

STATE OF COLORADO

OFFICE OF STATE PLANNING AND BUDGETING

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MEMORANDUM

TO: Governor Bill Owens
Members of the General Assembly

FROM: Office of State Planning and Budgeting

DATE: March 20, 2002

SUBJECT: **March 2002 Revenue Forecast**

Bill Owens
Governor
Dr. Nancy McCallin
Director

This is a shortened version of the *Colorado Economic Perspective*. We will include the national and Colorado economic forecasts with the March 2002 *Colorado Close-Up*, our monthly economic newsletter.

Summary

- The March 2002 General Fund revenue forecast changed materially from the December 2001 revenue forecast. Through February 2002, actual General Fund revenues were lower than forecast by approximately \$220 million. Thus, we lowered our forecast for General Fund revenues in both the current fiscal year and the out years of the forecast. In total, the General Fund revenue forecast for FY 2001-02 was lowered by \$387.3 million.
- In FY 2001-02, there will not be a TABOR surplus. This will be the first time that the state does not exceed its TABOR limit since FY 1996-97. However, in FY 2002-03, the state will once again have a TABOR surplus.
- In FY 2001-02, General Fund expenditures need to be lowered by an additional \$309.6 million (after accounting for the proposed budget reduction package) to maintain the state's statutory four percent reserve. If the reserve is lowered to two percent of appropriations, General Fund expenditures need to be lowered by \$192.3 million in FY 2001-02.
- Our baseline forecast shows that the state will need to reduce General Fund appropriations by \$508.7 million in FY 2002-03 in order to maintain a balanced budget. This scenario assumes that the state does not reserve spend in FY 2001-02.
- In addition to the declining revenues from the economic recession and lower capital gains realizations, the forecast for income tax receipts was lowered by over \$50 million in FY 2001-02 because of the 2002 federal economic stimulus package. The package contains a provision that accelerates the depreciation allowance for investments made after September 10, 2001 and prior to September 11, 2004. Our forecast was lowered to account for the impact of this provision on both individual and corporate income tax receipts.

This memorandum provides a brief overview of the Office of State Planning and Budgeting (OSPB) March 2002 revenue forecast. First, the memorandum discusses the surplus due to the limits imposed by the Taxpayer's Bill of Rights (TABOR) — Article X, Section 20 of the Colorado state constitution. Next, the memorandum provides a description of the General Fund overview and revenues. Finally, a short explanation of the cash fund revenue forecast is provided.

The TABOR Surplus

Table 1 displays the anticipated TABOR surplus during the six-year forecast horizon. As shown in Table 1, there will not be a TABOR surplus in FY 2001-02. This is the first year since FY 1996-97 that TABOR revenues will not exceed the limit. In fact, the forecast shows that revenues will be lower than the limit by \$580.3 million. **Table 2** provides a detailed calculation of the TABOR surplus.

Table 1
Estimated TABOR Surplus Revenues
(Dollar Amounts in Millions)

Fiscal Year	TABOR Surplus
2001-02	\$0.0
2002-03	\$326.3
2003-04	\$447.0
2004-05	\$445.5
2005-06	\$492.1
2006-07	\$501.7
Cumulative Total	\$2,212.5

The TABOR surplus vanishes in FY 2001-02 and is lower for the remainder of the forecast period for three reasons.

- First, two **measures passed by voters** in the November 2000 election lower TABOR surplus revenues. Amendment 23, which provides increased public school funding, exempts roughly \$280 million from the TABOR surplus. In addition, Colorado voters passed Referendum A, which provides property tax relief for senior citizens.
 - ◆ **Amendment 23** exempts a portion of the state's income tax from the TABOR spending limitation. The exempted amount is for K-12 education. Since this money no longer counts toward TABOR revenues, the TABOR surplus was lowered by \$164.3 million in FY 2000-01 (half-year impact) and will be lowered by \$281 million in FY 2001-02 (full-year impact). Amendment 23 lowers the amount refunded to each taxpayer by approximately \$103 in 2003.
 - ◆ **Referendum A** lowers the amount of the TABOR surplus by \$44 million and the amount of the individual tax refund by \$17 in 2003. Referendum A reduces property taxes for qualified senior citizens and provides state revenues to reimburse local governments for the lost property tax revenues.
- The record-long national economic expansion ended in March 2001, after an unprecedented 10 years of growth. Although there are signs of a national economic recovery, strong growth will not be evident until mid-2002. The Colorado economy was negatively affected by the

national recession and the events of September 11. We expect the **Colorado economy** to be slower in rebounding than the national economy. This will result in much lower General Fund revenue growth.

- Finally, both the 2001 **federal tax relief** and the 2002 **federal economic stimulus** package will lower Colorado revenues.

How has the estimate of the TABOR surplus changed since December 2001?

The forecast for the TABOR surplus has not changed materially since the December 2001 forecast. In December 2001, we anticipated that the state would not have a TABOR surplus in the current fiscal year but that the surpluses would rebound in FY 2002-03. This scenario has not changed. Rather, we now show that the margin by which revenues will be below the TABOR limit in the current fiscal year has increased (\$580.3 million compared with \$207.9 million in the December 2001 forecast). Moreover, our forecast for the TABOR surplus in FY 2002-03 and beyond has increased. Since TABOR requires that the lower of actual TABOR revenues or the TABOR limit be used for calculating the next year's limit, and we have lowered our forecast for the current year's revenues by approximately \$390 million, the base to calculate the FY 2002-03 limit is much lower. Thus, revenues do not need to grow by as much as in the December 2001 forecast to exceed the TABOR limit. In addition, our forecast for cash fund revenues has increased significantly from FY 2002-03 through FY 2006-07, as discussed later in the memorandum. The increased forecast for cash fund revenues and the lowering of the base by which out-year limits are calculated means the TABOR surplus is much higher throughout the forecast than in the December 2001 forecast.

General Fund Overview

The baseline General Fund overview is presented in **Table 3** and provides a summary of General fund revenues, expenditures, and reserves through FY 2006-07. The baseline forecast assumes that the currently proposed budget reduction package is approved by the General Assembly and signed by the Governor. The provisions of the budget reduction package include:

- The transfer of \$147.3 million from various cash funds to the General Fund per H.B. 02-1391 and H.B. 02-1392. These transfers include monies from the Hazardous Substance Response Fund (\$30.0 million), the Severance Tax Fund (\$20.2 million), the Fitzsimons Trust Fund (\$18.4 million), the Employment Support Fund (\$15.0 million), the Capital Construction Fund (\$30.9 million), and various other funds.
- The reduction in General Fund appropriations of \$120.7 million in FY 2001-02.
- The reclassification of the Senate Bill 97-1 transfer to the HUTF (\$35.2 million), the Capital Construction Fund transfer (\$83.3 million), and the diversion to the Older Coloradans Program (\$3.0 million) as monies subject to the six percent appropriations limit (H.B. 02-1389 and H.B. 02-1390).
- A Medicaid refinancing that allows participating teaching hospitals to draw down federal funds and pay the state approximately \$11.2 million in FY 2001-02 and \$10.7 million in FY 2002-03.
- A redesignation of the TABOR emergency reserve to be comprised of parts of the statutorily required four percent reserve, the Tobacco Trust Fund, the state Severance Tax Fund, and the Employment Support Fund (H.B. 02-1394).

