that borrowing is at a healthy level. A significant increase in the personal saving rate in January suggests that households may be approaching their spending with increasing caution.

The U.S. personal saving rate is on the rise. The personal saving rate has increased to 4.9 percent in April, up from 3.5 percent in December. The increase in the savings rate shows that households are slowing their consumption despite growth in incomes. If the uptick in personal savings continues, households may be in a better position to handle unexpected expenses or higher prices in the future, particularly after four years of below-average saving. A pullback on consumer spending, despite an increase in incomes, indicates that households may be feeling more cautious about their personal finances, consistent with the recent deterioration in consumer confidence.

Figure 18
U.S. Personal Saving Rate
Percent

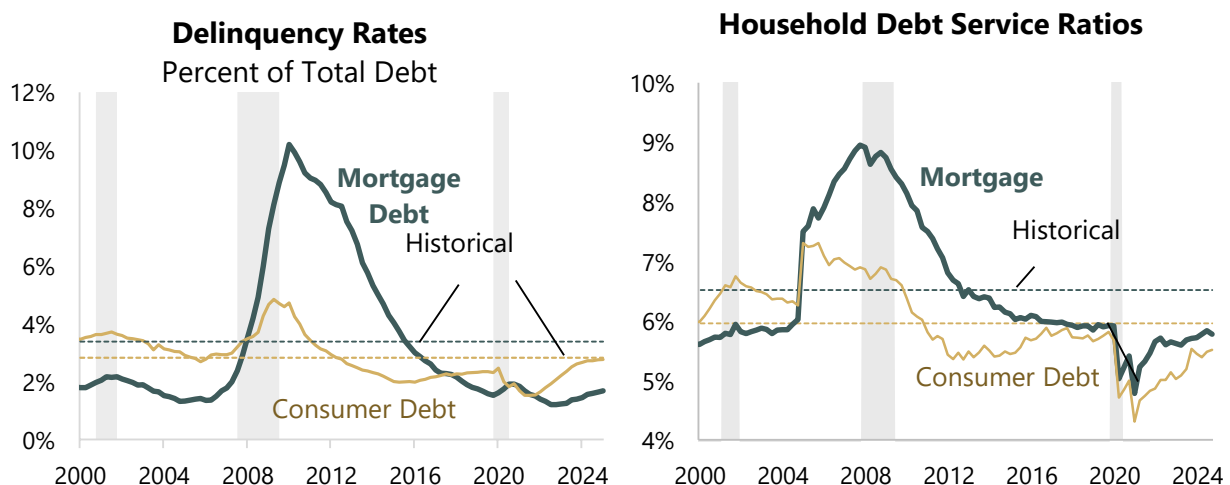


Source: U.S. Bureau of Economic Analysis.

Note: Data are shown as seasonally adjusted annual rates. Data are through April 2025. The personal saving rate is calculated as the ratio of personal saving as a percentage of disposable personal income.

Delinquency rates and debt levels continue to rise. Delinquency rates (Figure 19, left) show the percentage of outstanding loan debt that is past due by thirty days or more. Delinquencies on mortgages are low by historical standards, but slightly higher than they were before the pandemic. The delinquency rate on consumer loans, including credit card debt, auto loans, and other consumer loans, has steadily increased to 2.8 percent in the first quarter of 2025, compared to 2.3 percent before the pandemic. The increase in delinquencies on consumer loans in the first quarter was partially driven by student loans, as the nearly 5-year pause on reporting delinquent federal student loans ended, pushing the student loan delinquency rate from 0.5 percent to 7.7 percent. Rising delinquency rates are a modest signal that some households may be financially overextended.

Figure 19
Household Debt



Source: Federal Reserve Board of Governors. Data are through 2025Q1 (left) and 2024Q4 (right).

Delinquency rates are the percentage of total debt that is delinquent by 30 days or more. Debt service ratios are calculated as the ratio of household mortgage and consumer credit debt payments to disposable personal income. Historical averages are calculated from 2000 to the most recent quarter of data.

Debt service ratios (Figure 19, right) measure the percentage of households' disposable income obligated toward mortgage payments and consumer debt. Higher ratios imply that households will have a lower percentage of their incomes available to spend on additional goods and services, and may be more likely to reduce spending or default on debt due to financial stress. Both mortgage and consumer debt ratios are increasing, but remain near or below where they were before the pandemic. Overall, this signals that households have more financial obligations than during the early days of the pandemic, but that borrowing remains similar to pre-pandemic levels.

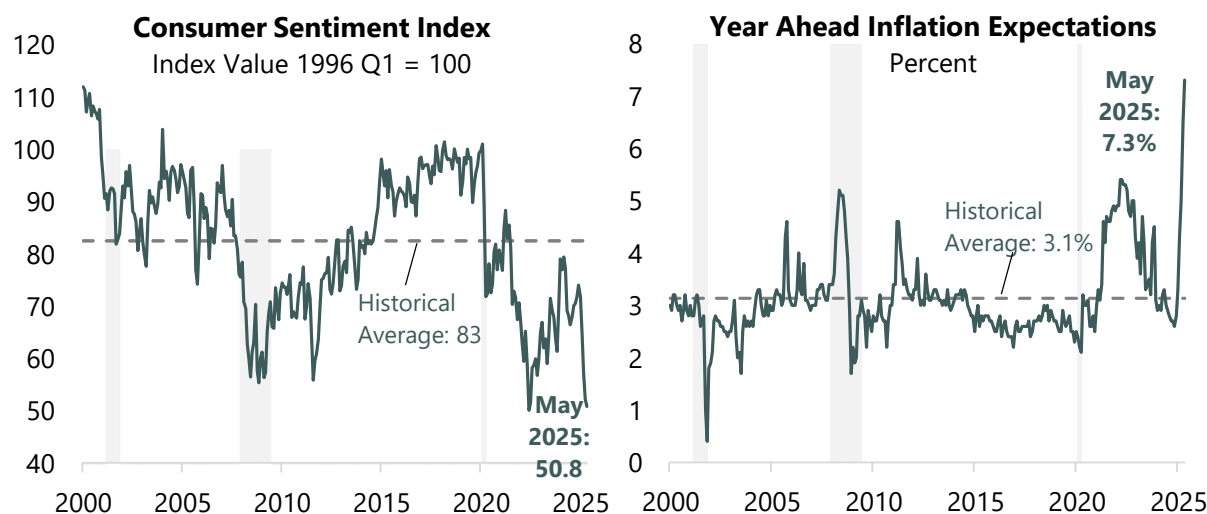
Consumer Activity

Consumer confidence continues to fall and inflation expectations continue to rise.

Consumer sentiment, as reported by the University of Michigan Survey of Consumers, declined for the fifth month in a row in May 2025. Consumers across political parties, age, and wealth brackets cited tariff policy as the main contributor to darker sentiment (Figure 20, left).

Consumer inflation expectations for the year ahead correspondingly rose to 7.3 percent in May (Figure 20, right), the highest level since 1981 when the energy crisis of the 1970s and the termination of the international convertibility of the U.S. dollar to gold contributed to years of double-digit inflation figures.

Figure 20
University of Michigan Survey of Consumers



Source: University of Michigan Survey of Consumers. Data through May 2025. <http://www.sca.isr.umich.edu/>.

The tourism industry shows signs of weakness amidst policy uncertainty. Foreign air travel to the U.S. from other countries is down 2.5 percent year-over-year as of April 2025. Correspondingly, U.S. personal consumption expenditures on food services and accommodations are up just 0.5 percent year-over-year in the first quarter of 2025, a slowdown in growth compared to the 1.3 percent rate posted in 2024. Food services and accommodations have stagnated even further in Colorado, respectively posting 0.8 and 0.5 percent declines through February 2025. The slowdown in tourist activity poses a significant risk to the Colorado economy and particularly in the Mountain and Southwest Mountain regions where local economies are typically boosted by tourism.

Colorado retail sales continue to lag the nation. In 2024, nominal retail sales in the retail trade sector grew 2.3 percent nationally compared to the year prior. In contrast, retail sales were largely flat in Colorado, growing only 0.1 percent for the year. Growth in Colorado remains feeble relative to the U.S. through early 2025 with several sectors posting year-over-year declines in February 2025, including automotive, building materials, clothing and accessory stores, food and beverage stores, and food services and drinking places. In contrast, only clothing and accessory stores are down nation-wide compared to the year prior. While the difference is partly attributable to inflation, which is higher nationwide than in Colorado, economic activity in the state is generally lagging the nation.

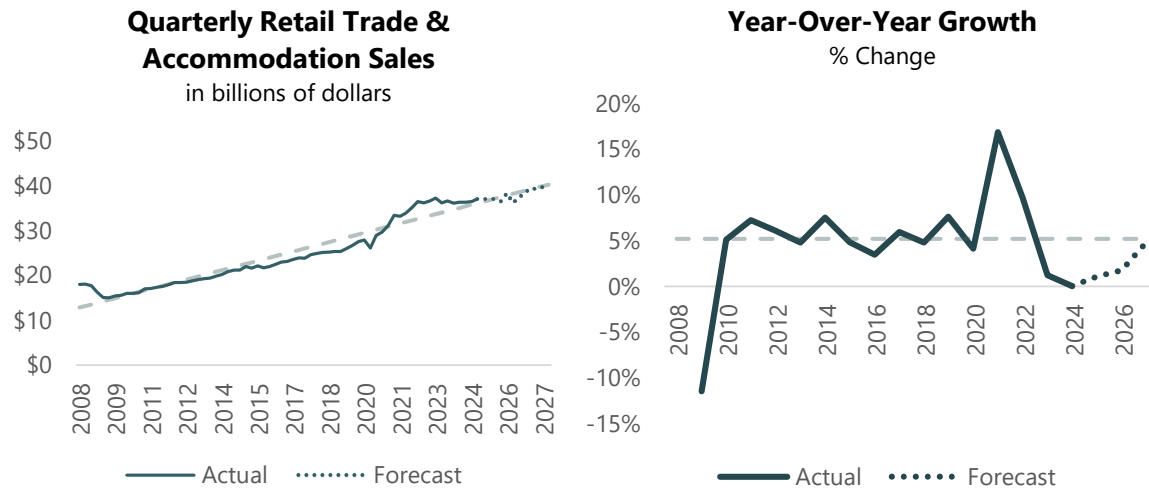
Figure 21
Nominal Sales in the Retail Trade Sector
 Year-over-year Percent Change



Source: U.S. data from U.S. Census Bureau, seasonally adjusted through April 2025. Colorado data from Colorado Department of Revenue through February 2025. Data seasonally adjusted using a 12-month moving average.

Despite growth, Colorado's retail trade sales forecast is downgraded. Based on a softening labor market and prolonged uncertainty weighing on consumer sentiment, the outlook for consumer activity has been revised downward slightly for 2025 to 2026. Total forecasted growth in sales in the Colorado retail trade and accommodation sectors was downgraded from 2.5 percent to 1.0 percent in 2025, and from 3.2 percent to 1.7 percent in 2026. While both Colorado and the U.S. posted nominal retail trade growth in the early months of 2025, slowing tourism activity and falling consumer sentiment amidst uncertain trade policy indicate that consumers may be stocking up before slowing spending in anticipation of increased prices due to higher tariffs. Growth in Colorado consumer spending is expected to return closer to historical averages by the end of the forecast period in 2027, as shown in Figure 22 below.

Figure 22
Colorado Retail Trade and Accommodation Forecast



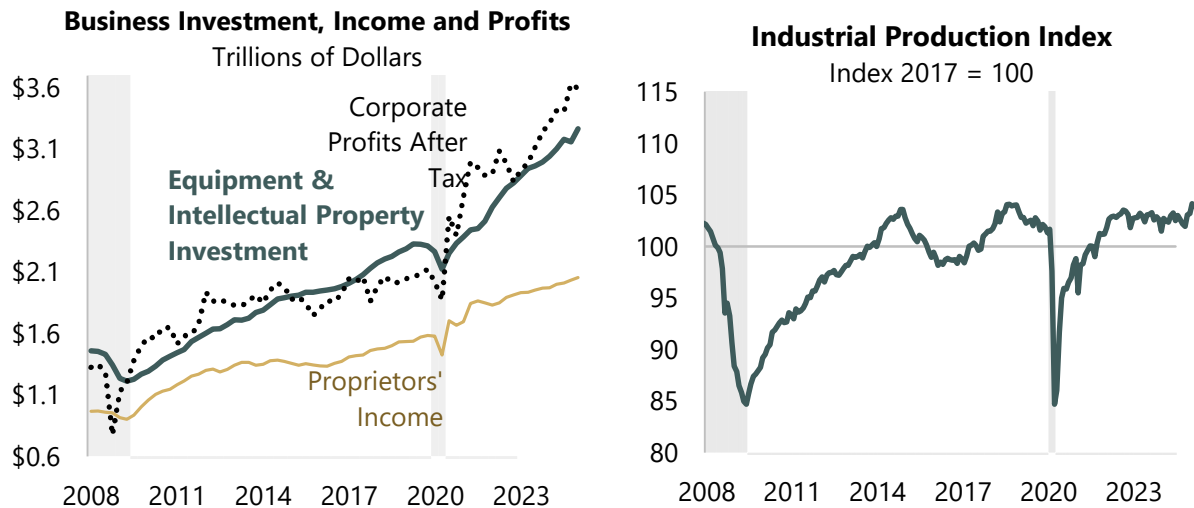
Source: LCS June 2025 Forecast. Actuals from Colorado Department of Revenue through the fourth quarter of 2024.

Business Activity

Despite trade policy and inflation uncertainty alongside dampening consumer confidence, U.S. business indicators remain stable; albeit overall activity continues to be mixed. Total corporate profits are up strongly through the first quarter of 2025. Banks and other service-related businesses continue to post strong corporate profits, while manufacturers continue to struggle with high borrowing costs and a sluggish global economy. U.S. businesses continue to invest in equipment and intellectual property. Finally, after a turbulent April, major U.S. stock indices have stabilized somewhat.

U.S. business activity is expected to continue to improve through the forecast period but at a slower pace as mounting uncertainty over tariffs, inflation, and significant cuts in federal government spending may stall U.S. business activity in 2025 as businesses hold off on capital investments. However, the likely extension of federal tax cuts and possible trade agreements with key trading partners could provide a boost for U.S. business activity.

Figure 23
Selected U.S. Indicators of Business Activity



Sources: U.S. Bureau of Economic Analysis data (left), not adjusted for inflation, through the first quarter of 2025. Federal Reserve Board of Governors data (right) through April 2025.

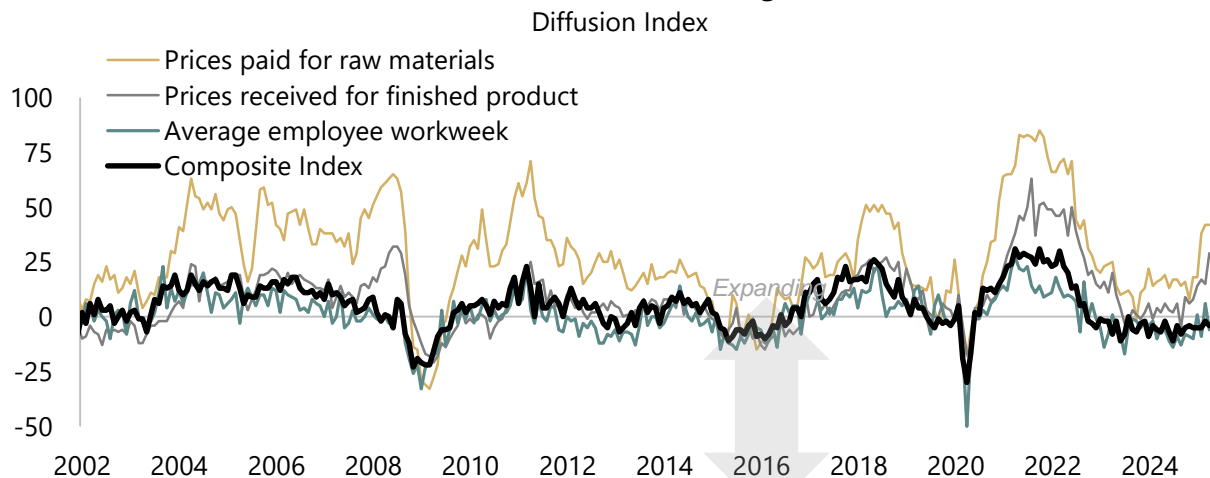
Corporate profits after tax continue to increase. In 2024, U.S. corporate profits after tax increased by a seasonally adjusted annual rate of 12.1 percent from the previous year, averaging just over \$3.4 trillion in profits for the year (Figure 23, left). Corporate gains have steadily increased every quarter since the beginning of 2023, largely in response to rising prices paired with decreasing costs for inputs like energy. In the last quarter of 2024, corporate profits surged by 12.1 percent from the previous quarter to \$3.6 billion, the highest amount on record, but held steady in the first quarter of 2025. Anticipated higher prices from import duties led to pre-emptive buying of goods in the fourth quarter of 2024.

Business investment in nonresidential fixed investment remains strong. In 2024, total business investment increased by 5.9 percent from the previous year. Businesses have been steadily increasing investment in equipment and intellectual property since early 2020. Expenditures on equipment (50 percent) and intellectual property (50 percent) have been evenly shared between the two business expenditure categories. The growing economy, delayed investments, and higher prices have boosted business investment despite higher borrowing costs. The first quarter of 2025 was exceptionally strong, increasing by 12.9 percent from the previous quarter, as businesses made investments in equipment and intellectual property that may be exposed to future higher prices because of expected tariffs.

Despite record corporate profits elsewhere, manufacturing remains sluggish. The industrial production index, which measures real output from manufacturing, mining, and utilities compared to output in 2017, has been sluggish since mid-2022 (Figure 23, right). These industries are particularly sensitive to higher interest rates and global economic conditions, which have weakened demand and increased the cost for materials. In April 2025, the industrial price index was relatively flat year-over-year, up 1.0 percent.

Following the post-pandemic surge, the manufacturing sector has struggled. The Federal Reserve Bank of Kansas City produces a monthly manufacturing index for the Tenth District region, which includes Colorado and several surrounding states (Figure 24). The composite index has been mildly negative since late 2022, indicating contracting manufacturing activity. Respondents were more likely to report decreases than increases in production, volume of shipments, and volume of new orders. With new orders down and inventories up, manufacturing activity is likely to remain stalled in the near term.

Figure 24
Tenth District Manufacturing Index

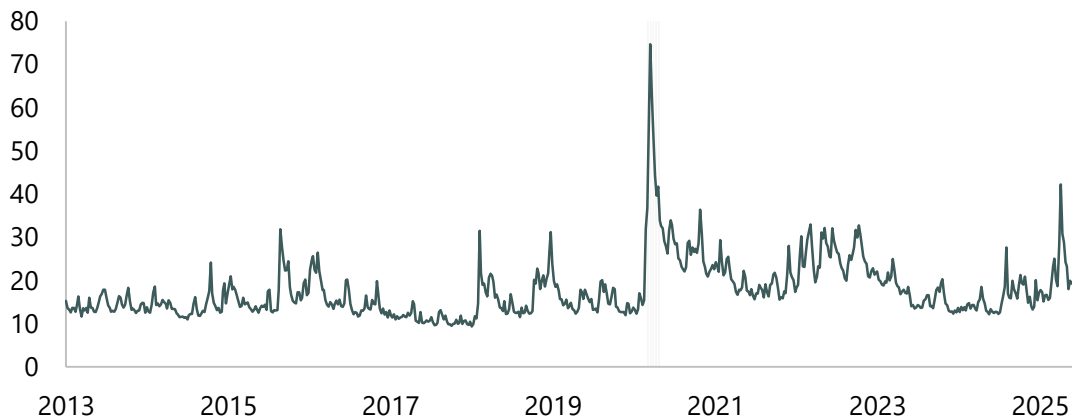


Source: Federal Reserve Bank of Kansas City. Data are seasonally adjusted. Data through April 2025. A value above zero indicates expansion; below zero indicates contraction.

Financial markets are choppy in 2025. Mounting fears over tariffs, inflation, and rising federal government debt alongside shifts in federal government spending have created several headwinds for business activity. A common measure to gauge how optimistic or fearful investors are about businesses listed on the U.S. stock market is the CBOE Volatility Index (VIX). It measures how much the U.S. stock market is expected to fluctuate in the next 30 days. In general, a VIX reading of less than 15 indicates low volatility and optimism, while a reading between 15 and 25 indicates some minor expected volatility, but not extreme. A VIX reading greater than 25 indicates increasing volatility and possible future market turbulence. At the height of the pandemic, the VIX reading averaged around 32. The VIX has averaged a reading of 20.4 since mid-2020.

The VIX had been steadily gaining momentum in late March 2025 as reciprocal tariff policies on nearly all U.S. imports escalated. By April 8, 2025, the VIX reported a reading of 52, the highest on record (Figure 25). A 90-day pause on all tariffs, excluding China, was announced on April 9, 2025 easing market concerns, but the VIX remained above its historical average through the rest of the month and into early May as tariff concerns with China remained. On May 12, 2025, a temporary trade agreement, which substantially reduced tariffs by the U.S. and China, was announced. Since then, the VIX has steadily declined toward its historic value.

Figure 25
CBOE Volatility Index (VIX)



Source: Chicago Board Options Exchange. Data through May 30, 2025.

