

Colorado Economic Perspective

**State Revenue and
Economic Projections
through FY 2010-11**



**Office of State Planning and Budgeting
December 20, 2005**

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Executive Summary

The Governor's Office of State Planning and Budgeting (OSPB) is charged with providing estimates of revenues for the purpose of determining the amount of funds available for appropriation. This issue of the *Colorado Economic Perspective* presents the December 2005 OSPB forecast of General Fund and cash funds revenues. Forecasts for the national and Colorado economies are also provided. The special report included at the end of this publication discusses the economic impact of Colorado's advanced technology sector. Furthermore, historical economic and revenue data are available in the attached appendices.

The Taxpayer's Bill of Rights

The Taxpayer's Bill of Rights (TABOR) — Article X, Section 20 of the Colorado Constitution — limits the state's revenue growth to the sum of inflation plus population growth in the previous calendar year.

- In FY 2004-05, the TABOR surplus returned after a four-year absence, totaling \$43.0 million. The TABOR surplus returned in FY 2004-05 because of rising General Fund revenues from income taxes and surging severance and unemployment insurance taxes.
- On November 1, 2005, Colorado citizens passed Referendum C, allowing the state to retain all revenues collected between Fiscal Years 2005-06 and 2009-10. The TABOR surplus will reappear in FY 2010-11, totaling \$114.1 million.

General Fund Revenue Overview

The FY 2004-05 General Fund ended the year with a \$333.1 million reserve. The reserve exceeded four percent of FY 2004-05 General Fund appropriations by \$95.6 million, thereby allowing \$63.7 million to be transferred to the Highway Users Tax Fund and \$31.9 million to be transferred to the Capital Construction Fund.

- Based on the December 2005 OSPB revenue projections, current law directs \$215.3 million to the Highway Users Tax Fund via Senate Bill 97-1.
- Based on the December 2005 OSPB revenue projections, in FY 2005-06, General Fund revenues will surpass the pre-recession peak reached in FY 2000-01.
- The December 2005 OSPB forecast for FY 2005-06 General Fund revenues is \$43.5 million higher compared with the September 2005 forecast and the forecast for General Fund revenues in FY 2006-07 is \$89.9 million higher. General Fund revenues are forecast to increase 5.3 percent in FY 2005-06 and 6.5 percent in FY 2006-07.

Cash Funds Revenues

Cash funds revenues are forecast to increase 6.5 percent in FY 2005-06, to \$2,092.5 million. In FY 2005-06, strong cash funds revenue growth is primarily due to robust growth in two cash fund categories: unemployment insurance taxes and severance taxes. In FY 2006-07, cash funds revenue will decrease 3.8 percent.

- Transportation-related revenues, the largest group of cash funds, are forecast to fall 1.6 percent in FY 2005-06 primarily due to declining fuel tax revenues. From FY 2005-06 through FY 2010-11, these funds will grow at a compound annual average rate of 2.8 percent.
- Unemployment Insurance (UI) taxes are the primary revenue source for the Unemployment Insurance Trust Fund. Revenues from these taxes are forecast to increase 14.1 percent in FY 2005-06 as UI tax rates rise to compensate for higher UI benefit payments. Through the remainder of the forecast horizon, the improving economy will result in declining benefit payments, which in turn means UI tax rates will fall.

The National Economy

National economic growth regained momentum in 2004 and the economy's prospects through 2005 and 2006 are upbeat. The national labor market continues to post gains, with a net increase of 2.1 million jobs since January 2005 and with employment growth accelerating month-over-month. Meanwhile, initial jobless claims are continuing their downward trend, demand and production growth are strong, and inflation-adjusted gross domestic product (GDP) is above pre-recession peaks reached in 2001.

- National employment will increase 1.6 percent in 2005, 1.9 percent in 2006, and 1.1 percent in 2007.
- Inflation-adjusted GDP jumped 4.3 percent in third quarter 2005, well above the long-term potential of 3.0 percent to 3.5 percent.
 - Consumer spending rose 4.2 percent in third quarter 2005 as spending on durable goods surged 10.5 percent.
 - Residential investment increased 8.4 percent in third quarter 2005, following a 10.8 percent rise in second quarter 2005 and a 10.3 percent increase in 2004.
 - Business investment remains healthy. Inflation-adjusted nonresidential fixed investment remained at an annualized 8.8 percent pace in third quarter 2005. Nonresidential investments in structures increased 2.7 percent and third quarter 2005 equipment and software investment rose 10.8 percent, led by solid production gains in advanced technology business equipment and other machinery.
- Inflationary pressures are moderate. Consumer prices are forecast to rise 3.4 percent in 2005 and 3.2 percent in 2006.

The Colorado Economy

The Colorado economy continues to gain momentum. The state's labor market is improving, personal income is rising, and retail sales are up. Since March 2004, Colorado payrolls have posted consecutive year-over-year gains. Average statewide employment through November 2005 is up 2.1 percent, the tenth highest rate in the country. Furthermore, the November 2005 Colorado unemployment rate dropped to 5.0 percent, down 0.4 percentage points below the 5.4 percent rate posted in November 2004.

- The Denver area retail construction market increased by one million square feet during third quarter 2005 with a majority of the construction in large "Lifestyle Centers" and "Big-Box" developments.
- Retail sales through September 2005 are up 5.9 percent compared with the same period last year as all retail sectors are posting year-over-year growth.

- Personal income growth will average 6.4 percent in 2005 and 6.5 percent in 2006. Colorado per capita income will continue to exceed the national average.
- The December 2005 forecast shows employment will rise 2.1 percent in 2005, a net increase of about 46,600 new jobs.
- The 2005 Colorado unemployment rate will average 5.1 percent, lower than the 5.5 percent rate posted in 2004.
- We forecast that consumer prices in the Denver-Boulder-Greeley area will rise 1.7 percent in 2005 and 2.3 percent in 2006, substantially lower than the national rates.
- In 2005, net in-migration to Colorado will be slightly below 21,000 and total population growth will be 1.3 percent.

Advanced Technology in Colorado

Colorado's advanced technology sector is an important contributor to the state's economy:

- In 2004, employment in the advanced technology sector accounted for 8.7 percent of total nonfarm employment in Colorado and 15.6 percent of nonfarm wages.
- Average wages in the advanced technology sector are well above the statewide average. In 2004, the average annual nonfarm wage for the state was \$40,287. Meanwhile, the average wage in the advanced technology sector was \$76,621.
- Boulder County is the state's highest-ranking advanced technology employment counties when measured by both the number of employees and number of firms, followed by Arapahoe, Denver, El Paso, and Jefferson counties.
- Colorado appears to be well positioned to support growth in the advanced technologies sector in the future.
- Colorado ranks third for nanotechnology research behind Massachusetts and California, according to Lux Research.
- The state's work force is highly rated nationally, as is the amount of venture capital financing existing firms were able to attract. These factors, combined with the high quality-of-life resources in Colorado will continue to attract new advanced technology firms to the state.

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The TABOR Limit and General Fund Revenue Outlook

Summary

- In FY 2004-05, the state's General Fund ended the year with a \$333.1 million reserve. The reserve exceeded four percent of FY 2004-05 General Fund appropriations by \$95.6 million, thereby allowing \$63.7 million to be transferred to the Highway Users Tax Fund and \$31.9 million to be transferred to the Capital Construction Fund.
- After a four-year absence, in FY 2004-05 the TABOR surplus reappeared totaling \$43.0 million.
- **On November 1, 2005, Colorado voters approved Referendum C, allowing the state to retain and appropriate all the revenue it collects from July 1, 2005 through June 30, 2010. Absent the measure, the FY 2006-07 budget would decline 4.1 percent. This would have required at least \$500 million in budget cuts.**
- The December 2005 OSPB forecast indicates that General Fund revenues will increase 5.3 percent in FY 2005-06 and 6.5 percent in FY 2006-07.

***General Fund
revenues will increase
5.3 percent in FY 2005-06
and 6.5 percent in
FY 2006-07.***

This section provides a summary of the December 2005 Office of State Planning and Budgeting (OSPB) General Fund revenue and expenditure outlook. First, it discusses the limits contained in the Taxpayer's Bill of Rights (TABOR) — Article X, Section 20 of the Colorado Constitution. Next, it provides a General Fund overview. Finally, the section discusses the OSPB General Fund revenue forecast.

The TABOR Surplus

The Taxpayer's Bill of Rights (TABOR) — Article X, Section 20 of the Colorado Constitution — limits the state's revenue growth to the sum of inflation plus population growth in the previous calendar year. According to TABOR, revenue collected above this limit must be returned to taxpayers, unless voters decide the state can retain the revenue. In FY 2004-05, the TABOR surplus reappeared after a four-year absence, totaling \$43.0 million.

On November 1, 2005 Colorado voters passed Referendum C, allowing the state to retain all revenue collected from FY 2005-06 through FY 2009-10. Hence, there will not be a TABOR surplus during this five-year period. Similarly, the state's budget has avoided dramatic program reductions that would have been necessary absent its passage. The amount of revenue the state is allowed to keep because of Referendum C is referred to as "General Fund Exempt Revenue." *Table 1* displays the expected

General Fund Exempt Revenue the state will keep during the five years Referendum C is in effect. In total, the state will keep \$3.4 billion during this period. In FY 2010-11, the TABOR surplus returns totaling \$114.1 million. **Table 2** provides a detailed calculation of TABOR revenues from FY 2004-05 through FY 2010-11 under current law.

Table 1
General Fund Exempt Revenues
Based on the December 2005 OSPB Revenue Forecast
(Dollar Amounts in Millions)

Fiscal Year	Exempt Revenue
2005-06	\$533.1
2006-07	\$625.3
2007-08	\$624.8
2008-09	\$712.2
2009-10	\$907.3
Cumulative Total	\$3,402.7

Even though the OSPB December 2005 forecast projects higher TABOR revenues and refunds compared with the September 2005 forecast, the majority of the growth is due to higher cash fund revenue. Consequently, there is little additional General Fund to be spent on new programmatic appropriations. The small amount of additional money must go to repay the cash funds depleted in the recession. The cash fund revenue forecast is detailed in the following section.

General Fund Overview

Table 3 provides an overview of General Fund revenues, expenditures, and reserves through FY 2010-11. The table also shows the original FY 2005-06 General Fund appropriation as well as the maximum additional amount assumed to be appropriated by supplemental bills. Furthermore, Table 3 incorporates Referendum C, current law for capital construction transfers, other transfers to the General Fund, rebates and expenditures, and the Governor’s FY 2006-07 budget request.

In FY 2004-05, the state’s General Fund ended the year with a \$333.1 million reserve, which exceeded the statutory four percent reserve by \$95.6 million. In FY 2005-06, the OSPB forecast shows that the state will have enough revenue to maintain appropriations growth of six percent, fully fund the Senate Bill 97-1 transfer of \$215.3 million to the Highway Users Tax Fund, and pay back \$39.4 million in transfers to the General Fund per House Bill 02-1391. Furthermore, the four-percent statutory reserve requirement is maintained as specified in Section 24-75-201.1 (1)(d)(III), C.R.S.

Table 4 provides an overview of General Fund revenues, expenditures, and reserves through FY 2010-11 had Referendum C failed. Based on the OSPB December 2005 forecast, in this scenario the statutory reserve would be 1.4 percent in FY 2005-06, or \$158.8 million below the four-percent statutory reserve requirement. Moreover, since the state would have fallen below a two percent reserve, the Governor would

In FY 2004-05, the state’s General Fund ended the year with a \$333.1 million reserve

have been required to implement an expenditure reduction plan as specified in Section 24-75-201.1(1)(d)(III), C.R.S. Finally, Table 4 shows that the available appropriations in FY 2006-07 would have required the budget to drop 4.1 percent from the original FY 2005-06 appropriation, indicating dramatic reductions in programs.

General Fund Revenues

This section presents the details of our forecast for General Fund revenues in FY 2005-06 and FY 2006-07. The forecast for General Fund revenues is shown in **Table 5**. The December 2005 OSPB forecast for FY 2005-06 General Fund revenues is not materially different compared with the September 2005 OSPB forecast. The December 2005 OSPB forecast for General Fund revenues is \$43.5 million higher in FY 2005-06 than the September 2005 OSPB forecast and \$89.9 million higher in FY 2006-07, primarily because the Child Tax Care Credit is no longer in effect due to passage of Referendum C.

After increasing 6.9 percent in FY 2004-05, General Fund revenues are expected to increase 5.3 percent in FY 2005-06 and 6.5 percent in FY 2006-07. It is important to note that the FY 2005-06 forecast reflects federal tax law changes that will affect revenue growth rates.

Net individual income tax receipts will increase 7.2 percent in FY 2005-06 and 6.5 percent in FY 2006-07. The components of individual income taxes — **withholdings, estimated payments, cash-with-returns receipts** (checks mailed for income taxes due on April 15), and **refunds** — have stabilized compared with recent years. Indeed, following two years of declines, withholdings, estimated payments, and cash-with-returns began to grow in FY 2004-05.

The December 2005 OSPB forecast assumptions for net corporate income tax receipts is not fundamentally different compared with the September 2005 OSPB forecast. **Net corporate income tax receipts** rose 33.9 percent in FY 2004-05 as a result of the 50 percent bonus depreciation and increased small business expensing provisions of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003. Receipts are forecast to increase 1.0 percent in FY 2005-06 and 17.7 percent in FY 2006-07.

Sales tax revenues rose 4.7 percent in FY 2004-05 and are forecast to grow 3.6 percent in FY 2005-06 and 6.5 percent in FY 2006-07. In FY 2005-06, sales tax revenues will grow at a slower rate as prices for consumer goods rise as a result of Hurricanes Katrina and Rita and higher energy prices limit the amount of discretionary income available for people to spend. In FY 2006-07, sales tax revenues are expected to increase at a faster pace as a strengthening Colorado economy generates rising payrolls, which in turn increase the wages available for Colorado citizens to spend.

The components of individual income taxes . . . have stabilized . . .

Distribution of General Fund Exempt Revenue under Referendum C

The passage of Referendum C set into effect multiple statutory diversions and spending limits that govern the General Fund.

The passage of Referendum C set into effect multiple statutory diversions and spending limits that govern the General Fund. These diversions and restrictions on General Fund spending have existed in state statutes over the past ten years, or were made constitutional with the passage of TABOR in 1992. Both the Governor's FY 2005-06 and FY 2006-07 budget proposals take into account these statutory and constitutional requirements, **while simultaneously adhering to the provisions of House Bill 05-1350 and the promises made to the voters.** House Bill 05-1350 specifies the use of the Referendum C monies (General Fund Exempt Revenues).

According to statute, the General Assembly is allowed to appropriate or transfer money from the General Fund Exempt Account for four purposes as specified in House Bill 05-1350:

- To fund health care;
- To fund public elementary, high school, and higher education;
- To fund pension plans for firefighters and police officers; and
- To pay for strategic transportation projects in the Colorado Department of Transportation Strategic Transportation Project Investment Program.

Because of the six percent limit on General Fund appropriations, it would be illegal to spend the \$533.1 million in General Fund Exempt Revenue on new programs.

Since Referendum D failed, the funds that would have gone to bonds now will be distributed to general Referendum C priorities. Because of the six percent limit on General Fund appropriations (described below), it would be illegal to spend the \$533.1 million in General Fund Exempt Revenue on new programs.

Neither House Bill 05-1350 nor Referendum C guarantee new spending this year, but rather have allowed the state to avoid drastic cuts in important programs. It is also important to remember that tax rates did not change with Referendum C, further limiting the ability to grow spending. The statutory diversions and constitutional restrictions on the General Fund are outlined below.

Arveschoug-Bird Limit

The Arveschoug-Bird limit restricts General Fund *spending growth* (Sections 24-75-201.1, -201.2, C.R.S.). Although originally statutory in nature, the Arveschoug-Bird appropriation limit is now constitutionally established because TABOR prohibits the weakening of any existing spending limit without voter approval. Thus, state General Fund appropriations are constitutionally prohibited from growing by more than six percent per year without prior voter approval, except under certain limited circumstances. As such, in FY 2005-06 General Fund appropriations can only be constitutionally increased by \$113.0 million (1.9 percent).

Statutory Reserve

Defined in Section 24-75-201.1(1)(d)(III), C.R.S., the state is required to maintain a year-end reserve equal to four percent of General Fund appropriations. Should the OSPB forecast indicate that revenues will fall below two percent of General Fund appropriations, the Governor is required to implement an expenditure reduction plan to restore the reserve. As is illustrated in Table 4 — General Fund Overview – Without Passage of Referendum C — in FY 2005-06, the state would have had only enough revenue to preserve a 1.4 percent statutory reserve, \$158.8 million below the four percent reserve requirement. As such, \$158.8 million of the \$533.1 million General Fund Exempt Revenue the state retains under Referendum C will be used to restore the four percent statutory reserve in FY 2005-06.

Senate Bill 97-1 Diversion

Passed by the General Assembly in 1997, the Senate Bill 97-1 diversion is outlined in Section 39-26-123, C.R.S. This statute requires the transfer of 10.34 percent of net sales and use taxes to the Department of Transportation’s Highway Users Tax Fund (HUTF) when General Fund appropriations are able to grow by six percent, the constitutional maximum. Thus, the FY 2005-06 transfer of \$215.3 million sales and use tax revenue to the Highway Users Tax Fund outlined in the General Fund Overview (Table 3) under “Senate Bill 97-1 Transfers to the HUTF” is required by current law. The OSPB December 2005 forecast indicates that in FY 2006-07 there is insufficient revenue for appropriations to grow six percent; hence, there is no Senate Bill 97-1 transfer in that fiscal year.

... the FY 2005-06 transfer of \$215.3 million ... to the Highway Users Tax Fund ... is required by current law.

General Fund Pay Back

In FY 2001-02 and FY 2002-03, when General Fund revenues declined 13.0 percent and 3.1 percent, respectively, the General Assembly transferred monies from various cash funds to augment the General Fund. Section 24-75-217, C.R.S., requires \$79.4 million of these cash fund transfers to be paid back from the General Fund when certain General Fund obligations are met. These obligations are as follows:

- General Fund appropriations grow to the constitutional limit (six percent);
- The statutory four percent reserve is met;
- The Senate Bill 97-1 diversion is fully funded; and
- The General Fund capital construction transfer in Section 24-75-302 (2), C.R.S. is funded.

The OSPB December 2005 forecast illustrates that after these obligations are met in FY 2005-06, there is approximately \$39.4 million available revenue that is statutorily required to be used to pay back various cash funds.

... in FY 2005-06, there is approximately \$39.4 million available revenue that is statutorily required to be used to pay back various cash funds.

Allocation of Retained Money under Referendum C

Because of the statutory and constitutional limitations outlined above, the \$533.1 million in General Fund Exempt Revenue will be used as follows:

- \$163.4 million to restore the four percent statutory reserve;
- \$113.0 million in supplemental General Fund appropriations;
- \$215.3 million Senate Bill 97-1;
- \$39.4 million in General Fund pay backs to cash funds; and
- \$1.9 million additional to the State Education Fund.

The \$113 million in supplemental General Fund appropriations consists of \$33 million in programmatic supplementals for various departments and \$80 million in additional funds for the Department of Transportation. The OSPB forecast is not strong enough for the \$80 million to be spent on continuing base appropriations in FY 2006-07.

In FY 2006-07, the Governor's budget proposal requested a 4.1 percent increase in General Fund appropriations. Highlights of the budget include:

- \$188.0 million to Medicaid and K-12 Education;
- Budget restoration of \$60 million to Higher Education (this represents 40 percent of the General Fund cuts the Department has experienced since FY 2000-01); and
- \$50.5 million to the Controlled Maintenance Trust Fund for spending on state infrastructure.

Table 2
TABOR Surplus Revenue Calculation
(Dollar Amounts in Millions)

Line No.		December 2005 Estimate by Fiscal Year						
		FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
	TABOR Revenues:							
1	General Fund	\$6,104.1 /A	\$6,436.5 /A	\$6,860.7 /A	\$7,268.6 /A	\$7,715.3 /A	\$8,201.5 /A	\$8,701.6 /A
2	Cash Funds	\$2,376.3 /B	\$2,092.5 /B	\$2,012.8	\$1,925.3	\$1,917.8	\$1,997.3	\$2,042.7
3	Total TABOR Revenues	\$8,480.3	\$8,529.0	\$8,873.5	\$9,193.9	\$9,633.1	\$10,198.8	\$10,744.3
	TABOR Limit Calculation:							
4	Previous calendar year population growth	1.1%	1.2%	1.3%	1.4%	1.5%	1.6%	1.6%
5	Previous calendar year inflation	1.1%	0.1%	1.7%	2.3%	2.4%	2.3%	2.7%
6	Growth Dividend	2.4% /C	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7	Allowable TABOR Growth Rate	4.6%	1.3%	3.0%	3.7%	3.9%	3.9%	4.2%
8	Actual Change in TABOR Revenues from Limit	6.7%	8.0%	4.0%	3.6%	4.8%	5.9%	5.3%
9	TABOR Limit	\$8,309.5 /D	\$8,529.0 /D	\$8,873.5 /D	\$9,193.9 /D	\$9,633.1 /D	\$10,198.8 /D	\$10,630.2 /D
10	Revenues Above (Below) TABOR Limit	\$43.0 /G	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$114.1
11	Adjustments to TABOR Base	(\$414.1) /B	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
12	Adjusted TABOR Base	\$7,895.3	\$8,529.0	\$8,873.5	\$9,193.9	\$9,633.1	\$10,198.8	\$10,630.2
13	TABOR Emergency Reserve	\$249.3 /E,F	\$255.9 /E,F	\$266.2 /E	\$275.8 /E	\$289.0 /E	\$306.0 /E	\$318.9 /E
14	General Fund Exempt Increase	NA	\$533.1 /H	\$92.2 /H	(\$0.5) /H	\$87.4 /H	\$195.2 /H	\$203.4 /H
15	General Fund Exempt Annual Total	NA	\$533.1 /H	\$625.3 /H	\$624.8 /H	\$712.2 /H	\$907.3 /H	\$945.7 /H
16	General Fund Exempt Cumulative	NA	\$533.1 /H	\$1,158.4 /H	\$1,783.2 /H	\$2,495.4 /H	\$3,402.7 /H	\$3,546.7 /H

/A These figures differ from the General Fund revenues reported in other tables because they net out revenues credited to the State Education Fund per Amendment 23, other revenues that are exempt from TABOR, and revenues that are recorded as both General Fund and cash fund. For instance, the General Fund gaming revenues, unexpended prior-year Medicaid expenditures that are booked in "other revenue", and transfers of unclaimed property are netted out.

/B S.B. 04-189 and S.B. 04-252 grant enterprise status to all Colorado institutions of higher education and S.B. 05-039 grants enterprise status to the Petroleum Storage Tank Fund in FY 2005-06 and thereafter. To account for this change, the FY 2004-05 TABOR limit is reduced by \$386.9 million (the amount of tuition and fees collected in FY 2004-05 by the remaining state institutions of higher education) and \$27.2 million (the amount of fees collected in FY 2004-05 in the Petroleum Storage Tank Fund) before the FY 2005-06 TABOR limit is computed.

/C The allowable TABOR limit can be increased by a total of 6.0 percentage points over the next nine years as directed in H.B. 02-1310 and S.B. 02-179. These bills allow the state to increase the TABOR limit by 6.0 percentage points for population growth that occurred during the 1990s that was not captured by U.S. Bureau of the Census 1990 intercensal estimates. Since the state was not in a TABOR surplus position in FY 2001-02, the legislation allows the extra population growth to be used when the state returns to a TABOR surplus position.

/D The TABOR limit is calculated by applying the "Allowable TABOR Growth Rate" to either "Total TABOR Revenues" or the "TABOR Limit," whichever is smaller. Due to the passage of Referendum C, the state is allowed to retain all revenue it collects between July 1, 2005 and June 30, 2010. Beginning in FY 2010-11, the TABOR limit is calculated by applying the Allowable TABOR Growth Rate to an amount equal to the highest total state revenues for a fiscal year from the period of FY 2005-06 through FY 2009-10.

/E In years when projected revenues exceed the amount allowed by the state Constitution, the three percent TABOR reserve is calculated based on the TABOR limit, rather than on projected total TABOR revenues. Given that the state will only retain the maximum allowed by the state Constitution, it need only reserve three percent of such amount. Between FY 2005-06 and FY 2009-10, the TABOR Emergency Reserve is calculated based on the total TABOR revenue the state is allowed to retain.

/F Per H.B. 04-1422 and S.B. 05-209, the three percent TABOR emergency reserve is designated as up to \$24.0 million in FY 2004-05 and up to \$20 million in FY 2005-06 from the Major Medical Insurance Fund, up to \$20.0 million in FY 2004-05 and up to \$35 million in FY 2005-06 from the Subsequent Injury Fund, up to \$12.0 million in FY 2004-05 and FY 2005-06 from the Workers' Compensation Cash Fund, up to \$6.0 million in FY 2004-05 and up to \$7.3 million in FY 2005-06 from the Severance Tax Trust Fund, up to \$6.0 million in FY 2004-05 and up to \$5.5 million in FY 2005-06 from the Colorado River Recovery Program Loan Fund, up to \$3.0 million in FY 2004-05 in the Fish and Wildlife Resources Fund, up to \$98.7 million in FY 2004-05 and up to \$100 million in FY 2005-06 in the Wildlife Cash Fund and fund equity, and up to \$89.0 million in FY 2004-05 and up to \$75 million in FY 2005-06 of state properties.

/G Per H.B. 05-1310, the FY 2002-03 TABOR limit was permanently raised by \$91.6 million and \$127.8 million is credited towards the FY 2004-05 surplus.

/H Under Referendum C, a "General Fund Exempt Account" is created in the General Fund. The Account consists of monies collected in excess of the limitation on state fiscal year spending.

Table 3
General Fund Overview – Current Law (Includes Passage of Referendum C)
(Dollar Amounts in Millions)

Line No.		FY 2004-05	December 2005 Estimate by Fiscal Year					
			FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Funding Sources and Diversions:								
1	Beginning Reserve	\$224.0	\$237.4	\$251.7	\$261.9	\$277.6	\$294.2	\$311.9
2	Gross General Fund Revenues	6,460.4	\$6,800.0	7,244.7	7,676.3	8,149.8	8,665.0	9,195.1
3	<i>General Fund Revenues</i>	6,460.4	\$6,266.9	\$6,619.4	\$7,051.6	\$7,437.7	\$7,757.7	NA
4	<i>General Fund Exempt Revenues</i>	NA	\$533.1	\$625.3	\$624.8	\$712.2	\$907.3	NA
5	Transfers to General Fund	66.1 /A	232.8 /A	35.4 /A	40.4 /A	39.7 /A	39.0 /A	39.0 /A
6	Senate Bill 97-1 Transfers to the HUTF	0.0	(215.3)	0.0	(164.9)	(188.1)	(225.3)	(135.9)
7	Diversion to the Older Coloradan's Program	(2.3)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)
8	Transfer to the State Education Fund	(313.9) /B	(321.8) /B	(345.3) /B	(366.4) /B	(390.5) /B	(416.4) /B	(443.3) /B
9	Adjustments to the State Education Fund for Over (Under) Payments	0.0 /C	0.0 /C	0.0 /C	0.0 /C	0.0 /C	0.0 /C	0.0 /C
10	Total Funds Available	\$6,434.3	\$6,730.3	\$7,183.7	\$7,444.5	\$7,885.8	\$8,353.7	\$8,964.0
Expenditures:								
11	General Fund Appropriations (Long Bill)	\$5,935.2	6,178.3	6,546.5	6,939.3	7,355.6	7,797.0	8,264.8
12	Increase (Reduction) from Supplemental Bills	0.0	113.0	0.0	0.0	0.0	0.0	0.0
15	K-12 Capital Construction	0.0 /D	0.0 /D	0.0 /D	0.0 /D	0.0 /D	0.0 /D	0.0 /D
16	Rebates and Expenditures	110.7 /E	147.9 /E	153.9	160.9	168.1	176.0	184.5
17	Capital and Prison Construction	0.2 /F	0.1 /F	62.3	0.0	0.0	0.0	0.0
18	TABOR Refund	43.0	0.0	0.0	0.0	0.0	0.0	114.1
19	Homestead Exemption	0.0 /G	0.0 /G	65.8	66.7	67.8	68.9	70.0
20	Transfer to the Controlled Maintenance Trust Fund (S.B. 05-210)	55.0 /H	0.0 /H	0.0	0.0	0.0	0.0	0.0
21	General Fund Pay Back	0.0 /I	39.4 /I	0.0 /I	0.0 /I	0.0 /I	0.0 /I	0.0 /I
22	Reversions & Accounting Adjustments	(42.9)	0.0	0.0	0.0	0.0	0.0	0.0
23	Total Obligations	\$6,101.2	\$6,478.7	\$6,828.5	\$7,166.9	\$7,591.6	\$8,041.9	\$8,633.4
24	Year-end General Fund Reserve:	\$333.1	\$251.7	\$355.2	\$277.6	\$294.2	\$311.9	\$330.6
25	Statutory Reserve: 4.0% of Appropriations	237.4	251.7	261.9	277.6	294.2	311.9	330.6
26	Monies Above (Below) Statutory Reserve	95.6	0.0	93.4	0.0	0.0	0.0	0.0
27	Excess Monies Reserved for Transportation	63.7 /J	0.0	62.3 /J	0.0	0.0	0.0	0.0
28	Excess Monies Reserved for Capital Construction	31.9 /J	0.0	31.1 /J	0.0	0.0	0.0	0.0
29	Reserve as a % of Appropriations	5.6%	4.0%	5.4%	4.0%	4.0%	4.0%	4.0%
30	Appropriations Change	\$335.9	\$356.1	\$255.2	\$392.8	\$416.4	\$441.3	\$467.8
31		6.0%	6.0%	4.1%	6.0%	6.0%	6.0%	6.0%

/A This figure represents the total transfers to the General Fund per H.B. 02-1267, H.B. 02-1391, H.B. 02-1392, H.B. 02-1443, H.B. 02-1444, H.B. 02-1445, H.B. 02-1478, S.B. 03-107, S.B. 03-172, S.B. 03-179, S.B. 03-188, S.B. 03-190, S.B. 03-191, S.B. 03-260, S.B. 03-261, S.B. 03-271, S.B. 03-274, S.B. 03-296, S.B. 03-300, H.B. 04-1421, H.B. 05-1262, S.B. 05-210, and S.B. 05-211.