The baseline forecast shows that in FY 2001-02, the year-end General Fund reserve is \$226.9 million, exactly equal to the statutorily required four percent reserve. However, to maintain the four percent reserve, the forecast shows that the state must reduce General Fund expenditures by an additional \$309.6 million this year in addition to all the measures previously taken. At this point, the only expenditure that can be reduced is General Fund appropriations. If General Fund appropriations were reduced so that the reserve remains four percent of appropriations, General Fund appropriations would grow only 0.6 percent in the current fiscal year.

In FY 2002-03, our baseline forecast predicts that the state must reduce expenditures by \$508.7 million to maintain the four percent reserve. In our forecast, we assume that the Senate Bill 97-1 diversion to the HUTF will be funded if the total funds available exceed the sum of General Fund appropriations growing six percent, the K-12 capital construction transfer, the TABOR refund, the Homestead Exemption, and rebates and expenditures. Our forecast shows that the trigger to stop or reduce the Senate Bill 97-1 diversion will not be in effect in FY 2002-03, but will be in effect in future years.

Assuming that General Fund appropriations grow by the maximum six percent allowed by statute in FY 2001-02 and each year thereafter, our forecast shows that the state does not have enough revenues to meet its obligations. However, the amount of the shortfall in the out-years is dependent on the action taken by the General Assembly to address the current year's deficit. For instance, if the state spends the entire four percent reserve in the current year in order to grow General Fund appropriations by 4.6 percent (the maximum available given expected revenues), the Senate Bill 97-1 transfer is lowered in each year of the forecast and General Fund obligations exceed revenues by an average of \$396.9 million each year (*Table 4*). However, if the state reduces appropriations in FY 2001-02 and maintains the four percent reserve, the full Senate Bill 97-1 transfer is funded in each year of the forecast and General Fund obligations only exceed revenues by an average of \$145.5 million per year (*Table 5*). *Table 7* provides a comparison based on various outcomes of the FY 2001-02 budget assuming varying degrees of reserve spending and base building. In addition, the General Fund overviews accompanying these scenarios are provided at the end of this memorandum (*Tables 4 through 6*).

General Fund Revenues

Our forecast for General Fund revenues was lowered considerably in the March 2002 forecast compared with the December 2001 forecast. Through February, General Fund revenues were lower than the December 2001 forecast by approximately \$220 million. This equates to \$330 million on an annualized basis. In total, we lowered our General Fund revenue forecast by \$387 million in FY 2001-02. However, the changes were mainly contained in the income tax forecast since the sales and excise tax forecasts came in close to the December 2001 projections. In addition, a Medicaid refinancing increased revenues to the General Fund, while federal income tax changes lowered revenues by \$50 million in FY 2001-02.

The forecast for income tax revenues was lowered by approximately \$438.1 million in FY 2001-02. The individual income tax forecast was lowered by \$307.7 million and the corporate income tax forecast was lowered by \$130.4 million. Overall, income tax receipts have slowed dramatically during the current fiscal year. In fact, through February individual income tax receipts were 9.8 percent lower than the same period in FY 2000-01 and corporate income tax receipts were lower by 38.7 percent.

The individual income tax forecast was lowered for each of the four income tax categories: withholding, estimated payments, cash with returns, and refunds. The economic recession is apparent in all four categories of income tax receipts. Through February 2002, withholding of income taxes was 4.3 percent lower than in the prior fiscal year. We anticipate that withholding will be lower in FY 2001-02 by 3.1 percent compared with FY 2000-01. The decline in withholding of income taxes shows that the current economic downturn has reduced our wage base by three percent. This is most likely the result of losing many high wage positions in the advanced technology and telecommunications sectors resulting from the dotcom fallout. Moreover, many positions that previously had been receiving large bonuses did not receive those bonuses this year. These are predominantly in the advanced technology, financial, insurance, and real estate sectors that are closely tied to the stock market.

Similarly, our forecast shows a 20.1 percent decline in estimated payments in FY 2001-02 compared with FY 2000-01. Estimated payments began declining after the September 11 terrorist attack and the subsequent downturn in the stock market. It is estimated that capital gains realizations declined 47.7 percent in Colorado in 2001, thus contributing to lower estimated payments. However, we expect estimated payments will slowly improve as the economy recovers.

Both the individual and corporate income tax forecasts were lowered because of the recently enacted federal Job Creation and Worker Assistance Act of 2002. One provision of this federal legislation allows for an accelerated depreciation schedule for investments made from September 11, 2001 through September 10, 2004. We estimate that this lowers income taxes by over \$50 million in FY 2001-02 and by \$75 million in FY 2002-03.

Corporate income tax receipts have declined considerably this fiscal year. Most states witnessed a large decline in corporate income tax revenues during the second half of FY 2000-01. However, Colorado's corporate income tax revenues increased 14.0 percent last fiscal year. This year, however, we estimate that corporate income tax receipts will fall 48.2 percent, after accounting for the impact of the federal legislation.

The only other major change in the revenue forecast was an increase in Medicaid revenues. Denver Health Medical Center and University Hospital will be receiving an increase in major teaching hospital payments based on the difference between the Medicaid rates and the Medicare Upper Payment Limit for FY 2001-02 (\$11.2 million) and FY 2002-03 (\$10.7 million). These additional payments are the result of increased revenue to the state by requiring intergovernmental transfers from these hospitals to the state. In return, the federal government matches these payments and we anticipate that these transfers will continue past FY 2002-03.

Cash Fund Revenue Forecast

The OSPB March 2002 cash fund revenue forecast is shown in *Table 9*. These funds typically represent monies collected and earmarked for specific purposes such as the gas tax, tuition payments, and severance taxes. These funds were 26.1 percent of total TABOR revenues in FY 2000-01. Cash fund revenues are forecast to increase 3.5 percent in FY 2001-02 and to increase an additional 10.4 percent in FY 2002-03.

The March 2002 forecast for cash fund revenues in FY 2001-02 is lower by \$14.2 million than that reported in the December 2001 forecast. For FY 2002-03, the March 2002 cash fund revenue forecast is \$70.1 million higher and remains higher than the December 2001 forecast

through the forecast horizon. The primary reason for the higher cash fund revenues is the increase in unemployment insurance tax revenues and higher education tuition, both discussed below.