Real Estate and Construction Activity

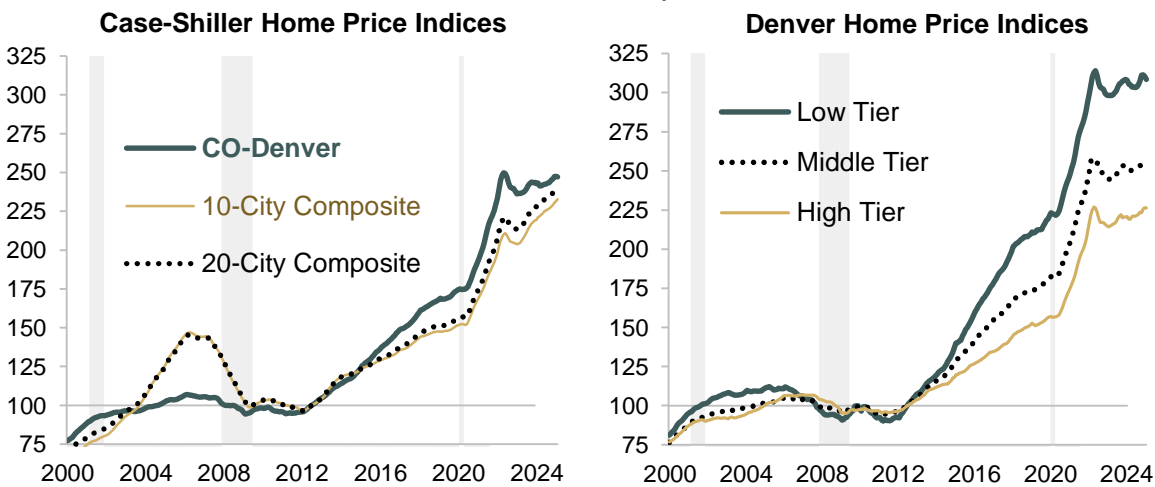
National home prices continue to climb, Colorado prices still recovering. Home prices across the nation fell from their mid-2022 peak through the first half of 2023 following the Federal Reserve’s rapid monetary policy tightening and post-pandemic surge in demand (Figure 26, left). Despite a 4 percent peak to trough drop in the Case-Shiller 20-city composite index, prices are now about 8.4 percent above the previous peak and continue to trend upward. The national home price index was up 4.5 percent year-over-year in February 2025. Price pressure for the nation appeared to ease recently with higher economic uncertainty, rising inventory levels, and high interest rates.

Prices in Denver fell faster than the nation as interest rates rose in 2022 and 2023, dropping by 5.9 percent from June 2022 to January 2023, and remained 1.1 percent below peak levels in February 2025. Despite a slower recovery, Colorado’s home prices remain well above other areas of the nation. In April, the Colorado Association of Realtors reported the median sales-price of a single-family home in the state was \$582,500 year-to-date, nearly 45 percent above the \$402,300 median sales price reported nationwide in the first quarter by the National Association of Realtors.

Affordability remains a challenge for the state, and sales volumes remain below post-pandemic highs. Inventory levels continue to trend up and the projected duration of inventory has approached levels last recorded in 2014 and 2015. Interest rates continue to impact affordability. In May, the 30-year fixed rate mortgage averaged about 6.7 percent. The rate has eased from a high of 7.6 percent in October 2023, however, high interest rates and prices will continue to weigh on the market. Interest rates have remained above 6 percent since the end of 2022.

Figure 26
Selected Home Price Indicators

Index 100 = July 2012



Source: S&P Dow Jones Indices LLC. Data are seasonally adjusted and are through February 2025.

Market conditions lead to slower homebuilding. Single family and multifamily homebuilding in the U.S. have trended differently since interest rates began climbing in mid-2022. In 2024, single family starts were up 6.9 percent while multifamily starts were down 25.1 percent. Homebuilding nationally has stalled so far in 2025. In April, building permits were down 1.5 percent year-to-date. Homebuilder sentiment remains weak following the post-pandemic surge in housing, and has fallen significantly since the start of the year according to the National Association of Home Builders. Through the first five months of 2025, homebuilders increasingly are offering price reductions and sales incentives to boost purchases. Homebuilders have expressed concern over the level of interest rates, tariffs, and building material cost uncertainty. The majority of home builders expressed difficulty pricing homes amid the policy uncertainty.

In Colorado, housing starts are reeling after a historic surge in multifamily construction. In 2024, multifamily starts were down 43 percent compared with 2023. In 2025, multifamily starts are expected to decline another 14 percent as large numbers of new units continue to be added to the market, putting downward pressure on rents and upward pressure on vacancy. Although part of the decline in multifamily starts has been mitigated by improving single family starts nationally, single family starts in Colorado remained flat in 2024. Following weak first quarter data, the forecast now anticipates single family starts to fall about 12 percent in 2025.

Residential construction in the state is expected to be tepid over the forecast period with rising unsold inventory, stagnant or declining prices, and a glut of vacant housing units. Utilizing data from the Colorado State Demography Office for housing units and households to estimate vacancy, vacant housing units have approached levels last posted following the Great Recession. While part of the increase may be attributable to the rise in second homes and investment properties in the state, data indicate that annual building permits have outpaced new household formation for several years. Combined with an uncertain policy environment, weak market fundamentals will weigh on new construction.

- The number of residential construction permits issued in Colorado is expected to decrease in 2025 by 12.7 percent. In 2026, permits are expected to decline 7.6 percent, then increase 3.0 percent in 2027.

Nonresidential construction slows in the U.S., expected to improve in Colorado. After rebounding strongly in 2023, the nation's nonresidential construction activity slowed throughout 2024. Real (inflation-adjusted) nonresidential private investment in structures contracted on an annualized basis in the third and fourth quarters after peaking in the second quarter. Real investment in structures held steady in the first quarter of 2025, increasing just 0.4 percent at a seasonally-adjusted annual rate.

As tracked by the Census Bureau, the nominal value, not adjusted for inflation, of U.S. nonresidential construction including both public and private spending rose 18.2 percent in 2023, but slowed to 7.0 percent in 2024. The pace of growth continues to slow, and was up just 2.8 percent in April 2025 year-over-year. Over the past 12 months, manufacturing construction contributed the most to growth in nonresidential construction. However, the pace of manufacturing construction has begun to slow. Nonresidential construction was also supported by growth in a broad array of public projects, including education, the power sector, transportation sector, sewage and waste, and water. The commercial sector continues to struggle, contracting 3.6 percent year-over-year.

In contrast to the nation, revised data indicate the value of Colorado's nonresidential construction contracted 29.7 percent in 2024. Nonresidential construction declined across both private and public projects. However, year-over-year growth rates were heavily skewed by a 2023 surge in manufacturing construction that offset contractions in many other building types, and which reverted to a much lower level in 2024. Several other sectors have struggled over the past two years, including commercial buildings, lodging, and warehouses.

Following the steep contraction in 2024, nonresidential construction in Colorado started 2025 on a more positive trajectory. Largely boosted by the start of a \$280 million manufacturing project in Adams County, commercial buildings and offices also improved year-to-date through April. Over the forecast period, construction is expected to grow, but at a moderate pace in 2025 as developers and builders navigate the impact of tariffs on prices and business investment. Project financing should improve with interest rate easing in the forecast horizon, but interest rates are expected to remain higher for longer. Manufacturing construction could be boosted further over the next couple of years with the groundbreaking of the Swire Coca Cola bottling plant and other projects in proximity to the airport. Xcel Energy continues to move forward with plans to build out transmission infrastructure, new capacity, and storage as it transitions away from coal-fired energy. Other utilities in the state are also investing to meet rising demand for electricity. However, construction and investment will remain muted until there is more market certainty.

- The value of nonresidential construction starts in Colorado is expected to increase by 3.8 percent in 2025, decline by 2.3 percent in 2026, then rebound by 11.2 percent in 2027.

Energy Markets

Oil prices soften on weak global demand and increased supply. The price of West Texas Intermediate crude started 2025 up 2.1 percent year-over-year in January, reaching an average of \$75.74 for the month. However, prices rapidly retracted through April, declining for three consecutive months and reaching \$63.26. The average price in April was about 45 percent below the mid-2022 peak following the pandemic (Figure 27, left). For the year, oil prices are expected to average \$61.87, a downgrade from the March forecast and 19.2 percent below the average in 2024.

Concerns over global demand and the effect of the recent U.S. trade war have largely influenced markets over the past few months. Global oil demand could be impacted in a number of ways, including through reduced shipping traffic and economic activity. Cautious households may pull back on spending and travel, drive fewer miles, and buy fewer vehicles. Businesses may also reduce travel budgets, refrain from expanding capital and workforce, and choose domestic proximity for certain inputs. Uncertainty, while impacting other sectors of the economy, has taken hold in oil markets according to the Energy Information Administration. Market expectations of prices have diffused more widely as investors and purchasers adjust to new and changing policies.

Further dampening prices, OPEC+ countries are unwinding voluntary production cuts. Producers in the trade alliance are expected to moderately raise targeted production during the summer, as the group manages market share among its members. However, production growth is still expected to be led by countries outside of OPEC+ including the U.S., Canada, Brazil, and Guyana. Notably, Guyana is set to become one of the top producers in the Americas following the discovery of offshore oil in the Stabroek block in 2015. Significant investment and exploration in the block has ramped up production in the country over the past few years. Overall, global production over the next year is still expected to outpace demand and contribute to growing inventories.

- The price of West Texas Intermediate crude oil is expected to decrease through the forecast period, with the price per barrel averaging \$61.87 in 2025, \$55.25 in 2026, and \$57.25 in 2027.

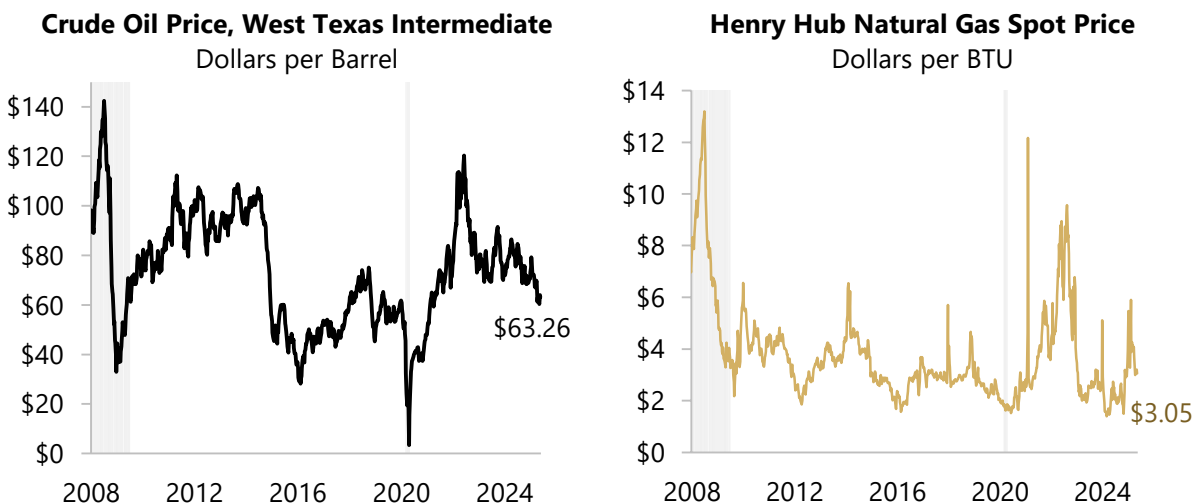
Natural gas prices surge to start 2025. Natural gas prices fell to mid-pandemic levels over the past couple of years after rising as high as \$8.76 per million BTU in August 2022 as supply outpaced demand. In 2025, the outlook for natural gas prices has been revised up significantly through the forecast period in both the March and current forecast. Although prices eased in April and May with warmer weather, the Henry Hub spot price continues to hover around double year-ago levels. In April, the spot price averaged \$3.50, up from \$1.60 in April 2024. In 2025, the spot price is now expected to average \$4.12, up from \$3.89 in the March 2025 forecast.

The EIA continues to forecast natural gas inventories and storage will fall below the average and will put upward pressure on gas prices over the next couple of years. This is partly due to a lower outlook for production. Oil prices will impact natural gas production as an increasing percentage of natural gas is produced from oil wells. Lower oil prices will dampen production of oil and consequently natural gas. Additionally, the agency anticipates stronger demand for

natural gas, both domestically and for exports. Natural gas price expectations have been revised up through the forecast period.

- In 2025, the Henry Hub spot price is expected to average \$4.12 per million BTU, rising to \$4.80 in 2026, and \$4.89 in 2027.

Figure 27
Select Energy Price Indicators



Source: U.S. Energy Information Administration. Weekly average prices. Data are not seasonally adjusted and are through the week of May 23, 2025.

Colorado's oil production expected to decrease, natural gas to increase in 2025. Following the pandemic recession, U.S. crude oil production rebounded, while Colorado's production experienced a larger pull-back and a slower recovery (Figure 27, left). From 2022 to 2024, Colorado's production increased about 7.4 percent compared with 10.4 percent nationwide. Colorado's production improved for the third-consecutive year in 2024, increasing 3.3 percent but decelerating from the 3.9 percent increase in 2023. In 2024, Colorado's production outpaced the 2.4 percent increase posted nationwide. The outlook for Colorado's production has been revised down from the March 2025 forecast on lower than expected production in February and a less favorable price outlook. In 2025, production is projected to decrease 0.5 percent, down from an expected increase of 2.9 percent projected in March.

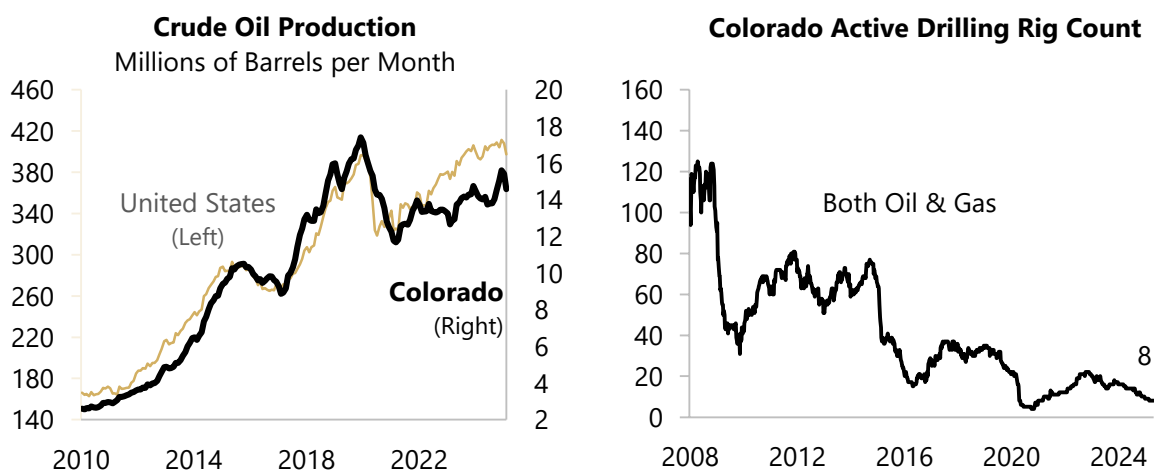
U.S. crude oil production is forecast by the EIA to increase 1.9 percent in 2025, before slowing to 1.5 percent in 2026. In comparison, the state's production is expected to remain near 2025 levels through the forecast period, with modest decreases expected in 2026 and 2027 as prices weaken. In 2026, Colorado's production is projected to decline by 1.3 percent, and then decrease another 0.6 percent in 2027.

Tariffs on imports of crude oil from Canada present a risk to the forecast. Imports of oil from Canada are Colorado's largest import commodity, comprising about 20 percent of the value of imports in 2024. As such, Canadian crude oil is a significant source for Colorado's total oil consumption. Higher prices for Canadian crude oil may make crude production from in-state sources more price competitive for local markets. However, state oil markets are also subject to

the effect tariffs have on national and global markets and prices, and the overall impact on the state's production is uncertain.

In 2024, Colorado's natural gas production increased 1.6 percent, breaking three-consecutive yearly declines, and growing faster than the U.S. pace of 0.7 percent. From 2020 to 2024, U.S. natural gas production has increased by 12.6 percent, compared with a decline of 7.2 percent in Colorado. Colorado's natural gas production is expected to remain fairly flat through the forecast period. In 2025, an improved price outlook is projected to support production growth for the second consecutive year, increasing 1.4 percent. In 2026 and 2027, natural gas production in Colorado is expected to increase modestly by 0.2 percent before declining by 0.8 percent.

Figure 28
Select Energy Production Indicators



Sources: U.S. Energy Information data (left) shown as a three-month moving average, not seasonally adjusted, through February 2025. Baker Hughes data (right) not seasonally adjusted, through May 2025.

Colorado's retail gasoline prices expected to remain around \$3.10 in 2025. Colorado's retail gasoline prices averaged about \$3.09 per gallon through May 2025, similar to the \$3.07 average through May one year ago. However, prices in May were down about 6 percent year-over-year with lower oil prices. From 2025 to 2027, U.S. retail gasoline prices are expected to trend downward with projected oil prices. In 2025, the EIA anticipates U.S. prices will average \$3.09 per gallon. Although Colorado's prices have historically tended to trend below the U.S. average, Colorado's prices are expected to trend closer to the national average in 2025. Tariffs on crude oil from Canada present a risk to the price outlook for Colorado as noted above. If tariffs raise crude oil prices for refineries producing gasoline for Colorado, the higher cost will be passed along in prices.

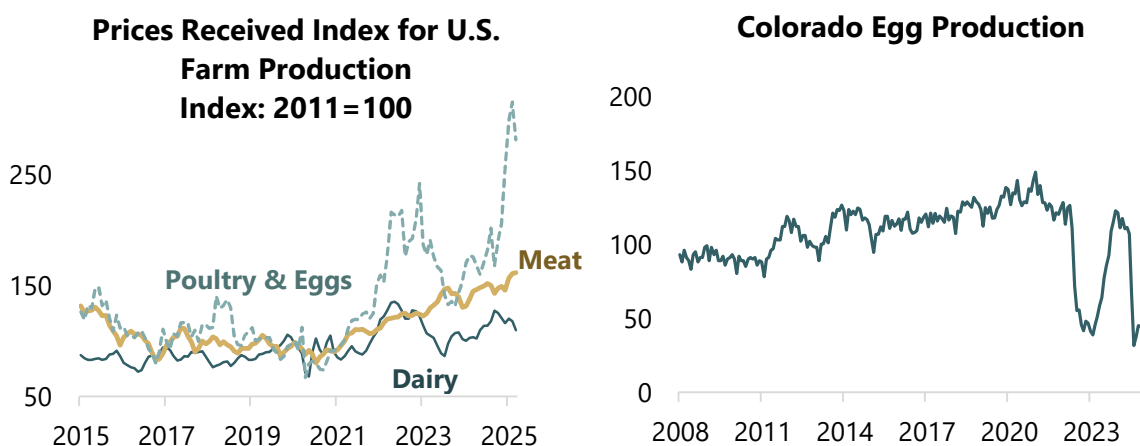
Agriculture

Conditions in the U.S. agriculture industry remain dampened by higher input costs and expensive financing. Developing federal policy combined with worsening growing conditions also pose risks to the near-term outlook. Uncertain trade policy may weaken demand for agricultural products, particularly exports, while decreases in immigration pose a challenge to the labor supply. Still, the U.S. Department of Agriculture (USDA) forecasts that net farm income,

a broad measure of profits, will end 2025 up over 26 percent after two years of declines as moderating interest rates bring down production expenses. Colorado ranks 22nd in net farm income and accounts for 1.5 percent of total net farm income in the United States.

Impacts of the avian flu persist. Avian flu, which has a near-100 percent mortality rate for chickens, has devastated many chicken producers nationwide, leading to increased prices for poultry and eggs as flocks remain diminished (Figure 29, right). National prices received by farmers for poultry and eggs peaked in February 2025 and remain up 60 percent in March compared to the year prior. In Colorado, an avian flu outbreak among egg-laying hens in summer 2024 contributed to a decline in state egg production of nearly 75 percent from the peak seen at the end of 2023 (Figure 29, left). Since then, egg production has slowly rebounded, up 14 percent in March 2025 compared to February but still down over 51 percent compared to the year prior.

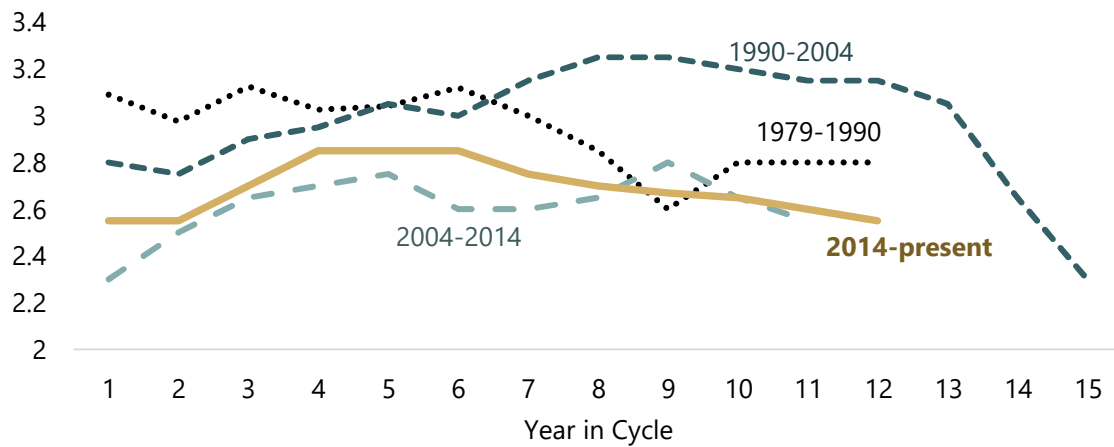
Figure 29
U.S. and Colorado Agricultural Indicators



Source: USDA National Agricultural Statistics Services; data through March 2025.

While avian flu has infected cattle, impacts to beef and dairy cattle are significantly less severe as it is much more uncommon for the disease to lead to death. Still, Colorado cattle inventory remains depressed with 2025 marking the 6th year of declines in inventory (Figure 30). Cattle producer decisions to grow or decrease herd size depend largely on input costs, drought conditions, and prices received, and typically follow an eight to twelve year cattle cycle. While the current place in the cattle cycle suggests a forthcoming increase in cattle inventory, still-high interest rates contributing to higher input costs and worsening drought conditions may continue to hinder herd growth in the short-run.

Figure 30
Colorado Cattle Inventory on U.S. Cattle Cycle
 Cattle in Millions, Includes Beef and Dairy Cattle/Calves

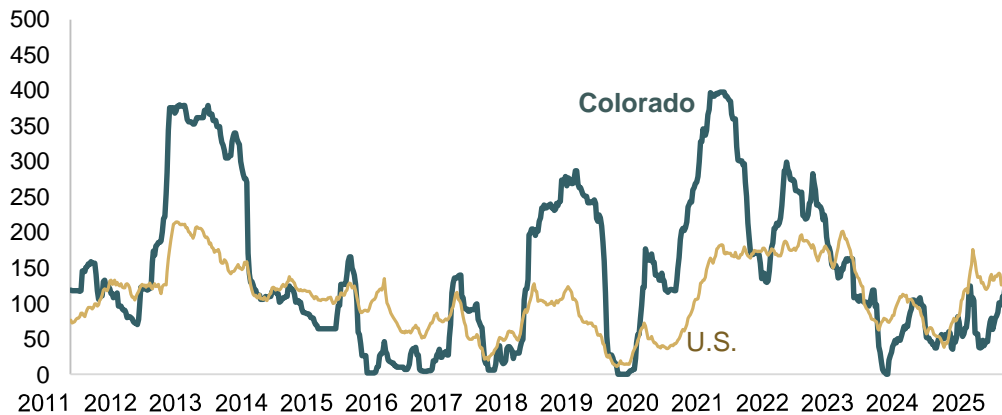


Source: USDA National Agricultural Statistics Service. Survey data through 2025.