/B Per Amendment 23, one-third of one percentage point of Colorado taxable income is credited to the State Education Fund beginning January 1, 2001.

/C As new data become available regarding Colorado taxable income, the state must adjust the diversion to the State Education Fund as per Section 22-55-103, C.R.S.

/D Per Section 24-75-201.1(4)(c), C.R.S., in FY 2004-05 and thereafter, the capital construction payment will not be made unless General Fund revenues exceed the statutory reserve by at least \$80 million.

/E Per S.B. 03-263, state expenditures for unfunded, old hire pension plans in the Fire and Police Pensions Association are eliminated in FY 2003-04 and FY 2004-05. Per S.B. 05-209, the Volunteer Firefighter Retirement Plan and Volunteer Firefighter Death and Disability Insurance appropriations are not subject to the limitation on General Fund spending and are included in this amount.

/F H.B. 04-1412 eliminated the General Fund transfer to the Capital Construction Fund scheduled to occur in FY 2004-05 and FY 2005-06. The transfers shown in FY 2004-05 and FY 2005-06 are per H.B. 04-1003 and H.B. 04-1021, respectively.

/G S.B. 03-265 eliminated the senior homestead exemption property tax credit in FY 2003-04 through FY 2005-06.

/H H.B. 04-1267 repealed the statutory requirement to repay the Controlled Maintenance Trust Fund in FY 2004-05 and FY 2005-06. Per S.B. 05-210, \$55 million will be transferred to the Controlled Maintenance Trust Fund on June 30, 2005.

/I Per H.B. 02-1391, the state is required to pay back some transfers into the General Fund if there are sufficient revenues. Our forecast shows that there is sufficient revenue to make a portion of the paybacks required in H.B. 02-1391 in FY 2005-06. However, there is insufficient revenue through the remainder of the forecast horizon.

/J Per H.B. 02-1310, two-thirds of the amount in excess of a four percent reserve is credited to the Highway Users Tax Fund and one-third is credited to the Capital Construction Fund. In FY 2004-05, appropriations were approximately \$200,000 below reaching six percent appropriations growth, thus the two-thirds, one-third split of the excess reserve.

Table 4
General Fund Overview – Without Passage of Referendum C
(Dollar Amounts in Millions)

Line No.		December 2005 Estimate by Fiscal Year						
		FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Funding Sources and Diversions:								
1	Beginning Reserve	\$224.0	\$237.4	\$88.4	\$237.1	\$251.3	\$266.4	\$281.6
2	Gross General Fund Revenues	6,460.4	\$6,774.5	7,199.3	7,625.6	8,095.9	8,607.7	9,134.0
3	Transfers to General Fund	66.1 /A	232.8 /A	35.4 /A	40.4 /A	39.7 /A	39.0 /A	39.0 /A
4	Senate Bill 97-1 Transfers to the HUTF	0.0	0.0	0.0	(167.5)	(121.4)	0.0	0.0
5	Diversion to the Older Coloradan's Program	(2.3)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)
6	Transfer to the State Education Fund	(313.9) /B	(319.9) /B	(342.0) /B	(362.7) /B	(386.5) /B	(412.2) /B	(438.8) /B
7	Adjustments to the State Education Fund for Over (Under) Payments	0.0 /C	0.0 /C	0.0 /C	0.0 /C	0.0 /C	0.0 /C	0.0 /C
8	Total Funds Available	\$6,434.3	\$6,922.0	\$6,978.4	\$7,370.2	\$7,876.4	\$8,498.1	\$9,013.1
Expenditures:								
9	General Fund Appropriations (Long Bill)	\$5,935.2	\$6,178.3	\$5,928.0	\$6,283.7	\$6,660.7	\$7,040.8	\$7,380.4
10	Increase (Reduction) from Supplemental Bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	K-12 Capital Construction	0.0 /D	0.0 /D	0.0 /D	0.0 /D	0.0 /D	0.0 /D	0.0 /D
14	Rebates and Expenditures	110.7 /E	147.9 /E	153.9	160.9	168.1	176.0	184.5
15	Capital and Prison Construction	0.2 /F	0.1 /F	0.0	0.0	0.0	0.0	0.0
16	TABOR Refund	43.0	507.4	593.5	607.5	713.3	930.8	1,083.0
17	Homestead Exemption	0.0 /G	0.0 /G	65.8	66.7	67.8	68.9	70.0
18	Transfer to the Controlled Maintenance Trust Fund (S.B. 05-210)	55.0 /H	0.0 /H	0.0	0.0	0.0	0.0	0.0
19	General Fund Pay Back	0.0 /I	0.0 /I	0.0 /I	0.0 /I	0.0 /I	0.0 /I	0.0 /I
20	Reversions & Accounting Adjustments	(42.9)	0.0	0.0	0.0	0.0	0.0	0.0
21	Total Obligations	\$6,101.2	\$6,833.6	\$6,741.3	\$7,118.8	\$7,609.9	\$8,216.5	\$8,717.9
22	Year-end General Fund Reserve:	\$333.1	\$88.4	\$237.1	\$251.3	\$266.4	\$281.6	\$295.2
23	Statutory Reserve: 4.0% of Appropriations	237.4	247.1	237.1	251.3	266.4	281.6	295.2
24	Monies Above (Below) Statutory Reserve	95.6	(158.8) /K	0.0	0.0	0.0	0.0	0.0
25	Excess Monies Reserved for Transportation	63.7 /J	0.0	0.0	0.0	0.0	0.0	0.0
26	Excess Monies Reserved for Capital Construction	31.9 /J	0.0	0.0	0.0	0.0	0.0	0.0
27	Reserve as a % of Appropriations	5.6%	1.4%	4.0%	4.0%	4.0%	4.0%	4.0%
28	Appropriations Change	\$335.9	\$243.1	(\$250.3)	\$355.7	\$377.0	\$380.1	\$339.5
29		6.0%	4.1%	-4.1%	6.0%	6.0%	5.7%	4.8%

/A This figure represents the total transfers to the General Fund per H.B. 02-1267, H.B. 02-1391, H.B. 02-1392, H.B. 02-1443, H.B. 02-1444, H.B. 02-1445, H.B. 02-1478, S.B. 03-107, S.B. 03-172, S.B. 03-179, S.B. 03-188, S.B. 03-190, S.B. 03-191, S.B. 03-260, S.B. 03-261, S.B. 03-271, S.B. 03-274, S.B. 03-296, S.B. 03-300, H.B. 04-1421, H.B. 05-1262, S.B. 05-210, and S.B. 05-211.

/B Per Amendment 23, one-third of one percentage point of Colorado taxable income is credited to the State Education Fund beginning January 1, 2001.

/C As new data become available regarding Colorado taxable income, the state must adjust the diversion to the State Education Fund as per Section 22-55-103, C.R.S.

/D Per Section 24-75-201.1(4)(c), C.R.S., in FY 2004-05 and thereafter, the capital construction payment will not be made unless General Fund revenues exceed the statutory reserve by at least \$80 million.

/E Per S.B. 03-263, state expenditures for unfunded, old hire pension plans in the Fire and Police Pensions Association are eliminated in FY 2003-04 and FY 2004-05. Per S.B. 05-209, the Volunteer Firefighter Retirement Plan and Volunteer Firefighter Death and Disability Insurance appropriations are not subject to the limitation on General Fund spending and are included in this amount.

/F H.B. 04-1412 eliminated the General Fund transfer to the Capital Construction Fund scheduled to occur in FY 2004-05 and FY 2005-06. The transfers shown in FY 2004-05 and FY 2005-06 are per H.B. 04-1003 and H.B. 04-1021, respectively.

/G S.B. 03-265 eliminated the senior homestead exemption property tax credit in FY 2003-04 through FY 2005-06.

/H H.B. 04-1267 repealed the statutory requirement to repay the Controlled Maintenance Trust Fund in FY 2004-05 and FY 2005-06. Per S.B. 05-210, \$55 million will be transferred to the Controlled Maintenance Trust Fund on June 30, 2005.

/I Per H.B. 02-1391, the state is required to pay back some transfers into the General Fund if there are sufficient revenues. Our forecast shows that there is not sufficient revenue to make the paybacks required in H.B. 02-1391 from FY 2005-06 through the forecast horizon.

/J Per H.B. 02-1310, two-thirds of the amount in excess of a four percent reserve is credited to the Highway Users Tax Fund and one-third is credited to the Capital Construction Fund. In FY 2004-05, appropriations were approximately \$200,000 below reaching six percent appropriations growth, thus the two-thirds, one-third split of the excess reserve.

/K In FY 2005-06, after passage of Referendum C, supplemental appropriations will grow an additional \$113.0 million. Hence, the statutory reserve requirement will increase an additional \$4.6 million as is shown in Table 3. Therefore, the amount of additional revenue necessary to meet the statutory reserve requirement in FY 2005-06 under Referendum C is \$163.4 million.

Table 5
Colorado General Fund – Revenue Estimates by Tax Category
(Accrual Basis, Dollar Amounts in Millions)

Line No.	Category	December 2005 Estimate by Fiscal Year with Percent Change Over Prior Year													
		FY 2004-05	% Chg	FY 2005-06	% Chg	FY 2006-07	% Chg	FY 2007-08	% Chg	FY 2008-09	% Chg	FY 2009-10	% Chg	FY 2010-11	% Chg
Excise Taxes:															
1	Sales	\$1,854.6 /A	4.7	\$1,920.9 /A	3.6	\$2,044.9 /A	6.5	\$2,177.1 /A	6.5	\$2,310.5 /A	6.1	\$2,453.5 /A	6.2	\$2,603.9 /A	6.1
3	Use	\$152.9 /A	11.3	\$160.9 /A	5.2	\$168.0 /A	4.4	\$176.4 /A	5.0	\$185.2 /A	5.0	\$194.4 /A	5.0	\$204.2 /A	5.1
4	Cigarette	\$51.5	(4.3)	\$49.7	(3.4)	\$48.0	(3.5)	\$46.2	(3.7)	\$44.5	(3.6)	\$43.2	(3.0)	\$42.1	(2.5)
5	Tobacco Products	\$14.2	18.5	\$10.0	(29.2)	\$11.9	19.0	\$11.9	(0.3)	\$11.9	(0.1)	\$11.9	(0.3)	\$11.8	(0.8)
6	Liquor	\$31.2	0.8	\$32.6	4.6	\$33.1	1.4	\$33.5	1.3	\$34.0	1.5	\$34.6	1.7	\$35.1	1.5
7	Total Excise	\$2,104.3	5.0	\$2,174.2	3.3	\$2,305.9	6.1	\$2,445.1	6.0	\$2,586.1	5.8	\$2,737.6	5.9	\$2,897.1	5.8
Income Taxes:															
8	Net Individual Income	\$3,711.8	7.6	\$3,978.1	7.2	\$4,237.3	6.5	\$4,500.0	6.2	\$4,798.2	6.6	\$5,122.6	6.8	\$5,458.7	6.6
9	Net Corporate Income	\$315.0	33.9	\$318.0	1.0	\$374.3	17.7	\$392.8	4.9	\$415.7	5.8	\$438.2	5.4	\$460.6	5.1
10	Total Income	\$4,026.8	9.3	\$4,296.1	6.7	\$4,611.6	7.3	\$4,892.8	6.1	\$5,213.9	6.6	\$5,560.8	6.7	\$5,919.3	6.4
Other Revenues:															
11	Estate	\$26.0 /B	(44.9)	\$5.6 /B	(78.5)	\$0.0 /B	NA	\$0.0 /B	NA	\$0.0 /B	NA	\$0.0 /B	NA	\$10.0 /B	NA
12	Insurance	\$189.2	7.6	\$191.2	1.1	\$195.7	2.3	\$202.5	3.5	\$209.4	3.4	\$216.3	3.3	\$213.1	(1.4)
13	Pari-Mutuel	\$13.4	(31.3)	\$35.0	160.8	\$35.9	2.7	\$36.9	2.6	\$37.8	2.6	\$38.8	2.6	\$39.8	2.6
14	Interest Income	\$3.8	(12.7)	\$3.7	(2.7)	\$3.6	(4.0)	\$3.4	(5.0)	\$3.2	(5.4)	\$3.0	(5.9)	\$2.8	(6.2)
15	Court Receipts	\$26.3	0.2	\$26.9	2.4	\$27.6	2.4	\$28.2	2.4	\$28.9	2.3	\$29.6	2.3	\$30.2	2.3
16	Gaming	\$40.2	0.1	\$41.7	3.6	\$38.7	(7.1)	\$41.3	6.7	\$44.1	6.7	\$47.0	6.8	\$50.1	6.6
18	Other Income	\$30.2 /C	(27.3)	\$25.5	(15.5)	\$25.8	0.9	\$26.1	1.3	\$26.5	1.4	\$31.9	20.7	\$32.5	1.8
19	Total Other	\$329.2	(7.3)	\$329.7	0.1	\$327.2	(0.8)	\$338.4	3.4	\$349.9	3.4	\$366.6	4.8	\$378.7	3.3
20	GROSS GENERAL FUND	\$6,460.4	6.9	\$6,800.0	5.3	\$7,244.7	6.5	\$7,676.3	6.0	\$8,149.8	6.2	\$8,665.0	6.3	\$9,195.1	6.1
Rebates & Expenditures:															
21	Cigarette Rebate	\$14.4	(3.2)	\$13.9	(3.6)	\$13.4	(3.4)	\$12.9	(3.7)	\$12.5	(3.6)	\$12.1	(3.0)	\$11.8	(2.5)
22	Old-Age Pension Fund	\$86.7	10.3	\$90.4	4.3	\$96.6	6.9	\$103.9	7.5	\$111.3	7.2	\$119.4	7.2	\$127.9	7.2
23	Aged Property Tax & Heating Credit	\$5.8	(62.8)	\$14.5	148.4	\$14.8	2.1	\$15.0	1.4	\$15.2	1.4	\$15.4	1.4	\$15.6	1.4
24	Fire/Police Pensions	\$3.8 /D	3.9	\$29.1	665.6	\$29.1	0.0	\$29.1	0.0	\$29.1	0.0	\$29.1	0.0	\$29.1	0.0
24	Total Rebates & Expenditures	\$110.7	(1.8)	\$147.9	33.5	\$153.9	4.1	\$160.9	4.5	\$168.1	4.5	\$176.0	4.7	\$184.5	4.8
25	Amendment 35 Tobacco Tax	\$81.1 /E	NA	\$170.8	5.4	\$165.3	(3.2)	\$159.6	(3.4)	\$154.3	(3.3)	\$150.1	(2.8)	\$146.6	(2.3)

NA: Not Available.

/A Per H.B. 00-1259, beginning January 1, 2001, 10.34 percent of sales and use taxes will be diverted to the Highway Users Tax Fund when revenues are available to fund expenditures. The full amount of sales and use taxes are reported here and the amount transferred is deducted from available revenues in the General Fund Overview in Table 3.

/B The 2001 Federal tax relief package phases out the federal estate tax as well as the state credit claimed by Colorado as its share of federal estate taxes. Thus, the state's estate tax collections will be phased out and almost entirely eliminated by FY 2005-06. If the federal estate tax relief is not made permanent, the estate tax will return in FY 2010-11.

/C Other income in FY 2003-04 includes monies from the Employment Support Fund surcharge as per S.B. 03-296, resulting in strong other income growth in FY 2003-04 and a decline in other income growth in FY 2004-05.

/D Per S.B. 03-263, state expenditures for unfunded, old hire pension plans in the Fire and Police Pensions Association are eliminated in FY 2003-04 and FY 2004-05.

/E Effective January 1, 2005, Amendment 35 raised the state's tax on cigarettes by \$0.64 per pack and the tax on tobacco products by 20 percent. These revenues are TABOR exempt and shown for informational purposes only. The growth rate in FY 2005-06 has been adjusted to reflect the partial collection of taxes in FY 2004-05, the fiscal year the tax increases were enacted.

Cash Fund Revenue Forecast

Summary

- Cash fund revenues increased 7.4 percent in FY 2004-05, to \$1,965.5 million, primarily due to robust growth in two cash fund sources: unemployment insurance taxes and severance taxes. In FY 2005-06, cash fund revenues are forecast to grow 6.5 percent while in FY 2006-07, cash fund revenues will decrease 3.8 percent.
- Transportation-related revenues, the largest group of cash funds, grew 0.6 percent in FY 2004-05. This group of cash funds are forecast to decrease 1.6 percent in FY 2005-06 due to declining fuel tax revenues and then to increase 2.2 percent in FY 2006-07. From FY 2005-06 through FY 2010-11, these funds will grow at a compound annual average rate of 2.8 percent.
- Unemployment insurance revenues increased 36.1 percent in FY 2004-05 and are expected to increase 14.1 percent in FY 2005-06. Tax revenues increased in FY 2002-03 through FY 2005-06 because UI tax rates automatically grew to compensate for higher UI benefit payments. Through the remainder of the forecast horizon, the improving economy will result in declining benefit payments, which in turn means UI tax rates will fall.

In FY 2005-06, cash fund revenues are forecast to grow 6.5 percent, while in FY 2006-07, cash fund revenues will decrease 3.8 percent.

The December 2005 OSPB cash fund revenue forecast is summarized in **Table 6**. Cash fund revenues are monies collected and earmarked for specific purposes. They comprised 28 percent of total TABOR revenues in FY 2004-05. In FY 2005-06, cash fund revenues are forecast to increase 6.5 percent, to \$2,092.5 million. However, from FY 2005-06 through FY 2010-11, cash fund revenue growth will be flat, primarily due to falling unemployment insurance (UI) tax revenues that are forecast to offset more robust growth in the remaining cash funds. Employers' UI tax rates fall as the UI Trust Fund balance improves with the improving economy.

In FY 2004-05, strong cash fund revenue growth was the result of robust growth in two cash fund categories: unemployment insurance taxes and severance taxes. UI tax collections surged 37.9 percent in FY 2004-05 as employer tax rates adjusted to replenish the UI Trust Fund, as is designed per statute. Finally, severance tax revenues soared 21.5 percent as a result of increased production and rig count, rising gas and oil prices, and merger and acquisition activity.

In FY 2004-05, strong cash fund revenue growth was the result of robust growth in . . . unemployment insurance taxes and severance taxes.

In FY 2005-06, total cash fund revenues will increase 6.5 percent. Additionally, in FY 2005-06, revenue received from the UI tax is expected to increase as the number of people employed grows as a result of the improving economy. In FY 2005-06, the tuition and fees collected by all state institutions of higher education do not count as TABOR revenues because of their enterprise status and are no longer included in the cash fund revenue forecast.

In FY 2006-07, cash fund revenues are forecast to decline 3.8 percent due to the combination of declining UI tax collections and severance tax revenues. The improving economy will result in declining benefit payments, which will support larger trust fund balances and allow UI tax rates to fall, leading to a decline in UI tax collections. In FY 2006-07, severance tax revenues are expected to decline 12.0 percent as a result of the ad valorem property tax credit that producers are allowed to apply against up to 87.5 percent of the severance taxes they owe to the state. The ad valorem property tax credit is based on the current value of oil and gas production.

During the 2004 legislative session, the General Assembly passed several bills that affected the higher education and other miscellaneous cash fund revenues. These revenue changes have been accounted for in the December 2005 forecast and the impacts are discussed below in the appropriate areas. The remainder of this section details the revenue forecasts for the larger cash funds.

Transportation-Related Cash Funds

Table 7 details the forecast for transportation-related cash fund revenues, which increased 0.6 percent in FY 2004-05. Total transportation-related cash fund revenues are forecast to fall 1.6 percent in FY 2005-06 primarily due to declining gasoline taxes and then to increase 2.2 percent in FY 2006-07. From FY 2005-06 through FY 2010-11, total transportation-related cash fund revenues will grow at a compound average annual rate of 2.8 percent.

- The **Highway Users Tax Fund** (HUTF), the largest of the transportation-related funds, is composed primarily of fuel tax revenues and registration fees. In FY 2004-05, HUTF revenues increased 1.3 percent. This group of revenues will see flat growth in FY 2005-06 as consumers begin to slow their purchase of newer automobiles and the combination of higher gasoline prices and more fuel efficient vehicles creates a decline in gasoline purchases. In FY 2006-07, the state will experience a decline in driver's license revenues due to the passage of Senate Bill 05-47 during the 2005 legislative session. The bill reduces the renewal term of adult driver's licenses and identification cards from ten years to five years, and eliminates a July 1, 2006 scheduled fee increase for adult driver's licenses from \$15 to \$30. As a result of the elimination of the previously expected fee increase of \$15, combined with the shortened renewal period, the driver's license revenues are expected to decline \$2.0 million beginning in FY 2006-07 through FY 2009-10 as an estimated 80 percent of license holders have ten-year licenses that will not expire until FY 2010-11.
- **Other transportation-related cash fund revenue** fell 4.8 percent in FY 2004-05 after growing 25.9 percent in FY 2003-04. The strong growth in FY 2003-04 was due in part to the enactment of Senate Bill 03-272, which imposed new fees on license plates, decals, placards, and tabs to cover the direct costs of issuing them. Also, in FY 2004-05, the E-470 Authority repaid a loan to the Department of Transportation that included \$10 million in interest, which created a one time infusion of money in this fund. In FY 2005-06, these cash funds are forecast to decline 12.7 percent, as more normal collection activity resumes.

From FY 2005-06 through FY 2010-11, total transportation-related cash fund revenues will grow at a compound average annual rate of 2.8 percent.

Table 6
Cash Fund Revenue by Major Category
(Accrual Basis, Dollar Amounts in Millions)

	FY 2004-05	December 2005 Estimate by Fiscal Year						FY 2005-06 to FY 2010-11 CAAGR*
		FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	
Transportation-Related	\$844.1	\$830.3	\$848.7	\$873.1	\$897.0	\$920.1	\$952.0	2.8%
Change	0.6%	-1.6%	2.2%	2.9%	2.7%	2.6%	3.5%	
Unemployment Insurance	\$465.6 /A	\$531.1 /A	\$442.0 /A	\$302.2 /A	\$270.4	\$287.2	\$277.8 /B	-12.2%
Change	36.1%	14.1%	-16.8%	-31.6%	-10.5%	6.2%	-3.3%	
Limited Gaming Fund	\$103.1	\$108.2	\$113.6	\$119.7	\$126.2	\$133.2	\$140.5	5.4%
Change	0.4%	4.9%	5.0%	5.3%	5.5%	5.5%	5.5%	
Capital Construction – Interest	\$2.3	\$1.9	\$2.1	\$1.9	\$2.3	\$2.7	\$3.1	10.2%
Change	35.3%	-15.6%	9.1%	-9.1%	19.2%	18.3%	16.1%	
Regulatory Agencies	\$51.4	\$49.7	\$51.2	\$53.0	\$54.9	\$56.9	\$58.9	3.4%
Change	2.3%	-3.2%	2.9%	3.5%	3.6%	3.6%	3.6%	
Insurance-Related	\$53.2	\$58.0	\$61.0	\$64.6	\$68.3	\$72.3	\$76.5	5.7%
Change	1.1%	9.0%	5.3%	5.8%	5.8%	5.8%	5.8%	
Severance Tax	\$152.0	\$200.3	\$176.2	\$180.6	\$154.8	\$166.1	\$158.0	-4.6%
Change	21.5%	31.8%	-12.0%	2.5%	-14.3%	7.3%	-4.9%	
Controlled Maintenance Trust Fund Interest	\$0.0 /C	\$6.1 /C, D	\$0.0 /C	\$0.0 /C	\$0.0 /C	\$0.0 /C	\$0.0 /C	NA
Change	NA	NA	NA	NA	NA	NA	NA	
Miscellaneous Cash Funds	\$293.7	\$306.9	\$317.9	\$330.3	\$343.8	\$359.0	\$375.8	4.1%
Change	-6.7%	4.5%	3.6%	3.9%	4.1%	4.4%	4.7%	
TOTAL CASH FUND REVENUES	\$1,965.5	\$2,092.5	\$2,012.8	\$1,925.3	\$1,917.8	\$1,997.3	\$2,042.7	-0.5%
Change	7.4%	6.5%	-3.8%	-4.3%	-0.4%	4.1%	2.3%	

*CAAGR: Compound Annual Average Growth Rate.

NA: Not Applicable.

Totals may not sum due to rounding.

/A Includes revenues from the solvency tax surcharge, which is in effect because the solvency ratio on June 30, 2004, June 30, 2005, June 30, 2006, and June 30, 2007 is less than 0.9%.

/B Tax revenues reflect a 20 percent credit for calendar year 2011 as specified by H.B. 00-1310.

/C H.B. 04-1222 eliminates the Controlled Maintenance Trust Fund (CMTF) payback.

/D S.B. 05-210 appropriates \$130.6 million from the General Fund to the CMTF and requires the Treasurer to transfer \$55 million to the CMTF by June 30, 2005. On June 1, 2006, the Treasurer is required to transfer \$185.6 million from the CMTF to the General Fund.

Table 7
Transportation-Related Cash Fund Revenue by Source
(Accrual Basis, Dollar Amounts in Millions)

	FY 2004-05	December 2005 Estimate by Fiscal Year						FY 2005-06 to FY 2010-11 CAAGR*
		FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	
Highway Users Tax Fund (HUTF)								
Registrations	\$165.0	\$176.2	\$182.4	\$189.0	\$196.0	\$203.3	\$211.8	
Change	5.5%	6.8%	3.6%	3.6%	3.7%	3.8%	4.2%	3.8%
Motor and Special Fuels Net of Refunds	\$553.6	\$538.1	\$551.2	\$566.3	\$579.2	\$591.8	\$603.1	
Change	-0.5%	-2.8%	2.4%	2.7%	2.3%	2.2%	1.9%	2.3%
Other Receipts	\$44.5 /A	\$45.4 /A	\$42.3 /A,B	\$43.3 /A	\$45.3 /A	\$45.9 /A	\$56.1 /A	
Change	8.7%	2.0%	-6.8%	2.4%	4.7%	1.3%	22.2%	4.3%
TOTAL HUTF	\$763.1	\$759.6	\$775.9	\$798.5	\$820.5	\$841.1	\$871.0	
Change	1.3%	-0.5%	2.2%	2.9%	2.8%	2.5%	3.6%	2.8%
Other Transportation-Related Cash Funds	\$81.0	\$70.8	\$72.8	\$74.6	\$76.4	\$79.0	\$81.0	
Change	-4.8%	-12.7%	2.9%	2.5%	2.5%	3.4%	2.5%	2.7%
Total Transportation-Related	\$844.1	\$830.3	\$848.7	\$873.1	\$897.0	\$920.1	\$952.0	
Change	0.6%	-1.6%	2.2%	2.9%	2.7%	2.6%	3.5%	2.8%

*CAAGR: Compound Annual Average Growth Rate.

Totals may not sum due to rounding.

/A Includes interest earnings, court fines, driver's license fees, and other miscellaneous income.

/B Per S.B. 05-047, the July 1, 2006 scheduled fee increase for adult driver's licenses is eliminated.

Unemployment Insurance Trust Fund

The December 2005 UI revenue forecast is shown in **Table 8**. In FY 2004-05, total UI Trust Fund revenues — UI taxes and interest earnings on the UI Trust Fund balance — increased 36.1 percent. They are forecast to increase 14.1 percent in FY 2005-06. The December 2005 forecast for FY 2005-06 UI taxes is \$43.8 million higher than the September 2005 forecast due to an increase in hiring during the second half of 2005. This created a surge in employment tax collections during the first half of FY 2005-06 as employers paid taxes on their new employees for 2005.