The highlights of the cash fund revenue forecast follow:

- The March 2002 forecast for *higher education cash funds* reflects preliminary enrollment estimates for the state's 27 institutions of higher education. Resident full-time-equivalent enrollment (FTE) was up 3.6 percent in FY 2001-02, the largest resident student enrollment increase in 11 years. Similarly, nonresident FTE was up 3.3 percent in FY 2001-02, the largest increase in nine years. The rise in higher education enrollments can be attributed to two causes. First, a rising birthrate since the mid-1970s means that a greater share of the population is student age. Second, the slowing economy means that more people opt to go to school rather than join the work force. The higher FTE forecasts in the out years reflect a continuation of these trends.

The March 2002 forecast for *higher education cash fund* revenues assumes that both resident and nonresident tuition increase by the Denver-Boulder inflation rate in FY 2002-03 and thereafter. In FY 2001-02, resident tuition increased by 4.0 percent (the 2000 Denver-Boulder inflation rate), while nonresident tuition increased by 5.0 percent. These tuition increases are incorporated in the forecast, along with the final FTE counts for FY 2000-01. It should be noted that the Joint Budget Committee used inflation plus 3.0 percent in its figure setting for both resident and nonresident tuition revenues in FY 2002-03. If this stands, higher education tuition revenues will be increased by \$18.2 million in FY 2002-03 and by a total of \$101.0 million through the forecast horizon. Because the state will be in a TABOR surplus position, the increase in revenues would increase the TABOR surplus and thus the TABOR refund in the following year.

Beginning in FY 2002-03, higher education revenues are reported net of scholarships and tuition allowances, a change recommended by the Governmental Accounting Standards Board. This change represents a restatement of the components of higher education revenues for financial statement purposes only, not an actual reduction in revenues. However, the change lowers the amount of TABOR non-exempt higher education revenues reported in Table 9 by more than \$100 million in FY 2002-03 and beyond. To account for this, the TABOR limit will be reduced by the amount of the scholarship allowance recorded in FY 2001-02.

- We lowered our revenue forecast for the *Unemployment Insurance Trust Fund* by \$20.9 million in FY 2001-02, but significantly increased the forecast by \$159.5 million in FY 2002-03. About two-thirds of the FY 2001-02 decline is attributed to a downward revision to both our estimate of taxable wages and the effective unemployment insurance tax rate in FY 2001-02. The remaining amount is due to lower interest income because of higher benefit payments in FY 2001-02 that significantly reduce the Fund balance.

The unemployment insurance (UI) revenue forecast in FY 2002-03 and beyond shows a substantial increase compared with our December 2001 forecast. The increase reflects the rise in UI tax rates as they automatically adjust higher when the Fund's balance decreases because of higher benefit payments. The average UI tax rate in FY 2002-03 is approximately the same as the rate that existed during the 1991-92 economic recession.

The increase in UI benefit payments will reduce the Unemployment Insurance Trust Fund (UITF) balance at the end of FY 2001-02 and FY 2002-03 to less than 0.9 percent of total wages. This means that the statutory solvency surcharge will be added to UI tax rates in calendar years 2003 and 2004. The solvency surcharge will generate an additional \$38.1 million in UI revenues in FY 2002-03, \$96.5 million in FY 2003-04, and \$35.7 million in FY 2004-05. Thereafter, we forecast that the solvency surcharge will no longer be in effect.

The Job Creation and Worker Assistance Act of 2002, the federal economic stimulus package signed into law by President Bush on March 9, 2002, **extends UI Benefits** for those who filed for unemployment after March 15, 2001 and have exhausted all state benefits. The extension is valid for up to 13 additional weeks of benefits. These federal funds do not count as TABOR revenues.

- Revenues in the *other cash funds* category are \$18.9 million lower than our December 2001 forecast. The change is a consequence of Senate Bill 00-057, which reclassifies the monies in the *unclaimed property cash funds* as TABOR-exempt revenues.
- Our March 2002 forecast increases the *insurance-related* cash funds revenue forecast by \$9.5 million in FY 2001-02 compared with our December 2001 forecast. The increase reflects a more than 20 percent rise in worker's compensation insurance premiums. Premiums are subject to review and adjustment by the Colorado compensation insurance authority board of directors in order to ensure that the insurance-related cash funds remain self-supporting.

TABLE 2

TABOR Surplus Revenue <i>(Dollar Amounts in Millions)</i>							
	<i>March 2002 Estimate by Fiscal Year</i>						
	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
TABOR Revenues:							
General Fund	\$6,500.8 /C	\$5,748.8 /C	\$6,275.1 /C	\$6,715.8 /C	\$7,169.5 /C	\$7,637.6 /C	\$8,069.9 /C
Cash Funds	2,376.3	2,399.2	2,649.0	2,733.0	2,718.9	2,797.9	2,892.3
Total TABOR Revenues	8,877.1	8,148.0	8,924.1	9,448.8	9,888.4	10,435.5	10,962.2
TABOR Limit:							
Growth Rate	17.4% /D	2.5% /D	9.5%	9.9% /D	9.8% /D	10.5% /D	10.2% /D
Allowable TABOR Growth Rate	5.1%	10.0%	6.9%	4.7%	4.9%	5.3%	5.2%
TABOR LIMIT	\$7,948.6	\$8,728.3 /E	\$8,597.8 /H	\$9,001.9	\$9,443.0	\$9,943.5	\$10,460.5
REVENUES ABOVE / (BELOW)							
TABOR LIMIT	\$927.2 /G	(\$580.3)	\$326.3	\$447.0	\$445.5	\$492.1	\$501.7
EMERGENCY RESERVE:							
TABOR Emergency Reserve	238.5 /B	244.4 /B	257.9 /B	270.1 /B	283.3 /B	298.3 /B	313.8 /B
Reserved Amount (Controlled Maintenance Trust Fund Principal)	244.0 /A	NA /F	276.4 /A	276.4 /A	276.4 /A	276.4 /A	276.4 /A
Additional Money Needed for Emergency Reserve	NA	NA	-18.5	-6.3	6.9	21.9	37.4

Totals may not sum due to rounding.

NA: Not Applicable.

Note: Article X, Section 20 of the State Constitution (TABOR) broadly defines spending such that expenditures are equal to revenues. The statutory six percent limit applies to the General Fund appropriations only. Thus, the two concepts are not directly comparable.

/A

General Funds. Thus, the principal of the CMTF is reported as the reserved amount.

/B In years where the projected revenues exceed the amount allowed by the Constitution, the reserve is calculated based on the limit, rather than on projected receipts. Given that the state will only retain the maximum allowed by the Constitution, it need only reserve three percent of such amount.

/C 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 and revenues that are already in the Cash Funds to avoid double counting. For instance, the General Fund gaming revenues, unexpended prior-year Medicaid expenditures

to the Highway Users Tax Fund. The state diverts 10.34 percent of the sales and use tax revenues to the Highway Users Tax Fund.

/D These growth rates are from the previous year's TABOR limit, rather than from the previous year's actual revenues.