Healthy moisture conditions seen in 2024 begin to deteriorate for some. After reaching the lowest point since 2017 in December 2024, drought levels have crept upward in Colorado through the first five months of 2025, to just below historical averages (Figure 31). As of May, drought conditions are the most severe in the southwest corner but expand across the western border with another pocket of drought in the northeast corner of Colorado. Drought conditions are expected to persist in these regions through the summer, while a majority of the eastern half of the state is expected to remain drought-free, providing a relatively positive outlook for crop-growing in the eastern plains.

Drought conditions in the southwest corner and western border of Colorado are perpetuated by May snowpack levels that are just 55 percent of the median and precipitation levels that are 87 percent of the median. Snowpack levels in 2025 have been the lowest in the San Miguel-Dolores-Animas-San Juan and Upper Rio Grande, respectively at 26 and 19 percent of the median through April. If these regions do not get significant precipitation in the early summer months, water supply for the season may be less than a third of historical average levels for farmers in Southwestern Colorado.

Figure 31
Drought Severity and Coverage Index
Index 0-500



Source: United States Drought Monitor. Data through May 13, 2025.

Risks to the Forecast

The forecast is subject to bidirectional risk, with increased uncertainty elevating those risks in 2025 so far. This section discusses risks that could cause economic and revenue performance to deviate from the expectations presented in this document.

Downside risks are led by the response of businesses and consumers to rapidly shifting federal and international policy. Consumers and businesses are struggling to navigate the impact of current and potential federal policy shifts on prices, investment, markets, and monetary policy. Further strain on international relationships, backlash from international travelers, students, and other consumers, and retaliatory trade policy present additional downside risks. Along with trade policy, the Trump administration has made rapid changes regarding federal employment, contracts, and spending, indicating willingness to unwind various industry supports previously in place. In addition, proposed tax legislation currently making its way through Congress has raised bond market concerns about U.S. debt levels, placing upward pressure on interest rates and contributing to financial market turmoil. Consumers remain sensitive to price levels and sentiment has recently plummeted, signaling elevated uncertainty for the future. Markets and businesses continue to work out their exposure to goods impacted by increased tariffs and changing federal spending, and market volatility has spiked. Perceived economic risks by consumers and businesses could cause them to constrain spending and investment more than anticipated, especially in the near term, leading to downward adjustments in the economic outlook. Relatedly, the degree that federal policy exerts upward pressure on prices could move the Federal Reserve to keep tighter monetary policy conditions for longer than currently anticipated, further impacting housing, investment, and labor markets.

Upside risks are led by faster policy decisions related to federal tax policy and resolution of international conflicts. Simulative federal tax policy through extension of provisions in the Tax Cuts and Jobs Act and other tax cutting measures could come sooner than anticipated. While this forecast assumes current law, in the near-term consumers and businesses will benefit

from clarity on future tax policy and may begin to alter behavior in anticipation of policy changes, with upside risk to spending, hiring, and investment. If the course of trade policy becomes clear, better-defined import price expectations could alleviate market volatility, while domestic industrial activity could advance in a protective trade environment. For monetary policy, if perceived inflationary pressures fail to materialize, the Federal Reserve could continue its path to lower interest rates and looser monetary policy sooner than anticipated, boosting employment in industries most directly impacted by interest rates. This includes industries such as manufacturing and construction.

Table 21
National Economic Indicators

Calendar Years	2020	2021	2022	2023	2024	Legislative Council Staff Forecast		
						2025f	2026f	2027f
Real GDP (Billions, 2017 dollars)	\$20,267.6	\$21,494.8	\$22,034.8	\$22,671.1	\$23,305.0	\$23,608.0	\$23,962.1	\$24,465.3
Percent Change in Real GDP	-2.2%	6.1%	2.5%	2.9%	2.8%	1.3%	1.5%	2.1%
Nonfarm Employment (Millions)	142.2	146.3	152.5	155.9	158.0	159.4	159.4	159.7
Percent Change in Nonfarm Employment	-5.8%	2.9%	4.3%	2.2%	1.3%	0.9%	0.0%	0.2%
Unemployment Rate	8.1%	5.3%	3.6%	3.6%	4.0%	4.3%	4.7%	4.5%
Personal Income (Billions)	\$19,620.1	\$21,419.5	\$22,088.9	\$23,402.5	\$24,658.3	\$25,767.9	\$26,875.9	\$28,031.6
Percent Change in Personal Income	6.8%	9.2%	3.1%	5.9%	5.4%	4.5%	4.3%	4.3%
Wage and Salary Income (<i>Billions</i>)	\$9,465.7	\$10,315.6	\$11,123.1	\$11,725.2	\$12,389.3	\$12,884.9	\$13,387.4	\$13,855.9
Percent Change in Wages and Salary Income	1.5%	9.0%	7.8%	5.4%	5.7%	4.0%	3.9%	3.5%
Inflation	1.2%	4.7%	8.0%	4.1%	2.9%	3.2%	3.0%	2.4%

Sources:

Gross domestic product (GDP) and income data from U.S. Bureau of Economic Analysis. Real GDP is adjusted for inflation and shown in 2017 dollars. Personal income and wages and salaries not adjusted for inflation.

Employment and inflation data from U.S. Bureau of Labor Statistics. Inflation shown as the year-over-year change in the consumer price index for all urban areas (CPI-U).

Table 22
Colorado Economic Indicators

Calendar Years	2020	2021	2022	2023	2024	Legislative Council Staff Forecast		
						2025f	2026f	2027f
Population (Thousands, as of July 1)	\$5,787.1	\$5,814.0	\$5,850.9	\$5,901.3	\$5,957.5	\$6,005.2	\$6,059.2	\$6,125.9
Percent Change in Population	0.5%	0.5%	0.6%	0.9%	1.0%	0.8%	0.9%	1.1%
Nonfarm Employment (Thousands)	\$2,652.7	\$2,750.9	\$2,869.7	\$2,937.5	\$2,971.0	\$2,988.8	\$2,997.8	\$3,009.8
Percent Change in Nonfarm Employment	-4.9%	3.7%	4.3%	2.4%	1.1%	0.6%	0.3%	0.4%
Unemployment Rate	6.8%	5.5%	3.1%	3.3%	4.3%	4.9%	5.0%	4.7%
Personal Income (Millions)	\$374,262	\$416,727	\$447,854	\$470,606	\$493,195	\$513,732	\$536,336	\$563,153
Percent Change in Personal Income	6.5%	11.3%	7.5%	5.1%	4.8%	4.2%	4.4%	5.0%
Wage and Salary Income (Millions)	\$187,826	\$205,637	\$224,794	\$238,724	\$250,802	\$261,586	\$273,358	\$285,932
Percent Change in Wage and Salary Income	2.7%	9.5%	9.3%	6.2%	5.1%	4.3%	4.5%	4.6%
Retail Trade Sales (Millions)	\$112,431	\$131,528	\$144,145	\$145,707	\$145,322	\$146,775	\$149,270	\$156,435
Percent Change in Retail Trade Sales	6.5%	17.0%	9.6%	1.1%	-0.3%	1.0%	1.7%	4.8%
Housing Permits (Thousands)	40.5	56.5	48.3	39.4	32.2	28.3	26.3	26.8
Percent Change in Housing Permits	4.8%	39.7%	-14.5%	-18.5%	-18.3%	-12.7%	-7.6%	3.0%
Nonresidential Construction (Thousands)	\$5,607.5	\$5,681.0	\$6,634.6	\$6,691.6	\$4,701.3	\$4,879.9	\$4,767.7	\$5,301.7
Percent Change in Nonresidential Construction	8.6%	1.3%	16.8%	0.9%	-29.7%	3.8%	-2.3%	11.2%
Denver-Aurora-Lakewood Inflation	2.0%	3.5%	8.0%	5.2%	2.3%	2.3%	2.8%	2.3%

Sources:

Population and housing permits from U.S. Census Bureau. 2020 population numbers reflect the 2020 Census, while other numbers reflect the July 1 estimates.

Residential housing permits are the number of new single- and multifamily housing units permitted for building.

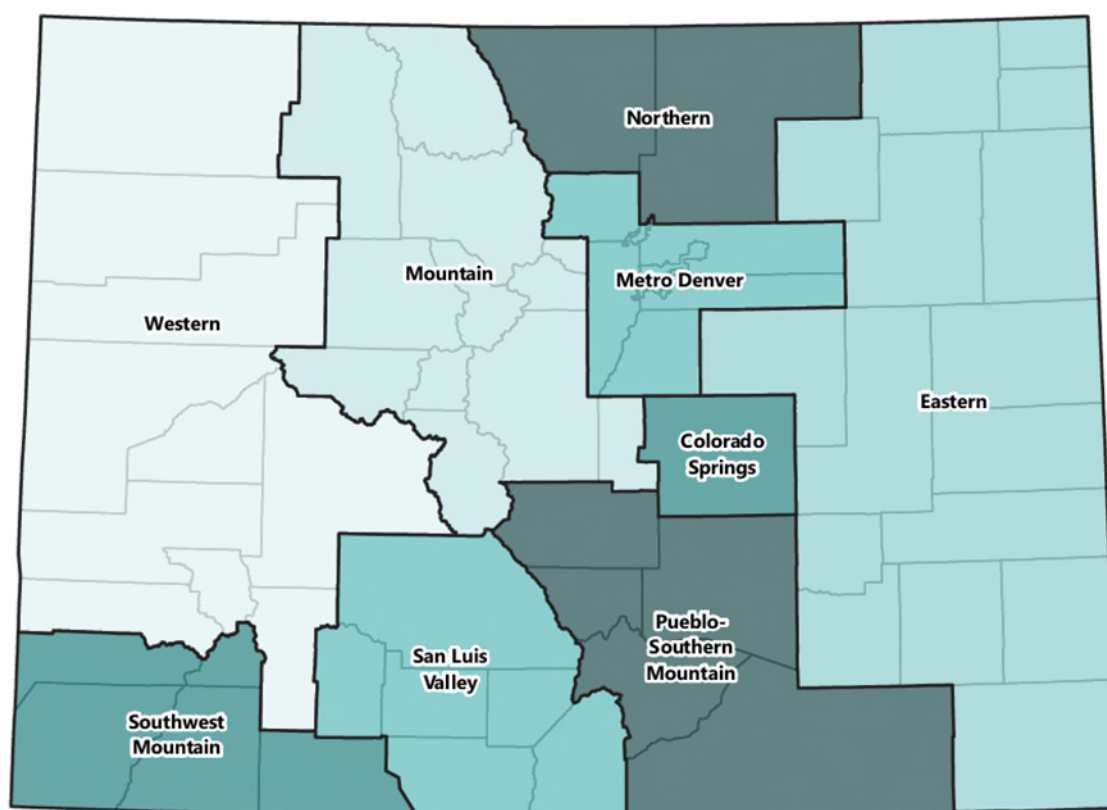
Employment and inflation data from U.S. Bureau of Labor Statistics. Inflation shown as the year-over-year change in the consumer price index.

Income data from U.S. Bureau of Economic Analysis. Personal income and wages and salaries not adjusted for inflation.

Retail trade sales data from Colorado Department of Revenue.

Nonresidential construction data from F.W. Dodge.

Colorado Economic Regions



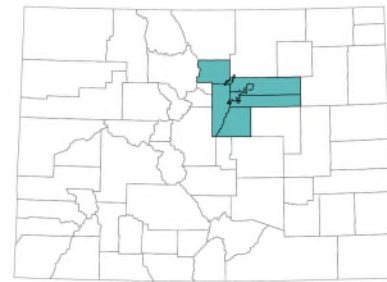
The tables in the following sections provide economic indicators for nine regions in Colorado. Beginning with the March 2024 forecast, detailed regional narratives describing trends and the outlook for each region were replaced by summary tables for the December, March, and September forecasts. Each year, detailed regional profiles and outlooks will be prepared for the June forecast document that reflect the depth of analysis provided in previous forecasts.

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 are based on survey data from a “sample” of individual’s representative of the population as a whole. Monthly employment data are based on the surveys received at the time of data publication, and data are 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 are revised 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 agricultural data are also based on surveys. These data are revised periodically. Nonresidential construction data in the current year reflects reported construction activity. These data are revised the following year to reflect actual construction.

Metro Denver Region

The seven-county metro Denver region, which consists of Adams, Arapahoe, Broomfield, Boulder, Denver, Douglas, and Jefferson counties, is the largest region in terms of people living and working in the area. In 2024, the region's total population was nearly 3.3 million, or about 56.0 percent of the state's total population. Though year-over-year growth has slowed in recent years, the region has experienced robust population growth since 2010, adding just over 493,000 people, a 17.6 percent increase.



The region's economy is very diverse with major industry sectors including aerospace, health care, professional and business services, and financial services. In 2024, nonresidential construction contracted significantly for the second year in a row, falling 27 percent. In addition, to struggling markets like office, warehouses and other types of industrial space also contracted after years of expansion. Home price appreciation reversed midyear in 2024 and more houses became available on the market. Yet the region continues to struggle with housing affordability, causing potential homeowners to look for homes outside these counties, and in turn slowing the region's residential construction activity. Economic indicators for the region are summarized in Table 23.

Table 23
Metro Denver Region Economic Indicators
Adams, Arapahoe, Broomfield, Boulder, Denver, Douglas, and Jefferson Counties

Economic Indicators	2021	2022	2023	2024	YTD 2025
Employment Growth in Denver MSA	3.9%	5.0%	2.1%	0.6%	-0.1%
Employment Growth in Boulder MSA	3.5%	4.2%	1.7%	-0.5%	-0.4%
Unemployment Rate	5.4%	3.0%	3.2%	4.2%	4.6%
Average Weekly Wage Level	6.5%	5.2%	3.1%	4.2%	NA
Growth in Average Weekly Wages	\$1,524	\$1,604	\$1,654	\$1,729	NA
Single Family Housing Permit Growth in Denver MSA	16.3%	-22.3%	-10.2%	0.3%	-17.1%
Single Family Housing Permit Growth in Boulder MSA	-34.4%	42.7%	22.8%	-31.5%	6.6%
Nonresidential Construction Value Growth	2.8%	35.8%	-14.3%	-27.0%	8.8%
Nonresidential Construction Square Footage (thousands)	32.4%	28.5%	-48.6%	-31.0%	-2.3%
Nonresidential Construction Square Footage Growth	19,470	25,023	12,867	8,882	3,143
Number of Nonresidential Projects	14.4%	14.6%	13.3%	6.8%	-30.3%
Nonresidential Projects Growth	788	903	1,023	1,093	262
Average Single Family Sale Price	19.4%	10.4%	-0.4%	-2.0%	0.4%
Average Single Family Sale Price Growth	\$712	\$790	\$787	\$802	\$804
Single Family Inventory Growth	-46.4%	102.3%	13.6%	41.3%	54.5%
Single Family Home Sales Growth	1.9%	-21.1%	-16.3%	8.2%	2.9%
Retail Sales Growth	17.4%	11.4%	-0.1%	1.7%	0.7%

Employment data from U.S. Bureau of Labor Statistics, CES (establishment survey). Seasonally adjusted. Data through April 2025.

Unemployment rate from U.S. Bureau of Labor Statistics, LAUS (household survey). Data through March 2025.

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2024Q4.

Residential construction data from U.S. Census. Growth in the number of residential building permits. Data through March 2025.

Nonresidential construction data from F.W. Dodge. Data through April 2025.

Housing market data from Colorado Association of Realtors. Data through April 2025.

Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through February 2025.

Labor Market

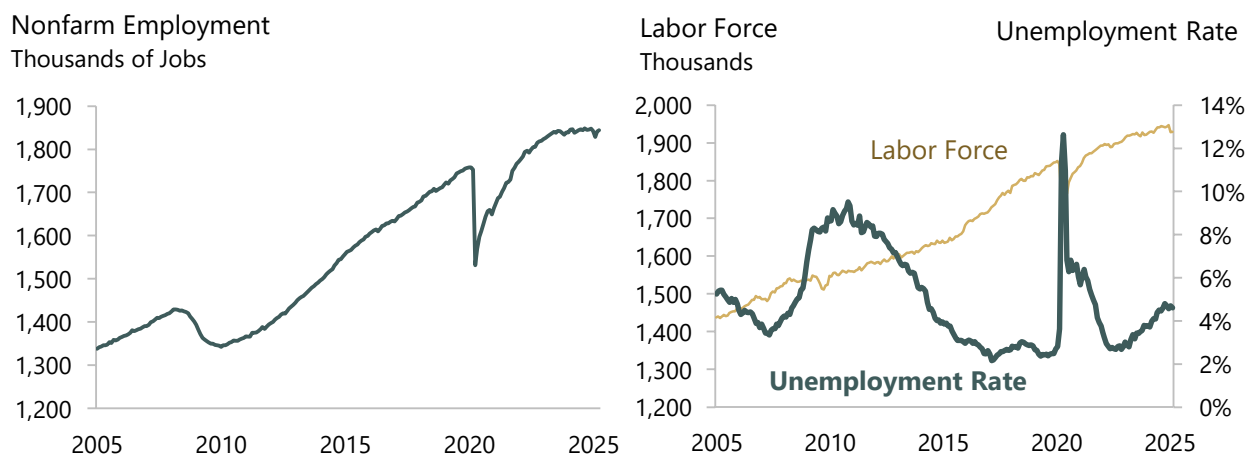
The U.S. Bureau of Labor Statistics (BLS) reports two metropolitan statistical areas (MSA) in the metro Denver region. The Denver-Aurora-Lakewood MSA (Denver MSA) – which consists of six of the seven counties in the region plus Elbert, Park, Clear Creek, and Gilpin counties – and the Boulder MSA. The Denver MSA reported about 1.6 million jobs or about 55 percent of the state total in 2024. The trade, transportation, and utilities sector, professional and business services sector, and government sector made up about half of the jobs in the MSA.

Job growth has slowed in the Denver MSA after posting strong gains in 2022 and 2023. In 2024, the MSA added, on average, about 9,000 jobs, or a 0.6 percent increase from the prior year. Slower population growth and an increase in out migration has contributed to the slowdown in the area, in addition to the expected deceleration in job growth after employers recovered jobs lost from the pandemic. Year-to-date, job growth has been relatively flat though the first four months of 2025.

The BLS also reports employment data for the Boulder MSA, which consists of just Boulder County. The largest industries in this MSA are government and professional and business services. Job growth in Boulder declined in 2024 by 0.5 percent and is down 0.4 percent year-to-date through April. The Boulder MSA's labor shortage and affordability have contributed to the slowdown in employment growth.

Finally, the average monthly unemployment rate for the metro Denver region has been steadily increasing since early 2024. The key reason for the steady uptick in the region's unemployment rate is the increase in the number of workers in the labor force (those employed and those seeking employment) which continues to rise (Figure 32, left). The average unemployment rate though April 2025 was 4.6 percent, just below the state average of 4.7 percent.

Figure 32
Metro Denver Region Labor Market Activity



Source: U.S. Bureau of Labor Statistics, CES (establishment survey, left). Seasonally adjusted. Data through April 2025. U.S. Bureau of Labor Statistics, LAUS (household survey, right). Data through March 2025.

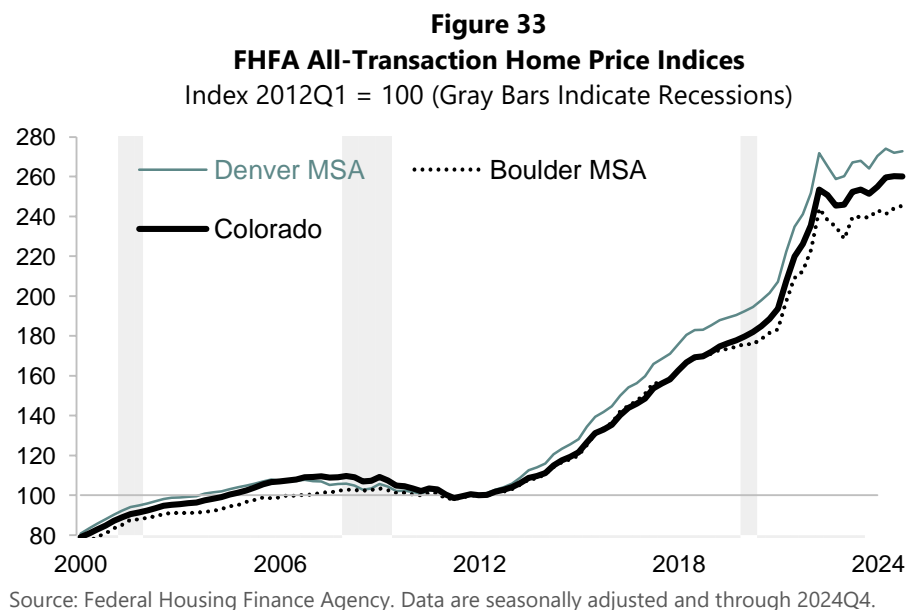
Wages

The average weekly wage in the region was \$1,729 per week in 2024, up 4.5 percent from one year ago, almost \$200 per week higher than the statewide average. Average weekly wages in the region have been increasing since 2015.

Housing Market

Home prices continue to appreciate in the metro Denver housing market but have slowed after strong growth in 2021 and 2022. According to data from the Federal Housing Finance Agency, in the last quarter of 2024, home prices were up 3.3 percent over year-ago levels in the Denver MSA, and up 2.4 percent in the Boulder MSA (Figure 33). Higher mortgage rates have made purchasing a home more expensive for many buyers and has cooled the market.

Through April 2025, the number of single-family homes available in the metro Denver region was up 54.5 percent year-to-date. However, sales slowed to 2.9 percent. The average single-family sale price for the Metro Denver region settled at about \$804,000 in April, relatively flat compared to the same period last year.