Tax revenues rose in FY 2002-03 through FY 2005-06 because UI tax rates automatically increased to compensate for the higher UI benefit payments made since 2001. Employers' UI tax rates are designed to increase when benefit claims increase so that the UI Trust Fund is replenished. During good economic times, when UI benefit claims decrease, UI tax rates decline. In FY 2004-05, UI tax revenues (excluding interest revenues) increased 37.9 percent. They are expected to increase 12.2 percent in FY 2005-06 due to a combination of income tax rates and an expanding employment base. As the employment base in Colorado expands to its pre-recession levels, it will create a larger number of employees on which employers pay taxes. Thereafter, the improving economy will result in declining benefit payments, which will support a larger trust fund balances and allow tax rates to fall.

- In FY 2005-06, UI benefit payments will fall 17.0 percent following a 27.5 percent decrease in FY 2004-05. They will continue to fall through FY 2007-08, and beginning in FY 2008-09, benefit payments will remain flat, reflecting a healthy labor market. However, if benefit payments do not fall, higher benefit payments will strain the UI Trust Fund resources, leading to a lower ending fund balance and triggering higher UI employer tax rates. Between FY 2001-02 and FY 2002-03, benefit payments increased nearly 175 percent. The rising benefit payments were the result of the soft labor market and the ensuing increase in the number of unemployed.
- In calendar years 2004 and 2005, the unemployment insurance tax rate schedule moved to a higher level. This occurred because two components of employer UI tax rates — the base rate and the solvency surcharge — rise when the UI Trust Fund balance drops below certain thresholds. Furthermore, the UI Trust Fund balance triggered the solvency surcharge on January 1, 2004. Meanwhile, the UI Trust Fund ended FY 2004-05 with a balance of only \$221.0 million, so the solvency surcharge remains in effect in calendar year 2005. During the 2005 legislative session, House Bill 05-1208 changed the manner in which the solvency surcharge is calculated in calendar year 2006. The new legislation prevents the solvency surcharge from increasing incrementally as long as the ratio of fund balance to total wages does not decline. As such, House Bill 05-1208 credits back to employers incremental increases they otherwise would have been paying of approximately \$36.4 million in FY 2005-06. The OSPB forecast indicates the solvency surcharge will remain in effect through calendar year 2007. The statutory provisions of the UI base rates and solvency surcharge can be found in Section 8-76-103, C.R.S.

... total UI Trust Fund revenues are forecast to increase 14.1 percent in FY 2005-06.

In calendar years 2004 and 2005, the unemployment insurance tax rate schedule moved to a higher level.

Miscellaneous Cash Funds

The December 2005 forecast for total revenues collected by the remaining cash funds in FY 2005-06 is essentially unchanged from our September 2005 forecast. After increasing 1.0 percent in FY 2004-05, miscellaneous cash fund revenues are expected to increase 11.5 percent in FY 2005-06 as a result of strong growth in severance tax collections. Severance taxes are monies collected on the value of minerals severed from the earth. Due to a combination of increased production and rig count, rising gas and oil prices, and merger and acquisition activity, revenues collected from severance taxes increased nearly 300 percent in FY 2003-04. In FY 2004-05, severance tax revenues rose 21.5 percent and are forecast to increase 31.8 percent in FY 2005-06 as higher oil prices spur drilling activity around the state. Meanwhile, in FY 2004-05, rig count increased 26.7 percent and is forecast to increase 39.3 percent in FY 2005-06. Additionally, as per Senate Bill 02-1310, \$31.3 million in FY 2004-05 was transferred to the Capital Construction Fund from the General Fund due to excess monies subject to the TABOR limit. Earned interest income for the Capital Construction Fund will be \$1.9 million in FY 2005-06.

In FY 2004-05, severance tax revenues rose 21.5 percent and are forecast to increase 31.8 percent in FY 2005-06

Higher Education

In FY 2004-05, total higher education revenues (excluding the University of Colorado, which became an enterprise in FY 2004-05) increased 9.3 percent as a result of tuition increases and strong student enrollment growth.

During the 2004 legislative session, the General Assembly passed two bills that affect the higher education cash funds: Senate Bill 04-189 and Senate Bill 04-252. Under the provisions of Senate Bill 04-252, the University of Colorado became eligible for enterprise status beginning in FY 2004-05. Because of its enterprise status, the tuition and fees collected from the University of Colorado do not count as TABOR revenue beginning in FY 2004-05 and are thus not included in the cash fund revenue forecast. Meanwhile, Senate Bill 04-189 creates the College Opportunity Fund Program in FY 2005-06. The College Opportunity Fund Program is a mechanism through which eligible undergraduate students in Colorado can apply for a stipend to use for undergraduate courses taken at a state or participating private institution of higher education. The stipend amount, which is set by the General Assembly, is *not* an appropriation to the institution of higher education. Instead, the stipend is granted to the *student*, who in turn applies it to tuition credits at the approved institution. As a result of the funding mechanism provided by Senate Bill 04-189, all state institutions of higher education are expected to meet the requirements necessary to be granted enterprise status beginning in FY 2005-06, so the tuition and fees collected from these institutions will not be counted as TABOR revenue in FY 2005-06 and thereafter. Thus, beginning in FY 2005-06, the OSPB cash fund revenue forecast does not include tuition and fees collected by any Colorado institution of higher education.

. . . all state institutions of higher education are expected to meet the requirements necessary to be granted enterprise status beginning in FY 2005-06

Table 8
Unemployment Insurance Revenue by Source
(Accrual Basis, Dollar Amounts in Millions)

	FY 2004-05	December 2005 Estimate by Fiscal Year						FY 2005-06 to FY 2010-11 CAAGR*
		FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	
Beginning Fund Balance	\$133.9	\$221.0	\$523.1	\$762.0	\$872.7	\$952.9	\$1,046.2	
Change	-55.2%	65.1%	136.7%	45.7%	14.5%	9.2%	9.8%	36.5%
Income	\$465.6	\$531.1	\$442.0	\$302.2	\$270.4	\$287.2	\$277.8	
Change	36.1%	14.1%	-16.8%	-31.6%	-10.5%	6.2%	-3.3%	-12.2%
Taxes	\$459.1 /A	\$515.1 /A	\$412.3 /A	\$259.3 /A	\$217.0	\$223.8	\$206.8 /B	
Change	37.9%	12.2%	-20.0%	-37.1%	-16.3%	3.1%	-7.6%	-16.7%
Interest	\$6.5	\$16.0	\$29.7	\$42.8	\$53.4	\$63.4	\$71.1	
Change	-29.6%	144.1%	85.7%	44.5%	24.6%	18.7%	12.1%	34.8%
Benefits and Accounting Adjustments	(\$378.5) /C	(\$228.9) /C	(\$203.1) /C	(\$191.5) /C	(\$190.1) /C	(\$193.9) /C	(\$208.6) /C	
Change	-25.2%	-39.5%	-11.3%	-5.7%	-0.7%	2.0%	7.5%	-1.8%
Ending Fund Balance	\$221.0	\$523.1	\$762.0	\$872.7	\$952.9	\$1,046.2	\$1,115.4	
Solvency Ratio	0.32% /D	0.70% /D	0.97% /D	1.05% /D	1.08% /D	1.12% /D	1.12% /D	
Total Wages	\$69,325 /E	\$74,257 /E	\$78,530 /E	\$82,925 /E	\$88,218 /E	\$93,565 /E	\$99,647 /E	
Change	4.8%	7.1%	5.8%	5.6%	6.4%	6.1%	6.5%	6.1%

*CAAGR: Compound Annual Average Growth Rate.

Totals may not sum due to rounding.

/A Includes revenues from the solvency tax surcharge, which is in effect because the solvency ratio (the ratio of the fund balance to total wages) on June 30, 2004, June 30, 2005, June 30, 2006, and June 30, 2007 is less than 0.9%.

/B Tax revenues reflect a 20 percent credit for calendar year 2011 as specified by House Bill 00-1310.

/C These amounts include accounting adjustments necessary to reconcile inflows and outflows to the Unemployment Insurance Trust Fund.

/D The solvency ratio is the ratio of the fund balance to total wages.

/E Total wages are the sum of wages reported by all ratable employers for the calendar year ending in December of the given fiscal year.

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The National Economy

Summary

- National economic growth regained momentum in 2004 and the economy's prospects are positive. Inflation-adjusted gross domestic product is forecast to increase 3.6 percent in 2005 and 3.7 percent in 2006.
 - Consumer spending is forecast to grow 2.6 percent in 2005 and 3.3 percent in 2006.
 - Business investment is expected to average 6.4 percent growth in 2005 and 4.5 percent growth in 2006.
- Inflationary pressures are building. Overall, consumer prices are forecast to rise 3.4 percent in 2005 and 3.2 percent in 2006. Core consumer prices will rise 2.1 percent in 2005 and 2.8 percent in 2006.
- National employment will increase 1.6 percent in 2005, with 2.1 million workers added to nonfarm payrolls.
- The national unemployment rate is forecast to average 5.2 percent in 2005 and 4.9 percent in 2006.

National economic growth regained momentum in 2004 and the economy's prospects are positive.

Strong employment gains in October and November 2005 offset weaker gains registered in September as a result of Hurricanes Katrina and Rita. Meanwhile, initial jobless claims continue their downward trend, demand and production growth are strong, and inflation-adjusted gross domestic product (GDP) is above pre-recession peaks reached in 2001. Moreover, consumer and federal government spending are accelerating, domestic output is increasing at an above average pace, and inventories are growing.

Inflation-adjusted GDP grew 4.2 percent in 2004, up from 2.7 percent in 2003. Consumer spending, which accounts for about two-thirds of GDP, rose 3.8 percent during the year. Continued strong consumer spending is due in part to robust vehicle sales in response to aggressive automobile dealer incentives. Meanwhile, business investment rose 9.4 percent and government spending was up 2.1 percent.

The Institute for Supply Management (ISM) surveys signal expansion in both the manufacturing and services sectors, albeit at a moderating pace. In November 2005, the ISM *manufacturing* index was 58.1, down slightly from 59.1 in October 2005, but still indicative of healthy activity. The ISM new orders index contracted to 59.8, compared with the October posting of 61.7, while the production index fell to 60.6, 1.4 points below the October value. Additionally, the ISM employment index rose to 59.6 in November 2005 indicative of expanding manufacturing employment.

... inflation-adjusted gross domestic product (GDP) is above pre-recession peaks reached in 2001.

Personal income grew 5.5 percent year-to-date through September 2005. . . .

Meanwhile, demand for services expanded at a faster pace in November 2005 than in October 2005. The November 2005 ISM *non-manufacturing* business activity index rose to 58.5, indicating a healthy rate of expansion in the nation's services sector. The survey shows the expansion in service producing industries is broad-based, with 17 industries reporting increased business activity. Growth was strongest in mining, legal services, health services, business services, retail trade, insurance, other services, utilities, construction, public administration, wholesale trade, and communication. The agriculture and finance and banking sectors showed declines in activity.

Personal income grew 5.5 percent year-to-date through September 2005 compared with year-to-date September 2004. The wage and salary component of personal income is up 5.9 percent year-to-date and nonfarm proprietors' income is up 7.1 percent. Nevertheless, despite rising income levels, the September 2005 savings rate remained negative for the fourth consecutive month, declining 0.4 percent. Overall, the 2005 savings rate is expected to fall 0.1 percent, indicating that consumers spent more than their available disposable income. The only savings rate lower than the forecasted 2005 rate was recorded in 1933, with a negative savings rate of 1.5 percent.

In November 2005, the Conference Board index of consumer confidence surged to 98.5 percent after falling for two consecutive months. A jump in consumers' expectations of the future led the increase. Indeed, all three components of the expectations index — assessments of income, labor markets, and business conditions — improved. November's index reflects improvements in expectations toward a recovering job market, improving business conditions, and steady consumer spending. Additionally, the recent decline in gasoline prices to pre-Katrina levels and the improving job outlook have bolstered consumers' confidence. Meanwhile, rising energy prices, interest rates, and inflation concerns continue to dampen overall confidence.

In November 2005, the inflation-adjusted federal funds rate — the difference between the nominal funds rate and inflation — increased another 25-basis points to 4.25 percent. The inflation-adjusted federal funds rate became negative shortly after the terrorist attacks of September 11, 2001 and remained negative through October 2004, despite three rate increases.

Overview of Recent National Economic Activity

Table 9 summarizes recent national economic indicators.

Inflation-adjusted GDP jumped 4.3 percent in third quarter 2005, well above its long term potential of 3.0 percent to 3.5 percent.

- **Inflation-adjusted GDP** jumped 4.3 percent in third quarter 2005, well above its long-term potential of 3.0 percent to 3.5 percent. Hurricane Katrina has a limited impact on third quarter numbers as the hurricane struck towards the end of the quarter.
 - **Consumer spending**, which accounts for two-thirds of GDP, rose 4.2 percent in third quarter 2005. Inflation-adjusted spending on durable goods soared 10.5 percent, primarily due to an increase in motor vehicles, which surged 17.6 percent during the quarter. Spending on non-durable goods grew at a more modest 3.6 percent and spending on services rose 3.3 percent.

**Table 9
National Economic Statistics**

	3 rd Quarter 2005	2 nd Quarter 2005	2004 Annual Average	2003 Annual Average
Inflation-Adjusted Annual GDP Growth ¹	4.3%	3.3%	3.8%	4.2%
Consumer Spending	4.2%	3.4%	3.5%	3.9%
Nonresidential Fixed Investment	8.8%	8.8%	5.7%	9.4%
Structures	2.7%	2.7%	-2.0%	2.2%
Equipment and Software	10.8%	10.9%	8.3%	11.9%
Residential Fixed Investment	8.4%	10.8%	9.5%	10.3%
Exports	0.8%	10.7%	7.5%	8.4%
Imports	2.1%	-0.3%	7.4%	10.7%
Government Expenditures and Investments	3.2%	2.5%	1.9%	2.2%
Federal Government	8.1%	2.4%	2.4%	5.2%
State and Local Governments	0.4%	2.6%	1.6%	0.4%
Productivity (output per hour, nonfarm business) ¹	4.1%	2.1%	3.4%	3.8%
	October 2005	October 2004	2004 Annual Average	2003 Annual Average
Inflation ²	3.4%	2.6%	2.7%	2.3%
Nonfarm Employment Growth ²	1.6%	1.1%	1.1%	-0.3%
Unemployment Rate	5.0%	5.4%	5.5%	6.0%
Housing Permit Growth ³	6.9%	6.5%	7.1%	8.1%
Single-Family	7.3%	7.6%	7.6%	9.6%
Multi-Family	5.4%	2.7%	5.5%	3.2%
Growth in the Value of Nonresidential Construction ³	6.2%	6.4%	7.3%	-1.3%
Retail	6.7%	7.8%	8.4%	-6.6%
Offices	5.1%	10.0%	8.9%	-13.8%
Factories	24.3%	57.5%	65.2%	-13.2%
Retail Sales ³	7.8%	2.9%	2.9%	4.7%

1/ Annualized growth compared with preceding quarter.

2/ Year-to-date; employment by place of work from Current Employment Statistics (CES) survey of payroll records.

3/ Year-to-date through October 2005.

Sources: U.S. Department of Labor, Bureau of Labor Statistics;
U.S. Department of Commerce, Bureaus of the Census and Economic Analysis.

- In third quarter 2005, **residential investment** rose 8.4 percent, following a 10.8 percent increase in second quarter 2005. Sales of new homes began to strengthen during third quarter 2005, rising 13.0 percent compared with second quarter 2005. Meanwhile, existing home sales dipped to its lowest year-to-date level, declining 2.7 percent after surging 22.9 percent in second quarter 2005.
 - Rising mortgage rates and higher energy costs are beginning to slow new home sales, while incentives and discounts are luring consumers into the existing home market.
 - New and existing home prices continue to grow. In October 2005, the median price for a new home was \$218,000, while the median price for an existing single-family home was \$216,000, both up 16.6% compared with the same period last year.

In third quarter 2005, residential investment rose 8.4 percent, following a 10.8 percent increase in second quarter 2005.

Inflation-adjusted nonresidential fixed investment remained at an annualized 8.8 percent pace in third quarter 2005.

- ***Business investment*** remains healthy. Inflation-adjusted nonresidential fixed investment remained at an annualized 8.8 percent pace in third quarter 2005. Nonresidential investments in structures increased 2.7 percent and third quarter 2005 equipment and software investment rose 10.8 percent, led by solid production gains in advanced technology business equipment and other machinery.
- ***Government expenditures*** rose 3.2 percent in third quarter 2005. State and local government expenditures remained relatively flat, increasing 0.4 percent and federal nondefense spending increased 3.6 percent. However, federal government defense expenditures rose 10.3 percent. Overall, federal government expenditures climbed 2.2 percent during 2004.
- ***Productivity*** growth expanded 4.1 percent in third quarter 2005, a marked acceleration from the 2.6 percent increase posted during the first half of the year. Meanwhile, hours worked increased a mere 0.1 percent, representing a 0.4 percent advance in employment and hourly compensation increased 3.6 percent during third quarter 2005. Furthermore, unit labor costs decreased 0.5 percent during the same period, representing the first decline in unit labor costs in five quarters. The third quarter rise in productivity points towards contained fundamental inflationary pressures going into fourth quarter.

Inflationary pressures are building consumer prices are up 3.4 percent

- ***Inflationary pressures*** are building. Year-to-date through November 2005, consumer prices are up 3.4 percent compared with year-to-date November 2004. Meanwhile, core consumer prices — which exclude energy and food prices — increased 2.2 percent through November 2005. Through November 2005, energy prices are 16.9 percent higher than the same period in 2004. However, since energy prices are stabilizing, they are not likely to contribute more than a few tenths of a percentage point to overall consumer price inflation in the near term.
- ***Energy prices***, while still high, have retreated since surging in the wake of Hurricanes Katrina and Rita and the threat of a sustained supply reduction is diminishing as portions of the production and refining capacity in the Gulf region comes back on-line. Indeed, gasoline prices have fallen nearly 30 percent since their post-Katrina highs.
 - Natural gas and heating oil prices still remain elevated as inventories of both products are at multi-year lows and less than one-half of the Gulf region oil and natural gas production is at normal levels. Furthermore, imports of natural gas are currently constrained by lack of available pipeline and seaport capacity. Natural gas accounts for nearly one quarter of the nation's energy consumption.
- ***Retail sales*** are up 7.8 percent year-to-date through October 2005 compared with year-to-date October 2004. Declining gas prices and increased activity in the Gulf Coast areas recovering from the hurricanes helped boost sales in October. In 2006, rising energy prices and interest rates will limit consumer spending. In addition, demand for automobiles, homes and home-related goods

are satiated, leaving little pent-up demand to fuel near term spending. However, job gains are expected to contribute to sales growth during the 2005 holiday season.

- **Employment** payrolls increased by 215,000 jobs in November 2005 and initial jobless claims continue to trend downward. November's seasonally adjusted payroll — 134,289,000 — exceeds the pre-recession peak reached in February 2001. Year-to-date through November 2005, the nation's average employment grew 1.6 percent, compared with year-to-date November 2004. The unemployment rate remained unchanged at 5.0 percent, compared with a 5.4 percent rate in November 2004.

Employment payrolls increased by 215,000 jobs in November 2005 and initial jobless claims continue to trend downward.

The National Forecast

Table 10 presents historical and forecast values for key national economic series. The December 2005 national forecast is not fundamentally different compared with the September 2005 national forecast. The following details the outlook for the nation's economy.

Gross Domestic Product and its Components

Inflation-adjusted GDP increased 4.2 percent in 2004, with strong growth in the first and third quarter of the year offsetting weaker but still respectable growth in the second and fourth quarter. Inflation-adjusted annual GDP growth is forecast to grow at about its long-term potential — 2.9 percent to 3.7 percent — from 2005 through 2010.

- **Consumer spending**, which represents almost 70 percent of GDP, was supported over the past two years by tax cuts and borrowing from home equity. Now, the pace of sales growth will slow despite the strengthening economy because these other sources of cash are dissipating. Furthermore, rising interest rates and energy prices will dampen demand, particularly for automobiles, homes, and home-related goods. Consumer spending grew 3.8 percent in 2004 and is expected to grow 2.6 percent in 2005, a downward revision compared with the September forecast. The downward revision is primarily the result of rising energy prices and new federal bankruptcy laws, which make it more difficult to seek Chapter 7 protection. Moreover, many households will face a doubling of their minimum credit card payments as a result of new federal regulatory guidelines. In 2004, consumer spending on durable and nondurable goods increased at a faster pace than spending on services. In 2005 and the remainder of the forecast horizon, spending on nondurable goods and services will lead growth.
- **Business investment** grew 9.4 percent in 2004 and is expected to grow 6.4 percent in 2005. Investment growth in 2005 is affected by the expiration of two of the key provisions of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003. These provisions, which increase the amount of capital investment that small businesses are permitted to immediately expense and which provide a 50 percent bonus depreciation on investments made before

Consumer spending grew 3.8 percent in 2004 and is expected to grow 2.6 percent in 2005

the end of 2004, increased business spending in 2004 by moving forward purchases that would otherwise have been made in 2005. Thus, 2005 investment will be lower than would have occurred without these provisions.

Business investment is currently supported by replacement demand, as well as investment in new technologies. Future investment growth will be supported by strong profitability, healthy cash flow, and tax incentives. Investment in information technology equipment and software increased 13.8 percent in 2004 and is expected to increase 8.8 percent in 2005 before moderating to 6.0 percent in 2006. Meanwhile, nonresidential structures investment in 2004 surged 10.9 percent, and is expected to increase 6.4 percent in 2005 and 6.3 percent in 2006.

Government spending . . . is expected to increase 2.8 percent in 2005 and 2.4 percent in 2006.

- **Government spending** increased 2.1 percent in 2004 and is expected to increase 2.8 percent in 2005 and 2.4 percent in 2006. In 2005 and 2006, federal defense spending will increase 4.7 percent and 1.4 percent, respectively. Meanwhile, federal nondefense spending, which rose 2.9 percent in 2004, is expected to rise 6.3 percent in 2005 and 4.6 percent in 2006. Defense spending will be relatively strong in the near term because of the conflict in Iraq and nondefense spending will rise because of the increasing costs of health care, entitlement programs, and homeland security. Passage of the Medicare prescription drug benefit program is also putting upward pressure on federal nondefense spending. Meanwhile, state and local government expenditures are forecast to increase 1.6 percent in 2005 and 2.4 percent in 2006.

Inflation

Inflationary pressures are moderate. Overall, consumer prices rose 2.7 percent in 2004 and are expected to rise 3.4 percent in 2005 and 3.2 percent in 2006. Meanwhile, core consumer price inflation increased 1.8 percent in 2004 and is expected to increase at or below 2.7 percent through the forecast horizon. The cost of shelter, the largest contributor to consumer price inflation, is forecast to rise 2.4 percent in 2005, while the cost of medical care is forecast to increase 4.4 percent. Energy prices are the key risk to this relatively sanguine outlook. Energy prices are expected to moderate over the next year as global energy demand growth decelerates and global energy supply increases. The impact of Hurricane Katrina will be realized primarily through the Gulf of Mexico's energy infrastructure (which represents about one-third of domestic oil and natural gas production), and the accompanying loss of refining capacity and distribution. As the United States imports the majority of its oil, the direct impact of Hurricane Katrina on oil production is expected to be under ten percent of national daily consumption. While in the wake of the category-four storm prices of crude oil spiked — trading at over \$70 per barrel — they have since settled, trading in the upper-fifties. Ultimately, energy prices are expected to moderate by this time next year as global energy demand growth decelerates and global energy supply increases. However, natural gas prices are expected to remain somewhat elevated compared with oil prices as imports of natural gas are currently constrained by a lack of available pipeline and seaport capacity.

. . . core consumer price inflation increased 1.8 percent in 2004 and is expected to increase at or below 2.7 percent through the forecast horizon.

Interest Rates

The current stimulatory fiscal policy is gradually diminishing and, by early 2006, fiscal policy is expected to be neutral. The federal funds rate was 2.25 percent at year-end 2004 and will end 2005 at its current rate of 4.25 percent. In the long run, the federal funds rate target is expected to average about 4.5 percent, which is equal to long-run sustainable inflation-adjusted GDP growth of 3.0 percent plus 1.5 percent inflation.

Employment

The national employment forecast has not changed materially since the September OSPB forecast. National payrolls will increase 1.6 percent in 2005, with 2.1 million workers added in 2005. In 2006 and 2007, employment will increase 1.9 percent and 1.1 percent, respectively. Service-producing industries — including well-paying occupations in professional and business services and educational and health services — will increase their payrolls most rapidly. Meanwhile, manufacturing employment will continue to contract through the forecast horizon.

In 2005 and 2006, the unemployment rate is forecast to average 5.2 percent and 4.9 percent, respectively. The strengthening labor market will entice job-seekers back into the labor force, essentially offsetting the number of currently unemployed workers that will find employment in newly created positions. Thus, the unemployment rate will fall only gradually, slowly reaching 4.7 percent by 2010.

Risks to the Forecast

As has been true over the past year, most of the events likely to affect the current national economic forecast would result in a downward revision to the near-term strength of the recovery. The economic recovery could be disrupted if the expected moderation in energy prices fails to materialize. Furthermore, the immediate and long-term affects of Hurricane Katrina continue to be analyzed. Hurricane Katrina not only disrupted the production and distribution of petroleum products, but also created problems on the Mississippi River. Port and loading shortages and disrupted barge traffic cause backlogs in commodities, placing upward pressure on consumer goods. Moreover, the threat of global terrorism continues to pose a downside risk, negatively impacting consumer and business confidence. Also, household debt burdens and defaults remain high and the possibility of declining house prices in overpriced markets increases the risk of falling household credit quality. Weakening household credit quality could undermine lenders' willingness to extend credit, thereby curtailing households' ability to spend and weakening economic growth.

National payrolls will increase 1.6 percent in 2005, with 2.1 million workers added in 2005.

... most of the events likely to affect the current national economic forecast would result in a downward revision to the near-term strength of the recovery.

Table 10
History And Forecast For Key National Economic Variables
2000-2010

Line No.		Actual					December 2005 Forecast					
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Inflation-Adjusted & Current Dollar Income Accounts												
1	Inflation-Adjusted Gross Domestic Product (Billions)	\$9,816.9	\$9,890.6	\$10,048.9	\$10,320.8	\$10,755.8	\$11,138.9	\$11,553.0	\$11,890.8	\$12,257.2	\$12,651.9	\$13,028.9
2	Change	3.7%	0.8%	1.6%	2.7%	4.2%	3.6%	3.7%	2.9%	3.1%	3.2%	3.0%
3	Gross Domestic Product (Billions)	\$9,816.9	\$10,127.9	\$10,469.7	\$10,971.5	\$11,734.4	\$12,492.5	\$13,382.2	\$14,114.5	\$14,856.5	\$15,645.5	\$16,426.4
4	Change	5.9%	3.2%	3.4%	4.8%	7.0%	6.5%	7.1%	5.5%	5.3%	5.3%	5.0%
5	Productivity (Output per Hour, Nonfarm Business)	115.5	118.5	123.3	128.0	132.3	135.8	138.9	141.8	144.9	147.7	150.2
6	Change	2.6%	2.6%	4.0%	3.8%	3.4%	2.6%	2.3%	2.1%	2.2%	1.9%	1.7%
7	Personal Income (Billions)	\$8,429.8	\$8,724.2	\$8,881.9	\$9,169.1	\$9,713.6	\$10,262.4	\$10,835.5	\$11,339.4	\$11,844.3	\$12,398.4	\$12,966.6
8	Change	8.0%	3.5%	1.8%	3.2%	5.9%	5.7%	5.6%	4.7%	4.5%	4.7%	4.6%
9	Per-Capita Income (\$/person)	\$29,834	\$30,562	\$30,808	\$31,493	\$33,040	\$34,587	\$36,189	\$37,533	\$38,859	\$40,323	\$41,807
10	Change	6.8%	2.4%	0.8%	2.2%	4.9%	4.7%	4.6%	3.7%	3.5%	3.8%	3.7%
Population & Employment												
11	Population ¹ (Millions)	282.6	285.5	288.3	291.2	294.0	296.7	299.4	302.1	304.8	307.5	310.2
12	Change	1.1%	1.0%	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
13	Civilian Unemployment Rate	4.0%	4.8%	5.8%	6.0%	5.5%	5.2%	4.9%	5.0%	5.0%	4.8%	4.7%
14	Total Nonagricultural Employment ² (Millions)	131.8	131.8	130.3	130.0	131.5	133.6	136.1	137.6	139.0	140.9	142.8
15	Change	2.2%	0.0%	-1.1%	-0.3%	1.1%	1.6%	1.9%	1.1%	1.0%	1.4%	1.3%
Financial Markets												
16	30-Year T-Bond Rate	5.9%	5.5%	5.4%	5.1%	5.1%	4.6%	5.6%	5.8%	5.8%	5.9%	6.0%
17	10-Year T-Bond Rate	6.0%	5.0%	4.6%	4.0%	4.3%	4.2%	5.2%	5.3%	5.4%	5.6%	5.6%
18	Federal Fund Rate	6.2%	3.9%	1.7%	1.1%	1.3%	3.2%	4.7%	4.6%	4.5%	4.5%	4.5%
Price Variables												
19	Consumer Price Index (1982-84=100)	172.2	177.1	179.8	184.0	188.9	195.2	201.5	207.1	212.2	217.0	221.8
20	Change	3.4%	2.8%	1.6%	2.3%	2.7%	3.4%	3.2%	2.8%	2.4%	2.3%	2.2%
21	Producer Price Index (1982=100)	138.0	140.7	138.9	143.3	148.5	155.3	160.2	163.4	166.3	168.9	171.8
22	Change	3.8%	1.9%	-1.3%	3.2%	3.6%	4.6%	3.2%	2.0%	1.8%	1.6%	1.7%
Other Key Indicators												
23	Industrial Production Index (1992=100)	115.4	111.3	111.0	110.9	115.5	118.9	121.9	124.5	127.4	130.6	133.5
24	Change	4.3%	-3.6%	-0.3%	0.0%	4.1%	2.9%	2.5%	2.2%	2.3%	2.5%	2.2%
25	Corporate Profits After Tax (Billions)	\$508.2	\$503.7	\$575.9	\$705.1	\$788.1	\$939.1	\$902.2	\$952.1	\$1,015.0	\$1,081.6	\$1,139.6
26	Change	-1.8%	-0.9%	14.3%	22.4%	11.8%	19.2%	-3.9%	5.5%	6.6%	6.6%	5.4%
27	Housing Starts (Millions)	1.573	1.601	1.710	1.854	1.950	2.049	1.916	1.609	1.567	1.554	1.567
28	Change	-4.5%	1.8%	6.8%	8.4%	5.2%	5.1%	-6.5%	-16.0%	-2.6%	-0.8%	0.8%

1/ Population values through 2000 are adjusted for 2000 Census.