/E In November 2000, Referendum A: Property Tax Reduction For Seniors, was passed by the citizens of Colorado. This measure increases the allowable TABOR revenues by \$44 million in FY 2001-02. Per House Bill 01-102, the Division of Wildlife is designated an enterprise and is TABOR exempt beginning July 1, 2001. Therefore, the FY 2000-01 TABOR limit was adjusted to account for these changes.

/F Proposed legislation (H.B. 02-1394) redesignates the TABOR emergency reserve as the Tobacco Trust Fund, part of the 4 percent statutory reserve requirement, the state

/G This figure is net of a \$1.3 million adjustment in the prior years' TABOR refund liabilities resulting from improperly classified revenues.

/H The allowable TABOR limit was lowered to account for a change in the treatment of scholarship revenue in the Higher Education cash funds.

TABLE 3

General Fund Overview with Budget Reduction Package							
<i>(Dollar Amounts in Millions)</i>							
	<i>March 2002 Estimate by Fiscal Year</i>						
	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
BEGINNING RESERVE	\$786.8 /I	\$474.8	\$226.9	\$240.0	\$254.6	\$269.9	\$286.0
GROSS GENERAL FUND	6,716.8	6,062.7	6,623.3	7,091.2	7,573.6	8,070.4	8,528.1
TRANSFERS TO GENERAL FUND		147.3 /G					
TRANSFER OF CMTF MONIES (HB 01-1267)		244.0					
SENATE BILL 97-1 TRANSFERS TO THE HUTF	(197.2) /A	0.0	(211.4) /A	(87.5) /A	(52.1) /A	(131.3) /A	(103.4) /A
DIVERSION TO OLDER COLORADOANS PROGRAM	(3.0) /H	0.0 /H					
TRANSFER TO THE STATE EDUCATION FUND	(164.3) /F	(280.5) /F	(313.6) /F	(337.2) /F	(362.2) /F	(387.3) /F	(408.6) /F
TOTAL FUNDS AVAILABLE	\$7,139.1	\$6,648.3	\$6,325.3	\$6,906.6	\$7,413.9	\$7,821.7	\$8,302.1
EXPENDITURES:							
General Fund Appropriations	\$5,336.8 /C	\$5,663.5 /D, L	\$5,984.6 /L	\$6,344.6	\$6,726.5	\$7,131.2	\$7,560.3
Additional Reduction Necessary to Maintain 4% Reserve		(309.6) /K	(508.7) /K	(316.2) /K	(328.5) /K	(343.1) /K	(285.5) /K
K-12 Capital Construction	5.0 /E	10.0 /E	15.0 /E	20.0 /E	20.0 /E	20.0 /E	20.0 /E
Medicaid Overexpenditure	2.3	NA	NA	NA	NA	NA	NA
Rebates and Expenditures	125.1	130.3	131.8	128.8	130.1	131.0	132.0
Capital and Prison Construction	274.5	0.0	142.0	102.1	100.3	100.0	26.6
TABOR Refund	941.1	927.2	0.0	326.3	447.0	445.5	492.1
Homestead Exemption	0.0	0.0	44.1	46.4	48.7	51.0	53.3
Transfer of CMTF Monies (HB 01-1267)			276.4				
General Fund Payback (HB 02-1391)			0.0 /J				
Accounting Adjustments	(20.5)	NA	NA	NA	NA	NA	NA
TOTAL OBLIGATIONS	\$6,664.3	\$6,421.3	\$6,085.3	\$6,652.0	\$7,144.1	\$7,535.7	\$7,998.9
YEAR-END GENERAL FUND RESERVE:	\$474.8	\$226.9	\$240.0	\$254.6	\$269.9	\$286.0	\$303.2
STATUTORY RESERVE: 4.0% OF APPROPRIATIONS	213.7	226.9	240.0	254.6	269.9	286.0	303.2
MONIES IN EXCESS OF STATUTORY RESERVE	261.1	0.0	0.0	0.0	0.0	0.0	0.0
RESERVE AS A % OF APPROPRIATIONS	8.9%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
TABOR CONSTITUTIONAL EMERGENCY RESERVE REQUIREMENT:							
General & Cash Fund Emergency Reserve Requirement	\$238.5	\$244.4	\$257.9	\$270.1	\$283.3	\$298.3	\$313.8
Reserved Amount (CMTF Principal)	244.0	NA /B	276.4 /B	276.4 /B	276.4 /B	276.4 /B	276.4 /B
Money Above/(Below) Emergency Reserve	5.5	NA	18.5	6.3	(6.9)	(21.9)	(37.4)
Appropriations Growth	\$310.0	\$329.4	\$326.1	\$365.0	\$381.9	\$404.8	\$429.1
Appropriations Growth Rate	6.16%	6.16% /L	5.75% /L	6.08%	6.00%	6.00%	6.00%

NA: Not Applicable.

Totals may not sum due to rounding.

/A Beginning January 1, 2001, 10.34 percent (increased from 10.0 percent) of sales and use taxes will be diverted to the Highway Users Tax Fund per H.B. 00-1259.

/B The principal of the Controlled Maintenance Trust Fund (CMTF) may be used as full or partial satisfaction of the constitutional emergency reserve requirement. Thus, the principal of the CMTF is reported as the reserved amount. The amount of money in this fund is not sufficient to meet the TABOR reserve requirement. In FY 2001-02, the TABOR reserve was designated from both the Tobacco Settlement trust fund and the 4 percent statutory reserve. Per HB 02-1394, the TABOR reserve is designated as the 4 percent reserve, the Tobacco Trust Fund, the State Severance Fund, and the Employment Support Fund.

/C Includes \$4.9 million in FY 2000-01 that are exempt for the statutory six percent appropriations limit. These amounts are included to calculate the base for FY 2001-02.

/D The FY 2001-02 appropriations figure also includes \$3.6 million that is exempt from the statutory six percent limit. In FY 2001-02, there are not sufficient revenues to allow appropriations to grow by the maximum six percent. This figure also includes a \$35.2 million appropriation to the HUTF, an \$83.3 million appropriation to the Capital Construction Fund, and a \$3.0 million appropriation to the Older Coloradoans program.

/E S.B. 00-181 transfers money to the K-12 Capital Construction Fund. This money is exempt from the statutory limit, but is used as the base for calculation of the next year's limit. Our forecast assumes the transfer to the K-12 Capital Construction fund will be made in FY 2002-03 even though S.B. 00-181 does not require the transfer to be made when General Fund excess reserves fall below \$80 million.

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

/G This figure represents the total transfer to the General Fund per H.B. 02-1391.

/H Per H.B. 00-1072 and H.B. 01-1079, \$3 million is appropriated to fund the Older Coloradoans Act in FY 2000-01 and FY 2001-02.

/I The beginning reserve for FY 2000-01 was adjusted by \$15.9 million because of a prior period accounting adjustment.