Residential Construction

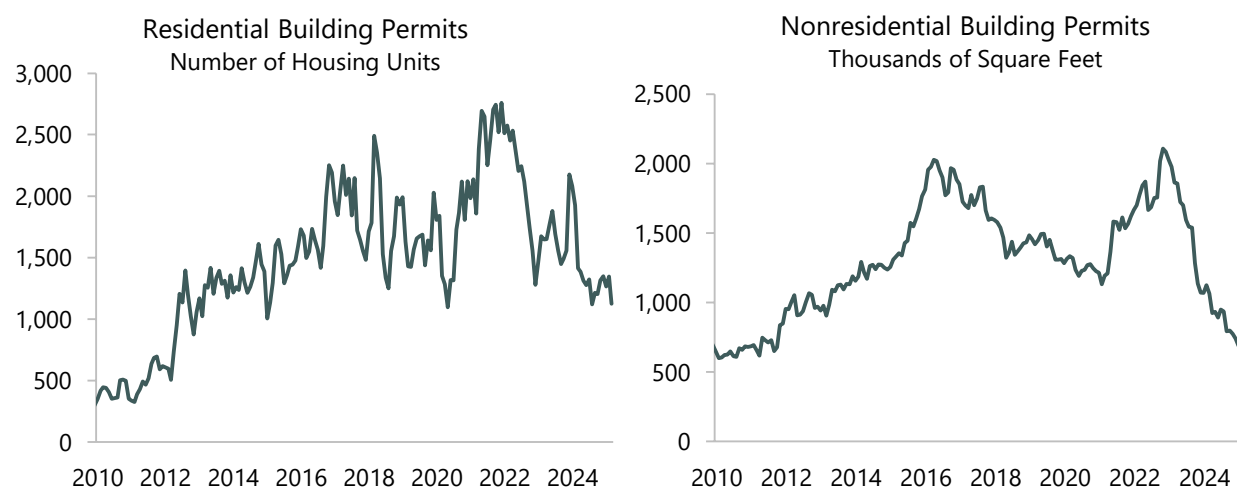
After robust growth, residential construction activity in the Denver MSA has cooled. The number of single family permits pulled by homebuilders has declined in 2022 and 2023 after posting a 16.3 percent gain in 2021. In 2024, growth was relatively flat, increasing by 0.3 percent from the prior year. Through March 2025, single family permits in the region were down 17.1 percent from the same three months in 2024 (Figure 34, left). Higher mortgage rates have pushed many potential buyers to the sidelines and dampened home builder expectations. Through the first quarter of 2025, permits overall were down 20.4 percent year-to-date.

In Boulder County, the number of single permits was significantly up from 2022 through 2024, but this mainly reflects housing permits to rebuild homes destroyed in the Marshall Fire. The

number of residential permits in Boulder County is up 6.6 percent in the first three months of 2025 compared to the same period last year.

The lack of affordability continues to hamper new residential construction in the metro Denver region. Homebuyers are being pushed out to the suburban and exurban areas of the region that offer relatively more affordable options. Douglas, Arapahoe, and Adams counties are seeing the highest levels of construction activity. In addition, remote work options are motivating many homebuyers to seek larger homes outside of denser urban areas.

Figure 34
Metro Denver Region Construction Activity



Source: U.S. Census Bureau (left). Data shown as three-month moving averages. Data are not seasonally adjusted and are through March 2025. F.W. Dodge (right). Data shown as twelve-month moving averages. Data are not seasonally adjusted and are through April 2025.

Nonresidential Construction

After strong growth in 2022, the value of nonresidential construction in the metro Denver region slowed in 2023 and 2024. (Figure 34, right). High vacancy rates, particularly in the downtown Denver area, put downward pressure on demand for new office space, slowing nonresidential construction activity in the years ahead. In the near-term, rising costs and shortages of both labor and construction materials, combined with rising interest rates will continue to impede construction activity. Long-term, future nonresidential building is expected to continue to shift from office space and brick-and-mortar retail establishments to favor development that supports e-commerce, such as warehousing space. Through April of 2025, the number and value of nonresidential projects were up compared to the same quarter in 2024; however, the size of these new projects were down.

Retail Sales

Retail sales remain weak following the post-pandemic surge. Retail sales in the region were up just 1.7 percent in 2024, less than the pace of inflation. Retail sales through the first two months of 2025 remained relatively flat, increasing by 0.7 percent year-to-date.

Northern Region

Larimer and Weld counties comprise the diverse economies of the Northern Region. The region's employment flattened over the past year with challenges in several sectors, including the region's technology-oriented professional services, construction, and oil and gas sectors. Key indicators continue to soften amid current economic conditions including construction, energy production, and the housing market. Economic indicators for the region are summarized in Table 24.



Table 24
Northern Region Economic Indicators
Weld and Larimer Counties

Economic Indicators	2021	2022	2023	2024	YTD 2025
Employment Growth in Fort Collins MSA	3.7%	4.2%	3.0%	1.0%	-0.9%
Employment Growth in Greeley MSA	-0.2%	4.6%	4.2%	3.0%	1.0%
Unemployment Rate	5.4%	3.1%	3.3%	4.3%	4.7%
Average Weekly Wage Level	\$1,149	\$1,219	\$1,284	\$1,318	NA
Growth in Average Weekly Wages	3.8%	6.2%	5.3%	2.6%	NA
State Cattle and Calf Inventory Growth	4.0%	-1.0%	-7.5%	-0.3%	1.2%
Natural Gas Production Growth	-2.8%	-2.3%	0.8%	5.7%	-1.3%
Oil Production Growth	-10.3%	-0.1%	0.8%	2.7%	-3.1%
Total Housing Permit Growth in Fort Collins MSA	13.3%	-19.5%	7.7%	-29.3%	56.3%
Single Family Housing Permit Growth in Fort Collins MSA	-0.1%	-36.1%	-7.5%	6.5%	-1.2%
Total Housing Permit Growth in Greeley MSA	15.5%	17.8%	-14.1%	-30.4%	-17.8%
Single Family Housing Permit Growth in Greeley MSA	3.8%	-9.8%	-6.9%	-8.9%	-12.0%
Nonresidential Construction Value Growth	-26.9%	61.0%	30.3%	-46.0%	76.9%
Nonresidential Construction Square Footage (thousands)	2,581	6,763	2,969	1,687	805
Nonresidential Construction Square Footage Growth	-1.5%	162.1%	-56.1%	-43.2%	127.4%
Number of Nonresidential Projects	229	277	224	250	101
Nonresidential Projects Growth	-5.4%	21.0%	-19.1%	11.6%	2.0%
Average Single Family Sale Price	\$532,000	\$598,000	\$606,000	\$623,000	\$636,000
Average Single Family Sale Price Growth	16.5%	12.3%	1.4%	2.7%	2.8%
Single Family Inventory Growth	-44.3%	53.4%	14.5%	21.0%	40.7%
Single Family Home Sales Growth	2.3%	-20.4%	-19.0%	3.6%	7.6%
Retail Sales Growth in Larimer County	13.0%	12.3%	4.1%	-1.9%	2.3%
Retail Sales Growth in Weld County	13.6%	16.2%	3.7%	1.3%	5.8%

Employment data from U.S. Bureau of Labor Statistics, CES (establishment survey). Seasonally adjusted. Data through April 2025.

Unemployment rate from U.S. Bureau of Labor Statistics, LAUS (household survey). Data through March 2025.

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2024Q3.

Agricultural data from National Agricultural Statistics Service. Cattle and calves on feed. Data through April 2025.

Energy data from the Energy and Carbon Management Commission. Data through March 2025.

Residential construction data from U.S. Census. Growth in the number of residential building permits. Data through March 2025.

Nonresidential construction data from F.W. Dodge. Data through April 2025.

Housing market data from Colorado Association of Realtors. Seasonally adjusted. Data through April 2025.

Retail sales data from Colorado Department of Revenue. Data through February 2025.

Labor Market

The Northern Region is characterized by its agricultural base, oil and gas activity, and strong employment concentrations in construction, manufacturing, and higher education. In 2024, the region's employment increased 1.7 percent over the year and outpaced statewide employment growth. In 2024, the Northern Region was among the state's top growing metro areas. In 2024, data indicate that most of the region's industry sectors posted employment gains, with state and local government, education, and health services adding the most jobs. Until recently, the region has generally maintained one of the state's lowest unemployment rates during the post-pandemic recovery.

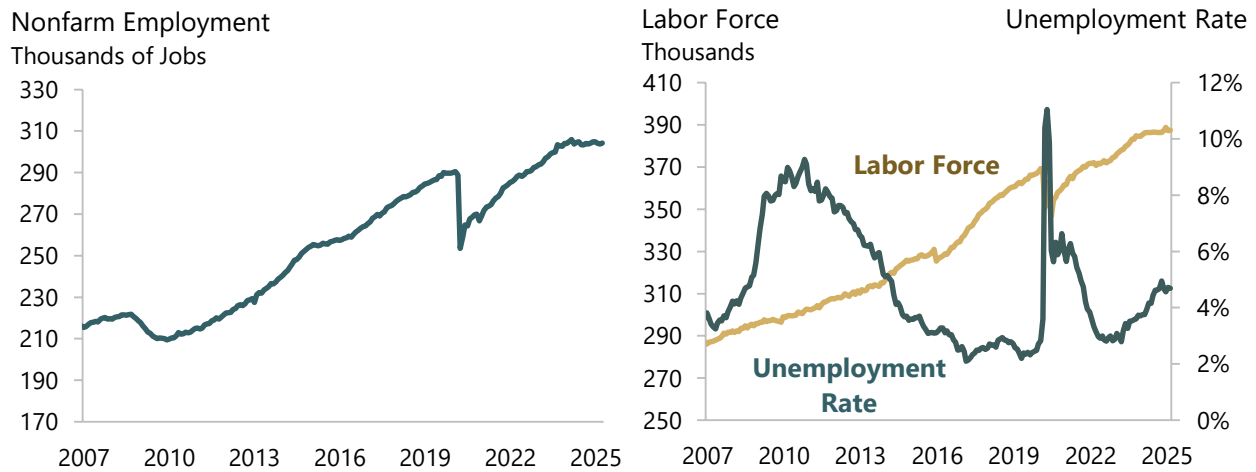
Data indicate the Northern Region's employment growth decelerated through 2024. Employment in the region's professional services sectors, including information, financial services, and business services, likely stagnated with ongoing struggles in the technology industry. Challenges in these sectors influence employment in other services industries, like retail and leisure and hospitality. Additionally, the pace of oil and gas production continued to slow over the past year, impacting employment in the drilling, extraction, and support industries.

Through the first four months of 2025, mimicking state and national economic influences, data indicate ongoing struggles in several industries in the Northern Region. This includes weak employment dynamics in the mining, construction, and technology-oriented professional services sectors. Chief among the factors influencing the region is policy uncertainty that has affected investment plans, interest rates, and oil markets. For instance, lower anticipated oil prices are expected to dampen Colorado's oil production over the next year, an industry that is largely concentrated in Weld County. Further, the outlook for investment in residential and nonresidential construction in the state remains weak which will impact the large construction employment concentration in the region. Ongoing challenges in these sectors will continue to influence other service industries, as noted above, including retail, leisure, and hospitality. Year-to-date in 2025, data indicate the region's unemployment rate remained near the statewide average after rising 0.9 percentage points to 4.7 percent (Table 24). The higher unemployment rate was characterized by slow employment growth that was outpaced by growth in the labor force (Figure 35).

According to data from the Colorado State Demography Office, the region's population is still projected to be among the fastest growing of the state, which will boost the regional economy longer term. Larimer and Weld counties ranked among the top 5 Colorado counties for absolute population growth from 2022 to 2023. Additionally, the region's working age population is also expected to be among the fastest growing in the state.

Encouragingly, in the 2023-24 academic year, overall full-time equivalent student enrollment for the region's largest university, Colorado State University, increased for the second-consecutive year after declining for the previous four years. Enrollment is also expected pick up over the next two academic years. Northern Colorado's colleges and universities support the region's economic engine, and steady enrollment will help support the employment base.

Figure 35
Northern Region Labor Market Activity



Source: U.S. Bureau of Labor Statistics.

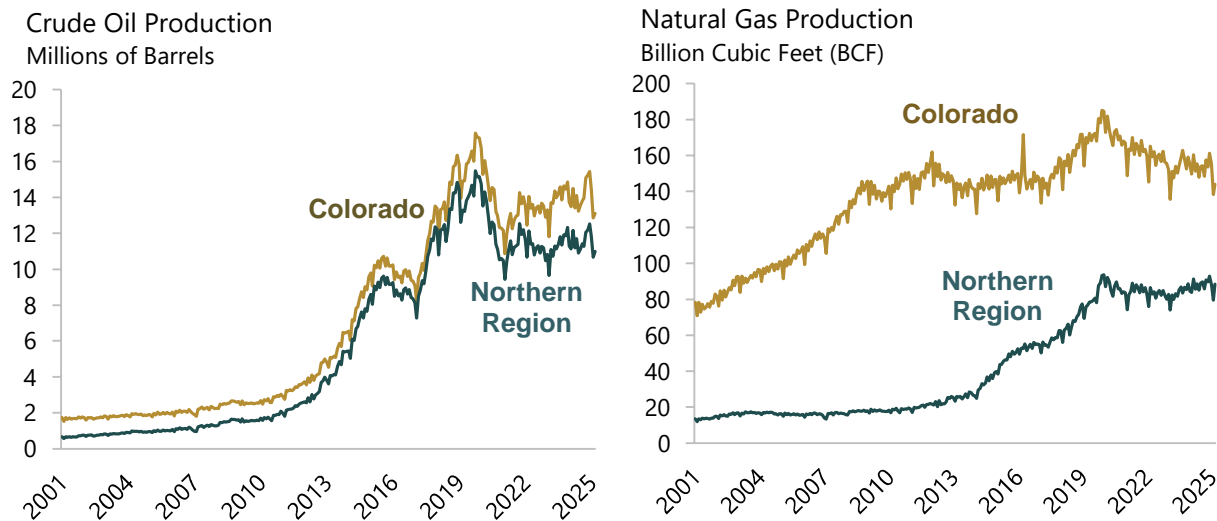
Agriculture

The Northern Region produces nearly 30 percent of Colorado’s agricultural value, according to the U.S. Department of Agriculture (USDA), due to the heavy concentration of the livestock industry in Weld County. Drought may pose more of a challenge to the region in 2025. According to the most recent U.S. Drought Monitor, parts of the Northern Region are either abnormally dry or in moderate drought. Despite falling from 2022 to 2024, Colorado’s cattle and calf inventory began 2025 up 1.2 percent year-to-date. With an import ban in place on Mexican cattle due to the spread of New World Screwworm, the USDA expects the price of beef will rise in 2025 and 2026. Additionally, the market is being shaped by trade policy like other sectors of the economy. According to the agency, there was a surge of beef imports during the first few months of 2025 in anticipation of changing trade policy. Further, exports of beef from the U.S. are expected to decline in 2025 and 2026. Overall, the nation’s beef production is expected to also decline in 2025 and 2026.

Energy Sector

The Northern Region’s oil and gas activity, largely located in Weld County, accounted for about 82 percent of the state’s oil production and about 40 percent of the state’s natural gas production in 2024 (Figure 36). This sector drives significant economic activity in the region, as it boosts local tax revenues, wages, and jobs in supporting industries. In 2024, the region’s natural gas production rose 5.7 percent along with increased oil production, which was up 2.7 percent. Despite strong prices emerging from the pandemic, energy production in the region is well below pre-pandemic 2019 levels. The region’s oil production actually declined from 2020 to 2022. Natural gas posted two contractions, in 2021 and 2022. With weaker oil prices, oil production is down 3.1 percent year-to-date in 2025. Natural gas production has followed the oil market and is down 1.3 percent year-to-date despite improved pricing. In 2025, energy production in the Northern Region is expected to fall below 2024 levels with lower-than-expected oil prices that are expected to persist over the next couple of years.

Figure 36
Colorado Energy Production



Source: Colorado Energy and Carbon Management Commission. Monthly data through March 2025.

Housing

The Northern Region's housing market continues to soften. Despite economic and market pressures, the average price of a single family home in 2024 was up about 2.7 percent from 2023, and was up 2.8 percent year-to-date through April 2025. The pace of growth in the average home price has been muted in the past few years compared with the double-digit annual increases posted in 2021 and 2022. The number of homes sold improved in 2024, but after large declines in 2022 and 2023, sales remain well below post-pandemic peaks. Although homes sales are up 7.6 percent year-to-date, monthly home sales are expected to stay below pre-pandemic levels in 2025 as interest rates remain high. Unsold inventory continues to rise rapidly. Through April, the inventory of single family homes was up 40.7 percent year-to-date, on track for the fourth consecutive year of double-digit increases after reaching a historic low in mid-2021. Inventory is now well above pre-pandemic levels. Combined with high interest rates and economic uncertainty, the large inventory may dampen prices over the forecast period.

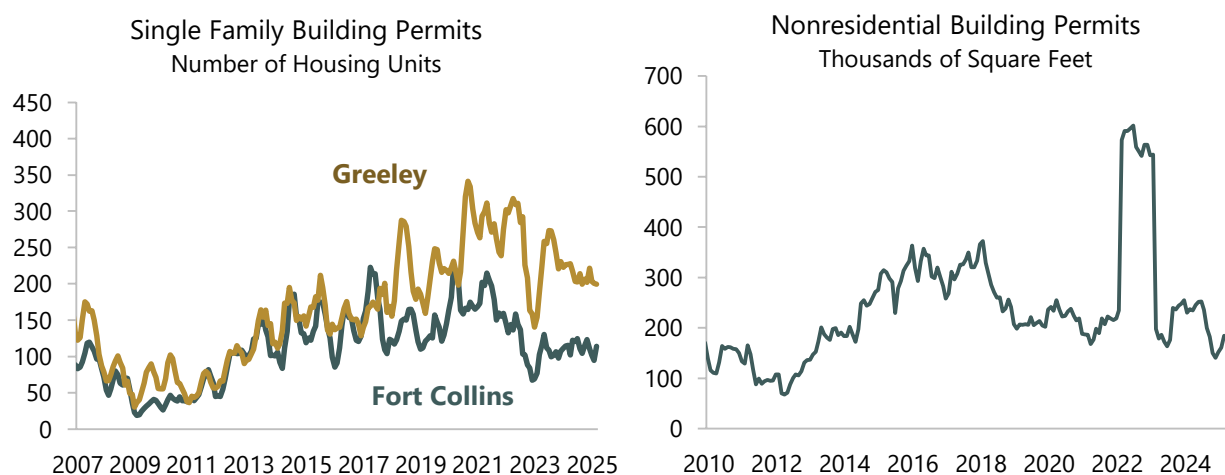
Building permits for new homes fell steeply in 2024 in both the Fort Collins and Greeley MSA's. Permits in the Fort Collins MSA were down more than 29 percent, and were down more than 30 percent in the Greeley MSA (Table 24). Despite a jump in multifamily units in the Fort Collins MSA that boosted permits through the first few months of 2025, single family permits were down 1.2 percent year-to-date. In the Greeley MSA, permits for both single family and multifamily were down significantly year-to-date. Permits are expected to decline in 2025 in both MSA's amid an ongoing housing market correction.

Nonresidential construction

Regional nonresidential construction in 2022 was boosted significantly by 4.1 million square feet of groundbreakings in March 2022 (Figure 37, right). Most notably, an Amazon fulfillment center broke ground near the Northern Colorado Regional Airport north of Loveland. Nonresidential construction has declined since then, and was down significantly in 2024, with the value of

projects down 46 percent and square footage down 43 percent (Table 24). Following the large drop, nonresidential construction is expected to pick up in 2025, but remain challenged in an uncertain policy and economic environment. Construction is expected to remain well below peak levels for the year.

Figure 37
Northern Region Construction Activity



Source: U.S. Census Bureau (left). Data shown as three-month moving average. Data are not seasonally adjusted and are through March 2025. F.W. Dodge (right). Data are shown as twelve-month moving averages. Data are not seasonally adjusted and are through April 2025.

Colorado Springs Region

The Colorado Springs region encompasses El Paso County, home to the state's second largest city. The regional labor market shows signs of slowing, with a rising unemployment rate and slow employment growth. The housing market shows signs of loosening as inventory rebounds. Residential construction is well below pre-pandemic levels and continues to fall. Indicators for the Colorado Springs regional economy are presented in Table 25.



Table 25
Colorado Springs Region Economic Indicators
El Paso County

Economic Indicators	2021	2022	2023	2024	YTD 2025
Employment Growth in Colorado Springs MSA	4.1%	4.3%	3.2%	1.6%	0.8%
Unemployment Rate	5.6%	3.2%	3.4%	4.3%	4.7%
Average Weekly Wage Level	\$1,140	\$1,192	\$1,244	\$1,297	NA
Growth in Average Weekly Wages	4.8%	4.6%	4.4%	4.3%	NA
Total Housing Permit Growth	34.7%	-5.5%	-40.0%	-24.6%	-31.1%
Single Family Housing Permit Growth	0.7%	-28.4%	-26.2%	7.1%	-6.1%
Nonresidential Construction Value Growth	0.8%	-30.4%	13.7%	-29.2%	22.1%
Nonresidential Construction Square Footage (thousands)	3,480	2,310	1,603	1,521	406
Nonresidential Construction Square Footage Growth	-48.2%	-33.6%	-30.6%	-5.1%	31.8%
Number of Nonresidential Projects	320	375	213	429	108
Nonresidential Projects Growth	-26.4%	17.2%	-43.2%	101.4%	-20.6%
Average Single Family Sale Price	\$492,000	\$542,000	\$541,000	\$559,000	\$561,000
Average Single Family Sale Price Growth	18.0%	10.1%	-0.2%	3.4%	3.5%
Single Family Inventory Growth	-30.0%	117.7%	8.0%	25.6%	39.3%
Single Family Home Sales Growth	4.0%	-17.5%	-24.3%	-1.9%	5.2%
Retail Sales Growth	18.3%	8.5%	0.1%	1.3%	1.8%

Employment data from U.S. Bureau of Labor statistics, CES (establishment survey). Seasonally adjusted. Data through April 2025.

Unemployment rate from U.S. Bureau of Labor statistics, LAUS (household survey). Data through March 2025.

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2024Q4.

Housing construction data from U.S. Census. Growth in the number of residential building permits. Data through March 2025.

Nonresidential construction data from F.W. Dodge. Data through April 2025.