2/ Employment by place of work from Current Employment Statistics (CES) survey of payroll records.

Sources: Economy.com; U.S. Department of Labor, Bureau of Labor Statistics; and U.S. Department of Commerce, Bureaus of the Census and Economic Analysis.

The Colorado Economy

Summary

- The December 2005 OSPB forecast indicates that Colorado employment will increase 2.1 percent in 2005, a net increase of 46,600 new jobs compared with 2004.
- The 2005 Colorado unemployment rate is forecast to average 5.1 percent, below the 5.5 percent rate posted in 2004. The unemployment rate will fall below five percent in 2006 and will decline to 4.4 percent by 2010.
- Personal income growth will average 6.4 percent in 2005 and 6.5 percent in 2006. Colorado per capita income will continue to exceed the national average.
- Retail trade sales are forecast to grow 5.7 percent in 2005 and 5.8 percent in 2006.
- Consumer prices in the Denver-Boulder-Greeley area will rise 1.7 percent in 2005 and 2.3 percent in 2006.
- In 2005, net in-migration to Colorado will be slightly below 21,000 and total population growth will be 1.3 percent.

The Colorado economy continues to gain momentum. Year-to-date average employment through November 2005 is up 2.1 percent. Moreover, the Colorado unemployment rate has remained relatively constant — ranging between 4.8 percent and 5.3 percent — since January 2005. The November 2005 unemployment rate is 0.4 percentage points lower than the November 2004 unemployment rate. Meanwhile, residential construction is beginning to slow after climbing 17.5 percent in 2004.

Overview of Recent Colorado Economic Activity

Colorado's recent economic news is favorable. The labor market is improving, personal income is rising, and retail sales are up. **Table 11** summarizes the Colorado economic indicators discussed below.

- Colorado nonfarm employment news is encouraging. Since March 2004, Colorado payrolls have posted consecutive year-over-year gains and average statewide employment year-to-date through November 2005 is up 2.1 percent compared with the average year-to-date through November 2004. Moreover, Colorado's November 2005 employment increase is tenth highest in the country.

The Colorado economy continues to gain momentum.

Table 11
Colorado Economic Statistics

	November 2005	November 2004	2004 Annual Average
Nonfarm Employment Growth ^{1,2}	2.1%	1.2%	1.3%
Unemployment Rate	5.0%	5.4%	5.5%
Change in Housing Permits Issued ¹	-0.1%	16.9%	17.5%
Single-Family	2.5%	17.2%	20.6%
Multi-Family	-14.7%	15.6%	-0.5%
Change in Value of Nonresidential Construction ^{1,3}	12.1%	23.5%	26.3%
Retail	6.8%	7.1%	5.5%
Offices	21.2%	-6.6%	21.1%
Factories	684.7%	140.6%	144.2%
Retail Trade Sales ⁴	5.9%	4.6%	6.2%

1/ Year-to-date.

2/ Seasonally adjusted employment by place of work from the Current Employment Statistics (CES) survey of payroll records.

3/ Copyright 2005, F.W. Dodge Division, The McGraw-Hill companies. All rights reserved.

4/ Year-to-date through September 2005.

Sources: U.S. Department of Labor, Bureau of Labor Statistics; U.S. Department of Commerce, Bureaus of the Census and Economic Analysis; and F.W. Dodge Division, the McGraw-Hill companies.

- The November 2005 seasonally adjusted **unemployment rate** was 5.0 percent, 0.4 percentage points below the state’s November 2004 unemployment rate. The Colorado unemployment rate has ranged between 4.8 percent and 5.3 percent since January 2005.
- Colorado **personal income** through second quarter 2005 increased 6.9 percent compared with year-to-date second quarter 2004. **Wage and salary disbursements**, which represent more than 55 percent of personal income, were up 7.5 percent during the same period.
- The state’s **residential housing** market continues to show signs of activity:
 - Residential housing permits issued through October 2005 are essentially flat compared with year-to-date October 2004. Single-family permits are up 2.5 percent while multi-family permits have decreased 14.7 percent.
 - Although inventory is high, home prices continue to rise. Through November 2005, the average price of a single-family home rose to \$308,073, up 7.7 percent compared with year-to-date November 2004.
 - In third quarter 2005, Denver’s apartment vacancy rate dropped to 7.7 percent, a four-year low.
- The value of **nonresidential construction** built through November 2005 is 12.1 percent above year-to-date November 2004. The increase is primarily due to growth in factory construction — in September 2005, construction began on a new desalination plant in El Paso County. Retail and office construction are also showing year-over-year increases, rising 6.8 percent and 21.2 percent, respectively. Meanwhile, the value of other construction — amusement, education, and public buildings — fell 14.5 percent.

Colorado personal income through second quarter 2005 increased 6.9 percent compared with year-to-date second quarter 2004.

Through November 2005, the average price of a single-family home rose . . . 7.7 percent compared with year-to-date November 2004.

- The Denver area **retail** construction market posted a 6.2 percent vacancy rate in third quarter 2005 compared with 6.4 percent posted in second quarter 2005. Year-to-date, nearly 470,000 square feet of vacant retail space was absorbed. Meanwhile, construction increased by one million square feet during third quarter, bringing the year-to-date total to 4.8 million square feet. The majority of the construction is in large “Lifestyle Centers” and “Big-Box” developments. As a result of FasTracks-transit-oriented development and redevelopment plans in South Denver, approximately four million square feet of construction is in the planning stages. Moreover, retail rental rates moved up slightly during the quarter, reflecting the improving market.
- The Denver-Boulder-Longmont **office** market continues to show signs of recovery. At the end of third quarter 2005, total occupied office space grew by almost 322,000 square feet and the Denver office market vacancy rates fell to 16.7 percent, the lowest rate since 2002. On average, Denver-area office rental rates during the period are essentially the same as those quoted in 2004.
- During third quarter 2005, the Denver **industrial** construction market absorbed nearly 390,000 square feet of vacant space and the industrial vacancy rate remained unchanged at 8.9 percent compared with second quarter 2005. To date, industrial construction has remained at historically low levels, creating a favorable impact on the industry as there is less new space to compete with existing available space. Industrial rental rates were relatively flat over this period.
- **Retail sales** through September 2005 are up 5.9 percent compared with year-to-date September 2004. All retail sectors are posting year-over-year growth.

... Denver office market vacancy rates fell to 16.7 percent, the lowest rate since 2002.

Colorado’s Economic Forecast

The December 2005 OSPB forecast for the Colorado economy is not significantly changed compared with the September 2005 forecast.

Economic Indicators

This section presents the OSPB’s forecast for Colorado’s economic and demographic indicators, shown in *Table 12*. It includes a discussion of employment and unemployment, inflation, wages and income, and population and migration.

Employment

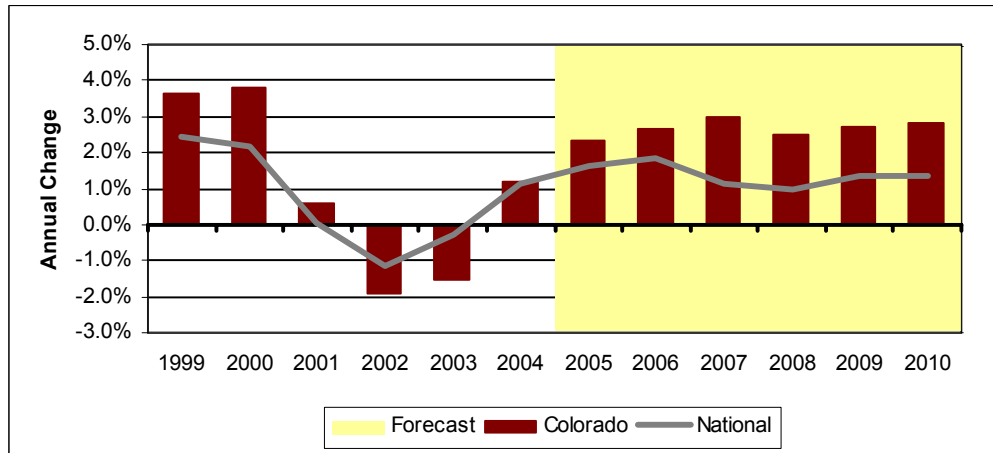
Figure 2 shows the national and Colorado forecasts for *employment*. The December 2005 OSPB forecast indicates employment will rise 2.1 percent in 2005, a net increase of about 46,600 new jobs. By 2006, employment growth will be 2.3 percent and in the first half of the year, the payrolls will be above total pre-recession peaks reached in 2001. We forecast that the number of jobs in the state will increase by 2.7 percent in 2007.

The December 2005 OSPB forecast indicates employment will rise 2.1 percent in 2005

The unemployment rate will drop below five percent in 2006 and fall to 4.4 percent by 2010.

The 2005 Colorado *unemployment rate* will average 5.1 percent, below the 5.5 percent rate posted in 2004. The unemployment rate will decline further in 2006 as the state’s payrolls expand and more people enter the work force. The unemployment rate will drop below five percent in 2006 and fall to 4.4 percent by 2010.

Figure 2
Colorado and National Employment

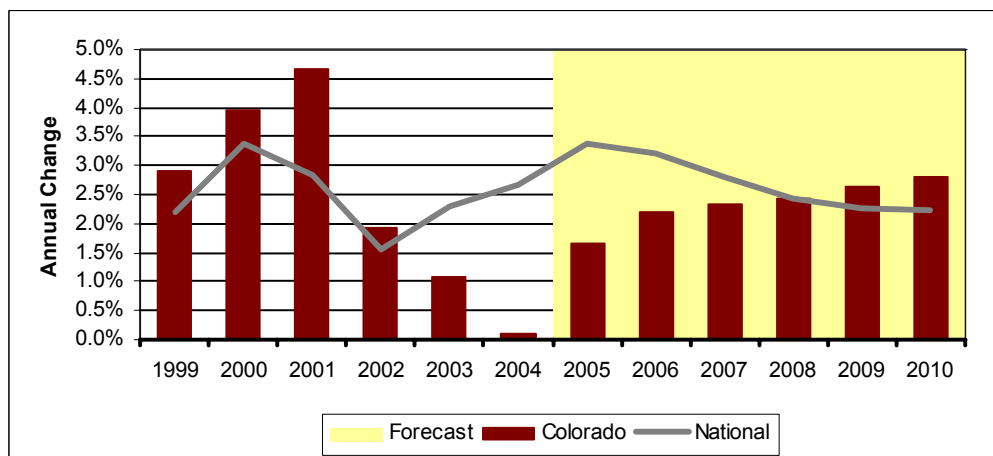


Source: U.S. Department of Labor, Bureau of Labor Statistics, employment by place of work from Current Employment Statistics (CES) survey of payroll records.

Inflation

The national and Colorado forecasts for inflation are displayed in *Figure 3*.

Figure 3
Colorado and National Inflation



Source: U.S. Department of Labor, Bureau of Labor Statistics.

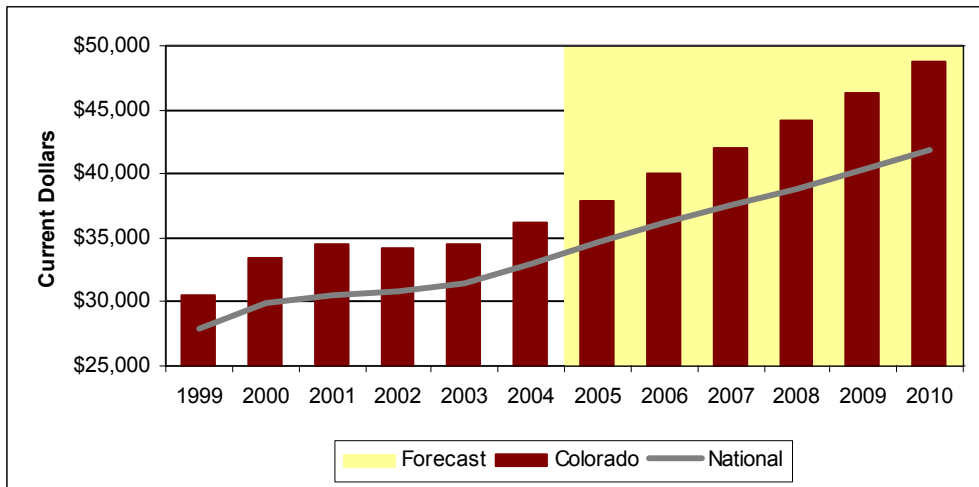
Overall consumer prices in the Denver-Boulder-Greeley area were essentially unchanged in 2004, rising a mere 0.1 percent. Through the first half of 2005, inflation increased 1.4 percent. In Colorado, inflationary pressure associated with the price of shelter continues to be constrained by incentives offered by landlords that lower rental costs. Although the average price of homes sold in Colorado continues to rise, the official measure of change in the cost of shelter shows a decline because effective rental rates are falling. Since the cost of shelter contributes almost one-third of total inflation, a decline in shelter costs translates into exceptionally low inflation. Furthermore, incentives offered by automobile dealers for new vehicles lower the trade-in and resale value of used vehicles, further suppressing the transportation component of inflation.

We forecast that Colorado inflation will be 1.7 percent in 2005 and 2.3 percent in 2006. From 2007 through 2010, Colorado inflation will remain well below three percent.

Wages and Income

As shown in *Figure 4*, Colorado per capita income will continue to exceed the national average.

Figure 4
Colorado and National Per Capita Income



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Overall, Colorado personal income grew 5.8 percent in 2004, with the pace accelerating in the second and fourth quarters. We forecast that personal income will grow 6.4 percent in 2005 and 6.5 percent in 2006. Personal income growth will average about 6.7 percent from 2006 through 2010.

Colorado wage and salary income rose 4.6 percent in 2004 as labor markets began to recover and payrolls increased. As the labor markets continue to recover and the state gains back portions of the high-wage jobs lost during the 2001 recession, we forecast that total wage and salary disbursements will rise 7.0 percent in 2005 and 6.7 percent in 2006. Through the forecast horizon, wage and salary income growth will average seven percent.

... Colorado per capita income will continue to exceed the national average.

Colorado wage and salary income rose 4.6 percent in 2004 as labor markets began to recover and payrolls increased.

As the national and Colorado economies recover, the number of net in-migrants to the state will increase

Population and Migration

We forecast that in 2005, net in-migration to Colorado will be slightly under 21,000 and total population growth will be 1.3 percent. Despite the severity of the 2001 recession, state net in-migration has remained positive. As the national and Colorado economies recover, the number of net in-migrants to the state will increase and the state’s population growth will be 1.6 percent by 2008.

Industrial Sectors

This section details our forecast for Colorado’s residential and nonresidential construction and retail trade industries.

Construction

Residential home permits issued in Colorado year-to-date through October 2005 are essentially flat compared with year-to-date October 2004. Meanwhile, the value of nonresidential construction (excluding nonbuilding projects like roads) increased 12.4 percent during this period. The December 2005 OSPB forecast for the residential and nonresidential construction markets anticipate a mild correction in 2005 and 2006 as interest rates rise and the cost of construction increases as a result of Hurricanes Katrina and Rita.

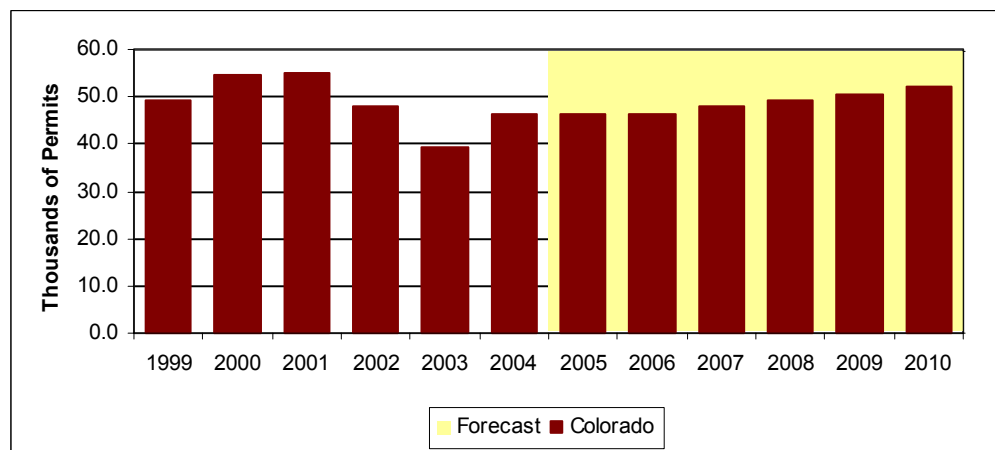
Residential Construction

In 2002 and 2003, single-family home construction fell in reaction to high inventories that were the result of the rapidly deteriorating economy after the events of September 11, 2001. In 2004, home construction activity increased 17.5 percent in response to low mortgage interest rates and the strengthening Colorado economy. We forecast that the total number of home permits issued in 2005 will remain relatively flat, decreasing 0.3 percent, as high inventories and rising interest rates will dampen demand for new homes in 2005 and 2006. In 2007 and beyond, the number of home permits issued will rise year-over-year as net in-migration and jobs increase.

Figure 5 illustrates our forecast for residential home permits.

In 2007 and beyond, the number of home permits issued will rise year-over-year as net in-migration and jobs increase.

Figure 5
Residential Housing Permits Issued



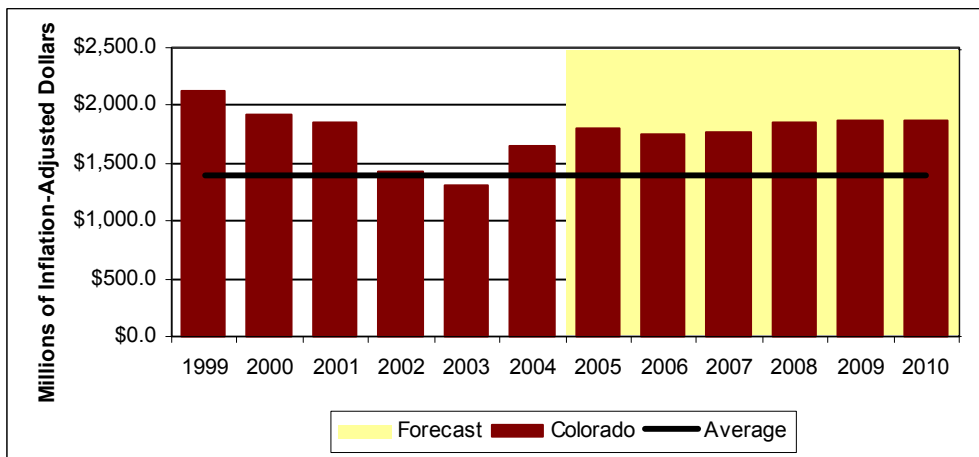
Source: U.S. Department of Commerce, Bureau of the Census.

Nonresidential Construction

Denver-area nonresidential building construction continues to be impacted by oversupply in most markets. However, the 2004 value of new nonresidential building construction rose 26.3 percent. This is primarily the consequence of new hospitals, medical facilities, and manufacturing plants, which offset a correction in office and retail construction. The correction in office and retail construction, which occurred during the first half of the year and was interrupted by the new factory in El Paso County, will continue into the first half of 2006. Thereafter, the value of nonresidential construction put in place will show modest increases through 2010, as the economy recovers and current vacant space becomes occupied with newly formed and expanding businesses. **Figure 6** reports the forecast for the value of nonresidential construction.

The correction in office and retail construction . . . will continue into the first half of 2006.

**Figure 6
Nonresidential Construction Value**



Source: U.S. Department of Commerce, Bureau of the Census

Retail Trade

Year-to-date retail trade sales in Colorado are up 5.9 percent through September 2005 compared with year-to-date September 2004. We forecast retail sales will grow 5.7 percent in 2005 and 5.8 percent in 2006. In 2005, spending increases will be less than implied by the strengthening state economy because consumer demand was already satiated as consumers took advantage of low interest rates and tax rebates to make purchases earlier than would have occurred otherwise. Furthermore, rising energy and commodity prices as a result of Hurricanes Katrina and Rita will decrease consumer’s discretionary income.

Year-to-date retail trade sales in Colorado are up 5.9 percent through September 2005

Risks to the Colorado Forecast

The main risk to our Colorado economic forecast is that the national economic recovery will stumble. Indeed, the Colorado recovery will likely mirror any major shift — either positive or negative — in the national recovery. Additional risk lies in high energy prices and their impact on consumers. A prolonged period of high natural gas and heating oil energy costs will dampen consumer spending on discretionary goods and place pressure most noticeably on inflation and the housing market. Another risk to the forecast is the impact of Hurricanes Katrina and Rita on the national economy. The hurricanes will most likely increase costs of goods and utilities, further constricting consumer's discretionary income. In this respect, the primary risk is to the retail trade and construction forecast. Constriction of these variables will impact the sales and use tax forecast outlined in the General Fund section, which accounts for nearly one-third of General Fund revenues.

Table 12
History And Forecast For Key Colorado Economic Variables
Calendar Year 2000-2010

Line No.		Actual					December 2005 Forecast					
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Current Income												
1	Personal Income (Millions)	\$144,394	\$152,700	\$153,078	\$157,083	\$166,152	\$176,855	\$188,409	\$201,165	\$214,838	\$229,315	\$244,951
2	Change	12.1%	5.8%	0.2%	2.6%	5.8%	6.4%	6.5%	6.8%	6.8%	6.7%	6.8%
3	Wage and Salary Income (Millions)	\$85,909	\$88,297	\$86,936	\$87,832	\$91,864	\$98,315	\$104,893	\$112,181	\$119,873	\$128,169	\$137,243
4	Change	12.6%	2.8%	-1.5%	1.0%	4.6%	7.0%	6.7%	6.9%	6.9%	6.9%	7.1%
5	Per-Capita Income (\$/person)	\$33,370	\$34,491	\$34,032	\$34,542	\$36,109	\$37,947	\$39,872	\$41,950	\$44,116	\$46,360	\$48,734
6	Change	9.4%	3.4%	-1.3%	1.5%	4.5%	5.1%	5.1%	5.2%	5.2%	5.1%	5.1%
Population & Employment												
7	Population ¹ (Thousands)	4,327.0	4,427.3	4,498.1	4,547.6	4,601.4	4,660.6	4,725.3	4,795.4	4,869.9	4,946.4	5,026.3
8	Change	2.4%	2.3%	1.6%	1.1%	1.2%	1.3%	1.4%	1.5%	1.6%	1.6%	1.6%
9	Net Migration ² (Thousands)	64.3	63.4	33.6	12.3	15.4	20.7	26.0	31.1	35.3	37.1	40.2
10	Civilian Unemployment Rate	2.6%	3.9%	5.9%	6.2%	5.5%	5.1%	4.8%	4.6%	4.5%	4.5%	4.4%
11	Total Nonagricultural Employment ³ (Thousands)	2,212.6	2,225.4	2,182.5	2,149.2	2,175.2	2,221.8	2,272.8	2,333.6	2,393.3	2,457.8	2,528.9
12	Change	3.8%	0.6%	-1.9%	-1.5%	1.2%	2.1%	2.3%	2.7%	2.6%	2.7%	2.9%
Construction Variables												
13	Total Housing Permits Issued (Thousands)	54.6	55.0	47.9	39.4	46.4	46.2	46.5	48.0	49.3	50.5	52.1
14	Change	10.7%	0.8%	-12.9%	-17.7%	17.5%	-0.3%	0.6%	3.3%	2.6%	2.5%	3.1%
15	Nonresidential Construction Value ⁴ (Millions)	\$3,338.8	\$3,373.4	\$2,637.8	\$2,433.7	\$3,073.1	\$3,428.0	\$3,406.0	\$3,538.9	\$3,774.3	\$3,920.0	\$4,018.5
16	Change	-5.8%	1.0%	-21.8%	-7.7%	26.3%	11.5%	-0.6%	3.9%	6.7%	3.9%	2.5%
Prices & Sales Variables												
17	Retail Trade Sales (Billions)	\$58.0	\$59.1	\$58.7	\$58.7	\$62.4	\$65.9	\$69.7	\$73.9	\$78.3	\$82.9	\$87.7
18	Change	10.2%	2.0%	-0.7%	0.0%	6.2%	5.7%	5.8%	6.1%	5.9%	5.8%	5.9%
19	Denver-Boulder-Greeley Consumer Price Index (1982-84=100)	173.2	181.3	184.8	186.8	187.0	190.2	194.5	199.1	203.8	209.2	214.8
20	Change	4.0%	4.7%	1.9%	1.1%	0.1%	1.7%	2.3%	2.4%	2.3%	2.7%	2.7%

1/ Population values through 2000 are adjusted for 2000 Census.

2/ Values through 2000 revised by Colorado Department of Local Affairs to reflect 2000 Census.

3/ Employment by place of work from Current Employment Statistics (CES) survey of payroll records.

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Sources: U.S. Department of Labor, Bureau of Labor Statistics;
U.S. Department of Commerce, Bureaus of the Census and Economic Analysis;
Colorado Departments of Labor and Employment, Local Affairs, and Revenue; and
F.W. Dodge Division, the McGraw-Hill companies.

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Advanced Technology in Colorado – an Update

Summary

- In 2004, *employment* in the advanced technology sector accounted for 8.7 percent of total nonfarm employment in Colorado.
- Like many other sectors of the economy, advanced technology employment continues a shift towards providing services, rather than producing goods.
- *Wages* in the advanced technology sector in 2004 were substantially higher than the average Colorado nonfarm wage — \$76,621 compared with \$40,287, respectively.
- Advanced technology employment is concentrated in Front Range counties. *Boulder County* boasts the highest concentration with 18.3 percent of the state’s advanced technology employment.

In 2004, employment in the advanced technology sector accounted for 8.7 percent of total nonfarm employment in Colorado.

Boulder County boasts the highest concentration . . . of the state’s advanced technology employment.

In 2000, the OSPB reported on the role of advanced technology in the Colorado economy. This study presents an update on the role that Colorado’s advanced technology industries play in the state’s economy today and the impact of the 2001 recession on the industry.

Measuring Advanced Technology

Measuring the advanced technology sector is difficult. A portion of the difficulty lies in the lack of a well-established definition. The federal government has used multiple definitions, making changes to reflect technology within different industries. Studies conducted by several different states have each modified the federal definitions to meet their own circumstances. Trade organizations publish a wealth of information about advanced technology employment, but in many cases those groups are concerned with only a subset of the overall advanced technology sector. Furthermore, in the time since the OSPB’s previous *Advanced Technology in Colorado – Then and Now* report was published in 2000, the Bureau of Labor Statistics replaced the Standard Industry Classification (SIC) system with the North American Industrial Classification (NAICS) system. This change in the classification scheme makes it difficult to accurately compare pre- and post-2001 statistics. This report, *Advanced Technology in Colorado – an Update*, maintains as much consistency as possible with the definitions used in the 2000 *Advanced Technology in Colorado – Then and Now* report. A discussion regarding the creation of the definition used is provided at the

end of this report. Furthermore, the definition of Advanced Technology outlined in this report is the current statewide accepted definition also adopted by the Colorado Department of Labor and Employment.