/J Per H.B. 02-1391, the state is required to payback the transfer into the General Fund if there are sufficient revenues. Our forecast shows that there is not sufficient revenue to make the paybacks.

/K This figure represents the amount necessary to reduce either the operating or capital budgets in order to maintain the statutory 4 percent reserve requirement.

/L The appropriations growth rates represent the maximum amount of appropriations in FY 2001-02 and the OSPB requested amount in FY 2002-03 and does not include the reductions necessary to maintain the 4 percent statutory reserve requirement.

TABLE 4
Balanced Budget
by Eliminating Statutory 4% Reserve and
Reducing Appropriations Growth by \$83 Million in FY 2001-02

General Fund Overview							
<i>(Dollar Amounts in Millions)</i>							
	March 2002 Estimate by Fiscal Year						
	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
BEGINNING RESERVE	\$786.8	\$474.8	\$0.0	\$237.2	\$251.7	\$266.8	\$282.8
GROSS GENERAL FUND	6,716.8	6,062.7	6,623.3	7,091.2	7,573.6	8,070.4	8,528.1
TRANSFERS TO GENERAL FUND		147.3 /G					
TRANSFER OF CMTF MONIES (HB 01-1267)		244.0					
SENATE BILL 97-1 TRANSFERS TO THE HUTF	(197.2) /A	0.0	(187.5) /A	(177.6) /A	(147.6) /A	(232.6) /A	(210.8) /A
DIVERSION TO OLDER COLORADOANS PROGRAM	(3.0) /H	0.0 /H					
TRANSFER TO THE STATE EDUCATION FUND	(164.3) /F	(280.5) /F	(313.6) /F	(337.2) /F	(362.2) /F	(387.3) /F	(408.6) /F
TOTAL FUNDS AVAILABLE	\$7,139.1	\$6,648.3	\$6,122.2	\$6,813.7	\$7,315.5	\$7,717.3	\$8,191.5
EXPENDITURES:							
General Fund Appropriations	\$5,336.8 /C	\$5,580.8 /D	\$5,916.2	\$6,272.1	\$6,649.7	\$7,049.8	\$7,474.0
Additional Reduction Necessary to Maintain 4% Reserve		(0.0) /K	(640.6) /K	(333.8) /K	(347.1) /K	(362.8) /K	(300.0) /K
K-12 Capital Construction	5.0 /E	10.0 /E	15.0 /E	20.0 /E	20.0 /E	20.0 /E	20.0 /E
Medicaid Overexpenditure	2.3	0.0	0.0	0.0	0.0	0.0	0.0
Rebates and Expenditures	125.1	130.3	131.8	128.8	130.1	131.0	132.0
Capital and Prison Construction	274.5	0.0	142.0	102.1	100.3	100.0	20.2
Inflation Adjustment for Capital Projects	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TABOR Refund	941.1	927.2	0.0	326.3	447.0	445.5	492.1
Homestead Exemption			44.1	46.4	48.7	51.0	53.3
Transfer of CMTF Monies (HB 01-1267)			276.4				
General Fund Payback (HB 02-1391)			0.0 /J				
Accounting Adjustments	(20.5)	NA	NA	NA	NA	NA	NA
TOTAL OBLIGATIONS	\$6,664.3	\$6,648.3	\$5,885.0	\$6,562.0	\$7,048.7	\$7,434.5	\$7,891.7
YEAR-END GENERAL FUND RESERVE:	\$474.8	\$0.0	\$237.2	\$251.7	\$266.8	\$282.8	\$299.8
STATUTORY RESERVE: 4.0% OF APPROPRIATIONS	213.7	223.6	237.2	251.7	266.8	282.8	299.8
MONIES IN EXCESS OF STATUTORY RESERVE	261.1	0.0	0.0	0.0	0.0	0.0	0.0
RESERVE AS A % OF APPROPRIATIONS	8.9%	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%
TABOR CONSTITUTIONAL EMERGENCY RESERVE REQUIREMENT:							
General & Cash Fund Emergency Reserve Requirement	\$238.5	\$244.4	\$257.9	\$270.1	\$283.3	\$298.3	\$313.8
Reserved Amount (CMTF Principal)	244.0	NA /B	276.4 /B	276.4 /B	276.4 /B	276.4 /B	276.4 /B
Money Above/(Below) Emergency Reserve	5.5	NA	18.5	6.3	(6.9)	(21.9)	(37.4)
Appropriations Growth	\$310.0	\$246.7	\$340.4	\$360.9	\$377.5	\$400.2	\$424.2
Appropriations Growth Rate	6.16%	4.62%	6.09%	6.08%	6.00%	6.00%	6.00%

TABLE 5
Balanced Budget
by Maintaining 4% Statutory Reserve and
Reducing Appropriations Growth by \$298 Million in FY 2001-02

General Fund Overview							
<i>(Dollar Amounts in Millions)</i>							
	March 2002 Estimate by Fiscal Year						
	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
BEGINNING RESERVE	\$786.8	\$474.8	\$215.0	\$228.1	\$242.0	\$256.5	\$271.9
GROSS GENERAL FUND	6,716.8	6,062.7	6,623.3	7,091.2	7,573.6	8,070.4	8,528.1
TRANSFERS TO GENERAL FUND		147.3 /G					
TRANSFER OF CMTF MONIES (HB 01-1267)		244.0					
SENATE BILL 97-1 TRANSFERS TO THE HUTF	(197.2) /A	0.0	(211.4) /A	(225.1) /A	(240.8) /A	(255.9) /A	(270.8) /A
DIVERSION TO OLDER COLORADOANS PROGRAM	(3.0) /H	0.0 /H					
TRANSFER TO THE STATE EDUCATION FUND	(164.3) /F	(280.5) /F	(313.6) /F	(337.2) /F	(362.2) /F	(387.3) /F	(408.6) /F
TOTAL FUNDS AVAILABLE	\$7,139.1	\$6,648.3	\$6,313.4	\$6,757.1	\$7,212.7	\$7,683.8	\$8,120.6
EXPENDITURES:							
General Fund Appropriations	\$5,336.8 /C	\$5,365.8 /D	\$5,688.4	\$6,030.6	\$6,393.6	\$6,778.4	\$7,186.3
Additional Reduction Necessary to Maintain 4% Reserve		(0.0) /K	(212.5) /K	(139.1) /K	(183.6) /K	(114.1) /K	(78.0) /K
K-12 Capital Construction	5.0 /E	10.0 /E	15.0 /E	20.0 /E	20.0 /E	20.0 /E	20.0 /E
Medicaid Overexpenditure	2.3	0.0	0.0	0.0	0.0	0.0	0.0
Rebates and Expenditures	125.1	130.3	131.8	128.8	130.1	131.0	132.0
Capital and Prison Construction	274.5	0.0	142.0	102.1	100.3	100.0	26.6
Inflation Adjustment for Capital Projects	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TABOR Refund	941.1	927.2	0.0	326.3	447.0	445.5	492.1
Homestead Exemption			44.1	46.4	48.7	51.0	53.3
Transfer of CMTF Monies (HB 01-1267)			276.4				
General Fund Payback (HB 02-1391)			0.0 /J				
Accounting Adjustments	(20.5)	NA	NA	NA	NA	NA	NA
TOTAL OBLIGATIONS	\$6,664.3	\$6,433.2	\$6,085.2	\$6,515.1	\$6,956.1	\$7,411.8	\$7,832.4
YEAR-END GENERAL FUND RESERVE:	\$474.8	\$215.0	\$228.1	\$242.0	\$256.5	\$271.9	\$288.3
STATUTORY RESERVE: 4.0% OF APPROPRIATIONS	213.7	215.0	228.1	242.0	256.5	271.9	288.3
MONIES IN EXCESS OF STATUTORY RESERVE	261.1	0.0	0.0	0.0	0.0	0.0	0.0
RESERVE AS A % OF APPROPRIATIONS	8.9%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
TABOR CONSTITUTIONAL EMERGENCY RESERVE REQUIREMENT:							
General & Cash Fund Emergency Reserve Requirement	\$238.5	\$244.4	\$257.9	\$270.1	\$283.3	\$298.3	\$313.8
Reserved Amount (CMTF Principal)	244.0	NA /B	276.4 /B	276.4 /B	276.4 /B	276.4 /B	276.4 /B
Money Above/(Below) Emergency Reserve	5.5	NA	18.5	6.3	(6.9)	(21.9)	(37.4)
Appropriations Growth	\$310.0	\$31.7	\$327.5	\$347.2	\$363.0	\$384.8	\$407.9
Appropriations Growth Rate	6.16%	0.59%	6.09%	6.09%	6.00%	6.00%	6.00%