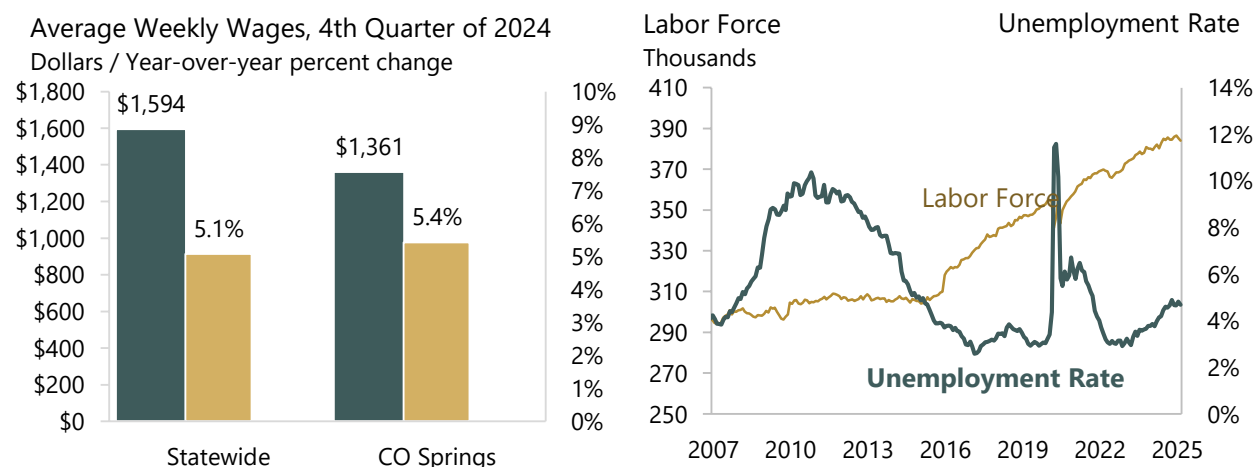
Housing market data from Colorado Association of Realtors. Data through April 2025.

Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through February 2025.

Labor Market

The labor market in Colorado Springs is loosening, but remains healthy. Total employment continues to grow but at a slowing pace, up just 0.8 percent year-to-date. The unemployment rate has risen consistently since 2023, reaching 4.7 percent in the most recent reading (Figure 38, right). El Paso County is the state's most populous county and the population is expected to continue to grow, which should provide some insurance against a slowing economy.

Figure 38
Colorado Springs Labor Market Activity



Source: U.S. Bureau of Labor Statistics; QCEW data for 2024Q4 (left) and LAUS data, seasonally adjusted through March 2025 (right). LAUS data include Legislative Council Staff adjustments prior to 2010.

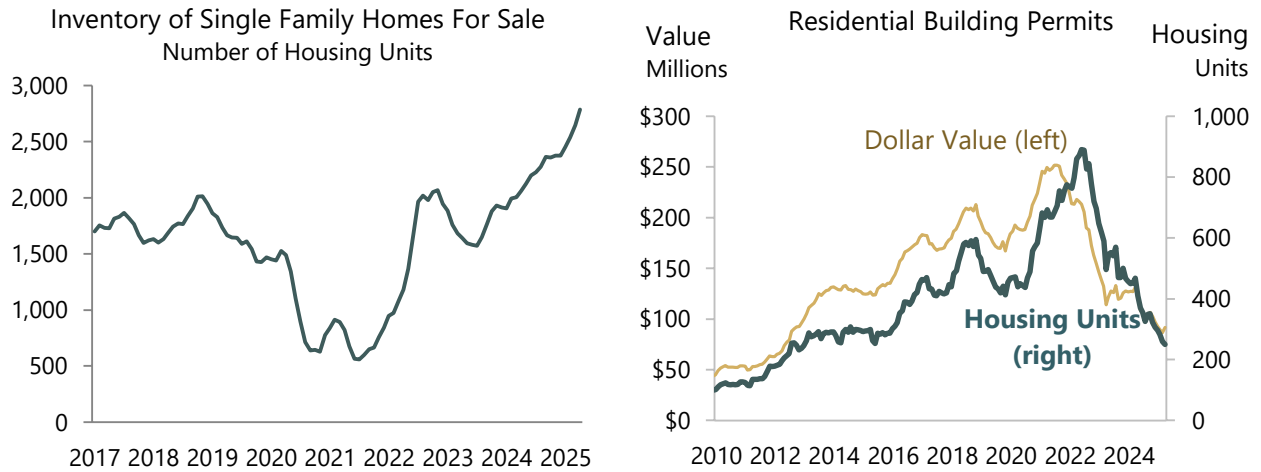
Average weekly wages are growing at a moderate pace, up 5.4 percent year-over-year, while wages remain slightly below the statewide average (Figure 38, left). More than one in four jobs in El Paso County is in the education and health services industry, compared to the statewide average of about one in five. The concentration of leisure and hospitality jobs also exceeds that of the statewide average. Both of these industries tend to have lower than average wages, which may partially explain why average wages in El Paso County are lower than statewide.

The outlook is clouded over uncertainty regarding the potential relocation of Space Command headquarters to Alabama. If the headquarters remains in Colorado Springs, it will provide a boost to local construction and employment.

Housing Market

Average single family home prices in El Paso County are up 3.5 percent year-to-date in 2025 (Figure 39, left). Home prices tend to be lower in El Paso County than statewide, averaging about \$561,000 year-to-date through April 2025 compared to \$766,000 for the state. Despite rising home prices, other metrics are showing signs of loosening. Consistent with other areas of the state, homes are staying on the market longer and inventories are on the rise (Figure 39, left). Rising inventory is likely due to weakening demand, as well as new construction coming online after a surge in projects were started in 2022. However, new permits for residential construction have plummeted over the last three years, signaling weakening confidence in the housing market.

Figure 39
Colorado Springs Home Prices and Residential Construction

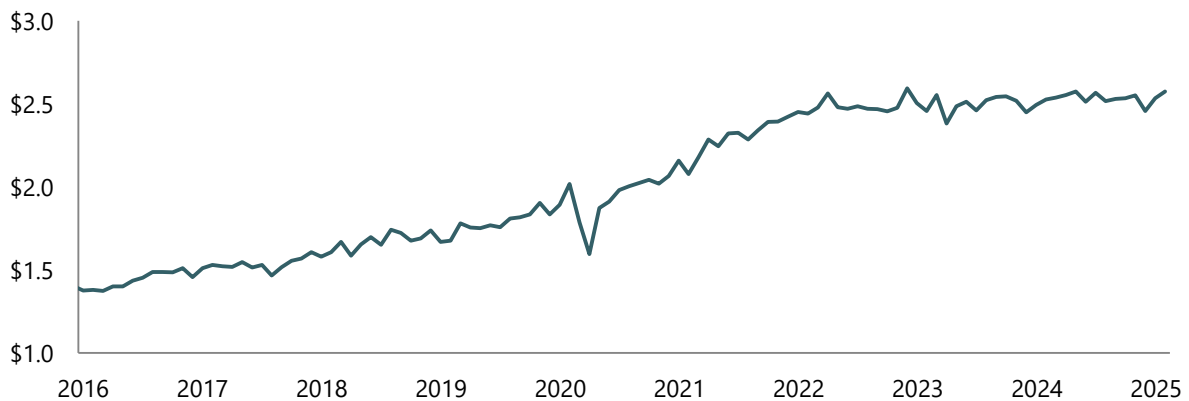


Source: Colorado Association of Realtors (left). Data are seasonally adjusted through April 2025. U.S. Census Bureau (right). Data shown as three-month moving averages. Data through April 2025.

Retail Sales

Retail sales in Colorado Springs have been stagnant over the past two years after steep increases in 2021 and early 2022. Retail sales are increasing by less than the pace of inflation, indicating that real retail sales are declining. This is a similar trend to what is happening nationwide, as nominal consumer spending shifts towards services rather than goods.

Figure 40
Colorado Springs Retail Sales
Dollars in Billions



Source: Colorado Department of Revenue. Data are seasonally adjusted through February 2025.

Pueblo – Southern Mountains Region

The Pueblo–Southern Mountains region encompasses five counties along the eastern slope of the Sangre de Cristo Mountains, and includes the City of Pueblo. Economic data indicate a struggling regional economy, with conditions continuing to deteriorate in 2025. Indicators for the Pueblo region are presented in Table 26 and discussed below.

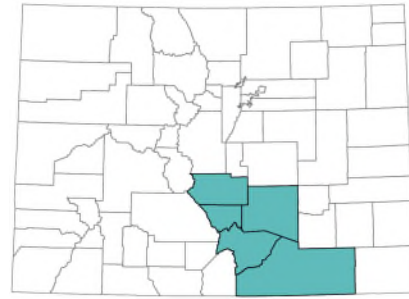


Table 26
Pueblo Region Economic Indicators
Custer, Fremont, Huerfano, Las Animas, and Pueblo Counties

Economic Indicators	2021	2022	2023	2024	YTD 2025
Employment Growth in Pueblo Region	0.6%	1.6%	-0.5%	-0.7%	-0.5%
Employment Growth in Pueblo MSA	0.6%	2.8%	0.4%	-0.4%	-0.9%
Unemployment Rate	7.9%	4.6%	4.8%	5.9%	6.2%
Average Weekly Wage Level	\$939	\$988	\$1,026	\$1,055	NA
Growth in Average Weekly Wages	3.8%	5.3%	3.8%	2.8%	NA
Total Housing Permit Growth in Pueblo MSA	24.0%	-22.9%	-43.8%	-13.5%	-14.3%
Single Family Housing Permit Growth in Pueblo MSA	24.0%	-22.9%	-43.8%	-13.5%	-14.3%
Nonresidential Construction Value Growth	175.3%	-63.2%	157.0%	-60.1%	-36.7%
Nonresidential Construction Square Footage (thousands)	1,658	520	1,426	753	67
Nonresidential Construction Square Footage Growth	278.3%	-68.6%	174.2%	-47.2%	-4.6%
Number of Nonresidential Projects	71	56	72	111	29
Nonresidential Projects Growth	2.9%	-21.1%	28.6%	54.2%	-17.1%
Average Single Family Sale Price	\$326,000	\$340,000	\$349,000	\$347,000	\$342,000
Average Single Family Sale Price Growth	22.9%	4.2%	2.8%	-0.8%	1.1%
Single Family Inventory Growth	-27.0%	68.7%	31.4%	28.3%	33.2%
Single Family Home Sales Growth	7.3%	-6.2%	-17.5%	-8.1%	-14.9%
Retail Sales Growth	13.4%	14.5%	-1.7%	-5.1%	-6.4%

Employment data from U.S. Bureau of Labor statistics, LAUS (Pueblo region) and CES (Pueblo MSA). Data through March 2025.

Unemployment rate from U.S. Bureau of Labor statistics, LAUS (household survey). Data through March 2025.

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2024Q4.

Housing construction data from U.S. Census. Growth in the number of residential building permits. Data through March 2025.

Nonresidential construction data from F.W. Dodge. Data through April 2025.

Housing market data from Colorado Association of Realtors. Data through April 2025.

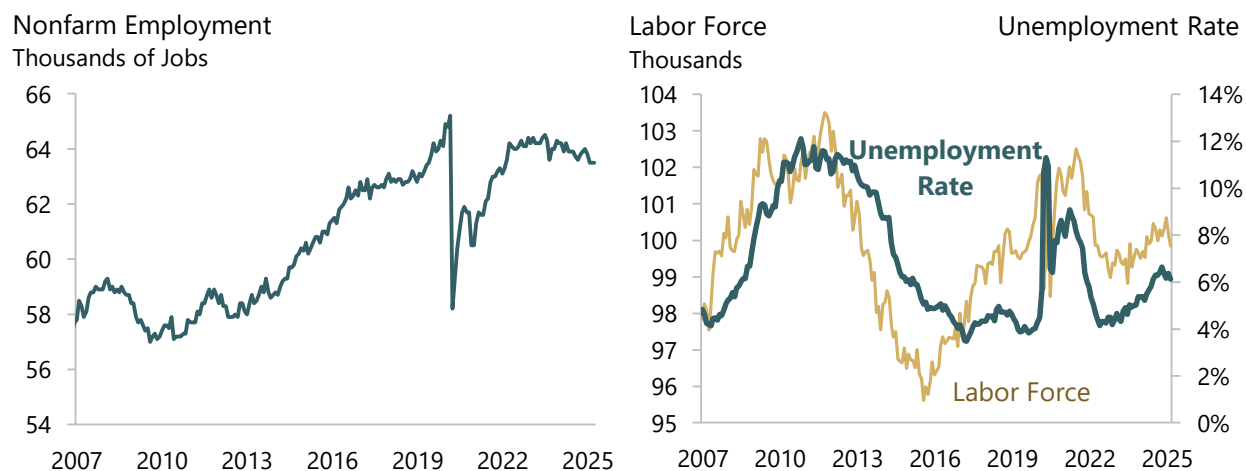
Retail sales data from Colorado Department of Revenue. Seasonally Adjusted. Data through February 2025.

Labor Market

Similar to the state as a whole, the Pueblo region labor market has slowed for several years and continues to show signs of further slowing in 2025. The unemployment rate in the region has drifted upward since reaching a post-pandemic low in 2022. In March 2025, the regional unemployment rate was significantly higher than in any other region of the state, at 6.2 percent, compared to 4.7 percent statewide. Employment in Pueblo remains below pre-pandemic levels, contracted 0.4 percent in 2024, and is down 0.9 percent through April 2025. Struggling retail sales activity has likely dampened employment growth in the retail trade sector, which is the region's second largest private sector in terms of employment, accounting for about 12 percent of jobs.

Wages in Pueblo tend to be lower than the statewide average, reflecting the preponderance of lower wage sectors, such as retail trade, in the region's employment. In 2024, the regional average annual wage was about \$55,000, compared with the statewide average of \$80,000. Wage growth in the region was sluggish in 2024, up 2.8 percent compared with the statewide average of 4.1 percent. Pueblo's highest paying jobs are in the utilities sector, which accounts for about 1 percent of employment, with an average annual wage of about \$101,000. The region's outlook is clouded by the impending closure of the Comanche Generating Station's second and third units in 2025 and 2031, respectively, as part of the phase-out of coal-fired power generation.

Figure 41
Pueblo Region Labor Market Trends



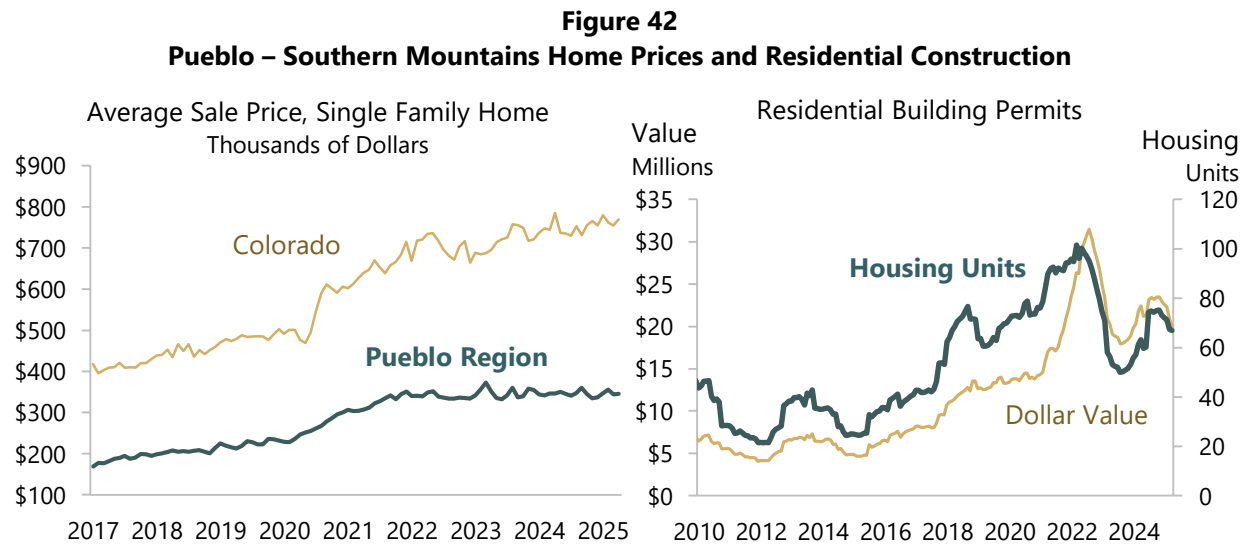
Source: U.S. Bureau of Labor Statistics; CES (establishment survey, left). Seasonally adjusted data through April 2025. U.S. Bureau of Labor Statistics, LAUS (household survey, right). Seasonally adjusted data through March 2025.

The regional labor force has drifted upward since late 2022, but growth will be constrained by demographic drag weighing on population growth. With an older population and little in-migration relative to the rest of the state, the State Demography Office anticipates that regional population will grow by an average of 0.4 percent annually between 2020 and 2030, compared to an estimated 1 percent statewide.

Housing Market

The housing market in the Pueblo region continues to struggle. Single family home sales have contracted since 2022, and were down by almost 15 percent through April 2025 year-to-date, while inventories continue to increase at double digit rates. With high interest rates, declining home sales, and rising inventory, the number of single family housing permits in the region has declined (Figure 42, right).

Despite declining home sales and rising inventories, home prices have stayed steady or even increased in recent years. The average price of a single family home in the region was about \$342,000 in April, an increase of 1.1 percent compared with the same period in 2024 but less than half of the statewide average of \$760,000 (Figure 42, left).



Source: Colorado Association of Realtors (left) and U.S. Census (right). Data are through April 2025 and shown as three-month moving averages seasonally adjusted (left) and as twelve-month moving averages (right).

Eastern Region

The Eastern region includes 16 rural counties on Colorado's Eastern Plains. Agriculture is the primary industry in the region, with businesses and government operations supporting local farming and ranching communities. Though moderately better than recent prior years, weather conditions, as well as geopolitical and policy uncertainty, remain key risks for the region's agricultural outlook. While the region's economy continues to soften, its labor and housing markets are stronger than the state as a whole. Economic indicators for the region are presented in Table 27.

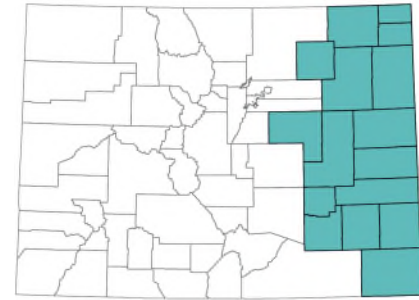


Table 27
Eastern Region Economic Indicators

Baca, Bent, Cheyenne, Crowley, Elbert, Kiowa, Kit Carson, Lincoln, Logan,
Morgan, Otero, Phillips, Prowers, Sedgwick, Washington, and Yuma Counties

Economic Indicators	2021	2022	2023	2024	YTD 2025
Employment Growth	-1.5%	1.5%	0.7%	0.5%	0.9%
Unemployment Rate	4.8%	3.0%	3.1%	3.9%	4.2%
Average Weekly Wage Level	\$872	\$918	\$957	\$988	NA
Growth in Average Weekly Wages	4.1%	5.3%	4.3%	3.2%	NA
Wheat Price Growth (\$/Bushel)	37.7%	42.2%	-14.3%	-28.4%	-7.5%
Corn Price Growth (\$/Bushel)	53.8%	30.9%	-7.0%	-30.1%	-0.3%
Alfalfa Hay Price Growth (Baled, \$/Ton)	2.5%	2.8%	14.5%	-22.7%	-30.2%
Dry Beans Price Growth (\$/hundredweight)					
State Cattle and Calf Inventory Growth	4.0%	-1.0%	-7.5%	-0.3%	1.2%
Milk Production Growth	2.4%	0.7%	-1.9%	0.8%	2.2%
Housing Permit Growth	21.7%	-26.2%	-25.9%	47.4%	78.5%
Average Single Family Sale Price	\$382,000	\$412,000	\$407,000	\$431,000	\$484,000
Average Single Family Sale Price Growth	16.6%	7.7%	-1.2%	5.9%	20.1%
Single Family Inventory Growth	-28.9%	65.9%	23.6%	11.6%	33.7%
Single Family Home Sales Growth	9.9%	-6.8%	-10.3%	0.7%	8.6%
Retail Sales Growth	12.5%	18.9%	-0.3%	0.2%	-1.1%

Employment data from U.S. Bureau of Labor statistics, LAUS (household survey). Data through March 2025.

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2024Q4.

Agricultural data from National Agricultural Statistics Service statewide data. Data through March 2025.

Construction data from F.W. Dodge. Permits for residential units. Data through April 2025.

Housing market data from Colorado Association of Realtors. Seasonally adjusted. Data through April 2025.

Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through February 2025.

Agriculture and Livestock

The Eastern Plains is the largest agricultural region in the state, and agriculture drives much of the region's economy. The region is a key growing area for cattle, hay, winter wheat, and corn.

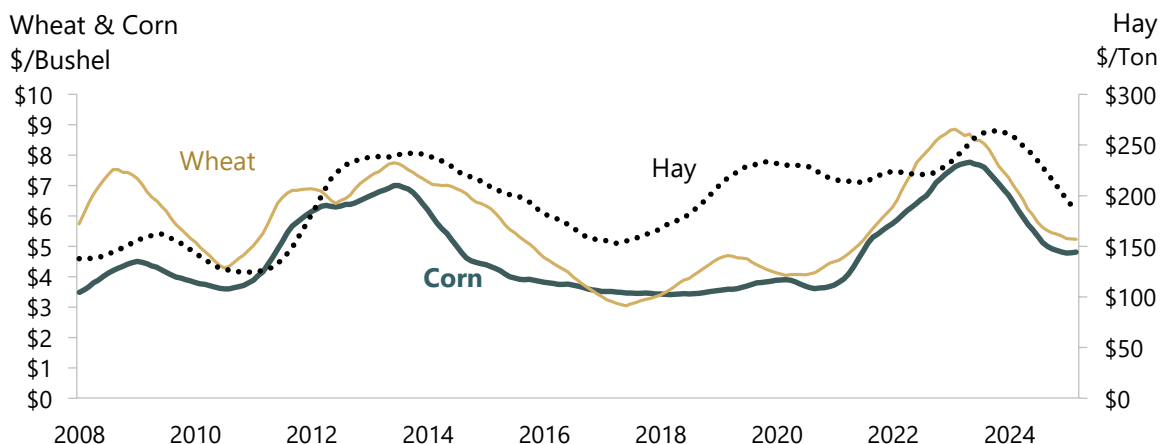
Drought conditions as of May 2025 have moderately improved compared to the three prior years during the same period, with 48 percent of the region drought-free, 37 percent unusually dry, and 15 percent in drought conditions according to the U.S. Drought Monitor.