Employment and Wages

In 1972, Colorado’s advanced technology payrolls — as defined under the prior SIC definition — numbered 39,000 workers, representing 4.8 percent of total employment. By 1998 those numbers increased to 125,000 workers and represented 6.2 percent of total nonfarm employment in Colorado. In 2004, the number of workers topped 187,073 and represented 8.7 percent of total nonfarm employment.

The composition of the advanced technology sector continuously evolves. Like other sectors of the economy, output is shifting from the production of goods to the provision of services.

Figure 7 illustrates how this shift has affected the advanced technology sector, with over 50 percent of all employment in the sector in the services category.

... over 50 percent of all employment in the sector [is] in the services category.

Figure 7
Employment by Advanced Technology Sectors – 2004

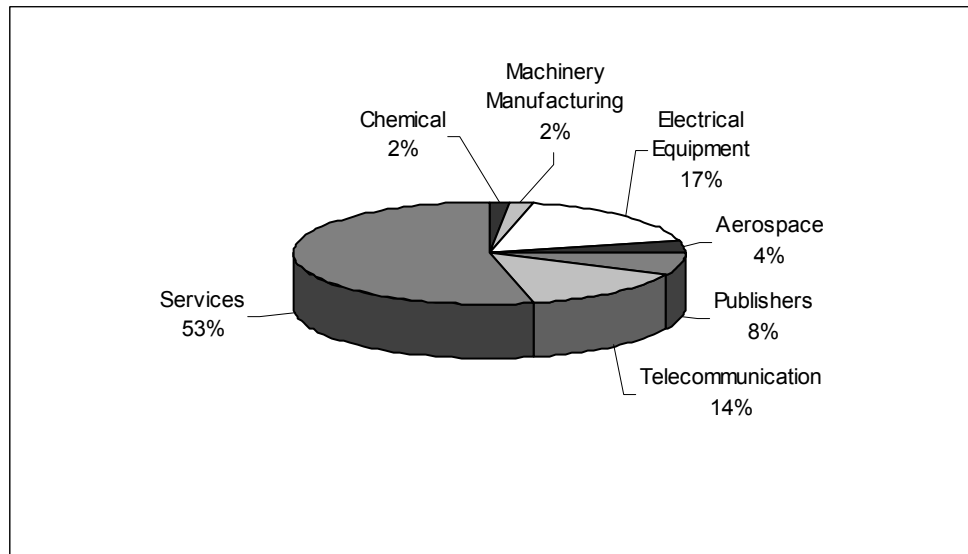
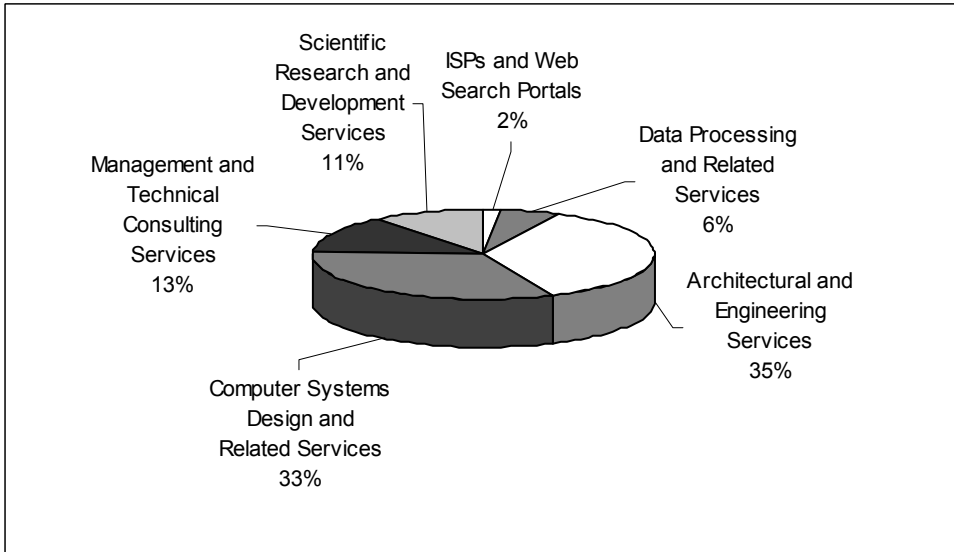


Figure 8 illustrates the breakdown of the services category. As is evident, employment in services is dominated by architectural and engineering services and computer systems design.

Figure 8
Employment in the Advanced Technology Services Sector - 2004

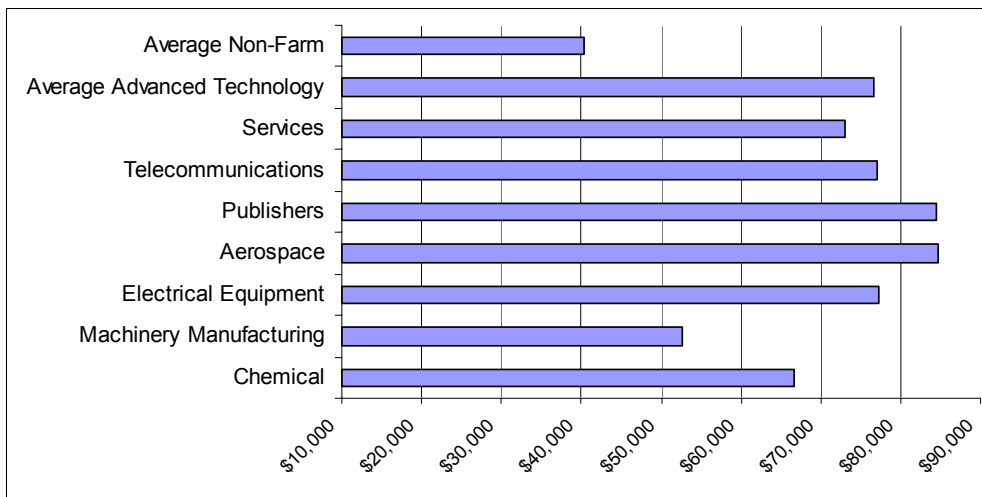


Average wages in the advanced technology sector are well above the statewide average. In 2004, the average annual nonfarm wage for the state was \$40,287. Meanwhile, the average wage in the advanced technology sector was \$76,621. The Aerospace (products and parts manufacturing) category leads the sector with an average wage of nearly \$85,000.

Average wages in the advanced technology sector are well above the statewide average.

Figure 9 illustrates wage information by category.

Figure 9
Advanced Technology Wages by Category - 2004



The American Electronics Association . . . reports that Colorado ranks first among all states in advanced technology employees

Colorado’s economy depends significantly on the advanced technology sector. While the sector accounts for 8.7 percent of employment, it accounts for 15.6 percent of nonfarm wages. The American Electronics Association (AEA), in their “Cyberstates 2005” publication, reports that Colorado ranks first among all states in advanced technology employees per 1,000 private sector workers. The AEA also reports that in 2004, Colorado’s advanced technology exports totaled \$4.1 billion, accounting for 61 percent of the value of total exports.

Geographic Concentration

Colorado’s advanced technology employment is concentrated in five Front Range counties. **Table 13** ranks the top counties by both number of employees and number of firms. Boulder County leads in employment, with nearly one-fifth of all advanced technology employees, followed by Arapahoe County with 16.2 percent of advanced technology employment.

Larimer County, which ranks sixth in advanced technology employment, has the third highest concentration of advanced technology establishments. Denver County reports the largest increase in advanced technology employment, growing from a 9.6 percent share in 2000 to a 16.1 percent share in 2004.

**Table 13
County Ranking by Advanced Technology Employment and Number of Establishments - 2004**

County	Employment		Establishments	
	Share ¹	Rank	Share	Rank
Boulder	18.3%	1	22.2%	1
Arapahoe	16.2%	2	8.5%	5
Denver	16.1%	3	7.2%	6
El Paso	15.6%	4	15.5%	2
Jefferson	10.3%	5	9.3%	4
All Others	34.6%		37.4%	

1 - Share calculation is based on county employment and county establishment data provided by Colorado Department of Labor and the Bureau of Labor Statistics, respectively.

Recent Difficulties in the Industry

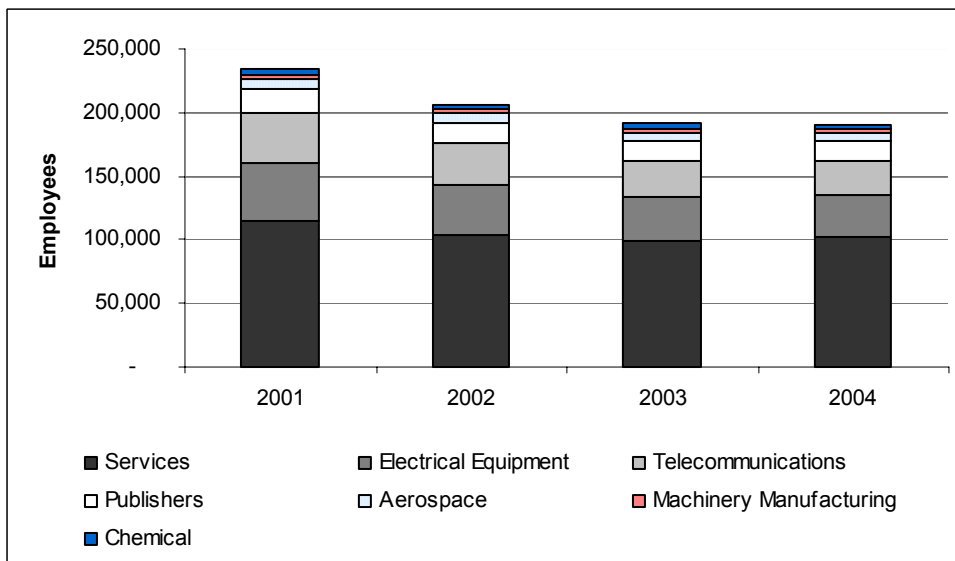
Through 2001, Colorado’s advanced technology sector demonstrated rapid and sustained employment growth. That trend reversed in the last three years due to a combination of events. In addition to the general recession experienced throughout the nation in 2001, the advanced technology sector was further hit by the “dot-com implosion” and the “telecom meltdown.” Large numbers of firms were adversely affected by these corrections that

Through 2001, Colorado’s advanced technology sector demonstrated rapid and sustained employment growth.

followed the investment boom that occurred in the late 1990s. Furthermore, Colorado’s advanced technology employment was also affected by the trend toward industry consolidation. When Colorado-based companies were acquired by, or merged with, other non-local companies, many local jobs were lost.

As a result of these events, advanced technology employment in Colorado has declined nearly 19 percent since reaching its peak in 2001. This is compared with overall employment decline of 3.0 percent during the same period. This decline in advanced technology employment is summarized in *Figure 10*. In 2004, employment in the sector remained flat, declining a mere 0.3 percent, signaling what many hope is the beginning of a rebuilding of the industry in Colorado. Interestingly enough, at the same time that employment was declining, the number of firms in the advanced technology sector increased 18 percent. According to the University of Colorado Business Advancement Center, Colorado’s advanced technology sector has tended towards smaller firms on average, and the trend to small firms appears to be continuing.

Figure 10
Advanced Technology Employment by Sector – 2001-2004



Positioned for the Future

Despite the difficulties of the past four years, Colorado appears to be well positioned to support growth in the advanced technologies sector in the future. The state has scored well in two recent assessments of factors that are important to advanced technology success.

The Department of Commerce’s Technology Administration “State Science & Technology Indicators: Fourth Edition” (March 2004) reports that Colorado

... Colorado appears to be well positioned to support growth in the advanced technologies sector in the future.

scored well when compared with other states in some aspects of all five of the indicators used by the Commerce Department — second in percent of population with at least a Bachelor’s Degree; fourth in Small Business Investor Research (SBIR) awards from the federal Small Business Administration per 10,000 businesses; fifth in the amount of venture capital invested per \$1,000 of Gross State Product; and 13th in the number of patents issued per 10,000 businesses.

The Milken Institute, an economic think tank, publishes the widely quoted “State Technology and Science Index” series of state rankings. In the 2004 edition, the Institute ranks states in five categories: research and development inputs, risk capital and infrastructure, human capital investment, technology and science work force, and technology concentration. Colorado is ranked in the top five in all categories; first in human capital investment and third in the overall index behind Massachusetts and California.

While the largest portion of Colorado’s current employment in the advanced technology sector is in established technology fields, the state is also becoming positioned to do well in some emerging fields. Lux Research, a research and advisory firm in the nanotechnology field, ranks Colorado third for nanotechnology research behind Massachusetts and California. Another example of positioning is the redevelopment of the Fitzsimons Army Medical Center, which includes considerable space for biotechnology research and development firms. Companies located in the bioscience park at Fitzsimons have raised more than \$200 million in funding through 2004. Furthermore, expansion of private bioscience research and development is expected to grow rapidly after the University of Colorado relocates their own research program to Fitzsimons. Small, private companies currently dominate Colorado’s bioscience firms. As Colorado is located too far from the traditional large drug and chemical manufacturing firms, the prevalence of small firms is expected to continue, with a focus on research and development.

Conclusion

Advanced technology firms continue to be an important source of high-wage jobs in Colorado, despite the difficulties that have recently plagued the sector. More than half of the advanced technology jobs in Colorado are in the services category, led by architectural and engineering services and computer systems design.

Colorado’s advanced technology employment continues to be concentrated along the Front Range, led by Boulder, Arapahoe, Denver, El Paso, and Jefferson counties. Advanced technology firms are, on average, smaller than firms in other sectors. Wages at advanced technology firms, with an average of \$76,621 per year, are much higher than the average nonfarm wage. Furthermore, since 1998, advanced technology wages increased at a faster pace than the average nonfarm wage.

Lux Research . . . ranks Colorado third for nanotechnology research

Colorado’s advanced technology employment continues to be concentrated along the Front Range

Colorado appears to be well-positioned for growth in its advanced technology sector. The state's work force is highly rated nationally, as is the amount of venture capital financing existing firms were able to attract. These factors, combined with the high quality-of-life resources in Colorado will continue to attract new advanced technology firms to Colorado.

Defining Advanced Technology

The definition for advanced technology firms used in this report draws from several sources. In an effort to create the most accurate and encompassing definition, the OSPB worked with the Colorado Department of Labor and Employment's Labor Market Information Division. As a result, the definition of Advanced Technology outlined in this report is the statewide accepted definition of the sector under the NAICS coding structure. Moreover, this report maintains as much consistency as possible with the definitions used in the 2000 *Advanced Technology in Colorado – Then and Now* report. To those previous definitions, which placed an emphasis on manufacturing, were added service categories that are identified as advanced technology firms by the Department of Commerce (reported in the "Dynamics of Technology-based Economic Development," March 2004). The Commerce Department's broad guideline for classifying an industry as part of the advanced technology sector is to include industries in which the number of research and development (R&D) workers and technology-oriented occupations accounted for a proportion of employment that was at least twice the average for all industries surveyed.

Ultimately, the classification scheme is quite detailed. For purposes of this report, firms are grouped into seven broad areas: chemicals, machinery, aerospace, electrical equipment, software publishing, telecommunications, and advanced technologies services. The classification details for these groups are provided in **Table 14**. Except where noted, all statistics in this report are drawn from the Colorado Department of Labor and Employment's quarterly census of employment and wages data.

Table 14
Detailed Definition of Advanced Technology Sector

Major Group	Industry	NAICS Code
Chemical	Basic Chemical Manufacturing	3251
	Pharmaceutical and medicine manufacturing	3254
Machinery Manufacturing	Industrial Machinery Manufacturing	3332
	Commercial and Service Industry Machinery	3333
	Turbine and Power Transmission Equipment Mfg	3336
Electrical Equipment	Computer and Peripheral Equipment Mfg	3341
	Communications Equipment Mfg	3342
	Semiconductor and Electronic Component Mfg	3344
	Electronic Instrument Mfg	3345
Aerospace	Aerospace Product and Parts Mfg	3364
Publishers	Software Publishers	5112
	Internet Publishing and Broadcasting	5161
Telecommunications	Wired Telecommunications Carriers	5171
	Wireless Telecommunications Carriers (except satellite)	5172
	Other Telecommunications	5179
Services	ISPs and Web Search Portals	5181
	Data Processing and Related Services	5182
	Architectural and Engineering Services	5413
	Computer Systems Design and Related Services	5415
	Management and Technical Consulting Services	5416
	Scientific Research and Development Services	5417

Historical and Forecast Economic Data

Appendix A

Table A
State Rankings by Selected Economic Indicators

	Population		Employment ¹				Unemployment Rate					
	10-Year ² Average		5-Year ² Average		10-Year ³ Average		5-Year ³ Average		10-Year ⁴ Average		5-Year ⁴ Average	
	CAAGR ⁵	Rank	CAAGR ⁵	Rank	CAAGR ⁵	Rank	CAAGR ⁵	Rank	Rate	Rank	Rate	Rank
United States	1.1%		1.0%		1.4%		0.4%		5.3%		5.0%	
Alabama	0.6%	36	0.4%	40	0.8%	43	-0.2%	42	4.9%	24	5.0%	30
Alaska	0.8%	22	1.0%	19	1.6%	17	1.8%	5	7.2%	50	7.0%	51
Arizona	3.1%	2	2.7%	2	3.4%	2	1.9%	3	5.2%	29	5.0%	31
Arkansas	1.0%	21	0.7%	26	1.1%	34	0.3%	28	5.3%	33	5.3%	35
California	1.3%	13	1.4%	10	1.8%	11	0.8%	18	6.7%	48	6.0%	45
Colorado	2.1%	3	1.7%	7	2.2%	6	0.4%	25	4.3%	12	4.6%	19
Connecticut	0.6%	39	0.7%	28	0.7%	46	-0.2%	44	4.5%	14	3.9%	9
Delaware	1.5%	10	1.4%	11	1.8%	13	0.5%	22	4.1%	9	3.8%	8
District of Columbia	-0.6%	51	-0.6%	51	0.2%	51	1.4%	10	7.6%	51	6.8%	49
Florida	2.0%	5	2.0%	3	2.6%	3	1.9%	2	5.1%	27	4.7%	22
Georgia	2.1%	4	1.9%	4	1.8%	14	0.2%	33	4.5%	15	4.3%	14
Hawaii	0.6%	35	0.9%	22	0.8%	41	1.7%	7	4.8%	22	4.1%	11
Idaho	2.0%	7	1.8%	6	2.4%	5	1.7%	6	5.4%	34	5.2%	33
Illinois	0.7%	31	0.6%	34	0.6%	49	-0.5%	49	5.6%	40	5.8%	44
Indiana	0.7%	27	0.6%	31	0.8%	44	-0.3%	46	4.2%	10	4.4%	17
Iowa	0.4%	46	0.3%	45	1.0%	37	-0.2%	41	3.7%	4	3.7%	6
Kansas	0.6%	37	0.4%	42	1.3%	29	-0.1%	40	4.5%	18	4.7%	20
Kentucky	0.7%	26	0.6%	32	1.2%	33	0.0%	37	5.5%	36	5.4%	37
Louisiana	0.4%	45	0.2%	46	1.1%	35	0.3%	30	6.0%	42	5.6%	40
Maine	0.6%	38	0.8%	24	1.5%	21	0.9%	15	5.0%	25	4.3%	16
Maryland	1.0%	19	1.1%	16	1.6%	16	1.0%	11	4.5%	17	4.1%	10
Massachusetts	0.5%	43	0.3%	44	0.9%	38	-0.4%	47	4.7%	20	4.5%	18
Michigan	0.5%	42	0.4%	41	0.6%	50	-0.8%	51	5.5%	38	5.7%	43
Minnesota	1.0%	20	0.9%	20	1.4%	23	0.4%	26	4.0%	8	4.2%	12
Mississippi	0.8%	25	0.5%	37	0.6%	47	-0.5%	48	6.3%	46	6.1%	47
Missouri	0.8%	24	0.7%	27	0.9%	40	-0.2%	45	4.8%	21	4.7%	21
Montana	0.7%	28	0.6%	30	1.9%	8	1.6%	9	5.2%	31	4.8%	25
Nebraska	0.6%	32	0.5%	39	1.5%	20	0.6%	21	3.1%	1	3.5%	3
Nevada	4.5%	1	3.8%	1	4.6%	1	3.2%	1	5.1%	28	4.9%	27
New Hampshire	1.3%	14	1.2%	13	1.8%	10	0.7%	20	3.8%	6	3.7%	7
New Jersey	0.8%	23	0.8%	23	1.2%	30	0.5%	24	5.5%	39	5.0%	28
New Mexico	1.2%	17	1.0%	18	1.9%	9	1.6%	8	6.2%	45	5.6%	39
New York	0.4%	44	0.4%	43	0.8%	45	0.0%	38	6.0%	43	5.6%	41
North Carolina	1.7%	9	1.4%	9	1.3%	27	-0.2%	43	4.9%	23	5.3%	36
North Dakota	-0.2%	50	-0.3%	50	1.4%	26	0.8%	16	3.5%	3	3.5%	4
Ohio	0.3%	47	0.2%	48	0.6%	48	-0.6%	50	5.2%	30	5.3%	34
Oklahoma	0.7%	29	0.5%	38	1.4%	24	0.1%	36	4.5%	16	4.3%	15
Oregon	1.4%	12	1.2%	15	1.6%	19	0.2%	31	6.4%	47	6.9%	50
Pennsylvania	0.2%	48	0.2%	47	0.8%	42	0.2%	32	5.5%	37	5.2%	32
Rhode Island	0.6%	34	0.8%	25	1.2%	32	1.0%	14	5.4%	35	5.0%	29
South Carolina	1.3%	15	1.1%	17	1.3%	28	0.0%	39	5.3%	32	5.4%	38
South Dakota	0.5%	40	0.5%	36	1.4%	22	0.5%	23	3.3%	2	3.3%	1
Tennessee	1.2%	18	0.9%	21	1.1%	36	0.1%	35	5.1%	26	4.9%	26
Texas	1.9%	8	1.8%	5	2.0%	7	0.7%	19	5.8%	41	5.6%	42
Utah	2.0%	6	1.6%	8	2.5%	4	1.0%	12	4.3%	11	4.8%	24
Vermont	0.6%	33	0.5%	35	1.4%	25	0.8%	17	4.0%	7	3.7%	5
Virginia	1.2%	16	1.3%	12	1.8%	12	1.0%	13	3.8%	5	3.4%	2
Washington	1.4%	11	1.2%	14	1.6%	18	0.4%	27	6.1%	44	6.3%	48
West Virginia	0.0%	49	0.0%	49	0.9%	39	0.3%	29	6.9%	49	6.0%	46
Wisconsin	0.7%	30	0.7%	29	1.2%	31	0.1%	34	4.4%	13	4.7%	23
Wyoming	0.5%	41	0.6%	33	1.7%	15	1.8%	4	4.7%	19	4.3%	13

Over the past 10 years, Colorado's employment growth was sixth highest in the nation.

1/ Employment by place of work from the Current Employment Statistics (CES) survey of payroll records.

2/ July 2004 (most recent data) compared with July 1994 and July 1999.

3/ 2004 average compared with 1994 average and 1999 average.

4/ 1994 and 2000 through 2004.

5/ CAAGR: Compound Annual Average Growth Rate.

Sources: U.S. Department of Commerce, Bureau of the Census; and U.S. Department of Labor, Bureau of Labor Statistics.

Table A (continued)
State Rankings by Selected Economic Indicators

	Wage and Salary		Personal Income		Gross State Product							
	10-Year ¹ Average	5-Year ¹ Average	10-Year ¹ Average	5-Year ¹ Average	10-Year ² Average	5-Year ² Average						
	CAAGR ³ Rank	CAAGR ³ Rank	CAAGR ³ Rank	CAAGR ³ Rank	CAAGR ³ Rank	CAAGR ³ Rank						
United States	5.2%	3.7%	5.2%	4.4%	5.4%	4.8%						
Alabama	4.3%	44	3.4%	38	4.6%	42	4.4%	36				
Alaska	3.5%	49	4.9%	13	3.9%	50	4.8%	21	3.9%	49	6.6%	3
Arizona	7.5%	2	5.5%	5	7.3%	2	6.3%	2	7.7%	3	6.2%	9
Arkansas	5.0%	27	3.9%	27	5.1%	27	4.8%	20	4.8%	36	4.2%	40
California	5.8%	11	4.4%	20	5.6%	14	4.8%	19	6.0%	12	5.5%	18
Colorado	6.5%	3	4.0%	23	6.9%	3	5.3%	12	7.1%	4	5.0%	27
Connecticut	4.8%	34	3.5%	35	4.9%	33	4.2%	38	5.3%	23	4.4%	34
Delaware	5.9%	10	4.4%	19	5.7%	12	5.6%	6	8.0%	2	6.5%	5
District of Columbia	4.6%	37	5.7%	3	4.6%	40	6.1%	3	4.9%	33	6.1%	12
Florida	6.4%	4	5.6%	4	5.9%	7	5.1%	16	6.3%	8	6.1%	11
Georgia	6.0%	8	3.6%	31	6.1%	6	4.6%	28	6.3%	7	4.2%	39
Hawaii	3.3%	51	5.2%	8	3.3%	51	4.5%	32	3.3%	51	5.3%	21
Idaho	5.6%	15	4.7%	18	5.8%	10	5.2%	14	5.7%	15	5.7%	16
Illinois	4.4%	42	2.5%	49	4.6%	42	3.4%	48	4.4%	43	3.6%	48
Indiana	4.2%	46	2.5%	48	4.6%	39	3.9%	45	4.9%	32	4.1%	42
Iowa	4.8%	35	3.5%	33	4.7%	37	4.6%	26	5.2%	26	5.7%	15
Kansas	4.9%	31	3.2%	43	4.6%	41	3.8%	46	4.8%	34	4.6%	30
Kentucky	5.0%	29	3.7%	28	4.9%	35	4.3%	37	4.6%	41	3.4%	49
Louisiana	4.4%	43	3.5%	34	4.4%	44	4.5%	30	4.1%	47	3.9%	44
Maine	5.0%	28	4.7%	16	5.0%	30	5.0%	18	5.1%	27	5.2%	23
Maryland	5.7%	14	5.3%	7	5.5%	17	5.7%	5	5.5%	20	5.8%	13
Massachusetts	5.6%	16	3.9%	25	5.4%	20	4.7%	25	5.5%	21	4.6%	31
Michigan	3.8%	48	1.5%	51	4.2%	46	3.1%	50	4.2%	44	2.7%	51
Minnesota	5.8%	12	4.2%	21	5.8%	11	4.6%	27	6.1%	11	5.4%	20
Mississippi	4.2%	45	2.8%	47	4.9%	32	4.5%	31	4.2%	45	3.9%	45
Missouri	4.6%	39	2.9%	46	4.7%	36	4.1%	41	4.7%	38	3.8%	47
Montana	5.2%	24	5.1%	10	5.2%	26	5.5%	8	5.0%	30	6.3%	7
Nebraska	5.3%	22	3.9%	26	5.2%	25	4.7%	24	4.7%	37	4.8%	29
Nevada	8.1%	1	6.4%	1	8.3%	1	6.7%	1	8.3%	1	7.4%	2
New Hampshire	6.2%	5	4.9%	12	5.8%	8	5.1%	15	5.9%	14	5.3%	22
New Jersey	4.8%	33	3.7%	29	5.1%	29	4.1%	42	5.0%	29	5.0%	28
New Mexico	5.3%	19	5.3%	6	5.4%	18	5.5%	9	4.0%	48	4.3%	38
New York	4.6%	38	3.0%	45	4.4%	43	3.3%	49	4.7%	39	4.4%	35
North Carolina	5.3%	21	3.3%	40	5.5%	16	4.2%	39	6.4%	6	5.4%	19
North Dakota	5.3%	20	5.0%	11	4.2%	47	4.4%	34	5.3%	24	6.6%	4
Ohio	3.9%	47	2.3%	50	4.0%	49	3.1%	51	4.2%	46	3.0%	50
Oklahoma	4.5%	40	3.6%	30	5.0%	31	4.8%	22	4.8%	35	5.0%	26
Oregon	5.4%	18	3.2%	42	5.4%	19	4.1%	40	5.6%	18	4.1%	41
Pennsylvania	4.5%	41	3.4%	37	4.2%	45	3.6%	47	4.6%	40	4.5%	33
Rhode Island	5.0%	26	4.8%	15	5.1%	28	5.2%	13	5.6%	19	6.2%	8
South Carolina	4.7%	36	3.3%	41	5.3%	22	4.4%	33	5.3%	25	4.4%	37
South Dakota	5.5%	17	4.7%	17	5.3%	21	5.5%	10	5.6%	16	6.3%	6
Tennessee	4.9%	30	3.5%	32	5.3%	23	4.6%	29	5.3%	22	5.1%	25
Texas	6.1%	7	4.0%	24	6.3%	5	5.1%	17	6.3%	10	5.7%	17
Utah	6.2%	6	4.1%	22	6.5%	4	5.4%	11	6.9%	5	5.1%	24
Vermont	5.2%	23	4.8%	14	5.2%	24	4.7%	23	4.9%	31	5.7%	14
Virginia	6.0%	9	5.1%	9	5.7%	13	5.5%	7	6.3%	9	6.2%	10
Washington	5.8%	13	3.0%	44	5.6%	15	4.0%	44	5.9%	13	3.9%	43
West Virginia	3.4%	50	3.3%	39	4.1%	48	4.3%	36	3.6%	50	3.8%	46
Wisconsin	4.8%	32	3.4%	36	4.9%	34	4.0%	43	5.1%	28	4.6%	32
Wyoming	5.1%	25	5.9%	2	5.8%	9	5.8%	4	5.6%	17	8.6%	1

1/ 2004 average compared with 1994 average and 1999 average.