TABLE 6
Balanced Budget
by Reducing Statutory Reserve to 2% and
Reducing Appropriations Growth by \$192 Million in FY 2001-02

General Fund Overview							
<i>(Dollar Amounts in Millions)</i>							
	March 2002 Estimate by Fiscal Year						
	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
BEGINNING RESERVE	\$786.8	\$474.8	\$109.6	\$232.6	\$246.8	\$261.6	\$277.3
GROSS GENERAL FUND	6,716.8	6,062.7	6,623.3	7,091.2	7,573.6	8,070.4	8,528.1
TRANSFERS TO GENERAL FUND		147.3 /G					
TRANSFER OF CMTF MONIES (HB 01-1267)		244.0					
SENATE BILL 97-1 TRANSFERS TO THE HUTF	(197.2) /A	0.0	(211.4) /A	(225.1) /A	(240.8) /A	(255.9) /A	(270.8) /A
DIVERSION TO OLDER COLORADOANS PROGRAM	(3.0) /H	0.0 /H					
TRANSFER TO THE STATE EDUCATION FUND	(164.3) /F	(280.5) /F	(313.6) /F	(337.2) /F	(362.2) /F	(387.3) /F	(408.6) /F
TOTAL FUNDS AVAILABLE	\$7,139.1	\$6,648.3	\$6,207.9	\$6,761.6	\$7,217.4	\$7,688.8	\$8,125.9
EXPENDITURES:							
General Fund Appropriations	\$5,336.8 /C	\$5,471.2 /D	\$5,800.1	\$6,149.0	\$6,519.1	\$6,911.4	\$7,327.3
Additional Reduction Necessary to Maintain 4% Reserve		(0.0) /K	(434.1) /K	(257.8) /K	(309.4) /K	(247.4) /K	(219.3) /K
K-12 Capital Construction	5.0 /E	10.0 /E	15.0 /E	20.0 /E	20.0 /E	20.0 /E	20.0 /E
Medicaid Overexpenditure	2.3	0.0	0.0	0.0	0.0	0.0	0.0
Rebates and Expenditures	125.1	130.3	131.8	128.8	130.1	131.0	132.0
Capital and Prison Construction	274.5	0.0	142.0	102.1	100.3	100.0	26.6
Inflation Adjustment for Capital Projects	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TABOR Refund	941.1	927.2	0.0	326.3	447.0	445.5	492.1
Homestead Exemption			44.1	46.4	48.7	51.0	53.3
Transfer of CMTF Monies (HB 01-1267)			276.4				
General Fund Payback (HB 02-1391)			0.0 /J				
Accounting Adjustments	(20.5)	NA	NA	NA	NA	NA	NA
TOTAL OBLIGATIONS	\$6,664.3	\$6,538.7	\$5,975.3	\$6,514.8	\$6,955.8	\$7,411.5	\$7,832.1
YEAR-END GENERAL FUND RESERVE:	\$474.8	\$109.6	\$232.6	\$246.8	\$261.6	\$277.3	\$293.9
STATUTORY RESERVE: 4.0% OF APPROPRIATIONS	213.7	219.2	232.6	246.8	261.6	277.3	293.9
MONIES IN EXCESS OF STATUTORY RESERVE	261.1	0.0	0.0	0.0	0.0	0.0	0.0
RESERVE AS A % OF APPROPRIATIONS	8.9%	2.0%	4.0%	4.0%	4.0%	4.0%	4.0%
TABOR CONSTITUTIONAL EMERGENCY RESERVE REQUIREMENT:							
General & Cash Fund Emergency Reserve Requirement	\$238.5	\$244.4	\$257.9	\$270.1	\$283.3	\$298.3	\$313.8
Reserved Amount (CMTF Principal)	244.0	NA /B	276.4 /B	276.4 /B	276.4 /B	276.4 /B	276.4 /B
Money Above/(Below) Emergency Reserve	5.5	NA	18.5	6.3	(6.9)	(21.9)	(37.4)
Appropriations Growth	\$310.0	\$137.1	\$333.9	\$353.9	\$370.1	\$392.3	\$415.9
Appropriations Growth Rate	6.16%	2.57%	6.09%	6.09%	6.00%	6.00%	6.00%