Comparatively, in the spring of 2022 through 2024, only 0 to 38 percent of the region avoided drought conditions. Still, streamflow forecasts for the season range from 26 percent to 88 percent of the historical median depending on the river, setting the Eastern Plains up for another season of drought in pockets of the region, with worse conditions in the southern part of the region. Since crop condition and harvest timing are sensitive to weather developments, key risks remain for the region's farm price and profitability outlook.

High interest rates paired with persistent drought conditions across the region have motivated ranchers to market cattle that they would normally have kept for breeding purposes. In 2025, cattle inventory is down to 2.5 million, the lowest level since 2014 and a 10.5 percent decline from the 2019 peak. With lower production nationwide, cattle prices are expected to remain strong, placing upward pressure on beef prices through 2025 and into 2026. As interest rates moderate later in the forecast period, the state's ranchers may start to recover their cattle inventory, dependent on future drought conditions.

Moderately better weather conditions have pushed corn and winter wheat progress slightly above 2024 levels. As of early June, farmers had planted 96 percent of the corn crop, in line with the five-year average and just above 2024 levels. Corn prices fell significantly in 2024 with a record crop in the U.S. but have leveled off through the first quarter of 2025. Also as of early June, 78 percent of winter wheat was headed in Colorado, similar to previous averages and slightly better than 2024, with 66 percent in good or excellent condition. Wheat prices, which, along with corn prices, reached multi-year highs in 2021 and 2022, began declining in 2023 and continued to decrease through 2024, but are expected to level off going into 2025.

Figure 43
Prices Received for Colorado Crops



Source: National Agricultural Statistics Service. Data shown as twelve-month moving averages. Data through March 2025.

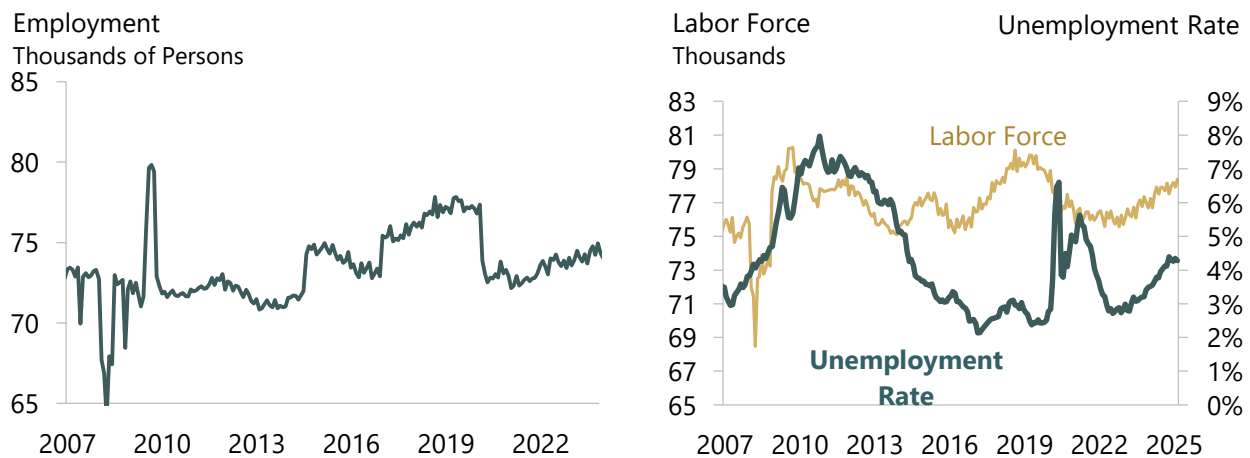
Labor Market

The Eastern Plains region accounts for about 2 percent of statewide employment, or about 75,000 jobs. Relative to the state as a whole, the region has a larger share of jobs in agriculture and related services, government, and manufacturing, and a lower share of jobs in professional and business services and related activities.

The region's labor market continues to cool, though employment growth is stronger in the eastern plains than statewide. As of March 2025, the region's unemployment rate rests at 4.2 percent, well below the statewide unemployment rate of 4.7 percent and the second lowest rate behind only the Mountain region. Employment growth has correspondingly outpaced the state in 2025, with 0.9 percent growth year-to-date compared to no growth statewide. Growth may be partially attributable to increased construction in Elbert County and Morgan County, respectively the third and fourth most-populated counties in the region, though the region's employment data are based on a small sample size and are therefore subject to large revisions.

The average weekly wage of \$988 in 2024 is the second lowest in the state's nine regions and just 64 percent of the statewide average weekly wage of \$1,544. The region's average weekly wage has barely kept pace with inflation over the past two years, resulting in little real wage gains for regional workers. The labor market is expected to remain sluggish throughout 2025 and into 2026 as interest rates remain higher than previously expected and evolving immigration and trade policy depresses the labor supply for and demand of agricultural products.

Figure 44
Eastern Region Labor Market Activity



Source: U.S. Bureau of Labor Statistics, LAUS (household survey). Seasonally adjusted. Data are through March 2025. Includes Legislative Council Staff adjustments prior to 2010.

Retail Sales

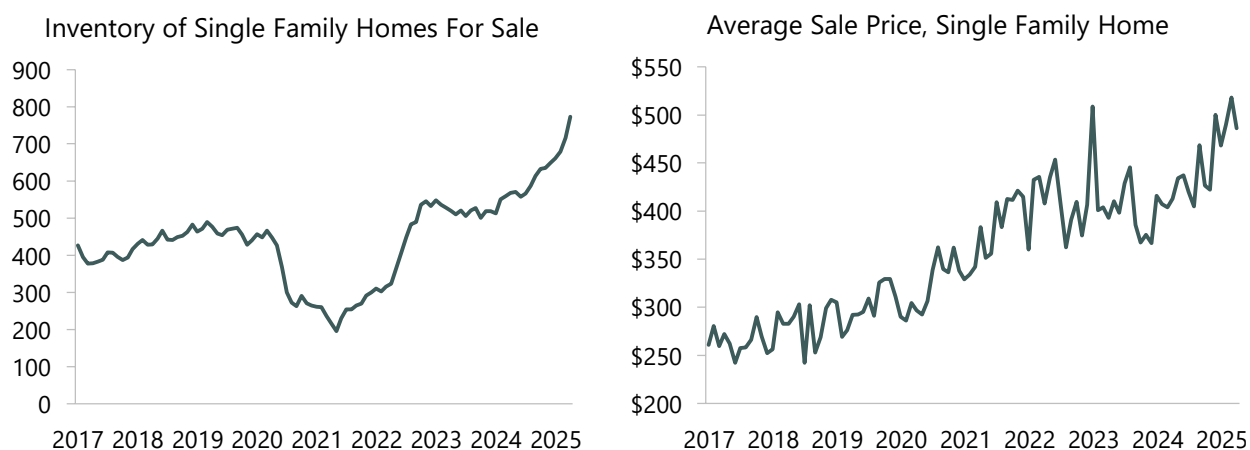
Nominal retail sales in the Eastern Plains have been largely flat in 2023 and 2024, indicating real declines when adjusting for inflation. Retail sales have continued their downward trend through the first two months of 2025, down 1.1 percent from the prior year, the third largest decline of all the regions. Retail sales have slowed across the state as high interest rates, a cooling labor market, and consumer uncertainty amidst rapidly evolving federal policy weigh on the economy. Like other regions in the state, consumer spending in the Eastern Plains is expected to remain sluggish through the remainder of 2025 and into 2026 as economic growth continues to slow.

Housing and Population

The Eastern Plains is the most sparsely populated of the state's regions, with its 16 counties accounting for about 3 percent of the state's population. While the majority of the state has seen stalling home prices, stagnating permit growth, and decreased sales of single family homes amidst high mortgage rates and economic uncertainty, the housing market in the Eastern Plains has trended a different direction. Housing permits in the region grew by over 47 percent in 2024 and are up nearly 79 percent through the first four months of 2025, buoyed by residential construction projects in both Elbert County and Morgan County.

With year-to-date home sale prices up 20 percent, the average home price sale in the Eastern Plains has climbed to \$484,000. Despite the increase in prices, the region continues to boast some of the most affordable homes in the state, with prices lower only for the Pueblo and San Luis Valley regions. Price growth is likely driven by increased demand, with home sales up 8.6 percent through April 2025, the second fastest growth rate of all Colorado regions. As mortgage rates and home prices remain high and less affordable in its neighboring regions, the Eastern Plains likely attracts buyers from adjacent areas of the state. However, home prices and sales are expected to moderate throughout the forecast period as consumer spending slows and inventory continues to climb.

Figure 45
Eastern Region Housing Market Activity



Source: Colorado Association of Realtors. Data are seasonally adjusted and through April 2025.

Mountain Region

The Mountain Region comprises 12 counties stretching from Poncha Pass north to the Wyoming border. Sensitive to tourism and thus to economic conditions worldwide, the Mountain Region labor market remains resilient but with signs of slowing as uncertainty and high interest rates weigh economic activity. High housing prices continue to plague regional communities, while plans for affordable housing developments are vulnerable to economic headwinds. Economic indicators for the Mountain Region are presented in Table 28.

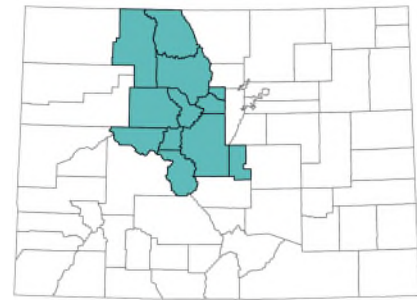


Table 28
Mountain Region Economic Indicators

Chaffee, Clear Creek, Eagle, Gilpin, Grand, Jackson, Lake, Park, Pitkin, Routt, Summit, and Teller Counties

Economic Indicators	2021	2022	2023	2024	YTD 2025
Employment Growth	1.8%	3.7%	1.9%	1.3%	0.9%
Unemployment Rate	5.0%	2.9%	2.9%	3.7%	4.0%
Average Weekly Wage Level	\$1,028	\$1,114	\$1,159	\$1,196	NA
Growth in Average Weekly Wages	4.8%	8.4%	4.1%	3.2%	NA
Housing Permit Growth	30.7%	41.1%	-34.7%	60.2%	-6.2%
Nonresidential Construction Value Growth	-55.1%	36.5%	-11.8%	15.1%	-49.3%
Nonresidential Construction Square Footage (thousands)	893	983	836	668	64
Nonresidential Construction Square Footage Growth	-21.7%	10.1%	-15.0%	-20.0%	-54.6%
Number of Nonresidential Projects	87	100	68	78	16
Nonresidential Projects Growth	7.4%	14.9%	-32.0%	14.7%	-30.4%
Average Single Family Sale Price	\$1,300,000	\$1,424,000	\$1,465,000	\$1,601,000	\$1,821,000
Average Single Family Sale Price Growth	18.8%	9.6%	2.8%	9.3%	5.1%
Single Family Inventory Growth	-47.0%	21.8%	15.7%	37.1%	51.9%
Single Family Home Sales Growth	1.4%	-30.4%	-15.5%	2.8%	-2.0%
Retail Sales Growth	21.0%	17.0%	4.0%	1.6%	1.0%

NA = Not available.

Employment data from U.S. Bureau of Labor Statistics, LAUS (household survey). Data through March 2025.

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2024Q4.

Construction data from F.W. Dodge. Permits for residential units. Data through April 2025.

Housing market data are for single family homes, townhouses, and condos combined and from Colorado Association of Realtors. Seasonally adjusted. Data through April 2025.

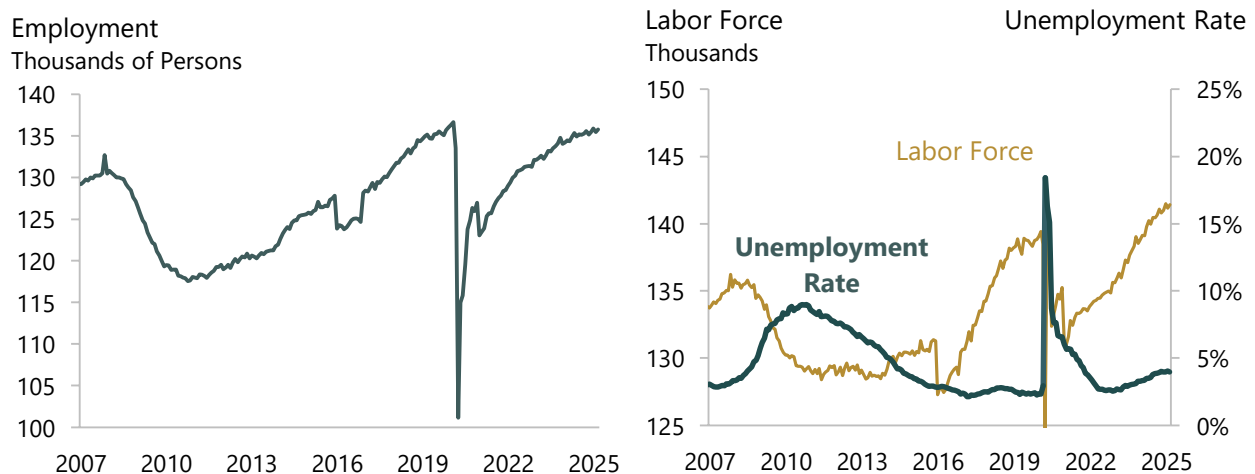
Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through February 2025.

Labor Market

The Mountain Region economy relies heavily on tourism and seasonal residents, with the health of the labor market depending largely on consumer activity across the state, nation, and beyond. Over one-third of the jobs in the region belong to the accommodation, food services, retail trade, art, and entertainment industries. This is a significant difference from the labor market statewide, where these industries account for about one-fifth of jobs. Among the region's three largest private industry sectors, both accommodation and food services and retail trade shed jobs in 2024, which was partially offset by job gains in arts and entertainment. The region continues to have one of the tightest labor markets in the state, posting the state's lowest unemployment rate of 3.7 percent and one of the state's higher employment growth rates at 1.3 percent in 2024 (Figure 46). Employment growth has slowed and the unemployment rate has risen in 2025, trends which are expected to continue as households postpone discretionary spending amidst low consumer sentiment, policy uncertainty and continued high interest rates.

In part, the Mountain Region sustains a lower unemployment rate than all other regions in the state because demographic drag and few affordable housing options pose significant labor supply constraints. The region's wages grew by 19 percent from 2020 to 2024. In contrast, the region's housing prices grew by more than double, increasing 46 percent during the same period. With an average annual wage of \$62,000 in 2024, the Mountain Region realizes wages lower than the statewide average of \$80,000 despite having the highest home prices in the state. Therefore, employers are likely to seek to maintain existing workforce in the face of uncertain economic conditions, keeping the unemployment rate lower than for other regions in the state even as job growth slows.

Figure 46
Mountain Region Labor Market Activity



Source: U.S. Bureau of Labor Statistics, LAUS (household survey). Seasonally adjusted. Data are through March 2025. Note that the 2010 census caused a significant adjustment. Includes Legislative Council Staff adjustments prior to 2010.

Retail Sales

Due to its high housing prices and significant tourist activity, Mountain Region retail sales disproportionately reflect discretionary spending among wealthier consumers and illustrate the statewide effect that purchases by that population have on overall consumer spending. Retail sales have slowed, from 21 percent growth in 2021, to 1 percent over the first two months of 2025, and slower than the statewide average of 1.4 percent. Retail sales growth is below the rate of Denver-Aurora-Lakewood inflation, indicating a real decline in total retail sales in the Mountain Region. This trend is not exclusive to this region; in fact, retail sales have declined in 2025 for four of the nine state regions. Growth in retail sales is expected remain subdued in 2025 as continued high interest rates amidst policy uncertainty impact travel plans and consumers hold off on discretionary spending. A downturn would likely pose an immediate threat to regional businesses, with Mountain Region spending patterns being among those that react most quickly to changing economic conditions, due to the region's dependence on tourism.

Housing

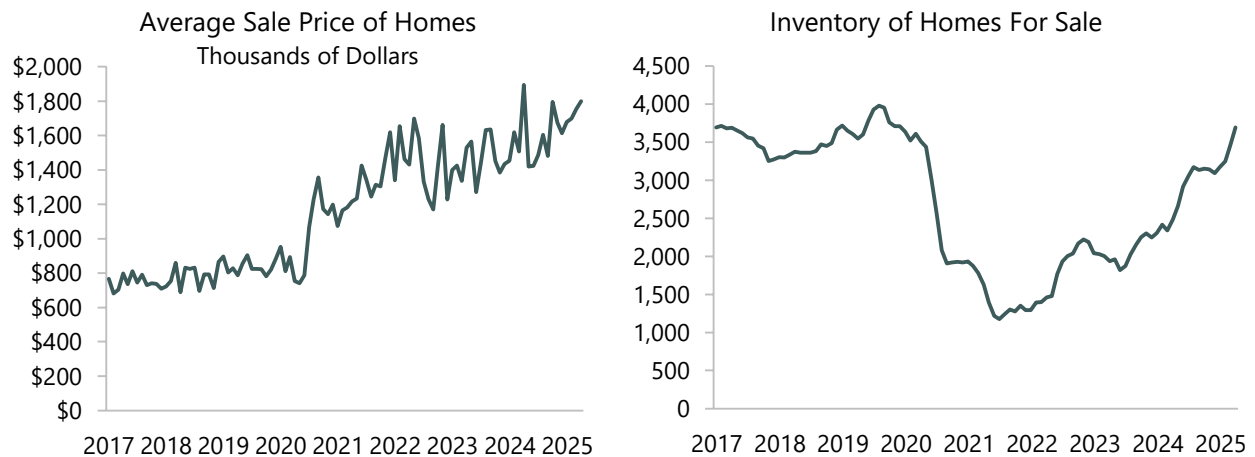
Prices for single family homes and townhomes/condos in the region increased at similar rates in 2024, by 9.1 percent and 10.8 percent respectively, but have seen divergent paths in 2025. Home prices in the region are up 5.1 percent overall, with single family home prices down by 3.6 percent and townhome and condo prices up 21.5 percent. Compared with the statewide housing market, the Mountain Region is more reliant on townhomes and condos, which account for 40 percent of home sales, compared with about 20 percent statewide. Homes remain unaffordable for all but the wealthiest buyers, with the average single family home selling for over \$2 million and the average townhome/condo selling for over \$1 million.

High interest rates coupled with expensive homes are constraining the sales of homes in the region, leading to increased inventory of homes for sale that many workers in the region may not be able to afford. For example, over 50 percent of residential properties in Steamboat Springs have non-local ownership.⁴ Likewise, Summit County—which hosts major ski resort towns such as Breckenridge and Keystone—estimates that one-third of properties are short-term rentals, owned by investors who then rent out their properties to tourists. Similarly, from 2018 to 2021, purchase loans for homes in Summit County increased by 35 percent for second residences, compared to a mere 5 percent for primary residences. This illustrates how higher demand and greater purchasing power by investors and vacationers lead to price increases in many mountain towns. Conditions like these make it more difficult for workers and full-time residents to afford housing, as these prospective buyers often earn average salaries that are significantly below the income levels of those seeking secondary and short-term rental homes.⁵

⁴ Romig, Suzie. "Cautionary tale for Steamboat: Loss of middle class in resort mountain communities." May 21, 2025. <https://www.steamboatpilot.com/news/cautionary-tale-for-steamboat-loss-of-middle-class-in-resort-mountain-communities/>

⁵ Root Policy Research. Summit County 2023 Housing Needs Assessment, September 2023. <https://www.summithousing.us/wp-content/uploads/2023/10/2023-Summit-County-Housing-Needs-Assessment.pdf>

Figure 47
Mountain Region Housing Activity



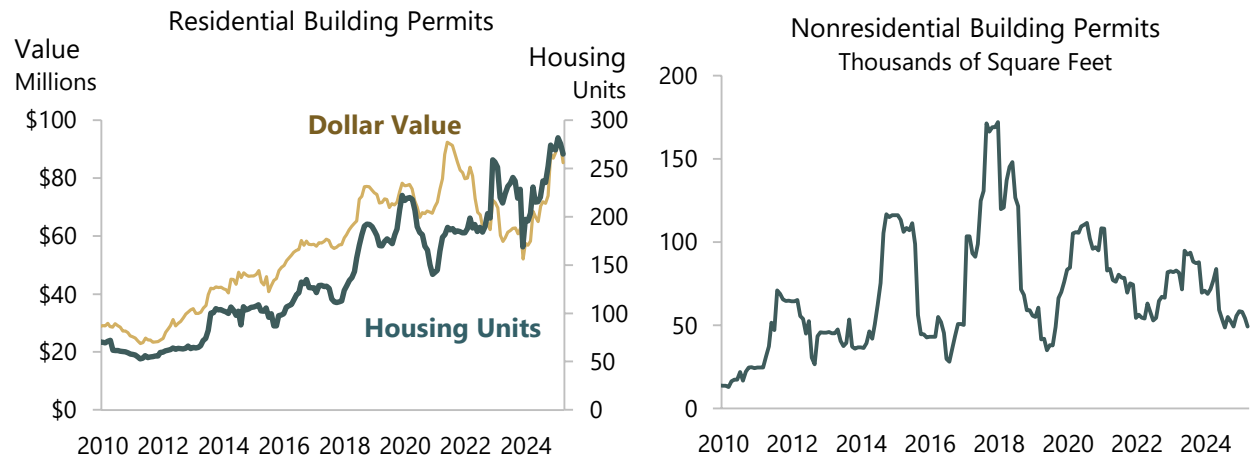
Source: Colorado Association of Realtors. Data are seasonally adjusted and through April 2025. Data includes single family homes, townhomes, and condos.

Construction

Both residential and nonresidential construction in the Mountain Region rebounded in 2024, with housing permits climbing 60 percent and nonresidential construction permits up 15 percent, with data indicating projects with smaller square footage but higher value. Construction growth in 2025 has stalled, with residential and nonresidential construction down 6 percent and 30 percent, respectively, through April. While anticipated changes in building codes inflated construction value numbers in the first quarter of 2024, accounting for some of the decline in nonresidential construction in 2025, some developers and planners have paused amidst economic uncertainty. For example, economic concerns have delayed the approval of the 148-unit Runway Neighborhood in Breckenridge, a long-planned workforce housing neighborhood partially subsidized by the town.

Some efforts to support affordable housing construction in the region are expected to come to fruition in 2025, offsetting headwinds from continued high interest rates and economic uncertainty. Revenue from the 9 percent short-term rental tax passed by Steamboat Springs voters in 2022 has surpassed projections, bolstering the town's efforts to support affordable housing. In January 2025, the town awarded \$5 million to the Yampa Valley Housing Authority to use for its Cottonwoods at Mid Valley affordable housing development. Recent state legislation is expected to support community development in rural resort areas. HB 22-1117 expanded the allowable uses of local lodging taxes to include affordable housing and child care, while HB 25-1247 will allow counties to increase lodging taxes, and to include infrastructure and public safety in allowable uses of the revenue.