2/ 2004 compared with 1994 and 1999.

3/ CAAGR: Compound Annual Average Growth Rate.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

From 1994 to 2004, Colorado's compound annual average wage and salary growth was third highest in the nation, 6.5 percent compared with a national compound annual average rate of 5.2 percent.

Table A (continued)
State Rankings by Selected Economic Indicators

	Average Wage						Per Capita Income					
	2004		10-Year ¹ Average		5-Year ² Average		2004		10-Year ² Average		5-Year ² Average	
	Dollars	Rank	CAAGR ³	Rank	CAAGR ³	Rank	Dollars	Rank	CAAGR ³	Rank	CAAGR ³	Rank
United States	\$39,325		3.8%		3.3%		\$32,937		4.0%		3.3%	
Alabama	\$33,410	32	3.5%	37	3.5%	23	\$27,795	41	4.1%	30	4.1%	17
Alaska	\$39,039	16	1.8%	51	2.8%	47	\$34,454	14	3.2%	50	4.2%	16
Arizona	\$36,647	22	4.2%	8	3.7%	12	\$28,442	39	4.0%	36	3.4%	35
Arkansas	\$30,225	46	3.8%	26	3.6%	18	\$25,725	50	4.0%	34	4.0%	21
California	\$44,603	6	4.1%	13	3.5%	24	\$35,019	13	4.2%	22	3.3%	40
Colorado	\$40,287	13	4.3%	5	3.3%	32	\$36,063	8	4.6%	9	3.4%	34
Connecticut	\$50,999	2	4.2%	9	3.6%	14	\$45,398	2	4.3%	13	3.4%	32
Delaware	\$42,497	8	4.3%	7	3.8%	8	\$35,861	9	4.3%	16	4.4%	12
District of Columbia	\$64,051	1	4.5%	2	4.8%	1	\$51,803	1	5.3%	1	6.9%	1
Florida	\$35,126	26	3.9%	19	3.9%	7	\$31,455	24	3.8%	40	3.2%	42
Georgia	\$37,843	19	4.1%	10	3.2%	38	\$30,051	35	3.8%	41	2.7%	48
Hawaii	\$35,178	25	2.8%	50	3.3%	31	\$32,160	21	2.6%	51	3.6%	26
Idaho	\$29,848	47	3.1%	48	2.8%	48	\$27,098	45	3.8%	43	3.5%	29
Illinois	\$42,263	9	3.8%	23	3.1%	42	\$34,351	15	3.7%	46	2.6%	50
Indiana	\$34,684	31	3.3%	43	2.9%	44	\$30,094	34	3.8%	42	3.3%	39
Iowa	\$32,084	37	3.7%	28	3.5%	22	\$30,560	32	4.2%	23	4.0%	22
Kansas	\$32,721	35	3.6%	32	3.1%	41	\$30,811	29	3.9%	39	3.3%	37
Kentucky	\$33,137	34	3.8%	21	3.6%	17	\$27,709	42	4.3%	18	4.0%	20
Louisiana	\$31,824	40	3.2%	45	3.2%	36	\$27,581	43	4.1%	28	4.6%	6
Maine	\$31,915	38	3.6%	34	3.5%	20	\$30,566	31	4.7%	7	4.5%	7
Maryland	\$42,562	7	4.1%	12	0.2%	51	\$39,247	5	4.4%	12	4.3%	13
Massachusetts	\$48,971	4	4.7%	1	3.9%	6	\$41,801	3	4.7%	6	4.1%	18
Michigan	\$40,365	12	3.2%	47	2.5%	49	\$31,954	23	3.5%	48	2.6%	49
Minnesota	\$40,404	11	4.3%	6	3.8%	10	\$35,861	9	4.5%	10	3.6%	27
Mississippi	\$28,522	49	3.4%	41	3.2%	37	\$24,650	51	4.2%	20	4.2%	14
Missouri	\$34,853	28	3.5%	39	3.4%	27	\$30,608	30	3.9%	38	3.6%	28
Montana	\$27,807	51	3.2%	46	3.6%	16	\$26,857	46	4.2%	25	4.5%	11
Nebraska	\$31,499	41	3.8%	20	3.4%	28	\$31,339	26	4.2%	21	3.4%	33
Nevada	\$37,076	21	3.7%	27	3.5%	21	\$33,405	18	3.5%	49	2.7%	46
New Hampshire	\$39,156	15	4.4%	4	4.0%	5	\$37,040	7	4.6%	8	4.0%	19
New Jersey	\$48,035	5	3.7%	30	3.2%	35	\$41,332	4	4.1%	27	3.3%	41
New Mexico	\$31,395	42	3.5%	40	3.6%	13	\$26,191	48	4.0%	32	4.5%	9
New York	\$49,920	3	4.1%	11	3.4%	25	\$38,228	6	4.0%	35	3.1%	44
North Carolina	\$34,775	29	4.0%	16	3.4%	29	\$29,246	38	3.7%	45	2.7%	47
North Dakota	\$28,964	48	3.8%	22	4.1%	3	\$31,398	25	5.1%	3	6.3%	2
Ohio	\$36,439	23	3.4%	42	3.0%	43	\$31,322	27	3.7%	44	3.1%	43
Oklahoma	\$30,732	44	3.3%	44	3.6%	15	\$28,089	40	4.3%	14	4.5%	10
Oregon	\$35,620	24	3.7%	29	2.9%	46	\$29,971	37	3.6%	47	2.5%	51
Pennsylvania	\$38,545	17	3.6%	31	3.4%	30	\$33,348	19	4.1%	31	3.6%	25
Rhode Island	\$37,622	20	4.0%	17	3.8%	9	\$33,733	17	4.3%	15	4.2%	15
South Carolina	\$31,837	39	3.5%	36	3.2%	39	\$27,172	44	4.0%	37	3.3%	36
South Dakota	\$28,275	50	3.9%	18	3.5%	19	\$30,856	28	4.8%	5	4.7%	5
Tennessee	\$34,918	27	3.8%	25	3.4%	26	\$30,005	36	4.0%	33	3.8%	24
Texas	\$38,506	18	4.0%	15	3.2%	34	\$30,222	33	4.1%	29	2.9%	45
Utah	\$32,149	36	3.5%	38	2.9%	45	\$26,606	47	4.2%	19	3.5%	30
Vermont	\$33,254	33	3.8%	24	3.8%	11	\$32,770	20	4.9%	4	4.8%	4
Virginia	\$40,521	10	4.4%	3	4.1%	2	\$35,477	11	4.3%	17	4.0%	23
Washington	\$39,338	14	4.1%	14	1.9%	50	\$35,299	12	4.4%	11	3.3%	38
West Virginia	\$30,381	45	2.8%	49	3.1%	40	\$25,872	49	4.2%	24	4.5%	8
Wisconsin	\$34,736	30	3.6%	33	3.3%	33	\$32,157	22	4.2%	26	3.5%	31
Wyoming	\$31,213	43	3.5%	35	4.0%	4	\$34,306	16	5.3%	2	5.3%	3

Colorado's per capita income in 2004 was eighth highest in the country.

1/ 2004 average compared with 1994 average and 1999 average.

2/ 2003 (most recent data) compared with 1993 and 1998.

3/ CAAGR: Compound Annual Average Growth Rate.

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; and U.S. Department of Labor, Bureau of Labor Statistics.

Table A (continued)
State Rankings by Selected Economic Indicators

	Overall Performance			
	10-Year Average		5-Year Average	
	Average Rank	Rank of Average	Average Rank	Rank of Average
Alabama	36.9	45	33.5	40
Alaska	36.4	44	20.5	15
Arizona	14.7	7	16.0	8
Arkansas	33.4	40	31.2	33
California	16.1	10	21.0	17
Colorado	6.6	1	19.7	13
Connecticut	21.5	16	23.8	23
Delaware	10.1	3	11.0	2
District of Columbia	26.8	26	13.2	4
Florida	16.7	12	16.0	8
Georgia	15.3	9	28.3	30
Hawaii	39.7	47	20.9	16
Idaho	26.7	25	26.0	27
Illinois	33.4	40	38.5	47
Indiana	34.2	42	37.1	45
Iowa	30.8	32	28.3	30
Kansas	32.2	38	36.1	44
Kentucky	31.5	34	33.2	38
Louisiana	41.1	50	34.9	42
Maine	28.6	30	21.2	19
Maryland	14.2	6	14.0	7
Massachusetts	17.4	14	22.2	21
Michigan	38.9	46	41.6	50
Minnesota	12.4	5	18.5	12
Mississippi	40.0	49	40.5	49
Missouri	33.2	39	33.7	41
Montana	31.6	35	21.4	20
Nebraska	24.5	22	27.0	28
Nevada	14.7	7	13.7	6
New Hampshire	9.4	2	13.6	5
New Jersey	24.6	23	25.8	25
New Mexico	31.7	36	23.0	22
New York	30.7	31	32.9	37
North Carolina	22.7	17	32.3	36
North Dakota	28.2	29	21.1	18
Ohio	39.8	48	41.7	51
Oklahoma	31.7	36	27.6	29
Oregon	25.9	24	37.1	45
Pennsylvania	34.9	43	32.0	35
Rhode Island	24.4	21	16.5	10
South Carolina	31.1	33	36.0	43
South Dakota	22.8	18	20.4	14
Tennessee	27.6	27	28.4	32
Texas	16.8	13	24.8	24
Utah	17.5	15	25.8	25
Vermont	23.1	20	17.8	11
Virginia	11.3	4	10.4	1
Washington	16.4	11	33.3	39
West Virginia	45.1	51	38.7	48
Wisconsin	27.8	28	31.3	34
Wyoming	22.9	19	12.5	3

Colorado ranked first in overall economic performance during the past ten years.

Table C
History and Forecast For Key Colorado Economic Variables
Calendar Year 2000 - 2010

Line No.		Actual					December 2005 Forecast					
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Current Income												
1	Personal Income (Billions)	\$144,394	\$152,700	\$153,078	\$157,083	\$166,152	\$176,855	\$188,409	\$201,165	\$214,838	\$229,315	\$244,951
2	Change	12.1%	5.8%	0.2%	2.6%	5.8%	6.4%	6.5%	6.8%	6.8%	6.7%	6.8%
3	Wage and Salary Income (Billions)	\$85,909	\$88,297	\$86,936	\$87,832	\$91,864	\$98,315	\$104,893	\$112,181	\$119,873	\$128,169	\$137,243
4	Change	12.6%	2.8%	-1.5%	1.0%	4.6%	7.0%	6.7%	6.9%	6.9%	6.9%	7.1%
5	Per-Capita Income (\$/person)	\$33,370	\$34,491	\$34,032	\$34,542	\$36,109	\$37,947	\$39,872	\$41,950	\$44,116	\$46,360	\$48,734
6	Change	9.4%	3.4%	-1.3%	1.5%	4.5%	5.1%	5.1%	5.2%	5.2%	5.1%	5.1%
Population & Employment												
7	Population ¹ (Thousands)	4,327.0	4,427.3	4,498.1	4,547.6	4,601.4	4,660.6	4,725.3	4,795.4	4,869.9	4,946.4	5,026.3
8	Change	2.4%	2.3%	1.6%	1.1%	1.2%	1.3%	1.4%	1.5%	1.6%	1.6%	1.6%
9	Net Migration (Thousands)	64.3	63.4	33.6	12.3	15.4	20.7	26.0	31.1	35.3	37.1	40.2
10	Civilian Unemployment Rate	2.6%	3.9%	5.9%	6.2%	5.5%	5.1%	4.8%	4.6%	4.5%	4.5%	4.4%
11	Total Nonagricultural Employment ² (Thousands)	2,212.6	2,225.4	2,182.5	2,149.2	2,175.2	2,221.8	2,272.8	2,333.6	2,393.3	2,457.8	2,528.9
12	Change	3.8%	0.6%	-1.9%	-1.5%	1.2%	2.1%	2.3%	2.7%	2.6%	2.7%	2.9%
Construction Variables												
13	Total Housing Permits Issued (Thousands)	54.6	55.0	47.9	39.4	46.4	46.2	46.5	48.0	49.3	50.5	52.1
14	Change	10.7%	0.8%	-12.9%	-17.7%	17.5%	-0.3%	0.6%	3.3%	2.6%	2.5%	3.1%
15	Nonresidential Construction Value ³ (Millions)	\$3,338.8	\$3,373.4	\$2,637.8	\$2,433.7	\$3,073.1	\$3,428.0	\$3,406.0	\$3,538.9	\$3,774.3	\$3,920.0	\$4,018.5
16	Change	-5.8%	1.0%	-21.8%	-7.7%	26.3%	11.5%	-0.6%	3.9%	6.7%	3.9%	2.5%
Prices & Sales Variables												
17	Retail Trade Sales (Billions)	\$58.0	\$59.1	\$58.7	\$58.7	\$62.4	\$65.9	\$69.7	\$73.9	\$78.3	\$82.9	\$87.7
18	Change	10.2%	2.0%	-0.7%	0.0%	6.2%	5.7%	5.8%	6.1%	5.9%	5.8%	5.9%
19	Denver-Boulder-Greeley Consumer Price Index (1982-84=100)	173.2	181.3	184.8	186.8	187.0	190.2	194.5	199.1	203.8	209.2	214.8
20	Change	4.0%	4.7%	1.9%	1.1%	0.1%	1.7%	2.3%	2.4%	2.3%	2.7%	2.7%

1/ United States Bureau of the Census.

2/ Employment by place of work from Current Employment Statistics (CES) survey of payroll records.

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Sources: U.S. Department of Labor, Bureau of Labor Statistics;
U.S. Department of Commerce, Bureaus of the Census and Economic Analysis;
Colorado Departments of Labor and Employment, Local Affairs, and Revenue; and
F.W. Dodge Division, the McGraw-Hill companies.

Table C (continued)
Historical And Forecast Key Colorado Economic Variables
Calendar Years 1990-1999

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Current Income										
Personal Income (Millions)	\$64,748	\$68,282	\$73,794	\$79,697	\$85,671	\$92,704	\$100,233	\$107,873	\$118,493	\$128,859
Change	6.8%	5.5%	8.1%	8.0%	7.5%	8.2%	8.1%	7.6%	9.8%	8.7%
Wage and Salary Disbursements (Millions)	\$37,119	\$39,548	\$42,678	\$45,736	\$48,912	\$52,782	\$57,091	\$62,364	\$69,462	\$76,283
Change	7.1%	6.5%	7.9%	7.2%	6.9%	7.9%	8.2%	9.2%	11.4%	9.8%
Per-Capita Income (\$/person)	\$19,575	\$20,159	\$21,109	\$22,054	\$23,004	\$24,226	\$25,570	\$26,846	\$28,784	\$30,492
Change	5.7%	3.0%	4.7%	4.5%	4.3%	5.3%	5.5%	5.0%	7.2%	5.9%
Population and Employment										
Population ¹ (Thousands)	3,307.6	3,387.1	3,495.9	3,613.7	3,724.2	3,826.7	3,920.0	4,018.3	4,116.6	4,226.0
Change	1.0%	2.4%	3.2%	3.4%	3.1%	2.8%	2.4%	2.5%	2.4%	2.7%
Net Migration ² (Thousands)	0.0	48.0	76.6	86.8	80.3	73.3	63.2	67.7	66.7	76.5
Civilian Unemployment Rate	5.1%	5.4%	6.0%	5.3%	4.3%	4.0%	4.2%	3.4%	3.5%	3.0%
Total Nonagricultural Employment ³ (Thousands)	1,520.9	1,545.0	1,597.0	1,670.7	1,755.9	1,834.4	1,900.4	1,979.5	2,056.7	2,131.5
Change	2.6%	1.6%	3.4%	4.6%	5.1%	4.5%	3.6%	4.2%	3.9%	3.6%
Construction Variables										
Total Housing Permits (Thousands)	11.9	14.1	23.5	29.9	37.2	38.6	41.1	43.1	51.2	49.3
Change	6.9%	18.3%	66.9%	27.4%	24.5%	3.7%	6.5%	4.7%	18.8%	-3.6%
Nonresidential Construction Value ⁴ (Millions)	\$939.2	\$1,609.7	\$1,538.9	\$1,578.2	\$1,580.9	\$1,840.6	\$2,350.9	\$2,985.8	\$2,616.8	\$3,543.8
Change	-0.7%	71.4%	-4.4%	2.6%	0.2%	16.4%	27.7%	27.0%	-12.4%	35.4%
Sales and Prices Variables										
Retail Trade Sales (Billions)	\$27.5	\$28.9	\$31.3	\$34.2	\$38.1	\$39.9	\$42.6	\$45.1	\$48.2	\$52.6
Change	5.3%	5.0%	8.2%	9.2%	11.5%	4.8%	6.8%	5.9%	6.7%	9.2%
Denver-Boulder-Greeley Consumer Price Index	120.9	125.6	130.3	135.8	141.8	147.9	153.1	158.1	161.9	166.6
Change	4.4%	3.9%	3.7%	4.2%	4.4%	4.3%	3.5%	3.3%	2.4%	2.9%

1/ Population values through 2000 are adjusted for 2000 Census.

2/ Values through 2000 revised by Colorado Department of Local Affairs to reflect 2000 Census.

3/ Employment by place of work from the Current Employment Statistics (CES) survey of payroll records.

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Sources: U.S. Department of Labor, Bureau of Labor Statistics;
U.S. Department of Commerce, Bureaus of the Census and Economic Analysis;
Colorado Departments of Labor and Employment, Local Affairs, and Revenue; and
F.W. Dodge Division, the McGraw-Hill companies.

Table C (continued)
Historical Key Colorado Economic Variables
Calendar Years 1980-1989

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Current Income										
Personal Income (Millions)	\$31,259	\$36,126	\$39,663	\$42,632	\$46,846	\$49,537	\$51,108	\$53,063	\$55,884	\$60,652
Change	15.3%	15.6%	9.8%	7.5%	9.9%	5.7%	3.2%	3.8%	5.3%	8.5%
Wage and Salary Disbursements (Millions)	\$19,451	\$22,387	\$24,504	\$25,648	\$27,980	\$29,586	\$30,448	\$31,351	\$32,872	\$34,666
Change	14.2%	15.1%	9.5%	4.7%	9.1%	5.7%	2.9%	3.0%	4.9%	5.5%
Per-Capita Income (\$/person)	\$10,751	\$12,131	\$12,955	\$13,605	\$14,778	\$15,438	\$15,786	\$16,275	\$17,130	\$18,515
Change	13.0%	12.8%	6.8%	5.0%	8.6%	4.5%	2.3%	3.1%	5.3%	8.1%
Population and Employment										
Population (Thousands)	2,907.6	2,977.9	3,061.6	3,133.6	3,170.0	3,208.7	3,237.5	3,260.5	3,262.3	3,275.8
Change	2.0%	2.4%	2.8%	2.4%	1.2%	1.2%	0.9%	0.7%	0.1%	0.4%
Net Migration (Thousands)	27.0	36.2	48.2	38.1	1.7	3.9	-4.9	-9.0	-29.7	-19.5
Civilian Unemployment Rate	5.9%	5.5%	7.7%	6.7%	5.7%	5.9%	7.4%	7.7%	6.4%	5.8%
Total Nonagricultural Employment ¹ (Thousands)	1,251.1	1,295.2	1,316.6	1,327.2	1,402.3	1,418.7	1,408.3	1,412.6	1,436.1	1,482.3
Change	2.7%	3.5%	1.7%	0.8%	5.7%	1.2%	-0.7%	0.3%	1.7%	3.2%
Construction Variables										
Total Housing Permits (Thousands)	30.1	29.4	31.8	51.3	44.3	32.8	31.0	18.0	12.9	11.1
Change	-18.9%	-2.4%	8.2%	61.4%	-13.6%	-26.0%	-5.7%	-41.9%	-28.5%	-13.5%
Nonresidential Construction Value ² (Millions)	\$966.0	\$1,874.6	\$1,562.1	\$1,566.3	\$1,774.6	\$1,726.1	\$1,213.9	\$948.0	\$972.8	\$945.6
Change	-2.1%	94.1%	-16.7%	0.3%	13.3%	-2.7%	-29.7%	-21.9%	2.6%	-2.8%
Sales and Prices Variables										
Retail Trade Sales (Billions)	\$16.6	\$19.0	\$19.5	\$21.2	\$23.1	\$24.3	\$23.5	\$23.5	\$24.9	\$26.2
Change	7.2%	14.2%	2.7%	8.8%	8.7%	5.5%	-3.6%	0.1%	6.1%	5.1%
Denver-Boulder-Greeley Consumer Price Index	78.4	87.2	95.1	100.5	104.3	107.1	107.9	110.8	113.7	115.8
Change	12.0%	11.2%	9.1%	5.7%	3.8%	2.7%	0.7%	2.7%	2.6%	1.8%

1/ Employment by place of work from the Current Employment Statistics (CES) survey of payroll records.

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Sources: U.S. Department of Labor, Bureau of Labor Statistics;
U.S. Department of Commerce, Bureaus of the Census and Economic Analysis;
Colorado Departments of Labor and Employment, Local Affairs, and Revenue; and
F.W. Dodge Division, the McGraw-Hill companies.

Table C (continued)
Historical Key Colorado Economic Variables
Calendar Years 1970-1979

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Current Income										
Personal Income (Millions)	\$9,003	\$10,163	\$11,509	\$13,218	\$14,861	\$16,379	\$18,137	\$20,343	\$23,489	\$27,101
Change	na	12.9%	13.2%	14.8%	12.4%	10.2%	10.7%	12.2%	15.5%	15.4%
Wage and Salary Disbursements (Millions)	\$5,731	\$6,437	\$7,339	\$8,431	\$9,285	\$10,049	\$11,218	\$12,574	\$14,628	\$17,028
Change	na	12.3%	14.0%	14.9%	10.1%	8.2%	11.6%	12.1%	16.3%	16.4%
Per-Capita Income (\$/person)	\$0	\$4,412	\$4,786	\$5,296	\$5,848	\$6,333	\$6,890	\$7,545	\$8,490	\$9,512
Change	na	0.0%	8.5%	10.6%	10.4%	8.3%	8.8%	9.5%	12.5%	12.0%
Population and Employment										
Population (Thousands)	0.0	2,303.5	2,404.6	2,495.9	2,541.4	2,586.2	2,632.3	2,696.1	2,766.7	2,849.2
Change	na	0.0%	4.4%	3.8%	1.8%	1.8%	1.8%	2.4%	2.6%	3.0%
Net Migration (Thousands)	na	49.6	76.4	68.1	22.9	21.3	21.4	38.0	43.3	53.5
Civilian Unemployment Rate	na	na	na	4.3%	4.1%	6.9%	5.9%	6.3%	5.6%	4.8%
Total Nonagricultural Employment ¹ (Thousands)	750.2	787.1	869.4	936.0	959.7	963.5	1,003.4	1,058.1	1,149.9	1,218.0
Change	na	4.9%	10.5%	7.7%	2.5%	0.4%	4.1%	5.4%	8.7%	5.9%
Construction Variables										
Total Housing Permits (Thousands)	0.0	53.7	64.1	43.4	19.7	17.2	23.9	36.1	42.5	37.2
Change	na	0.0%	19.4%	-32.2%	-54.7%	-12.5%	38.8%	51.3%	17.6%	-12.5%
Nonresidential Construction Value ² (Millions)	na	na	na	\$702.7	\$701.4	\$525.9	\$452.1	\$542.4	\$783.9	\$986.3
Change	na	na	na	na	-0.2%	-25.0%	-14.0%	20.0%	44.5%	25.8%
Sales and Prices Variables										
Retail Trade Sales (Billions)	na	\$5.7	\$6.4	\$7.1	\$7.9	\$8.5	\$10.1	\$11.2	\$13.1	\$15.5
Change	na	na	11.1%	12.2%	10.6%	7.3%	78.6%	11.1%	17.3%	17.9%
Denver-Boulder-Greeley Consumer Price Index	34.5	35.9	37.0	39.6	43.9	48.4	51.1	55.4	60.6	70.0
Change	na	4.1%	3.1%	7.0%	10.9%	10.3%	5.6%	8.4%	9.4%	15.5%

NA: Not Available.

1/ Employment by place of work from the Current Employment Statistics (CES) survey of payroll records.

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Sources: U.S. Department of Labor, Bureau of Labor Statistics;
U.S. Department of Commerce, Bureaus of the Census and Economic Analysis;
Colorado Departments of Labor and Employment, Local Affairs, and Revenue; and
F.W. Dodge Division, the McGraw-Hill companies.

Table D
Historical and Forecast Key National Economic Variables
2000-2010

Line No.		Actual					December 2005 Forecast					
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Inflation-Adjusted & Current Dollar Income Accounts												
1	Inflation-Adjusted Gross Domestic Product (Billions)	\$9,816.9	\$9,890.6	\$10,048.9	\$10,320.8	\$10,755.8	\$11,138.9	\$11,553.0	\$11,890.8	\$12,257.2	\$12,651.9	\$13,028.9
2	Change	3.7%	0.8%	1.6%	2.7%	4.2%	3.6%	3.7%	2.9%	3.1%	3.2%	3.0%
3	Gross Domestic Product (Billions)	\$9,816.9	\$10,127.9	\$10,469.7	\$10,971.5	\$11,734.4	\$12,492.5	\$13,382.2	\$14,114.5	\$14,856.5	\$15,645.5	\$16,426.4
4	Change	5.9%	3.2%	3.4%	4.8%	7.0%	6.5%	7.1%	5.5%	5.3%	5.3%	5.0%
5	Productivity (Output per Hour, Nonfarm Business)	115.5	118.5	123.3	128.0	132.3	135.8	138.9	141.8	144.9	147.7	150.2
6	Change	2.6%	2.6%	4.0%	3.8%	3.4%	2.6%	2.3%	2.1%	2.2%	1.9%	1.7%
7	Personal Income (Billions)	\$8,429.8	\$8,724.2	\$8,881.9	\$9,169.1	\$9,713.6	\$10,262.4	\$10,835.5	\$11,339.4	\$11,844.3	\$12,398.4	\$12,966.6
8	Change	8.0%	3.5%	1.8%	3.2%	5.9%	5.7%	5.6%	4.7%	4.5%	4.7%	4.6%
9	Per-Capita Income (\$/person)	\$29,834	\$30,562	\$30,808	\$31,493	\$33,040	\$34,587	\$36,189	\$37,533	\$38,859	\$40,323	\$41,807
10	Change	6.8%	2.4%	0.8%	2.2%	4.9%	4.7%	4.6%	3.7%	3.5%	3.8%	3.7%
Population & Employment												
11	Population ¹ (Millions)	282.6	285.5	288.3	291.2	294.0	296.7	299.4	302.1	304.8	307.5	310.2
12	Change	1.1%	1.0%	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
13	Civilian Unemployment Rate	4.0%	4.8%	5.8%	6.0%	5.5%	5.2%	4.9%	5.0%	5.0%	4.8%	4.7%
14	Total Nonagricultural Employment ² (Millions)	131.8	131.8	130.3	130.0	131.5	133.6	136.1	137.6	139.0	140.9	142.8
15	Change	2.2%	0.0%	-1.1%	-0.3%	1.1%	1.6%	1.9%	1.1%	1.0%	1.4%	1.3%
Financial Markets												
16	30-Year T-Bond Rate	5.9%	5.5%	5.4%	5.1%	5.1%	4.6%	5.6%	5.8%	5.8%	5.9%	6.0%
17	10-Year T-Bond Rate	6.0%	5.0%	4.6%	4.0%	4.3%	4.2%	5.2%	5.3%	5.4%	5.6%	5.6%
18	Federal Fund Rate	6.2%	3.9%	1.7%	1.1%	1.3%	3.2%	4.7%	4.6%	4.5%	4.5%	4.5%
Price Variables												
19	Consumer Price Index (1982-84=100)	172.2	177.1	179.8	184.0	188.9	195.2	201.5	207.1	212.2	217.0	221.8
20	Change	3.4%	2.8%	1.6%	2.3%	2.7%	3.4%	3.2%	2.8%	2.4%	2.3%	2.2%
21	Producer Price Index (1982=100)	138.0	140.7	138.9	143.3	148.5	155.3	160.2	163.4	166.3	168.9	171.8
22	Change	3.8%	1.9%	-1.3%	3.2%	3.6%	4.6%	3.2%	2.0%	1.8%	1.6%	1.7%
Other Key Indicators												
23	Industrial Production Index (1992=100)	115.4	111.3	111.0	110.9	115.5	118.9	121.9	124.5	127.4	130.6	133.5
24	Change	4.3%	-3.6%	-0.3%	0.0%	4.1%	2.9%	2.5%	2.2%	2.3%	2.5%	2.2%
25	Corporate Profits After Tax (Billions)	\$508.2	\$503.7	\$575.9	\$705.1	\$788.1	\$939.1	\$902.2	\$952.1	\$1,015.0	\$1,081.6	\$1,139.6
26	Change	-1.8%	-0.9%	14.3%	22.4%	11.8%	19.2%	-3.9%	5.5%	6.6%	6.6%	5.4%
27	Housing Starts (Millions)	1.573	1.601	1.710	1.854	1.950	2.049	1.916	1.609	1.567	1.554	1.567
28	Change	-4.5%	1.8%	6.8%	8.4%	5.2%	5.1%	-6.5%	-16.0%	-2.6%	-0.8%	0.8%

1/ Population values through 2000 are adjusted for 2000 Census.