TABLE 7
Comparison of Budget Scenarios

Additional Reduction Necessary to Maintain 4% Reserve	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Table 3 - Baseline Forecast With Budget Reduction Package	(\$309.6)	(\$508.7)	(\$316.2)	(\$328.5)	(\$343.1)	(\$285.5)
Table 4 - Balanced Budget by Eliminating Statutory 4% Reserve and Reducing Appropriations Growth by \$83 Million in FY 2001-02	\$0.0	(\$640.6)	(\$333.8)	(\$347.1)	(\$362.8)	(\$300.0)
Table 5 - Balanced Budget by Maintaining 4% Statutory Reserve and Reducing Appropriations Growth by \$298 Million in FY 2001-02	\$0.0	(\$212.5)	(\$139.1)	(\$183.6)	(\$114.1)	(\$78.0)
Table 6 - Balanced Budget by Reducing Statutory Reserve to 2% and Reducing Appropriations Growth by \$192 Million in FY 2001-02	\$0.0	(\$434.1)	(\$257.8)	(\$309.4)	(\$247.4)	(\$219.3)
General Fund Appropriations	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Table 3 - Baseline Forecast With Budget Reduction Package	\$5,663.5	\$5,984.6	\$6,344.6	\$6,726.5	\$7,131.2	\$7,560.3
Table 4 - Balanced Budget by Eliminating Statutory 4% Reserve and Reducing Appropriations Growth by \$83 Million in FY 2001-02	\$5,580.8	\$5,916.2	\$6,272.1	\$6,649.7	\$7,049.8	\$7,474.0
<i>Difference from Baseline</i>	<i>(\$82.7)</i>	<i>(\$68.4)</i>	<i>(\$72.5)</i>	<i>(\$76.8)</i>	<i>(\$81.4)</i>	<i>(\$86.3)</i>
Table 5 - Balanced Budget by Maintaining 4% Statutory Reserve and Reducing Appropriations Growth by \$298 Million in FY 2001-02	\$5,365.8	\$5,688.4	\$6,030.6	\$6,393.6	\$6,778.4	\$7,186.3
<i>Difference from Baseline</i>	<i>(\$297.7)</i>	<i>(\$296.2)</i>	<i>(\$314.0)</i>	<i>(\$332.9)</i>	<i>(\$352.8)</i>	<i>(\$374.0)</i>
Table 6 - Balanced Budget by Reducing Statutory Reserve to 2% and Reducing Appropriations Growth by \$192 Million in FY 2001-02	\$5,471.2	\$5,800.1	\$6,149.0	\$6,519.1	\$6,911.4	\$7,327.3
<i>Difference from Baseline</i>	<i>(\$192.3)</i>	<i>(\$184.5)</i>	<i>(\$195.6)</i>	<i>(\$207.4)</i>	<i>(\$219.8)</i>	<i>(\$233.0)</i>
Senate Bill 97-1 Transfers to the HUTF	FY 2001-02*	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Table 3 - Baseline Forecast With Budget Reduction Package	\$0.0	\$211.4	\$87.5	\$52.1	\$131.3	\$103.4
Table 4 - Balanced Budget by Eliminating Statutory 4% Reserve and Reducing Appropriations Growth by \$83 Million in FY 2001-02	\$0.0	\$187.5	\$177.6	\$147.6	\$232.6	\$210.8
Table 5 - Balanced Budget by Maintaining 4% Statutory Reserve and Reducing Appropriations Growth by \$298 Million in FY 2001-02	\$0.0	\$211.4	\$225.1	\$240.8	\$255.9	\$270.8
Table 6 - Balanced Budget by Reducing Statutory Reserve to 2% and Reducing Appropriations Growth by \$192 Million in FY 2001-02	\$0.0	\$211.4	\$225.1	\$240.8	\$255.9	\$270.8

* A \$35.2 million transfer was made to the HUTF in FY 2001-02 from General Fund appropriations. This figure counted toward the six percent allowable General Fund appropriations growth in this year only.

TABLE 8

Colorado General Fund, Accrual Basis Revenue Estimates by Tax Category (Dollar Amounts in Millions)														
Category	March 2002 Estimate by Fiscal Year with Percent Change Over Prior Year													
	FY 2000-01	%	FY 2001-02	%	FY 2002-03	%	FY 2003-04	%	FY 2004-05	%	FY 2005-06	%	FY 2006-07	%
Sales	\$1,811.2 /A	3.8	\$1,788.6 /A	-1.3	\$1,895.7 /A	6.0	\$2,020.6 /A	6.6	\$2,163.9 /A	7.1	\$2,304.6 /A	6.5	\$2,443.8 /A	6.0
TABOR Overrefund	(\$60.1) /D		(\$75.0) /D		(\$28.6) /D		\$0.0 /D		(\$6.8) /D		(\$7.2) /D		(\$9.4) /D	
Use	157.9 /A	10.8	141.8 /A	-10.2	148.6 /A	4.8	156.2 /A	5.1	164.6 /A	5.4	170.5 /A	3.6	175.1 /A	2.7
Cigarette	58.1	0.5	57.8	-0.5	57.7	-0.2	57.6	-0.2	58.0	0.7	58.0	0.0	58.0	-0.1
Tobacco Products	9.9	5.3	10.4	4.8	10.9	5.5	11.5	4.7	11.9	4.1	12.6	5.3	13.1	4.1
Liquor	29.3	4.6	30.2	3.2	31.7	4.7	32.7	3.2	33.9	3.7	35.8	5.6	37.1	3.7
TOTAL EXCISE	2,006.3	2.2	1,953.8	-2.6	2,116.1	8.3	2,278.5	7.7	2,425.6	6.5	2,574.3	6.1	2,717.7	5.6
Net Individual Income	4,017.8	8.1	3,585.1 /C	-10.8	4,007.9 /C	11.8	4,300.6 /C	7.3	4,599.2 /C	6.9	4,890.5 /C	6.3	5,161.5 /C	5.5
Net Corporate Income	329.7	14.0	170.7 /C	-48.2	191.7 /C	12.3	208.9 /C	9.0	245.9 /C	17.7	291.8 /C	18.7	305.5 /C	4.7
TOTAL INCOME	4,347.5	8.5	3,755.8	-13.6	4,199.6	11.8	4,509.5	7.4	4,845.1	7.4	5,182.3	7.0	5,467.0	5.5
Estate	82.6	38.4	77.7 /B	-5.9	56.5 /B	-27.2	37.2 /B	-34.2	17.6 /B	-52.8	1.5 /B	-91.5	1.0 /B	-33.3
Insurance	142.0	10.5	144.5	1.7	137.8	-4.6	144.2	4.6	146.4	1.5	149.1	1.8	155.4	4.3
Pari-Mutuel	6.1	-12.9	6.6	7.4	6.6	1.2	6.7	1.1	6.8	1.1	6.9	1.8	6.9	0.0
Interest Income	45.2	6.9	29.5	-34.7	19.3	-34.6	22.7	17.7	39.2	72.9	53.6	36.6	71.8	34.0
Court Receipts	22.3	-17.7	25.5	14.3	24.5	-3.9	25.3	3.4	24.0	-5.2	27.2	13.2	28.2	3.6
Gaming	31.4	9.0	33.3	6.2	34.6	3.8	38.2	10.5	41.9	9.6	45.5	8.7	49.6	8.9
Medicaid (Intergovt. Transfer)	0.0	-100.0	11.2		10.7	-4.5	10.7	0.0	10.7	0.0	10.7	0.0	10.7	0.0
Other Income	33.4	4.7	24.7	-25.9	17.6	-29.1	18.1	3.3	16.3	-10.3	19.3	18.9	19.8	2.3
TOTAL OTHER	363.0	9.2	353.0	-2.7	307.7	-12.9	303.2	-1.4	302.9	-0.1	313.8	3.6	343.3	9.4
GROSS GENERAL FUND	\$6,716.8	6.6	\$6,062.7	-9.7	\$6,623.3	9.2	\$7,091.2	7.1	\$7,573.6	6.8	\$8,070.4	6.6	\$8,528.1	5.7
REBATES & EXPENDITURES:														
Cigarette Rebate	16.4	0.0	16.3	-0.5	16.3	-0.2	16.3	-0.2	16.4	0.7	16.4	0.0	16.4	-0.1
Old-Age Pension Fund	63.2	9.5	66.4	5.1	67.7	2.0	69.1	2.0	70.5	2.0	71.4	1.4	72.5	1.5
Aged Property Tax & Heating Credit	16.8	-21.9	18.7	11.0	18.3	-1.8	18.2	-0.9	18.0	-0.9	17.9	-0.5	17.9	-0.2
Fire/Police Pensions	28.7	0.0	28.9	0.7	29.5	2.1	25.3	-14.2	25.3	0.0	25.3	0.0	25.3	0.0
TOTAL REBATES & EXPENDITURES	125.1	0.6	130.3	4.1	131.8	1.2	128.8	-2.3	130.1	1.0	131.0	0.7	132.0	0.8