Figure 48
Mountain Region Construction Activity



Source: F.W. Dodge. Data shown as twelve-month moving averages. Data through April 2025.

Western Region

The ten-county Western Region has a diverse economy. Key industries in the more northern counties of Garfield, Mesa, Moffat, and Rio Blanco include energy and agriculture, while the counties of Delta, Gunnison, Hinsdale, Montrose, Ouray, and San Miguel are more reliant on tourism, mining, and retiree-related spending. With continued strength in the health care sector, employment growth has remained consistent, although it is expected to slow through the forecast period. Economic indicators for the region are summarized in Table 29.

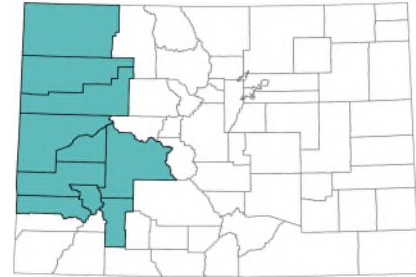


Table 29
Western Region Economic Indicators

Delta, Garfield, Gunnison, Hinsdale, Mesa, Moffat, Montrose, Ouray, Rio Blanco, and San Miguel Counties

Economic Indicators	2021	2022	2023	2024	YTD 2025
Employment Growth in Western Region	1.5%	2.0%	1.2%	1.5%	1.4%
Employment Growth in Grand Junction MSA	3.9%	2.5%	1.7%	1.8%	1.4%
Unemployment Rate	5.6%	3.4%	3.5%	4.3%	4.6%
Average Weekly Wage Level	\$954	\$1,025	\$1,072	\$1,102	
Growth in Average Weekly Wages	3.5%	7.4%	4.6%	2.8%	
Natural Gas Production Growth	-9.1%	-5.8%	-17.0%	-5.8%	-3.7%
Housing Permit Growth	20.8%	-10.8%	13.9%	-36.0%	4.8%
Nonresidential Construction Value Growth	244.5%	-12.4%	-23.9%	65.7%	71.3%
Nonresidential Construction Square Footage (thousands)	774	773	687	906	324
Nonresidential Construction Square Footage Growth	61.6%	0.0%	-11.1%	31.8%	45.7%
Number of Nonresidential Projects	117	125	113	152	42
Nonresidential Projects Growth	34.5%	6.8%	-9.6%	34.5%	-12.5%
Average Single Family Sale Price	\$519,000	\$536,000	\$597,000	\$636,000	\$647,000
Average Single Family Sale Price Growth	23.3%	3.3%	11.3%	6.6%	2.7%
Single Family Inventory Growth	-42.4%	25.2%	15.2%	10.4%	11.0%
Single Family Home Sales Growth	1.6%	-21.8%	-16.9%	1.4%	4.1%
Retail Sales Growth	19.2%	11.4%	4.8%	2.9%	5.7%
National Park Recreational Visits	12.7%	-3.9%	0.1%	0.0%	9.9%

Employment data from U.S. Bureau of Labor Statistics, LAUS (western region) and CES (Grand Junction MSA). Data through March 2025

Unemployment rate from U.S. Bureau of Labor statistics, LAUS (household survey). Data through March 2025

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2024Q4

Energy data from the Energy and Carbon Management Commission. Data through March 2025

Construction data from F.W. Dodge. Data through April 2025

Housing market data from Colorado Association of Realtors. Data through April 2025

Retail sales data from Colorado Department of Revenue. Data through February 2025

National Park visit data from National Park Service. Recreation visits for Black Canyon of the Gunnison NP, Colorado NP, Dinosaur NM, and Curecanti NRA. Data through April 2025.

Labor Market

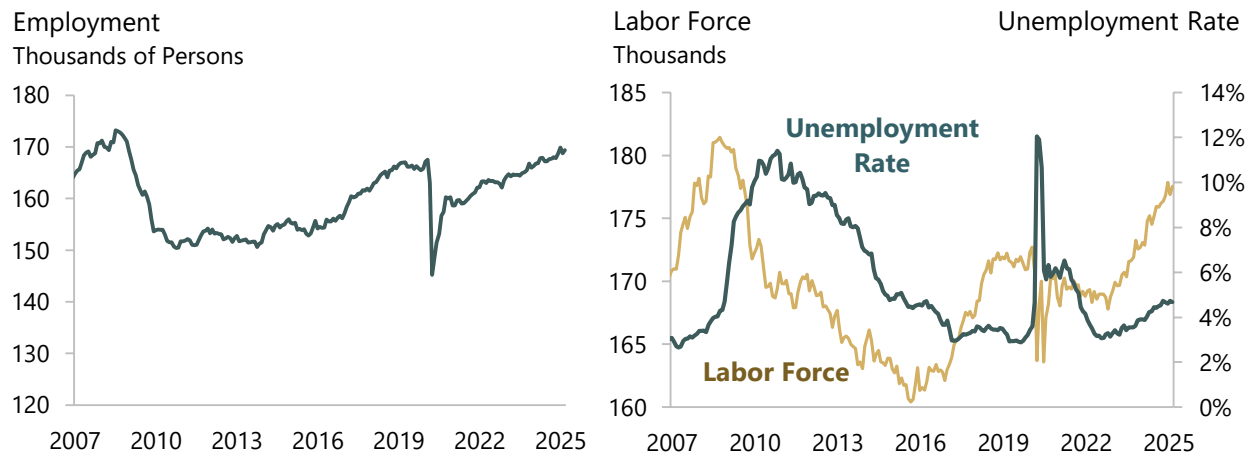
The Western Region's labor market is characterized by employment concentrations in natural resources, construction, retail trade, health care, lodging and food services, and local government. These industry sectors represent the region's position as a key support for the state's energy and agriculture sectors, and as a tourist destination. Additionally, the region is home to commerce hubs like Grand Junction that provide services to households across the Western Slope. With a retirement-aged population that is growing faster than retirees in the state overall, health care is an increasingly important sector to the regional economy.

After lagging the state during the post-pandemic recovery, data indicate employment for the region's households exceeded pre-pandemic levels over the latter half of 2024 and continues to gain ground on statewide job growth. Based on recent data, household employment for the state was about 2.2 percent above pre-pandemic levels in March 2025, and was about 1.3 percent higher for the Western Region (Figure 49, left). Year-to-date, employment growth as tracked through establishment surveys in the Grand Junction MSA corroborates faster growth in the region, with employment up 1.4 percent compared with 0.4 percent statewide (Table 29). Although data indicate the unemployment rate continues to rise in the Western Region, it has coincided with more labor force participants. The region's labor force was up 2.3 percent year-to-date and on pace for a second year of robust growth.

Demographic trends in the region are influencing both employment and the labor force. Growth in the region's working-age population, or people ages 16 to 64 years, is projected to be significantly slower than the statewide growth rate and increase between just 0.1 percent each year from 2025 to 2027, according to the Colorado State Demography Office. By comparison, the state's working-age population is projected to grow between 0.5 percent and 0.7 percent each year over the same period. Concurrently, the region's retirement-age population aged 65 years and over is growing faster than the state. Although the Western Region may benefit from higher labor force participation among retirement-age individuals, slow growth in the working-age population is expected to dampen employment growth in the long term.

Based on employer survey data for the Grand Junction MSA (Mesa County), the area's job growth has been supported largely by health care over the past few years, with the sector posting both the fastest pace of growth and contributing the most jobs. In 2024, the sector continued to outpace others and data indicate it accounted for more than 60 percent of job growth. Other contributors in 2024 were state and local government and professional and business services. Slower employment growth is expected over the next year, with ongoing support from the health care sector and potentially from natural resources. However, economic conditions are expected to dampen growth in manufacturing, real estate, retail, and leisure and hospitality. Encouragingly, enrollment for Colorado Mesa University is expected to continue to expand and will benefit the region's economy. In the 2022-23 academic year, enrollment grew for the first time since 2016-17 as enrollment for state residents began to rebound. In 2023-24, enrollment was up another 2 percent and is projected to increase 8 percent in FY 2024-25 and exceed peak 2016-17 enrollment.

Figure 49
Western Region Labor Market Activity



Source: U.S. Bureau of Labor Statistics; LAUS (household survey). Data prior to 2010 adjusted by Legislative Council Staff. Data are seasonally adjusted and are through March 2025.

Housing

Despite high interest rates and rising inventory, the average price of a single family home in the Western Region has continued to increase. In 2024, the average price rose 6.6 percent, faster than the pace recorded statewide. Although the average sales price in the Western Region remains lower than the statewide average, the price gap has narrowed over the past few years. In 2019, the average sales price in the Western Region was more than 28 percent lower than the price statewide. In 2024, the average sales prices in the Western Region was about 15 percent lower.

Like the state, price growth is decelerating in the Western Region. In April 2025, the average single family home price was up 2.7 percent year-to-date, but remained faster than the 1 percent pace recorded statewide. Inventory continues to rise rapidly, growing by double digits each year since 2022 after reaching historic lows. Sales peaked in 2021 following the pandemic, but dropped significantly in 2022. Sales were about 25 percent below 2019 in 2024.

Residential building permits fell significantly in 2024, decreasing by 36 percent. Permits are expected to rebound modestly in 2025, and were up 4.8 percent year-to-date through April. However, residential construction is expected to remain muted amid slower price appreciation, economic uncertainty, high interest rates, and growing inventory levels.

Nonresidential Construction

In 2024, nonresidential building construction in the Western Region surged after contracting in 2023, reaching its highest level since 2014. Indicators of nonresidential construction for the Western Region are strong through the first four months of 2025, primarily in Mesa County, and with the start of a \$24 million project in San Miguel County. Although many types of nonresidential construction across the state and nation have been impacted by rising interest rates, higher construction costs, and slower employment growth, construction in the Western

Region is expected to be supported over the next year in part by continued expansion at the Grand Junction Regional Airport.

The construction sector is still expected to be boosted over the next few years from large investments in infrastructure and renewable energy. Significant projects include construction of the TransWest Express transmission project that will connect renewable energy generation in Wyoming to Southern California through Moffat County. The 2025 construction scope includes work in Colorado. Additionally, Tri-State Generation and Transmission Association announced significant projects in Montrose County, including a 20-MW solar project, a 50-MW battery storage facility, and transmission infrastructure.

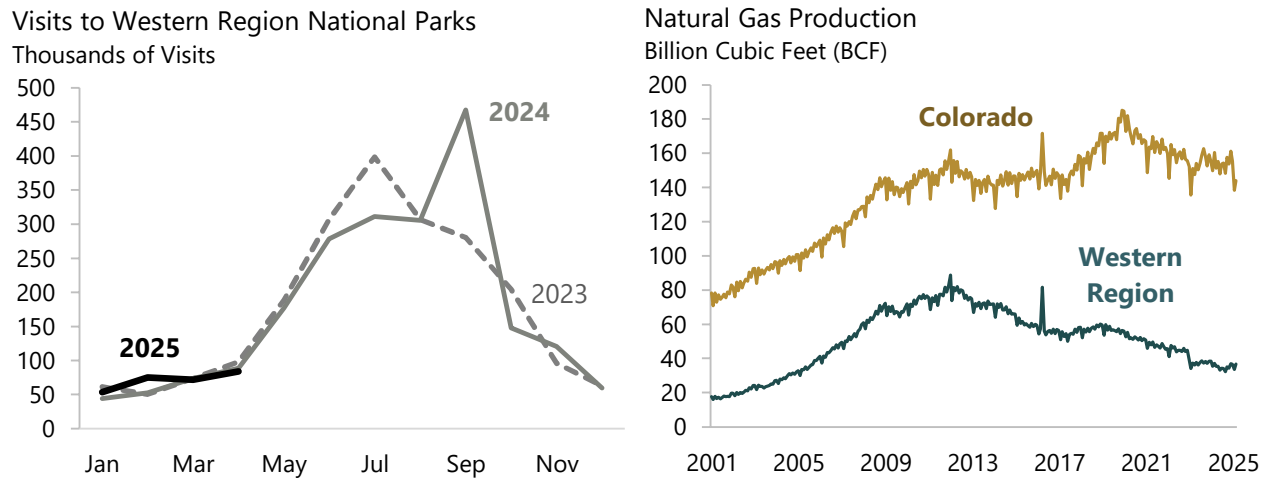
Retail Sales

Post-pandemic retail sales in the Western Region continue to outpace sales growth statewide. Although the pace of growth in 2024 slowed to 2.9 percent in the Western Region, sales grew just 1.3 percent statewide. The pace of retail sales in the region increased in the first two months of the year, up 5.7 percent year-to-date compared with 1.4 percent statewide. The region is benefiting from consistent post-pandemic employment and wage growth. Retail construction of stores and food services continues at healthy levels, particularly in the regional hub of Mesa County. Retail sales may be dampened somewhat if broad economic conditions impact domestic and international travel to the region over the next year. Tourism may also be affected by reduced staffing levels at the region's national parks and recreation areas.

Tourism

Visits to the region's national parks started the year up 10 percent year-to-date through April (Figure 50, left). However, visitation at the beginning of 2024 was impacted by reduced visits to the Curecanti National Recreation Area due to construction along U.S. Highway 50 and an emergency bridge closure. Looking back to 2023, park visitation through the first four months of 2025 is similar to 2023 levels. Park visitation through the rest of the year could be impacted by reduced park hours or closures due to reduced staffing levels at the Black Canyon of the Gunnison and other national parks. Further, economic uncertainty is expected to impact consumer spending and travel through the year. Positively, passenger traffic at the Grand Junction Regional Airport continues to expand after a record year, with passenger traffic up 6.4 percent year-to-date through March.

Figure 50
Western Region Economic Indicators



Source: National Park Service (left). Data through April 2025. Colorado Energy and Carbon Management Commission (right). Data through March 2025.

Energy Sector

The western region produces a significant share of the state's natural gas, nearly 23 percent in 2024 (Figure 50, right), and remains a significant contributor to the region's economic activity despite a long-term decline in activity back to 2013. In 2024, natural gas production contracted for the sixth consecutive year, and for 11 of the past 12 years. Natural gas production supports tax revenue, jobs, and upstream and downstream support industries throughout the region. Nationally, a greater quantity of natural gas is coming from gas-producing oil wells with the penetration of shale and hydraulic fracturing technology, a trend that has increased production and pushed down prices, generally. This dynamic is limiting investment and production in the region.

Prices surged in 2022, increasing the region's value of production significantly, which likely supported some resurgence in natural resources employment. However, prices as tracked by the Henry Hub Spot Price fell by more than 60 percent in 2023, and were down another 13 percent in 2024, reaching a low of \$2.21 per million BTU. As of March 2025, natural gas production in the Western Region was down 3.7 percent year-to-date. Prices are expected to improve significantly in 2025, climb about 87 percent and reach \$4.12 as noted in the Economic Outlook section. Nationally and in the state, low oil prices are expected to impact oil production and consequently natural gas production from oil wells, contributing to higher natural gas prices. Prices are currently forecast to climb over the forecast period and may support some production in the Western Region. Additionally, recent and upcoming lease sales on U.S. Bureau of Reclamation Land in the area may support new investment.

Southwest Mountain Region

The southwest mountain region is made up of five counties in the southwest corner of the state. The area encompasses less than 2 percent of the state’s total population but boasts a diverse economy with contributions from tourism, healthcare, and retail trade. The region often behaves differently from the large Front Range metropolitan areas that heavily influence statewide averages. Currently, the labor market shows signs of stronger growth than the statewide average, particularly over the past eight months. Retail activity jumped up in the second half of 2024, but has slowed since. Indicators for the southwest mountain region are summarized in Table 30.

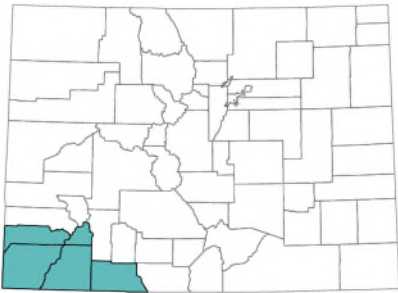


Table 30
Southwest Mountain Region Economic Indicators
Archuleta, Dolores, La Plata, Montezuma, and San Juan Counties

Economic Indicators	2021	2022	2023	2024	YTD 2025
Employment Growth	0.3%	2.1%	0.7%	1.3%	1.4%
Unemployment Rate	6.0%	3.5%	3.6%	4.4%	4.7%
Average Weekly Wage Level	\$948	\$991	\$1,042	\$1,085	
Growth in Average Weekly Wages	4.8%	4.5%	5.1%	4.1%	
Housing Permit Growth	18.4%	-21.9%	21.0%	10.3%	-58.2%
Average Single Family Sale Price	\$656,000	\$750,000	\$805,000	\$808,000	\$758,000
Average Single Family Sale Price Growth	21.2%	14.2%	7.4%	0.4%	4.4%
Single Family Inventory Growth	-47.5%	12.4%	8.9%	21.1%	14.6%
Single Family Home Sales Growth	-1.2%	-23.3%	-18.9%	-0.8%	21.2%
Retail Sales Growth	20.1%	4.9%	1.4%	2.7%	3.5%
National Park Recreational Visits	87.2%	-8.2%	2.3%	-5.3%	-5.5%

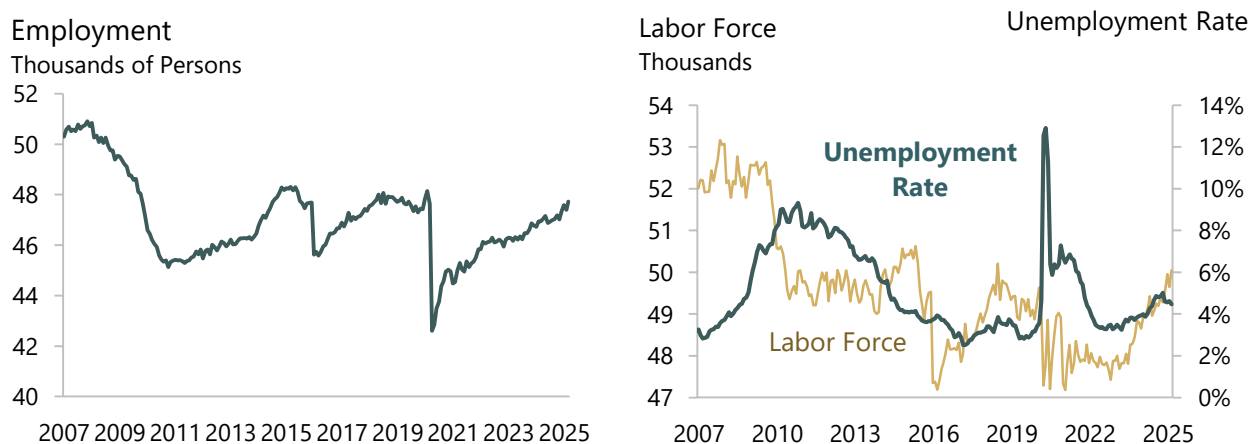
Employment data from U.S. Bureau of Labor Statistics, LAUS (household survey). Data through March 2025
Wage data from U.S. Bureau of Labor statistics, QCEW. Data through 2024Q3
Construction data from F.W. Dodge. Permits for residential units. Data through April 2025
Housing market data from Colorado Association of Realtors. Seasonally adjusted. Data through April 2025
Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through February 2025
National Park visit data from National Park Service. Recreation visits for Mesa Verde National Park and Hovenweep National Monument. Data through April 2025.

Labor Market

The southwest mountain region’s labor market is slightly more concentrated by industry than the statewide labor market. Of the top 20 industries for both the state and the region, the region has a smaller footprint in the wholesale trade and manufacturing, but a larger footprint in government, retail trade, agriculture, arts, and recreation. Both the Ute Mountain Ute tribe and Southern Ute Indian tribe occupy land in the region, and their tribal governments contribute to relatively higher proportions of government employment. With an older population than the statewide average, the economy is dependent on retirees and is sensitive to tourism.

Employment has grown at a moderate pace in the past year, and is up 1.4 percent year-to-date in 2025. The size of the labor force has grown by nearly 5 percent since early 2023 after years of decline, which is a positive signal for the labor market. Gains in average weekly wages have remained healthy, rising 4 percent in 2024 and outpacing inflation. However, average wages in the region remain well below the statewide average and are only higher than those in the San Luis Valley and eastern regions. Because the region is heavily dependent on tourism, an economic downturn would likely negatively impact business profits and stifle employment growth.

Figure 51
Southwest Mountain Region Labor Market Activity



Source: U.S. Bureau of Labor Statistics, LAUS (household survey). Seasonally adjusted. Data through March 2025. Includes Legislative Council Staff adjustments prior to 2010.

Housing and Construction

The housing market in the southwest mountain region shows signs of cooling after a boom following the pandemic. Average single family home prices can be volatile due to the small volume of homes in the region, but values are up 4.4 percent so far in 2025 after being stagnant in 2024. The average single family home price in the region stands at \$758,000 year-to-date. However, housing inventory is up significantly for the fourth year in a row and homes are sitting on the market longer, suggesting that the booming housing market of 2021 and 2022 has come to a close as higher interest rates have stalled demand.

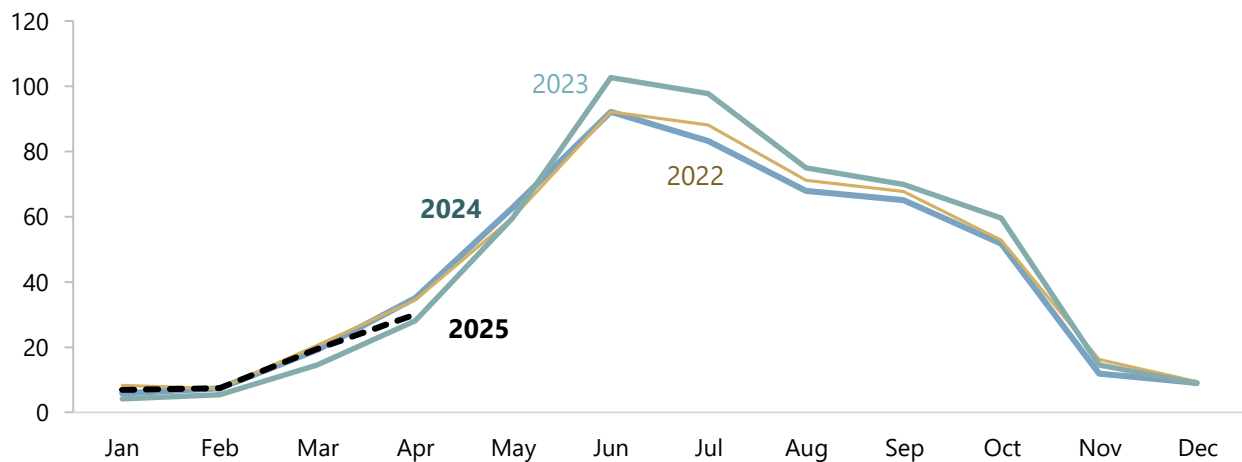
Similarly, residential construction has plummeted so far in 2025, with permits down by more than 58 percent year-to-date. This is another indication of reduced confidence in the housing market. This series can be volatile, however, and the decline may be less severe as the year goes on. High interest rates are likely to continue to be a drag on the housing market in 2025 and 2026.