2/ Employment by place of work from Current Employment Statistics (CES) survey of payroll records.

Sources: Economy.com; U.S. Department of Labor, Bureau of Labor Statistics; and U.S. Department of Commerce, Bureaus of the Census and Economic Analysis.

Table D (continued)
Historical Key National Economic Variables
Calendar Years 1990-1999

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Inflation-Adjusted and Current Dollar Income Accounts										
Inflation-Adjusted Gross Domestic Product ¹ (Billions)	\$7,112.5	\$7,100.5	\$7,336.7	\$7,532.7	\$7,835.5	\$8,031.8	\$8,328.9	\$8,703.5	\$9,067.1	\$9,470.5
Change	1.9%	-0.2%	3.3%	2.7%	4.0%	2.5%	3.7%	4.5%	4.2%	4.5%
Gross Domestic Product (Billions)	\$5,803.1	\$5,996.0	\$6,337.9	\$6,657.5	\$7,072.3	\$7,397.8	\$7,816.9	\$8,304.4	\$8,747.2	\$9,268.6
Change	5.8%	3.3%	5.7%	5.0%	6.2%	4.6%	5.7%	6.2%	5.3%	6.0%
Personal Income (Billions)	\$94.6	\$96.1	\$100.0	\$100.3	\$101.5	\$102.1	\$104.8	\$106.4	\$109.3	\$112.3
Change	1.9%	1.7%	4.0%	0.3%	1.2%	0.5%	2.6%	1.6%	2.7%	2.7%
Per-Capita Income (\$/person)	\$4,862.0	\$5,032.2	\$5,349.6	\$5,548.0	\$5,833.8	\$6,144.8	\$6,512.5	\$6,907.5	\$7,415.8	\$7,796.2
Change	6.4%	3.5%	6.3%	3.7%	5.2%	5.3%	6.0%	6.1%	7.4%	5.1%
Population and Employment	\$19,445	\$19,857	\$20,820	\$21,312	\$22,138	\$23,043	\$24,138	\$25,298	\$26,844	\$27,900
Population ² (Millions)	5.1%	2.1%	4.9%	2.4%	3.9%	4.1%	4.8%	4.8%	6.1%	3.9%
Change										
Civilian Unemployment Rate	250.0	253.4	256.9	260.3	263.5	266.7	269.8	273.0	276.3	279.4
Total Nonagricultural Employment ³ (Millions)	1.2%	1.4%	1.4%	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Change	5.6%	6.9%	7.5%	6.9%	6.1%	5.6%	5.4%	4.9%	4.5%	4.2%
Financial Markets	109.5	108.4	108.7	110.8	114.3	117.3	119.7	122.8	125.9	129.0
30-Year T-Bond Rate	1.4%	-1.0%	0.3%	2.0%	3.1%	2.6%	2.0%	2.6%	2.6%	2.4%
10-Year T-Bond Rate										
Federal Fund Rate	8.6%	8.1%	7.7%	6.6%	7.4%	6.9%	6.7%	6.6%	5.6%	5.9%
Price Variables	8.6%	7.9%	7.0%	5.9%	7.1%	6.6%	6.4%	6.4%	5.3%	5.6%
Consumer Price Index (1982-84=100)	8.1%	5.7%	3.5%	3.0%	4.2%	5.8%	5.3%	5.5%	5.4%	5.0%
Change										
Producer Price Index (1982=100)	130.7	136.2	140.3	144.5	148.2	152.4	156.9	160.5	163.0	166.6
Change	5.4%	4.2%	3.0%	3.0%	2.6%	2.8%	2.9%	2.3%	1.5%	2.2%
Other Key Indicators	119.1	121.7	123.2	124.7	125.5	127.9	131.3	131.8	130.7	132.8
Industrial Production Index (1992=100)	4.9%	2.2%	1.2%	1.2%	0.6%	1.9%	2.6%	0.4%	-0.9%	1.7%
Change										
Corporate Profits After Tax (Billions)	77.4	76.2	78.4	81.0	85.3	89.4	93.2	100.0	105.8	110.6
Change	0.9%	-1.5%	2.8%	3.3%	5.4%	4.8%	4.3%	7.3%	5.8%	4.5%
Housing Starts (Millions)	\$264.1	\$284.4	\$312.4	\$346.1	\$383.3	\$455.6	\$501.4	\$552.1	\$469.9	\$517.3
Change	11.1%	7.7%	9.8%	10.8%	10.7%	18.9%	10.0%	10.1%	-14.9%	10.1%

1/ Inflation Adjusted Gross Domestic Product, Index numbers 2000 = 100.

2/ Population values through 2000 are adjusted for 2000 Census.

3/ Employment by place of work from the Current Employment Statistics (CES) survey of payroll records.

Sources: U.S. Department of Labor, Bureau of Labor Statistics; and
U.S. Department of Commerce, Bureaus of the Census and Economic Analysis.

Table D (continued)
Historical Key National Economic Variables
Calendar Years 1980-1989

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Inflation-Adjusted and Current Dollar Income Accounts										
Inflation-Adjusted Gross Domestic Product ¹ (Billions)	\$5,161.8	\$5,291.9	\$5,189.1	\$5,423.8	\$5,813.6	\$6,053.8	\$6,263.7	\$6,475.1	\$6,742.7	\$6,981.4
Change	-0.2%	2.5%	-1.9%	4.5%	7.2%	4.1%	3.5%	3.4%	4.1%	3.5%
Gross Domestic Product (Billions)	\$2,789.6	\$3,128.6	\$3,255.0	\$3,536.7	\$3,933.2	\$4,220.3	\$4,462.9	\$4,739.6	\$5,103.8	\$5,484.4
Change	8.8%	12.1%	4.0%	8.7%	11.2%	7.3%	5.7%	6.2%	7.7%	7.5%
Personal Income (Billions)	\$80.6	\$81.7	\$80.9	\$84.5	\$86.2	\$87.6	\$90.3	\$90.7	\$92.1	\$92.8
Change	-0.2%	1.4%	-1.0%	4.5%	2.0%	1.6%	3.0%	0.5%	1.6%	0.7%
Per-Capita Income (\$/person)	\$2,298.4	\$2,580.7	\$2,764.9	\$2,949.9	\$3,275.9	\$3,511.4	\$3,708.2	\$3,934.8	\$4,237.5	\$4,571.2
Change	11.9%	12.3%	7.1%	6.7%	11.0%	7.2%	5.6%	6.1%	7.7%	7.9%
Population and Employment	\$10,103	\$11,233	\$11,921	\$12,604	\$13,876	\$14,741	\$15,425	\$16,221	\$17,311	\$18,495
Population (Millions)	10.8%	11.2%	6.1%	5.7%	10.1%	6.2%	4.6%	5.2%	6.7%	6.8%
Change										
Civilian Unemployment Rate	227.5	229.7	231.9	234.0	236.1	238.2	240.4	242.6	244.8	247.2
Total Nonagricultural Employment ² (Millions)	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	1.0%
Change	7.2%	7.6%	9.7%	9.6%	7.5%	7.2%	7.0%	6.2%	5.5%	5.3%
Financial Markets	90.5	91.3	89.7	90.3	94.5	97.5	99.5	102.1	105.3	108.0
30-Year T-Bond Rate	0.7%	0.8%	-1.8%	0.7%	4.7%	3.2%	2.0%	2.6%	3.2%	2.5%
10-Year T-Bond Rate										
Federal Fund Rate	11.3%	13.4%	12.8%	11.2%	12.4%	10.8%	7.8%	8.6%	9.0%	8.4%
Price Variables	11.5%	13.9%	13.0%	11.1%	12.4%	10.6%	7.7%	8.4%	8.8%	8.5%
Consumer Price Index (1982-84=100)	13.4%	16.4%	12.3%	9.1%	10.2%	8.1%	6.8%	6.7%	7.6%	9.2%
Change										
Producer Price Index (1982=100)	82.4	90.9	96.5	99.6	103.9	107.6	109.7	113.6	118.3	123.9
Change	13.5%	10.4%	6.2%	3.2%	4.4%	3.5%	1.9%	3.6%	4.1%	4.8%
Other Key Indicators	88.0	96.2	100.0	101.6	103.7	104.6	103.3	105.4	108.0	113.5
Industrial Production Index (1992=100)	13.5%	9.2%	4.0%	1.6%	2.1%	0.9%	-1.3%	2.0%	2.5%	5.1%
Change										
Corporate Profits After Tax (Billions)	62.6	63.4	60.2	61.8	67.3	68.2	68.9	72.4	76.0	76.7
Change	-2.6%	1.3%	-5.1%	2.6%	9.0%	1.3%	1.0%	5.1%	5.0%	0.9%
Housing Starts (Millions)	\$166.3	\$159.5	\$132.0	\$153.2	\$171.1	\$158.0	\$136.3	\$187.2	\$244.5	\$237.7
Change	-8.5%	-4.1%	-17.2%	16.1%	11.7%	-7.6%	-13.8%	37.3%	30.6%	-2.8%

1/ Inflation Adjusted Gross Domestic Product, Index numbers 2000 = 100.

2/ Employment by place of work from the Current Employment Statistics (CES) survey of payroll records.

Sources: U.S. Department of Labor, Bureau of Labor Statistics; and
U.S. Department of Commerce, Bureaus of the Census and Economic Analysis.

Table D (continued)
Historical Key National Economic Variables
Calendar Years 1970-1979

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Inflation-Adjusted and Current Dollar Income Accounts										
Inflation-Adjusted Gross Domestic Product ¹ (Billions)	\$3,771.8	\$3,898.7	\$4,104.9	\$4,341.5	\$4,319.4	\$4,311.2	\$4,541.0	\$4,750.6	\$5,014.9	\$5,173.5
Change	na	3.4%	5.3%	5.8%	-0.5%	-0.2%	5.3%	4.6%	5.6%	3.2%
Gross Domestic Product (Billions)	\$1,038.5	\$1,127.1	\$1,238.3	\$1,382.8	\$1,500.0	\$1,638.4	\$1,825.3	\$2,031.0	\$2,294.7	\$2,563.3
Change	na	8.5%	9.9%	11.7%	8.5%	9.2%	11.4%	11.3%	13.0%	11.7%
Personal Income (Billions)	\$67.9	\$70.7	\$73.0	\$75.3	\$74.2	\$76.1	\$78.7	\$79.9	\$80.9	\$80.8
Change	na	4.1%	3.3%	3.1%	-1.5%	2.7%	3.3%	1.6%	1.3%	-0.2%
Per-Capita Income (\$/person)	\$832.4	\$898.0	\$987.2	\$1,105.6	\$1,217.6	\$1,329.9	\$1,469.5	\$1,627.4	\$1,831.1	\$2,053.9
Change	na	7.9%	9.9%	12.0%	10.1%	9.2%	10.5%	10.7%	12.5%	12.2%
Population and Employment	\$4,053	\$4,318	\$4,698	\$5,212	\$5,686	\$6,151	\$6,731	\$7,379	\$8,215	\$9,115
Population (Millions)	na	6.5%	8.8%	10.9%	9.1%	8.2%	9.4%	9.6%	11.3%	11.0%
Change										
Civilian Unemployment Rate	205.4	207.9	210.2	212.1	214.1	216.2	218.3	220.5	222.9	225.3
Total Nonagricultural Employment ² (Millions)	0.0%	1.2%	1.1%	1.0%	0.9%	1.0%	1.0%	1.0%	1.1%	1.1%
Change	5.0%	6.0%	5.6%	4.9%	5.6%	8.5%	7.7%	7.0%	6.1%	5.9%
Financial Markets	71.0	71.3	73.8	76.9	78.4	77.1	79.5	82.6	86.8	89.9
30-Year T-Bond Rate	na	0.5%	3.4%	4.2%	1.9%	-1.7%	3.2%	3.9%	5.1%	3.6%
10-Year T-Bond Rate										
Federal Fund Rate	na	na	na	na	na	na	na	7.7%	8.5%	9.3%
Price Variables	7.3%	6.2%	6.2%	6.8%	7.6%	8.0%	7.6%	7.4%	8.4%	9.4%
Consumer Price Index (1982-84=100)	7.2%	4.7%	4.4%	8.7%	10.5%	5.8%	5.0%	5.5%	7.9%	11.2%
Change										
Producer Price Index (1982=100)	38.8	40.5	41.8	44.4	49.3	53.8	56.9	60.6	65.2	72.6
Change	na	4.2%	3.3%	6.3%	11.0%	9.1%	5.8%	6.5%	7.6%	11.3%
Other Key Indicators	39.3	40.5	41.8	45.6	52.6	58.2	60.8	64.7	69.8	77.6
Industrial Production Index (1992=100)	na	3.0%	3.1%	9.2%	15.3%	10.8%	4.4%	6.5%	7.8%	11.1%
Change										
Corporate Profits After Tax (Billions)	46.7	47.4	51.9	56.2	56.0	51.0	55.0	59.2	62.4	64.3
Change	na	1.4%	9.6%	8.2%	-0.4%	-8.9%	7.8%	7.7%	5.5%	3.0%
Housing Starts (Millions)	\$46.3	\$54.7	\$65.5	\$84.9	\$95.0	\$93.9	\$114.4	\$136.0	\$161.2	\$181.9
Change	na	18.2%	19.7%	29.6%	11.9%	-1.1%	21.8%	18.8%	18.6%	12.8%

NA: Not Available.

1/ Inflation Adjusted Gross Domestic Product, Index numbers 2000 = 100.

2/ Employment by place of work from the Current Employment Statistics (CES) survey of payroll records.

Sources: U.S. Department of Labor, Bureau of Labor Statistics; and
U.S. Department of Commerce, Bureaus of the Census and Economic Analysis.

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*Historical and Forecast
Revenues and Expenditures*

Appendix B

Table E
Historical and Forecast TABOR Revenues Calculation
FY 2001-02 through FY 2010-11
(Dollar Amounts in Millions)

	Notes	Actual				December 2005 Forecast					
		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
TABOR Revenues											
Net General Fund	A,B	\$5,519.9	\$5,443.3	\$5,719.8	\$6,104.1	\$6,436.5	\$6,860.7	\$7,268.6	\$7,715.3	\$8,201.5	\$8,701.6
Cash Funds	B	2,232.4	2,269.2	2,612.8	2,376.3	2,092.5	2,012.8	1,925.3	1,917.8	1,997.3	2,042.7
Total TABOR Revenues		\$7,752.2	\$7,712.5	\$8,332.6	\$8,480.3	\$8,529.0	\$8,873.5	\$9,193.9	\$9,633.1	\$10,198.8	\$10,744.3
TABOR Limit Calculation:											
<i>Previous calendar year population growth</i>		0.0%	2.2%	1.7%	1.1%	1.2%	1.3%	1.4%	1.5%	1.6%	1.6%
<i>Previous calendar year inflation</i>		4.0%	4.7%	1.9%	1.1%	0.1%	1.7%	2.3%	2.4%	2.3%	2.7%
<i>Growth Dividend</i>	C	NA	NA	3.6%	2.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Allowable TABOR Growth Rate		4.0%	6.9%	7.2%	4.6%	1.3%	3.0%	3.7%	3.9%	3.9%	4.2%
Actual Change in TABOR Revenues from Limit		(1.8%)	(0.8%)	7.2%	6.7%	8.0%	4.0%	3.6%	4.8%	5.9%	5.3%
TABOR Limit	D	\$8,126.2	\$8,337.9	\$8,332.6	\$8,309.5	\$8,529.0	\$8,873.5	\$9,193.9	\$9,633.1	\$10,198.8	\$10,630.2
TABOR Surplus	E	(365.7)	(625.4)	0.0	43.0	0.0	0.0	0.0	0.0	0.0	114.1
Adjustments to Base	B	(\$10.6)	(\$31.3)	(\$388.7)	(\$414.1)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Adjusted TABOR Base		\$7,774.5	\$7,772.8	\$7,954.5	\$7,895.3	\$8,529.0	\$8,873.5	\$9,193.9	\$9,633.1	\$10,198.8	\$10,630.2
TABOR Emergency Reserve	F,G	\$232.6	\$231.4	\$250.0	\$249.3	\$255.9	\$266.2	\$275.8	\$289.0	\$306.0	\$318.9

- /A These figures differ from the General Fund revenues reported in other tables because they net out revenues credited to the State Education Fund per Amendment 23, other revenues that are exempt from TABOR, and revenues that are recorded as both General Fund and cash fund. For instance, the General Fund gaming revenues, unexpended prior-year Medicaid expenditures that are booked in "other revenue", and transfers of unclaimed property are netted out.
- /B S.B. 04-189 and S.B. 04-252 grant enterprise status to all Colorado institutions of higher education and S.B. 05-039 grants enterprise status to the Petroleum Storage Tank Fund in FY 2005-06 and thereafter. To account for this change, the FY 2004-05 TABOR limit is reduced by \$386.9 million (the amount of tuition and fees collected in FY 2004-05 by the remaining state institutions of higher education) and \$27.2 million (the amount of fees collected in FY 2004-05 in the Petroleum Storage Tank Fund) before the FY 2005-06 TABOR limit is computed.
- /C The allowable TABOR limit can be increased by a total of 6.0 percentage points over the next nine years as directed in H.B. 02-1310 and S.B. 02-179. These bills allow the state to increase the TABOR limit by 6.0 percentage points for population growth that occurred during the 1990s that was not captured by U.S. Bureau of the Census 1990 intercensal estimates. Since the state was not in a TABOR surplus position in FY 2001-02, the legislation allows the extra population growth to be used when the state returns to a TABOR surplus position.
- /D The TABOR limit is calculated by applying the "Allowable TABOR Growth Rate" to either "Total TABOR Revenues" or the "TABOR Limit," whichever is smaller. In FY 2002-03, total TABOR revenues were less than the TABOR limit, so the FY 2003-04 TABOR limit was calculated by growing FY 2002-03 actual total TABOR revenues by the FY 2003-04 allowable TABOR growth rate. In the remaining years, the TABOR limit is less than or equal to total TABOR revenues, so the TABOR limit is calculated from the previous year's TABOR limit.
- /E In years when projected revenues exceed the amount allowed by the state Constitution, the three percent TABOR reserve is calculated based on the TABOR limit, rather than on projected total TABOR revenues. Given that the state will only retain the maximum allowed by the state Constitution, it need only reserve three percent of such amount.
- /F Per H.B. 04-1422 and S.B. 05-209, the three percent TABOR emergency reserve is designated as up to \$24.0 million in FY 2004-05 and up to \$20 million in FY 2005-06 from the Major Medical Insurance Fund, up to \$20.0 million in FY 2004-05 and up to \$35 million in FY 2005-06 from the Subsequent Injury Fund, up to \$12.0 million in FY 2004-05 and FY 2005-06 from the Workers' Compensation Cash Fund, up to \$6.0 million in FY 2004-05 and up to \$7.3 million in FY 2005-06 from the Severance Tax Trust Fund, up to \$6.0 million in FY 2004-05 and up to \$5.5 million in FY 2005-06 from the Colorado River Recovery Program Loan Fund, up to \$3.0 million in FY 2004-05 in the Fish and Wildlife Resources Fund, up to \$98.7 million in FY 2004-05 and up to \$100 million in FY 2005-06 in the Wildlife Cash Fund and fund equity, and up to \$89.0 million in FY 2004-05 and up to \$75 million in FY 2005-06 of state properties.
- /G Per H.B. 05-1310, the FY 2002-03 TABOR Limit was permanently raised by \$91.6 million and \$127.8 million is credited towards the FY 2004-05 surplus.

Table E (continued)
Historical and Forecast TABOR Revenues Calculation
FY 1993-94 through FY 2000-01
(Dollar Amounts in Millions)

	Notes	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01
TABOR Revenues									
Net General Fund	A,B	\$3,725.1	\$3,941.9	\$4,230.8	\$4,639.9	\$5,348.0	\$5,749.6	\$6,274.7	\$6,500.8
Cash Funds	A,B	1,660.6	1,815.4	1,893.5	2,007.7	2,087.2	2,176.4	2,245.5	2,376.3
Total TABOR Revenues		\$5,385.7	\$5,757.3	\$6,124.3	\$6,647.6	\$7,435.2	\$7,923.0	\$8,503.0	\$8,877.1
TABOR Limit Calculation:									
<i>Previous calendar year population growth</i>	C	2.7%	2.9%	2.6%	2.3%	2.0%	2.1%	2.0%	2.2%
<i>Previous calendar year inflation</i>		3.7%	4.2%	4.4%	4.3%	3.5%	3.3%	2.4%	2.9%
<i>Growth Dividend</i>	D								
Allowable TABOR Growth Rate	B	6.5%	7.1%	7.0%	6.6%	5.5%	5.4%	4.4%	5.1%
Actual Change in TABOR Revenues from Limit	B	6.5%	6.9%	6.4%	8.5%	14.2%	15.3%	17.4%	17.4%
TABOR Limit	B,E	\$5,401.2	\$5,769.4	\$6,160.3	\$6,508.6	\$6,872.0	\$7,243.4	\$7,563.7	\$7,948.6
TABOR Surplus		(15.5)	(12.1)	(36.0)	139.0	563.2	679.6	941.1	927.2
Adjustments to Base	F	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$53.5)
Adjusted TABOR Base		\$5,401.2	\$5,769.4	\$6,160.3	\$6,508.6	\$6,872.0	\$7,243.4	\$7,563.7	\$7,895.1
TABOR Emergency Reserve	G	\$161.6	\$172.7	\$183.7	\$195.3	\$206.2	\$217.3	\$226.9	\$238.5

NA: Not Available.

- A** These figures differ from the General Fund and cash funds revenues reported in other tables because they net out revenues credited to the State Education Fund per Amendment 23, other revenues that are exempt from TABOR, and revenues that are recorded in both the General Fund and in cash funds to avoid double counting. For instance, the General Fund gaming revenues, unexpended prior-year Medicaid expenditures that are booked in "other revenue," and transfers of unclaimed property are netted out.
- B** TABOR revenues are periodically adjusted as various revenue sources change from TABOR exempt to TABOR nonexempt and visa versa. For example, in FY 2001-02, the Division of Wildlife became an enterprise and thus revenues collected for the Wildlife Cash Fund became TABOR exempt and therefore no longer counted towards the TABOR limit. When this occurs, the TABOR limit is also adjusted so that revenues above (below) the TABOR limit are unchanged by the adjustment. For this reason, the TABOR limit reported above might differ somewhat from the corresponding mathematical computation.
- C** The TABOR limit from FY 1992-93 through FY 2000-01 is computed using population growth published by the U.S. Bureau of the Census prior to the intercensal revision that occurred after the 2000 Census. Thus, population growth in this table will not necessarily correspond to the values in Table 36.
- D** The allowable TABOR limit can be increased by a total of 6.0 percentage points over the next nine years as directed in H.B. 02-1310 and S.B. 02-179. These bills allow the state to increase the TABOR limit by 6.0 percentage points for population growth that occurred during the 1990s that was not captured by U.S. Bureau of the Census intercensal estimates. Since the state was not in a TABOR surplus position in FY 2001-02, the legislation allows the extra population growth to be used when the state is in a TABOR surplus position.
- E** The TABOR limit is calculated by applying the "Allowable TABOR Growth Rate" to either "Total TABOR Revenues" or the "TABOR Limit," whichever is smaller. In FY 2001-02, total TABOR revenues are less than the TABOR limit, so the FY 2002-03 TABOR limit is calculated by growing FY 2001-02 total TABOR revenues by the FY 2002-03 allowable TABOR growth rate. Similarly, in FY 2002-03, total TABOR revenues are also less than the TABOR limit, so the FY 2003-04 TABOR limit is calculated by growing FY 2002-03 actual total TABOR revenues by the FY 2003-04 allowable TABOR growth rate. In the remaining years, the TABOR limit is less than or equal to total TABOR revenues, so the TABOR limit is calculated from the previous year's TABOR limit.
- F** Per S.B. 01-102, the Division of Wildlife is designated as an enterprise for purposes of TABOR beginning July 1, 2001. Therefore the FY 2000-01 TABOR limit is adjusted to account for these changes.
- G** In years when projected revenues exceed the amount allowed by the Constitution, the three percent TABOR reserve is calculated based on the TABOR limit, rather than on projected total TABOR revenues. Given that the state will only retain the maximum allowed by the Constitution, it need only reserve three percent of such amount. The revenue source used to satisfy the TABOR emergency reserve is statutorily set and changes from year to year. In FY 2002-03, per S.B. 03-348, the three percent TABOR emergency reserve is designated as the balance of funds in the employment support fund, the tobacco litigation settlement cash fund, the wildlife cash fund, the unclaimed property trust fund, the severance tax trust fund, and \$3.7 million of state properties.

Table F
Historical and Forecast Colorado Gross General Fund Revenue by Tax Category
FY 2001-02 through FY 2010-11
(Accrual Basis, Dollar Amounts in Millions)

	Actual				December 2005 Forecast					
	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Excise Taxes										
Sales	\$1,727.1	\$1,683.4	\$1,771.0	\$1,854.6	\$1,920.9	\$2,044.9	\$2,177.1	\$2,310.5	\$2,453.5	\$2,603.9
Use	140.6	136.5	137.3	152.9	160.9	168.0	176.4	185.2	194.4	204.2
Cigarette	55.2	54.3	53.8	51.5	49.7	48.0	46.2	44.5	43.2	42.1
Tobacco Products	10.3	10.4	12.0	14.2	10.0	11.9	11.9	11.9	11.9	11.8
Liquor	29.5	29.7	30.9	31.2	32.6	33.1	33.5	34.0	34.6	35.1
Miscellaneous										
Total Excise	\$1,962.7	\$1,914.5	\$2,005.0	\$2,104.3	\$2,174.2	\$2,305.9	\$2,445.1	\$2,586.1	\$2,737.6	\$2,897.1
Income Taxes										
Net Individual Income	\$3,345.1	\$3,122.3	\$3,450.0	\$3,711.8	\$3,978.1	\$4,237.3	\$4,500.0	\$4,798.2	\$5,122.6	\$5,458.7
Net Corporate Income	178.0	225.1	235.2	315.0	318.0	374.3	392.8	415.7	438.2	460.6
Total Income	\$4,371.1	\$3,347.4	\$3,685.2	\$4,026.8	\$4,296.1	\$4,611.6	\$4,892.8	\$5,213.9	\$5,560.8	\$5,919.3
Other Revenues										
Estate	\$72.5	\$53.4	\$47.2	\$26.0	\$5.6	\$0.0	\$0.0	\$0.0	\$0.0	\$10.0
Insurance	154.6	171.3	175.9	189.2	191.2	195.7	202.5	209.4	216.3	213.1
Pari-Mutuel	5.7	4.7	4.4	3.8	3.7	3.6	3.4	3.2	3.0	2.8
Interest Income	25.3	51.0	19.5	13.4	35.0	35.9	36.9	37.8	38.8	39.8
Court Receipts	23.3	23.7	26.3	26.3	26.9	27.6	28.2	28.9	29.6	30.2
Severance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gaming	34.1	38.4	40.2	40.2	41.7	38.7	41.3	44.1	47.0	50.1
Medicaid	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Miscellaneous	31.9	45.8	41.5	30.2	25.5	25.8	26.1	26.5	31.9	32.5
Total Other	358.5	403.8	355.0	329.2	329.7	327.2	338.4	349.9	366.6	378.7
GROSS GENERAL FUND	\$5,844.4	\$5,665.6	\$5,670.1	\$6,460.4	\$6,800.0	\$7,244.7	\$7,676.3	\$8,149.8	\$8,665.0	\$9,195.1

NA: Not Available.