Totals may not sum due to rounding.

NA: Not Applicable.

/A S.B. 97-1, H.B. 98-1202, and H.B. 99-1206 diverted ten percent of sales and use taxes to the Highway Users Tax Fund. Beginning January 1, 2001, 10.34 percent of sales and use taxes will be

Fund Overview in Table 3.

/B The Federal tax relief package adopted in 2001 phases out the estate tax. Since the state collects revenues in lieu of sending them to the federal government, the state collections will also be almost entirely phased out and eliminated by FY 2005-06.

/C The impact of the 2002 federal economic stimulus package is included.

/D Per H.B. 99-1001, the state is required to refund 105 percent of the TABOR surplus. The 5 percent overrefund essentially lowers the following year's revenue.

TABLE 9

Cash Fund Revenue Forecasts by Major Category <i>(Accrual Basis, Dollar Amounts in Millions)</i>								
	FY 2000-01	<i>March 2002 Estimate by Fiscal Year</i>						FY 2001-02 to FY 2006-07 CAAGR *
		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	
Transportation-Related	\$781.0	\$813.9	\$811.3	\$836.2	\$861.8	\$890.8	\$920.4	
Change	2.0%	4.2%	-0.3%	3.1%	3.1%	3.4%	3.3%	2.5%
Higher Education	\$703.6 /A	\$760.4 /B	\$710.2 /H,I	\$746.5 /I	\$785.4 /I	\$828.5 /I	\$871.5 /I	
Change	7.3%	8.1%	-6.6%	5.1%	5.2%	5.5%	5.2%	2.8%
Unemployment Insurance	\$200.8 /C	\$233.6 /C	\$489.2 /C,D	\$503.4 /D	\$392.5	\$375.2	\$359.1	
Change	-11.0%	16.3%	109.5%	2.9%	-22.0%	-4.4%	-4.3%	9.0%
Limited Gaming Fund	\$92.0	\$99.8	\$106.9	\$116.2	\$125.4	\$134.6	\$144.8	
Change	15.0%	8.5%	7.1%	8.7%	7.9%	7.3%	7.6%	7.7%
Wildlife Cash Fund	\$58.9 /E							
Change	-0.9%							
Capital Construction - Interest	\$34.9	\$17.9	\$12.9	\$10.3	\$8.5	\$7.6	\$5.8	
Change	-6.0%	-48.7%	-27.8%	-19.9%	-17.3%	-11.3%	-22.8%	-20.0%
Regulatory Agencies	\$51.3	\$52.8	\$54.3	\$55.6	\$56.9	\$58.0	\$59.1	
Change	8.8%	3.1%	2.7%	2.5%	2.2%	2.0%	2.0%	2.3%
Insurance-Related	\$51.4	\$62.9	\$66.0	\$69.2	\$72.7	\$76.3	\$80.2	
Change	2.4%	22.5%	4.9%	4.9%	5.0%	5.0%	5.1%	5.0%
Severance Tax	\$74.7	\$53.5	\$64.4	\$49.6	\$63.8	\$58.3	\$65.7	
Change	79.2%	-28.4%	20.5%	-23.1%	28.7%	-8.6%	12.7%	4.2%
Petroleum Storage Tank Fund	\$26.5	\$22.9	\$21.1	\$19.9	\$9.4	\$9.5	\$9.4	
Change	52.5%	-13.6%	-8.1%	-5.4%	-52.9%	0.9%	-0.5%	-16.3%
Controlled Maintenance Trust Fund - Interest	\$18.4	\$0.0	\$17.9	\$16.9	\$16.8	\$16.3	\$15.8	
Change	2.0%	NA	NA	-5.9%	-0.1%	-3.2%	-3.2%	-3.1% /F
Other Cash Funds	\$282.9	\$281.6	\$294.8	\$309.2	\$325.5	\$342.8	\$360.3	
Change	14.4%	-0.5%	4.7%	4.9%	5.3%	5.3%	5.1%	5.1%
TOTAL CASH FUND REVENUE	\$2,376.3	\$2,399.2	\$2,649.0	\$2,733.0	\$2,718.9	\$2,797.9	\$2,892.3	
Change	5.8%	3.5% /G	10.4%	3.2%	-0.5%	2.9%	3.4%	3.8%

* CAAGR: Compound Annual Average Growth Rate.

/A Reflects a 4.0 percent increase in nonresident tuition and a 2.9 percent resident tuition increase.

/B Reflects a 5.0 percent increase in nonresident tuition and a 4.0 percent resident tuition increase.

/C Reflects the 20 percent credit against unemployment insurance taxes allowed by House Bill 00-1310 in calendar years 2001 and 2002.

/D Includes revenues from the solvency tax surcharge, which is applicable because the Solvency Ratio on June 30, 2002, and June 30, 2003, is less than 0.9 percent.

/E House Bill 01-1012 designates the Division of Wildlife an enterprise beginning July 1, 2001. For FY 2001-02 and thereafter, only those non-exempt revenues that are transferred from the wildlife cash funds back into the General Fund will be counted toward the TABOR limit. This amount will be reported as part of the "other" cash funds category.

/F The Controlled Maintenance Trust Fund interest CAAGR is computed for the period from FY 2002-03 through FY 2006-07.

/G This growth rate is computed using FY 2000-01 total cash fund revenue net of the wildlife cash funds.

/H Higher Education Revenues are net of scholarship allowances.

/I Higher Education tuition revenues are assumed to grow at the Denver-Boulder-Greeley inflation rate.