Nonresidential construction in the region is being boosted by the Sun Bear Solar Project, one of the largest renewable energy projects in the country. The project is led by the Ute Mountain Ute Tribe and includes the placement of solar panels along eight square miles of tribal land within the Upper Colorado River Basin of southwestern Colorado. Construction is projected to cost over \$1.0 billion, buoying economic activity by creating up to 1,000 construction jobs in the region.

Tourism and Consumer Spending

Tourism-dependent spending is a significant economic driver in various communities throughout the southwest mountain region. Local wildfires, nationwide economic conditions, and gas prices generally pose a risk to tourist activity. The region saw a slight decline in tourism in 2024 due to fire damage and closures in certain parts of Mesa Verde National Park. In 2024, total visits to Mesa Verde National Park and the Hovenweep National Monument still surpassed 512,000, more than five times the amount of the region's population. So far in 2025, park visits are lower than they were in 2024.

Figure 52
Visits to Mesa Verde National Park and Hovenweep National Monument
Thousands of Visits



Source: National Park Service. Data through April 2025.

Despite declines in tourism for the region's national parks, growth in retail sales is outpacing inflation, and was particularly strong in the latter half of 2024. Retail sales are up 3.5 percent year-to-date in 2025, prior to the region's peak tourism season from June through August. Regional retail sales may pick up in the latter portion of 2025. On the other hand, a decline in consumer sentiment nationwide could be a precursor to lower tourism and reduced retail sales in the region moving forward.

San Luis Valley Region

Among the nine economic regions identified in this forecast, the San Luis Valley has the state's smallest population and its lowest household incomes. The economy of the region's six counties is largely agricultural. The region's labor market continues to cool, and slowing wage growth coincides with declining home sales. Worsening drought conditions in the region pose a downside risk to agricultural producers in the San Luis Valley compared to recent years. Economic indicators for the region are summarized in Table 31.

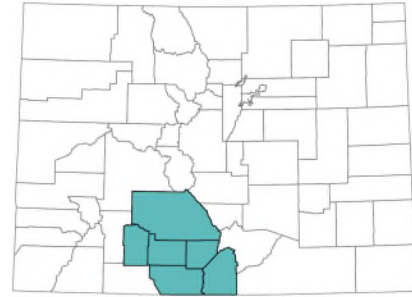


Table 31
San Luis Valley Region Economic Indicators
 Alamosa, Conejos, Costilla, Mineral, Rio Grande, and Saguache Counties

Economic Indicators	2021	2022	2023	2024	YTD 2025
Employment Growth	-1.8%	2.3%	0.2%	0.0%	1.2%
Unemployment Rate	6.5%	4.0%	4.1%	5.0%	5.3%
Average Weekly Wage Level	\$805	\$856	\$901	\$906	NA
Growth in Average Weekly Wages	4.6%	6.3%	5.2%	0.6%	NA
Growth in Barley Acres Harvested	47,000	40,000	52,000	39,000	NA
Barley Crop Value Growth (\$/Acre)	\$548	\$628	\$1,000	\$1,088	NA
Growth in Potato Acres Harvested	52,400	52,900	54,800	53,700	NA
Potato Crop Value (\$/Acre)	\$4,674	\$7,169	\$3,557	\$3,698	NA
Housing Permit Growth	28.6%	-21.6%	-6.3%	24.9%	-2.5%
Average Single Family Sale Price	\$343,000	\$352,000	\$365,000	\$376,000	\$372,000
Average Single Family Sale Price Growth	27.2%	2.5%	3.7%	3.1%	-1.2%
Single Family Inventory Growth	-44.0%	18.6%	32.9%	23.1%	10.7%
Single Family Home Sales Growth	7.1%	-25.4%	-14.8%	8.7%	-4.7%
Retail Sales Growth	17.1%	9.0%	2.3%	1.0%	4.4%
National Park Recreational Visits	30.6%	-18.1%	3.8%	-14.6%	12.4%

NA = not available.

Employment data from U.S. Bureau of Labor Statistics, LAUS (household survey). Data through March 2025

Wage data from U.S. Bureau of Labor statistics, QCEW. Data through 2024Q4.

Agricultural data from National Agricultural Statistics Service statewide data. Data through March 2025.

Construction data from F.W. Dodge. Permits for residential units. Data through April 2025.

Housing market data from Colorado Association of Realtors. Seasonally adjusted. Data through April 2025.

Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through February 2025.

National Park visits data from National Park Service. Recreation visits for Great Sand Dunes NP. Data through April 2025.

Agriculture

With over 70 varieties grown in the region, the San Luis Valley is the second biggest potato-producing area in the United States after Idaho. Potato harvests were down 2 percent in 2024, but remain near historical averages with moderate demand and a steady market. The San Luis Valley is also a key crop area for barley and alfalfa hay, though barley has seen declining acreages with only 39,000 acres of barley harvested in 2024, well below the previous 15-year average of 57,800 acres. On the other hand, more drought-tolerant crops such as quinoa, hemp, and rye have been on the rise in the region as activists such as the Rye Resurgence Project push for the production and local usage of less water-thirsty agriculture.

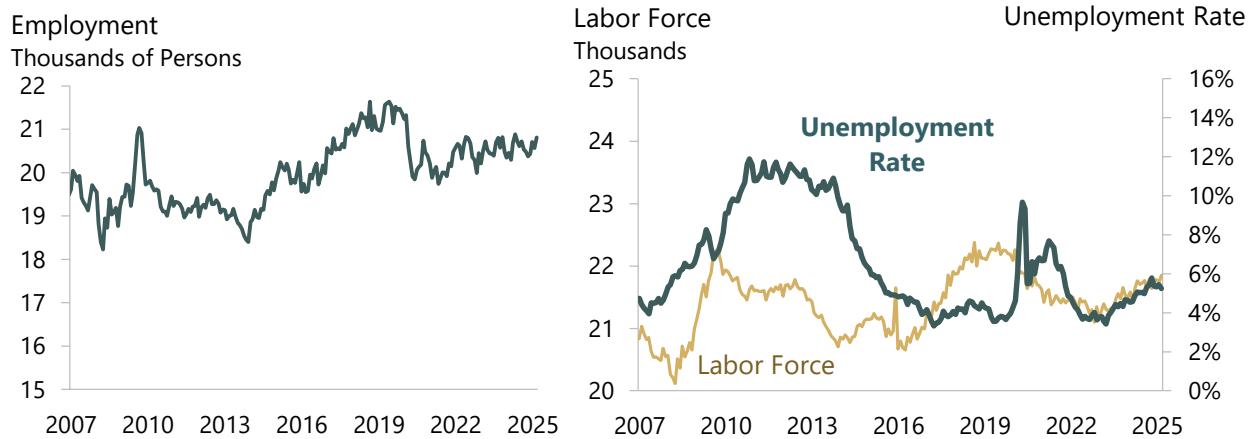
The San Luis Valley is a high desert, typically receiving fewer than eight inches of precipitation annually. Irrigation for most crops relies on groundwater, reservoirs, and rivers fed by winter snowpack, which has been depleted by the impacts of climate change and agricultural use. Weather and access to water remain key concerns for San Luis Valley agricultural producers. At the end of April 2025, streamflow in the Upper Rio Grande basin was 49 percent of the median value for the 1991-2020 period, with streamflow for the season forecasted to be between 17 percent and 74 percent of the median depending on the river. The water content of snowpack was just 19 percent of the median, well below 2024 levels. The below-average water outlook for the region poses a downside risk for crops in an already water scarce environment. As of the end of May 2025, nearly 21 percent of the region is currently experiencing drought conditions with another 40 percent unusually dry, according to the U.S. drought monitor. For the same period in 2023 and 2024, no part of the region was experiencing drought conditions.

Labor Market

As the state's least populous region, the San Luis Valley accounts for less than 1 percent of statewide employment. In addition to agriculture and related services, which drive much of the region's employment, key employers are Adams State University and San Luis Valley Health. Compared to the state as a whole, the San Luis Valley has a larger share of jobs in government and health services, and fewer in professional and business services and accompanying administrative and support services.

As in other rural regions of the state, household survey data is subject to large revisions due to a small sample size. As of March 2025, data suggest a cooling labor market with the second highest unemployment rate in the state at 5.3 percent year-to-date (Figure 53, right). In spite of a labor force below pre-pandemic levels, the unemployment rate in the region is well above the statewide average of 4.7 percent. With 2024 average weekly wages at \$906, the region has the lowest wages in the state at just 59 percent of the statewide average. Average weekly wages grew 0.6 percent in 2024, well below inflation, indicating a decline in real wages.

Figure 53
San Luis Valley Labor Market Activity



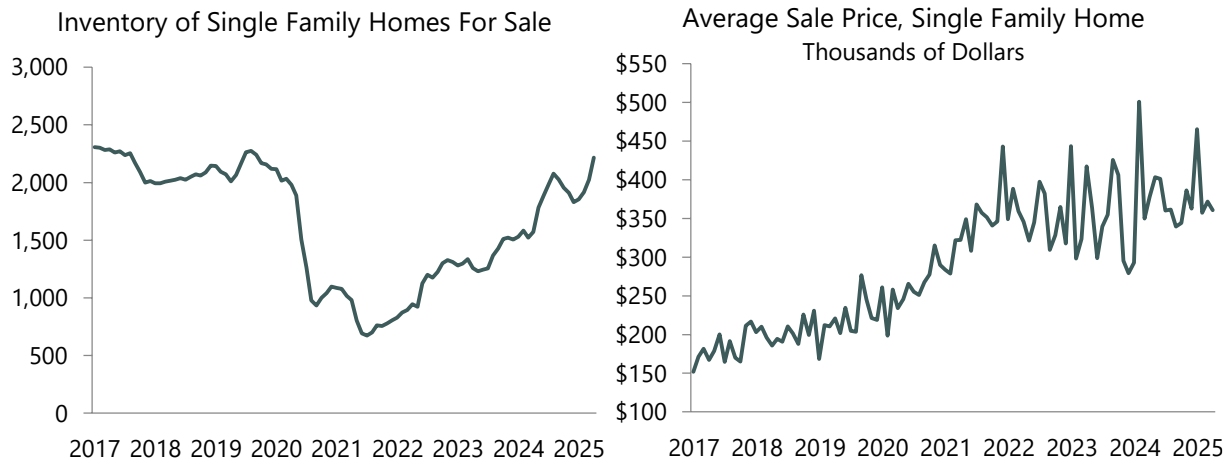
U.S. Bureau of Labor Statistics, LAUS (household survey). Seasonally adjusted. Data through March 2025. Includes Legislative Council Staff adjustments prior to 2010.

Housing and Population

With over 20 percent of its population aged 65 and over, compared with the statewide share of 16 percent, the San Luis Valley economy faces labor force challenges and shifting demands for housing, health care, and other services associated with an aging population.

As in other regions of the state, home prices have moderated in the first four months of 2025 compared to record highs seen during the COVID-19 pandemic, as high mortgage rates and a slowing economy lower demand. Correspondingly, housing permit growth and sales are down and inventory is rising. With an average sale price of \$372,000, the San Luis Valley has some of the lowest home prices in the state, roughly 50 percent of statewide average. Despite lower housing prices, consumers in the region generally have to travel farther for certain goods and services. As a result, higher transportation costs paired with lower wages temper disposable income for the region's population. According to the U.S. Census Bureau, as of 2023, 12.6 percent of families in the region met the poverty threshold, compared to 5.9 percent of families statewide.

Figure 54
San Luis Valley Housing Market Activity

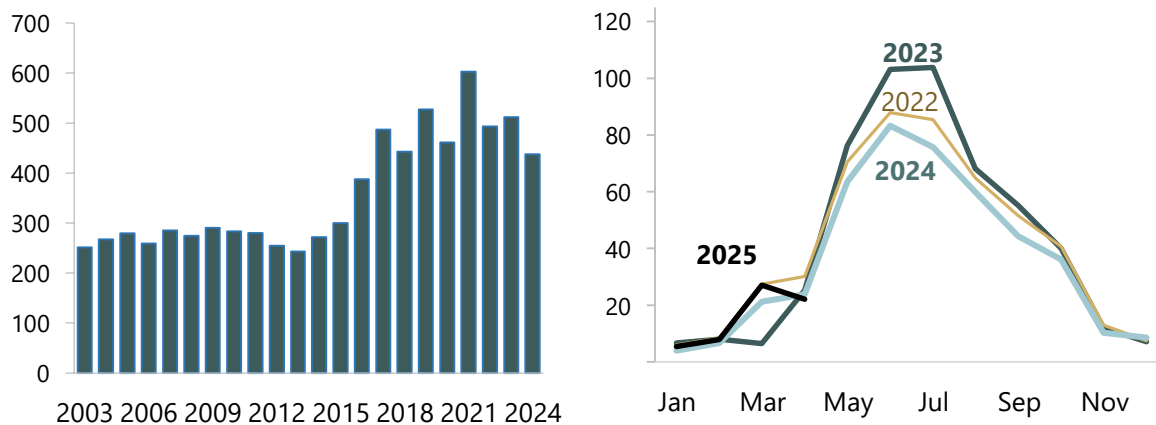


Source: Colorado Association of Realtors. Data are seasonally adjusted and through April 2025.

Tourism

In 2024, visits to the Great Sand Dunes National Park and Preserve reached the lowest level in almost a decade, down 14.6 percent from the year prior. While pent up demand led to record levels of park visits following the COVID-19 pandemic, fewer visits in 2024 visits may be indicative of moderating tourism amidst a slowing economy. Visits through April 2025 are up considerably year-to-date, but the pattern may not hold through the peak season of national park visitations as wary consumers nationwide express declining sentiment over the potential trajectory of the near-term economy, which could impact tourist activity.

Figure 55
Visits to Great Sand Dunes National Park and Preserve
Thousands of Visits



Source: National Park Service; data through April 2025.

Appendix: Historical Data

National Economic Indicators

Calendar Years	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
GDP (Billions)	\$15,599.7	\$16,254.0	\$16,880.7	\$17,608.1	\$18,295.0	\$18,804.9	\$19,612.1	\$20,656.5	\$21,540.0	\$21,354.1	\$23,681.2	\$26,006.9	\$27,720.7	\$29,184.9
Percent Change in GDP	3.7%	4.2%	3.9%	4.3%	3.9%	2.8%	4.3%	5.3%	4.3%	-0.9%	10.9%	9.8%	6.6%	5.3%
Real GDP (Billions of 2017 dollars)	\$17,052.4	\$17,442.8	\$17,812.2	\$18,261.7	\$18,799.6	\$19,141.7	\$19,612.1	\$20,193.9	\$20,715.7	\$20,267.6	\$21,494.8	\$22,034.8	\$22,671.1	\$23,305
Percent Change in Real GDP	1.6%	2.3%	2.1%	2.5%	2.9%	1.8%	2.5%	3.0%	2.6%	-2.2%	6.1%	2.5%	2.9%	2.8%
Unemployment Rate	8.9%	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%	8.1%	5.3%	3.6%	3.6%	4.0%
Inflation	3.1%	2.1%	1.5%	1.6%	0.1%	1.3%	2.1%	2.4%	1.8%	1.2%	4.7%	8.0%	4.1%	2.9%
10-Year Treasury Note	2.8%	1.8%	2.4%	2.5%	2.1%	1.8%	2.3%	2.9%	2.1%	0.9%	1.4%	3.0%	4.0%	4.2%
Personal Income (Billions)	\$13,309.6	\$13,917.8	\$14,068.8	\$14,784.1	\$15,473.7	\$15,887.7	\$16,662.8	\$17,528.2	\$18,363.2	\$19,620.1	\$21,419.5	\$22,088.9	\$23,402.5	\$24,658.3
Percent Change in Personal Income	6.0%	4.6%	1.1%	5.1%	4.7%	2.7%	4.9%	5.2%	4.8%	6.8%	9.2%	3.1%	5.9%	5.4%
Wage & Salary Income (Billions)	\$6,626.2	\$6,928.1	\$7,114.0	\$7,476.3	\$7,859.5	\$8,091.2	\$8,474.4	\$8,899.8	\$9,325.1	\$9,465.7	\$10,315.6	\$11,123.1	\$11,725.2	\$12,389.3
Percent Change in Wage & Salary Income	4.0%	4.6%	2.7%	5.1%	5.1%	2.9%	4.7%	5.0%	4.8%	1.5%	9.0%	7.8%	5.4%	5.7%
Nonfarm Employment (Millions)	131.9	134.2	136.4	138.9	141.8	144.3	146.6	148.9	150.9	142.2	146.3	152.5	155.9	158.0
Percent Change in Nonfarm Employment	1.2%	1.7%	1.6%	1.9%	2.1%	1.8%	1.6%	1.6%	1.3%	-5.8%	2.9%	4.3%	2.2%	1.3%

Sources:

GDP and income data from U.S. Bureau of Economic Analysis. Real gross domestic product (GDP) is adjusted for inflation. Personal income and wages and salaries not adjusted for inflation.

Unemployment, inflation, and nonfarm employment data from U.S. Bureau of Labor Statistics. Inflation shown as the year-over-year change in the consumer price index for all urban areas (CPI-U).

10-year treasury yields from Federal Reserve Board of Governors.

Colorado Economic Indicators

Calendar Years	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Nonfarm Employment (Thousands)	2,257	2,312	2,381	2,463	2,541	2,602	2,660	2,727	2,790	2,653	2,751	2,870	2,938	2,971
Percent Change in Nonfarm Employment	1.6%	2.4%	3.0%	3.5%	3.1%	2.4%	2.3%	2.5%	2.3%	-4.9%	3.7%	4.3%	2.4%	1.1%
Unemployment Rate	8.7%	8.0%	6.7%	5.0%	3.7%	3.1%	2.6%	3.0%	2.7%	6.8%	5.5%	3.1%	3.3%	4.3%
Personal Income (Millions)	\$223,874	\$236,033	\$247,817	\$268,453	\$279,696	\$283,679	\$303,367	\$328,113	\$351,476	\$374,262	\$416,727	\$447,854	\$470,606	\$492,712
Percent Change in Personal Income	8.6%	5.4%	5.0%	8.3%	4.2%	1.4%	6.9%	8.2%	7.1%	6.5%	11.3%	7.5%	5.1%	N/A
Per Capita Income	\$43,735	\$45,495	\$47,088	\$50,251	\$51,401	\$51,312	\$54,176	\$57,798	\$61,278	\$64,671	\$71,676	\$76,544	\$79,746	\$82,705
Percent Change in Per Capita Income	7.1%	4.0%	3.5%	6.7%	2.3%	-0.2%	5.6%	6.7%	6.0%	5.5%	10.8%	6.8%	4.2%	3.7%
Wage & Salary Income (Millions)	\$118,415	\$124,947	\$129,521	\$138,626	\$146,578	\$151,168	\$160,940	\$170,790	\$182,963	\$187,826	\$205,637	\$224,794	\$238,724	\$250,216
Percent Change in Wage & Salary Income	4.2%	5.5%	3.7%	7.0%	5.7%	3.1%	6.5%	6.1%	7.1%	2.7%	9.5%	9.3%	6.2%	N/A
Retail Trade Sales (Millions)	\$69,874	\$74,100	\$77,639	\$83,395	\$87,379	\$90,627	\$95,890	\$100,503	\$105,547	\$112,431	\$131,528	\$144,145	\$145,707	\$145,993
Percent Change in Retail Trade Sales	7.2%	6.0%	4.8%	7.4%	4.8%	3.7%	5.8%	4.8%	5.0%	6.5%	17.0%	9.6%	1.1%	N/A
Housing Permits	13,502	23,301	27,517	28,698	31,871	38,974	40,673	42,627	38,633	40,469	56,524	48,341	39,404	32,185
Percent Change in Housing Permits	16.5%	72.6%	18.1%	4.3%	11.1%	22.3%	4.4%	4.8%	-9.4%	4.8%	39.7%	-14.5%	-18.5%	-18.3%
Nonresidential Construction (Millions)	\$3,923	\$3,695	\$3,624	\$4,351	\$4,991	\$5,988	\$6,151	\$8,132	\$5,161	\$5,608	\$5,681	\$6,635	\$6,692	\$4,701
Percent Change in Nonresidential Construction	24.7%	-5.8%	-1.9%	20.1%	14.7%	20.0%	2.7%	32.2%	-36.5%	8.6%	1.3%	16.8%	0.9%	-29.7%
Denver-Aurora-Lakewood Inflation	3.7%	1.9%	2.8%	2.8%	1.2%	2.8%	3.4%	2.7%	1.9%	2.0%	3.5%	8.0%	5.2%	2.3%
Population (Thousands, July 1)	5,121.9	5,193.7	5,270.8	5,352.6	5,454.3	5,543.8	5,617.4	5,697.2	5,758.5	5,787.1	5,814.0	5,850.9	5,901.3	5,957.5
Percent Change in Population	1.5%	1.4%	1.5%	1.6%	1.9%	1.6%	1.3%	1.4%	1.1%	0.5%	0.5%	0.6%	0.9%	1.0%

Sources:

Employment and inflation data from U.S. Bureau of Labor Statistics. Inflation shown as the year-over-year change in the consumer price index for Denver-Aurora-Lakewood metro area.

Income data from U.S. Bureau of Economic Analysis. Personal income and wages and salaries not adjusted for inflation.

Retail trade sales data from Colorado Department of Revenue.

Housing permits and population data from U.S. Census Bureau. Residential housing permits are the number of new single and multi-family housing units permitted for building. 2010 and 2020 population numbers reflect the decennial Census, while other numbers reflect July 1 estimates.

Nonresidential construction data from F.W. Dodge.