Table F (continued)
Historical Colorado Gross General Fund Revenue by Tax Category
FY 1990-91 through FY 2000-01
(Accrual Basis, Dollar Amounts in Millions)

	FY 1990-91	FY 1991-92	FY 1992-93	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01
Excise Taxes											
Sales	\$779.8	\$844.5	\$928.9	\$1,036.6	\$1,131.8	\$1,218.7	\$1,310.0	\$1,426.0	\$1,536.7	\$1,726.0	\$1,751.1
Use	66.9	69.1	69.1	82.5	91.1	102.8	115.8	120.3	140.2	142.5	157.9
Cigarette	57.5	57.3	56.6	57.0	59.7	58.2	60.0	59.9	60.0	57.8	58.1
Tobacco Products	3.9	4.3	4.6	5.5	5.9	7.0	8.2	8.1	8.6	9.4	9.9
Liquor	19.1	21.2	23.2	22.6	23.3	24.3	24.0	25.1	25.8	28.0	29.3
Miscellaneous	3.7	3.2	3.6	3.6	4.1	4.4	3.2	0.0	0.0	0.0	0.0
Total Excise	\$930.9	\$999.6	\$1,086.0	\$1,207.8	\$1,315.9	\$1,415.4	\$1,521.1	\$1,639.4	\$1,798.3	\$1,963.7	\$2,006.3
Income Taxes											
Net Individual Income	\$1,462.4	\$1,608.5	\$1,759.8	\$1,919.9	\$2,106.4	\$2,318.5	\$2,572.6	\$3,051.6	\$3,326.8	\$3,718.2	\$4,017.8
Net Corporate Income	115.0	112.2	138.4	146.8	191.1	205.7	237.1	263.1	276.2	289.2	329.7
Total Income	\$1,577.4	\$1,720.6	\$1,898.2	\$2,066.7	\$2,297.5	\$2,524.2	\$2,809.7	\$3,314.7	\$3,603.0	\$4,007.4	\$4,347.5
Other Revenues											
Estate	\$15.3	\$34.3	\$19.7	\$33.9	\$27.6	\$31.8	\$34.6	\$109.6	\$67.1	\$59.7	\$82.6
Insurance	84.7	89.1	92.1	101.9	105.1	110.4	111.8	113.8	117.9	128.5	142.0
Pari-Mutuel	8.4	8.3	8.5	8.5	8.2	8.1	7.5	7.1	6.2	7.0	6.1
Interest Income	4.0	5.6	8.3	18.5	28.6	37.2	41.2	52.2	47.5	42.3	45.2
Court Receipts	11.6	17.5	17.8	19.5	20.1	20.7	23.1	24.9	25.4	27.1	22.3
Severance	10.5	8.4	12.0	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gaming	0.0	4.1	13.4	16.6	17.1	17.5	19.6	21.5	27.3	28.8	31.4
Medicaid	0.0	82.4	258.9	205.6	126.7	69.0	80.4	72.6	73.0	7.1	0.0
Miscellaneous	21.1	25.9	35.2	43.2	49.5	34.4	30.4	45.4	28.3	31.9	33.4
Total Other	\$155.6	\$275.6	\$465.9	\$450.6	\$382.9	\$329.2	\$348.6	\$447.1	\$392.7	\$332.4	\$363.0
GROSS GENERAL FUND	\$2,663.9	\$2,995.8	\$3,450.1	\$3,725.1	\$3,996.3	\$4,268.7	\$4,679.4	\$5,401.2	\$5,794.0	\$6,303.5	\$6,716.8

Table F (continued)
Historical Colorado General Fund Revenue by Tax Category
FY 1977-78 through FY 1989-90
(Accrual Basis, Dollar Amounts in Millions)

	FY 1977-78	FY 1978-79	FY 1979-80	FY 1980-81	FY 1981-82	FY 1982-83	FY 1983-84	FY 1984-85	FY 1985-86	FY 1986-87	FY 1987-88	FY 1988-89	FY 1989-90
Excise Taxes													
Sales	\$387.2	\$466.5	\$482.7	\$485.8	\$541.6	\$566.4	\$731.9	\$673.8	\$662.9	\$648.3	\$669.0	\$694.8	\$768.1
Use	37.6	48.6	53.3	54.4	74.1	66.1	66.8	73.0	76.1	68.6	55.6	54.7	62.5
Cigarette	48.7	33.4	34.8	37.0	37.2	36.7	47.4	52.3	50.9	66.1	61.9	59.0	56.3
Tobacco Products	NA	NA	NA	NA	NA	NA	NA	NA	NA	2.7	3.1	3.0	3.2
Liquor	22.1	24.2	26.0	24.7	25.8	25.1	25.3	25.0	24.4	23.6	22.6	21.5	21.4
Miscellaneous	3.3	3.7	4.2	3.1	2.0	2.0	2.1	1.9	1.9	1.9	2.0	2.0	2.0
Total Excise	\$498.8	\$576.4	\$600.9	\$605.0	\$680.7	\$696.3	\$873.5	\$826.0	\$816.2	\$811.2	\$814.2	\$835.0	\$913.5
Income Taxes													
Net Individual Income	\$442.7	\$478.2	\$465.6	\$479.4	\$621.0	\$703.3	\$796.4	\$921.7	\$973.2	\$1,081.9	\$1,195.0	\$1,311.0	\$1,380.7
Net Corporate Income	89.3	109.9	117.4	84.8	88.8	66.5	94.1	78.8	124.4	136.7	112.9	167.0	104.2
Total Income	\$532.1	\$588.1	\$583.0	\$564.2	\$709.8	\$769.8	\$890.5	\$1,000.5	\$1,097.6	\$1,218.6	\$1,307.9	\$1,478.0	\$1,484.9
Other Revenues													
Estate	\$22.4	\$24.4	\$25.7	\$6.6	\$12.3	\$8.9	\$10.7	\$14.0	\$13.7	\$18.4	\$13.4	\$15.5	\$21.7
Insurance	31.1	35.7	39.9	41.6	47.9	51.6	56.6	64.7	75.0	84.1	80.7	81.1	82.5
Pari-Mutuel	7.7	8.0	8.2	8.8	9.5	8.4	8.6	7.7	8.5	9.0	8.4	8.4	8.3
Interest Income	12.0	27.3	53.9	37.6	34.5	7.6	4.4	33.4	21.1	10.8	5.9	15.6	15.9
Court Receipts	5.9	6.0	6.6	7.2	8.6	7.4	9.1	12.3	12.9	14.1	19.3	20.5	19.9
Severance	6.6	18.3	23.6	31.4	0.0	0.0	0.0	0.0	0.0	0.0	7.1	10.7	7.5
Gaming	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Medicaid	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Miscellaneous	16.2	17.1	13.1	14.3	13.7	10.6	22.1	13.6	17.7	11.7	27.0	20.8	26.4
Total Other	\$101.9	\$136.6	\$171.0	\$147.5	\$126.5	\$94.5	\$111.5	\$145.7	\$148.9	\$148.1	\$161.8	\$172.6	\$182.0
GROSS GENERAL FUND	\$1,132.8	\$1,301.1	\$1,354.9	\$1,316.7	\$1,517.0	\$1,560.6	\$1,875.5	\$1,972.2	\$2,062.7	\$2,177.9	\$2,283.9	\$2,485.6	\$2,580.4

NA: Not Available.

Table G
Historical and Forecast Colorado Cash Fund Revenue by Major Category
FY 2001-02 through FY 2010-11
(Accrual Basis, Dollar Amounts in Millions)

	Actual				December 2005 Forecast					
	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Transportation Related Cash Funds										
Highway Users Tax Fund										
Registrations	\$151.4	\$151.0	\$156.4	\$165.0	\$176.2	\$182.4	\$189.0	\$196.0	\$203.3	\$211.8
Motor and Special Fuels Taxes	544.6	541.9	556.3	553.6	538.1	551.2	566.3	579.2	591.8	603.1
Other Receipts	43.7	43.0	40.9	44.5	45.4	42.3	43.3	45.3	45.9	56.1
Total Highway Users Tax Fund	739.7	736.0	753.6	763.1	759.6	775.9	798.5	820.5	841.1	871.0
Other Transportation Related Cash Funds	74.4	63.7	85.1	81.0	70.8	72.8	74.6	76.4	79.0	81.0
Total Transportation Related	\$814.1	\$799.7	\$838.7	\$844.1	\$830.3	\$848.7	\$873.1	\$897.0	\$920.1	\$952.0
Education Cash Funds										
Tuition	\$473.6	\$532.8	\$601.7	\$292.7	NE	NE	NE	NE	NE	NE
Non-Tuition	161.8	150.9	156.1	93.9	NE	NE	NE	NE	NE	NE
Total Higher Education¹	\$635.4	\$683.7	\$757.8	\$386.6	NE	NE	NE	NE	NE	NE
Total Full-Time-Equivalent Students	143,972	153,018	158,494	159,973	161,878	164,191	167,000	169,914	172,694	0
Resident Students	122,062	130,788	136,486	138,323	140,581	142,975	145,818	148,904	151,823	0
Non-Resident Students	21,911	22,230	22,008	21,650	21,297	21,216	21,182	21,010	20,871	0
Unemployment Insurance Cash Fund										
Beginning Unemployment Insurance Trust Fund Balance	\$794.1	\$626.9	\$298.7	\$133.9	\$221.0	\$523.1	\$762.0	\$872.7	\$952.9	\$1,046.2
Unemployment Insurance Taxes	150.7	190.2	332.9	459.1	515.1	412.3	259.3	217.0	223.8	206.8
Interest	45.4	28.9	9.3	6.5	16.0	29.7	42.8	53.4	63.4	71.1
Total UI Income	196.1	219.1	342.2	465.6	531.1	442.0	302.2	270.4	287.2	277.8
Benefits and Accounting Adjustments	506.0	547.1	505.7	378.5	228.9	203.1	191.5	190.1	193.9	208.6
Ending UI Trust Fund Balance	\$626.9	\$298.7	\$133.9	\$221.0	\$523.1	\$762.0	\$872.7	\$952.9	\$1,046.2	\$1,115.4
Solvency Ratio	0.91%	0.45%	0.20%	0.32%	0.70%	0.97%	1.05%	1.08%	1.12%	1.12%
Total Wages	\$69,054.7	\$66,200.3	\$66,157.7	\$69,325.3	\$74,256.5	\$78,530.1	\$82,925.0	\$88,218.3	\$93,564.8	\$99,646.5
Other Selected Cash Funds										
Limited Gaming Fund	\$99.1	\$100.0	\$102.7	\$103.1	\$108.2	\$113.6	\$119.7	\$126.2	\$133.2	\$140.5
Wildlife Cash Fund ²										
Capital Construction Interest and Lottery Payments	17.5	4.2	1.7	2.3	1.9	2.1	1.9	2.3	2.7	3.1
Regulatory Agencies	50.4	53.5	50.2	51.4	49.7	51.2	53.0	54.9	56.9	58.9
Insurance-Related	66.3	61.3	52.6	53.2	58.0	61.0	64.6	68.3	72.3	76.5
Severance Tax	57.5	32.6	125.1	152.0	200.3	176.2	180.6	154.8	166.1	158.0
Petroleum Storage Tank Fund ³	21.3	20.0	28.3	27.2	NE	NE	NE	NE	NE	NE
Controlled Maintenance Trust Fund Interest	0.5	0.0	2.0	0.0	6.1	0.0	0.0	0.0	0.0	0.0
Total Other Cash Funds	312.6	271.6	362.6	389.2	424.2	404.1	419.8	406.5	431.2	437.0
Miscellaneous Funds	\$274.4	\$321.1	\$315.0	\$293.7	\$306.9	\$317.9	\$330.3	\$343.8	\$359.0	\$375.8
TOTAL CASH FUNDS	\$2,232.4	\$2,295.2	\$2,616.3	\$2,379.6	\$2,092.5	\$2,012.8	\$1,925.3	\$1,917.8	\$1,997.3	\$2,042.7

NE: Not Estimated.

1/ Beginning in FY 2004-05, the University of Colorado is an enterprise and in FY 2005-06, the remaining state institutions of higher education are classified as enterprises. Hence, Higher Education tuition and fees will no longer count as TABOR revenues.

2/ Beginning in FY 2001-02, the Division of Wildlife is classified as an enterprise for purposes of TABOR and hence, the Wildlife Cash Fund revenues are no longer counted as TABOR revenues.

3/ Beginning in FY 2005-05, the Petroleum Storage Tank Fund is classified as an enterprise for purposes of TABOR and hence, the Petroleum Storage Tank revenues are no longer counted as TABOR revenues.

Table G (continued)
Historical Colorado Cash Fund Revenue by Major Category
FY 1991-92 through FY 2000-01
(Accrual Basis, Dollar Amounts in Millions)

	FY 1991-92	FY 1992-93	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01
Transportation Related Cash Funds										
Highway Users Tax Fund										
Registrations	\$86.9	\$89.4	\$97.1	\$110.5	\$117.8	\$120.6	\$130.6	\$140.3	\$149.0	\$148.7
Motor and Special Fuels Taxes	334.3	371.5	385.2	417.5	439.0	450.9	471.1	495.6	520.5	526.1
Other Receipts	68.8	56.3	23.9	32.9	33.2	36.0	42.2	40.6	45.6	43.5
Total Highway Users Tax Fund	490.0	517.2	537.9	560.8	590.0	607.5	643.9	676.6	715.1	718.4
Other Transportation Related Cash Funds	NA	8.9	16.1	34.8	39.7	36.0	45.1	43.0	51.1	62.8
Total Transportation Related	NA	\$526.1	\$554.0	\$595.6	\$629.6	\$643.5	\$689.0	\$719.5	\$766.1	\$781.0
Education Cash Funds										
Tuition	\$355.5	\$394.4	\$405.3	\$428.7	\$448.2	\$461.2	\$481.9	\$499.4	\$519.8	\$546.9
Non-Tuition	71.0	78.7	80.9	102.9	103.4	116.7	125.0	137.2	136.0	156.7
Total Higher Education	\$426.5	\$473.1	\$486.2	\$531.6	\$551.6	\$578.0	\$606.9	\$636.6	\$655.9	\$703.6
Total Full-Time-Equivalent Students	129,907	132,334	129,536	129,052	129,408	129,849	133,017	135,431	138,006	138,470
Resident Students	110,278	111,534	111,182	108,580	108,667	109,385	112,077	114,269	116,702	117,235
Non-Resident Students	19,630	20,801	20,673	20,472	20,741	20,464	20,940	21,162	21,304	21,235
Unemployment Insurance Cash Fund										
Beginning Unemployment Insurance Trust Fund Balance	\$301.9	\$314.2	\$352.8	\$399.3	\$452.4	\$486.2	\$531.5	\$606.8	\$685.0	\$763.7
Unemployment Insurance Taxes	178.3	195.3	196.2	203.2	187.7	187.2	188.2	172.4	177.8	149.6
Interest	26.1	33.1	26.9	28.7	33.6	34.8	39.1	43.4	47.7	51.2
Total UI Income	204.4	228.4	223.1	231.9	221.3	222.0	227.3	215.8	225.5	200.8
Benefits and Accounting Adjustments	192.1	189.7	176.6	178.8	187.5	176.6	152.0	137.7	146.8	170.3
Ending UI Trust Fund Balance	\$314.2	\$352.8	\$399.3	\$452.4	\$486.2	\$531.5	\$606.8	\$685.0	\$763.7	\$794.1
Solvency Ratio	1.08%	1.12%	1.13%	1.21%	1.20%	1.19%	1.27%	1.28%	1.27%	1.17%
Total Wages	\$29,106.2	\$31,423.0	\$35,209.3	\$37,284.2	\$40,622.2	\$44,639.2	\$47,802.9	\$53,477.8	\$59,923.8	\$67,816.1
Other Selected Cash Funds										
Limited Gaming Fund	NA	\$21.9	\$43.8	\$48.8	\$55.1	\$59.2	\$66.7	\$79.1	\$80.0	\$92.0
Wildlife Cash Fund	53.5	54.8	58.4	59.7	60.0	59.3	63.4	66.2	59.4	58.9
Capital Construction Interest and Lottery Payments	23.9	13.5	26.0	46.6	57.5	72.8	62.0	55.5	37.1	34.9
Regulatory Agencies	NA	NA	NA	37.7	40.6	41.9	43.5	46.3	47.1	51.3
Insurance-Related	NA	NA	NA	41.3	47.8	41.4	46.0	48.6	50.2	51.4
Severance Tax	16.0	22.2	15.2	25.0	13.9	33.6	31.1	33.5	41.7	74.7
Petroleum Storage Tank Fund	NA	NA	NA	8.4	8.4	29.7	19.9	16.6	17.4	26.5
Controlled Maintenance Trust Fund Interest	NA	NA	NA	2.3	3.9	17.1	18.1	17.9	18.0	18.4
Total Other Cash Funds	NA	NA	143.4	270.0	287.3	355.1	350.7	363.7	350.9	408.0
Miscellaneous Funds	NA	NA	\$323.7	\$186.7	\$203.1	\$209.2	\$213.2	\$235.3	\$247.3	\$282.9
TOTAL CASH FUNDS	\$1,555.0	\$1,620.3	\$1,704.4	\$1,815.8	\$1,892.9	\$2,007.7	\$2,087.2	\$2,176.4	\$2,245.5	\$2,376.3

NA: Not Available.

Table G (continued)
Historical Colorado Cash Fund Revenue by Major Category
FY 1981-82 through FY 1990-91
(Accrual Basis, Dollar Amounts in Millions)

	FY 1981-82	FY 1982-83	FY 1983-84	FY 1984-85	FY 1985-86	FY 1986-87	FY 1987-88	FY 1988-89	FY 1989-90	FY 1990-91
Transportation Related Cash Funds										
Highway Users Tax Fund										
Registrations	NA	\$26.8	\$27.0	\$28.6	\$29.2	\$29.6	\$30.7	\$32.2	\$31.5	\$68.0
Motor and Special Fuels Taxes	NA	137.0	146.0	192.0	189.9	197.6	295.5	306.2	306.9	326.9
Other Receipts	NA	44.1	88.7	42.3	53.9	146.0	61.9	52.6	106.0	58.8
Total Highway Users Tax Fund	206.5	207.9	261.6	262.9	273.0	373.2	388.0	391.0	444.4	453.8
Other Transportation Related Cash Funds	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Transportation Related	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Education Cash Funds										
Tuition	NA	NA	NA	\$174.9	\$209.9	\$234.2	\$231.6	\$255.7	\$285.1	\$322.3
Non-Tuition	NA	NA	NA	34.9	41.9	46.8	46.2	51.1	56.9	64.3
Total Higher Education	NA	NA	NA	\$209.8	\$251.8	\$280.9	\$277.9	\$306.8	\$342.0	\$386.6
Total Full-Time-Equivalent Students	113,748	114,417	113,859	110,217	107,870	110,034	113,253	118,607	123,585	127,095
Resident Students	94,571	96,269	97,317	94,406	92,209	94,304	96,808	101,531	105,673	107,804
Non-Resident Students	19,177	18,148	16,542	15,811	15,661	15,731	16,445	17,077	17,912	19,291
Unemployment Insurance Cash Fund										
Beginning Unemployment Insurance Trust Fund Balance	\$41.7	(\$58.6)	(\$64.8)	\$31.1	\$77.3	\$96.6	\$75.8	\$114.3	\$191.7	\$265.0
Unemployment Insurance Taxes	74.2	104.8	185.0	253.2	232.0	198.8	225.7	202.2	184.9	162.6
Interest	7.9	0.6	0.0	2.9	4.2	0.5	8.2	15.4	21.8	25.9
Total UI Income	82.1	105.4	185.0	256.1	236.2	199.2	233.9	217.6	206.6	188.5
Less Benefits and Accounting Adjustments	182.4	111.5	89.2	209.9	216.9	156.9	195.4	140.2	133.3	151.5
Ending UI Trust Fund Balance	(\$58.6)	(\$64.8)	\$31.1	\$77.3	\$96.6	\$138.9	\$114.3	\$191.7	\$265.0	\$301.9
Solvency Ratio	-0.36%	-0.36%	0.16%	0.36%	0.45%	0.62%	0.50%	0.79%	1.03%	1.10%
Total Wages	\$16,313.2	\$17,899.8	\$19,362.2	\$21,226.7	\$21,603.3	\$22,300.5	\$22,859.9	\$24,221.8	\$25,733.5	\$27,412.4
Other Selected Cash Funds										
Limited Gaming Fund	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Wildlife Cash Fund	24.3	27.0	29.4	29.1	30.0	33.1	36.1	41.0	47.8	51.7
Capital Construction Interest and Lottery Payments	NA	NA	NA	3.9	9.1	11.3	16.0	19.3	29.6	42.7
Regulatory Agencies	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Insurance-Related	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Severance Tax	48.7	26.3	28.8	23.8	21.7	11.6	15.3	21.6	14.5	21.9
Petroleum Storage Tank Fund	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Controlled Maintenance Trust Fund Interest	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Other Cash Funds	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Miscellaneous Funds										
Miscellaneous Funds	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
TOTAL CASH FUNDS	\$662.3	\$732.0	\$950.5	\$1,071.4	\$1,074.7	\$1,220.9	\$1,290.2	\$1,328.3	\$1,429.3	\$1,464.0

NA: Not Available.

Table H
Appropriation History
FY 1990-91 through FY 2005-06
(Dollar Amounts in Millions)

	Total Appropriation	General Fund Appropriation	Cash Funds Nonexempt Appropriation	Cash Funds Exempt Appropriation	Federal Funds	Capital Construction Funds ¹	Senate Bill 97-1 Transfer to the HUTF ²	Amendment 23 Transfer to the SEF ³	FTE
FY 1990-91	\$5,599.3	\$2,615.9	\$1,463.8	NA	\$1,277.4	\$242.1	NA	NA	41,411.5
FY 1991-92	\$4,237.5	\$2,056.1	\$1,315.2	NA	\$624.7	\$241.5	NA	NA	34,290.6
FY 1992-93	\$4,634.6	\$2,187.7	\$1,526.6	NA	\$645.4	\$274.8	NA	NA	17,198.9
FY 1993-94	\$4,829.2	\$2,473.2	\$728.0	\$761.4	\$451.0	\$415.5	NA	NA	14,774.1
FY 1994-95	\$8,247.1	\$3,674.2	\$817.2	\$1,586.7	\$1,786.3	\$382.6	NA	NA	25,538.5
FY 1995-96	\$8,773.7	\$3,899.0	\$857.7	\$1,583.3	\$1,916.8	\$516.9	NA	NA	23,950.8
FY 1996-97	\$9,122.0	\$4,178.4	\$914.9	\$1,756.8	\$1,938.4	\$472.9	\$115.0	NA	24,249.7
FY 1997-98	\$9,591.4	\$4,463.5	\$961.9	\$1,863.4	\$2,041.2	\$387.5	\$154.6	NA	41,731.6
FY 1998-99	\$11,012.1	\$4,755.1	\$998.6	\$2,196.5	\$2,324.6	\$737.4	\$270.4	NA	43,197.8
FY 1999-00	\$11,729.5	\$5,087.3	\$1,044.2	\$2,402.7	\$2,494.2	\$701.0	\$188.7	NA	43,472.0
FY 2000-01	\$12,307.7	\$5,321.1	\$1,083.0	\$2,855.0	\$2,523.2	\$525.4	\$197.2	\$164.3	43,843.0
FY 2001-02	\$13,217.6	\$5,586.2	\$1,145.6	\$3,366.3	\$2,810.4	\$309.1	\$0.0	\$272.9	45,609.5
FY 2002-03	\$13,573.3	\$5,551.2	\$1,031.1	\$3,426.0	\$2,991.1	\$209.7	\$0.0	\$188.4	46,459.8
FY 2003-04	\$14,093.0	\$5,635.7	\$1,477.8	\$3,280.7	\$3,222.3	\$486.7	\$0.0	\$278.7	45,905.8
FY 2004-05	\$14,172.8	\$5,970.2	\$1,055.9	\$3,863.1	\$3,268.8	\$364.9	\$0.0	\$313.9	46,632.7
FY 2005-06	\$15,195.6	\$6,234.0	\$528.0	\$4,749.6	\$3,596.2	\$303.4	\$0.0	\$319.6	46,576.1

NA: Not Available.

1/ Capital Construction Funds include General Funds, exempt and nonexempt cash funds, and federal funds.

2/ HUTF: Highway Users Tax Fund.

3/ SEF: State Education Fund.

Source: State of Colorado Appropriations Report, Joint Budget Committee (Fiscal Years 1993-94 through 2005-06).

Table I
The Allowed TABOR Growth Rate, Change in TABOR Revenues, and Change in Gross General Fund and Individual Income Tax Revenues

Fiscal Year	Population Growth (%)	Inflation (%)	Growth Dividend (%)	Allowed TABOR Growth Rate (%)	Net TABOR Revenue Change ⁽¹⁾ (%)	Cash Fund Revenue Change (%)	Gross General Fund Revenue Change (%)	Individual Income Tax Change (%)
1981-82	2.0	12.0	NA	14.0	17.1	15.0	18.0	29.5
1982-83	2.5	11.2	NA	13.7	5.2	10.5	2.9	13.3
1983-84	2.8	9.1	NA	11.9	23.3	29.9	20.2	13.2
1984-85	2.4	5.6	NA	8.0	7.7	12.7	5.2	15.7
1985-86	1.0	3.8	NA	4.8	3.1	0.3	4.6	5.6
1986-87	1.2	2.6	NA	3.8	8.3	13.6	5.6	11.2
1987-88	0.9	0.7	NA	1.6	4.9	5.7	4.5	10.5
1988-89	0.7	2.7	NA	3.4	6.6	3.0	8.7	9.7
1989-90	0.1	2.7	NA	2.8	5.2	7.6	4.0	5.3
1990-91	0.4	1.8	NA	2.2	2.9	2.4	3.1	5.9
1991-92	0.9	4.4	NA	5.3	10.2	6.2	12.4	10.0
1992-93	1.9	3.8	NA	5.7	11.4	3.3	15.6	9.4
1993-94	2.7	3.7	NA	6.5	6.5	3.3	8.0	9.1
1994-95	2.9	4.2	NA	7.1	6.9	9.3	5.8	9.7
1995-96	2.6	4.4	NA	7.0	6.4	4.3	7.3	10.1
1996-97	2.3	4.3	NA	6.6	8.5	7.0	9.7	11.0
1997-98	2.0	3.5	NA	5.5	11.8	4.0	0.0	18.6
1998-99	2.1	3.3	NA	5.4	6.6	4.3	0.0	9.0
1999-00	2.0	2.4	NA	4.4	7.3	3.2	0.0	11.8
2000-01 ⁽²⁾	2.2	2.9	NA	5.1	4.4	5.8	0.0	8.1
2001-02	0.0	4.0	NA	4.0	(12.7)	2.0	0.0	(16.7)
2002-03	2.2	4.7	0.0	6.9	(0.5)	2.8	0.0	(6.7)
2003-04	1.7	1.9	3.6	7.2	7.2	13.3	0.0	10.5
2004-05	1.1	1.1	2.4	4.6	1.8	5.4	0.0	7.6
2005-06 ⁽³⁾	1.2	0.1	0.0	1.3	0.6	0.1	0.0	7.2
2006-07 ⁽³⁾	1.3	1.7	0.0	3.0	4.0	(3.8)	0.0	6.5
2007-08 ⁽³⁾	1.4	2.3	0.0	3.7	3.6	(4.3)	0.0	6.2
2008-09 ⁽³⁾	1.5	2.4	0.0	3.9	4.8	(0.4)	0.0	6.6
2009-10 ⁽³⁾	1.6	2.3	0.0	3.9	10.9	3.7	0.0	13.8
2010-11 ⁽³⁾	1.6	2.7	0.0	4.2	11.5	6.5	0.0	13.8
Average⁽⁴⁾	1.7	4.2	NA	6.1	6.7	7.3	5.7	9.2

NA: Not Applicable

- (1) Net TABOR revenues exclude amounts credited to the State Education Fund per Amendment 23 and other revenues that are exempt from TABOR. Change in net TABOR revenues is the arithmetic change without adjustments to the TABOR revenue base. It is not the change from the previous year's TABOR limit.
- (2) TABOR revenues and income tax revenue growth is lower in FY 2000-01 due to the income tax rate reductions imposed by H.B. 99-1207 and H.B. 00-1103.
- (3) OSPB December 2005 forecast.
- (4) Average computed from FY 1981-82 through FY 2004-05.