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STATE OF COLORADO

OFFICE OF STATE PLANNING AND BUDGETING

111 State Capitol Building
Denver, Colorado 80203
(303) 866-3317



Bill Owens
Governor
Dr. Nancy McCallin
Director

MEMORANDUM

TO: Governor Bill Owens
Members of the General Assembly

FROM: Office of State Planning and Budgeting

DATE: September 20, 2002

SUBJECT: *September 2002 Revenue Forecast*

Summary

- The September 2002 revenue forecast shows that in FY 2002-03 the state will need to reduce General Fund expenditures by a total of \$550 million to maintain the required reserve of two percent of appropriations. The Governor has already reduced expenditures by \$220 million. The current revenue forecast shows that an additional \$330 million will need to be cut in order to maintain the two-percent reserve. Based upon the June 2002 revenue forecast, the Governor already lowered expenditures \$220 million by: vetoing \$45 million in line items from the FY 2002-03 budget, implementing a four-percent reduction in General Fund expenditures for all Executive Departments except K-12 Total Program, Developmental Disabilities, and School for the Deaf and Blind, delaying capital construction projects, and eliminating provider rate increases.
- Part of the budget shortfall is because the General Assembly preserved some FY 2001-02 General Fund expenditures by using \$1.2 billion of one-time revenues. This included use of some of the state's statutory reserve as well as transfers of nearly \$790 million of other cash funds into the General Fund. Because these were one-time revenue sources, they maintained a revenue base in FY 2001-02 that is not sustainable in the future. Meanwhile, General Fund revenues fell almost 13 percent in FY 2001-02 but the budget presented to the Governor grew 7.3 percent.
- In FY 2001-02 TABOR revenues were \$337.1 million below the TABOR limit. Our revenue forecast shows that there will not be a TABOR surplus from FY 2002-03 through the forecast horizon.
- Because there is no TABOR surplus in the current year, the General Fund will incur obligations of \$341 million for K-12 education and the senior property tax credit as approved by the voters instead of the TABOR surplus. These measures were supposed to come from the TABOR surplus, but without any surplus, the General Fund must pay for these provisions.

This memorandum provides a brief overview of the Office of State Planning and Budgeting (OSPB) September 2002 revenue forecast. First, this memorandum discusses the TABOR 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 discusses General Fund revenues. Finally, the memorandum outlines the forecast for the cash funds that contribute to TABOR revenues.

THE TABOR SURPLUS

Table 1 provides a detailed calculation of the TABOR surplus for the period from FY 2001-02 through FY 2007-08. It shows that we do not expect that there will be a TABOR surplus in any year from FY 2001-02 through FY 2007-08. Indeed, the forecast shows that in FY 2002-03, TABOR revenues will be lower than the TABOR limit by \$124.2 million, after TABOR revenues were lower than the limit by \$337.1 million in FY 2001-02. The TABOR surplus vanishes over the next several years for three reasons.

- First, the record-long national economic expansion ended in March 2001, after an unprecedented 10 years of growth. Although a recovery in the national economy is underway, strong growth will not be evident until the end of 2002. The **Colorado economy** was negatively affected by the national recession and the events of September 11. Historically, the Colorado economy lags national rebounds by a few months. Because of this relationship and because Colorado was slower to enter into a recession than the national economy, Colorado's recovery will lag by a few months as well. This will result in continued slow General Fund revenue growth. Furthermore, there is a 12- to 15-month lag between when an economy begins to expand and when revenue growth accelerates. Thus, while we anticipate that the Colorado economic recession will be over by the end of 2002, we do not expect General Fund revenue growth to accelerate until mid-2003.
- Second, two **measures passed by voters** in the November 2000 election lower TABOR surplus revenues. Amendment 23 provides increased public school funding. Referendum A provides property tax relief for senior citizens. These measures were passed assuming that the state would have surpluses to cover their costs. However, in FY 2001-02, the state was \$337.1 million short of the TABOR limit. Thus, in years in which there is no TABOR surplus, these measures are no longer taking funds from citizens' refunds, but rather are actual costs incurred in the General Fund.
- Third, both House Bill 02-1310 and Senate Bill 02-179 contain provisions that enable the state to recoup revenues lost because the TABOR limits computed during the 1990s used population estimates that were too low. The percentage change associated with this lost revenue is called the "**growth dividend.**" This growth dividend, discussed in more detail below, raises the TABOR limit in FY 2002-03 through FY 2007-08, thereby contributing to the elimination of the TABOR surplus for those years.

The Growth Dividend

Both House Bill 02-1310 and Senate Bill 02-179 contain a provision that enables the state to recoup revenues lost because the TABOR limits computed during the 1990s used population estimates that were too low. This undercount resulted in lower TABOR limits and higher refunds than would have occurred with more accurate population figures. The percentage change associated with this lost revenue is called the "growth dividend."

The TABOR limit for FY 2001-02 was calculated using the 2000 census measure of Colorado's population compared with an estimate of 1999 population that was not yet revised to reflect the 2000 census. In 2001, the U.S. Bureau of the Census reported that Colorado's population between 1999 and 2000 grew 6.0 percent, an artificially high value because the U.S. Bureau of the Census had underestimated Colorado's population in 1999 and throughout the 1990s.

Since the state was not in a TABOR surplus position in FY 2001-02, the state could not recoup the extra money refunded to taxpayers throughout the 1990s when the U.S. Bureau of the Census undercounted the state's population. Thus, House Bill 02-1310 and Senate Bill 02-179 allow the 6.0 percent growth dividend to be carried forward for up to nine years. The growth dividend is applied to the FY 2002-03 TABOR limit in an amount that maximizes the TABOR revenue growth rate given available TABOR revenues. In subsequent years, the unused amount of the growth dividend is applied in a similar manner, until either the cumulative amount by which the TABOR limit is increased equals 6.0 percent (the original growth dividend amount) or the nine-year limit is reached.

In the September 2002 forecast, TABOR revenues will once again be insufficient to reach the TABOR limit in FY 2002-03. From FY 2003-04 through FY 2007-08, only 2.4 percentage points of the 6.0 percent "growth dividend" will be used. In total, the growth dividend allows the state to keep approximately \$664 million in additional revenues over the next five years.

GENERAL FUND OVERVIEW

The baseline General Fund overview is presented in *Table 2*, which provides a summary of General Fund revenues, expenditures, and reserves through FY 2007-08. Table 2 assumes that the four-percent General Fund reduction ordered by the Governor is taken as base reductions in FY 2002-03.

In response to declining General Fund revenues resulting from the impacts of the national recession and September 11 on the state's economy, a number of actions were taken to reduce General Fund expenditures and to enhance General Fund revenues in FY 2001-02. In total, FY 2001-02 General Fund revenues declined \$843.8 million (12.6 percent) from their FY 2000-01 level. This section describes the actions taken by the Governor and the General Assembly to maintain the balanced budget in fiscal years 2001-02 and 2002-03 as required by Article X, Section 16 of the Colorado State Constitution and Section 24-75-201.5, C.R.S.

How did the Governor reduce expenditures?

During FY 2001-02, the Governor reduced expenditures by \$580 million. In addition, almost \$790 million of cash fund revenues were transferred into the General Fund and a portion of the state's reserve was spent. While these reductions insured that the state would end FY 2001-02 with a positive balance, the FY 2002-03 budget proposed by the General Assembly was much higher than revenues allowed. The June 2002 OSPB revenue forecast showed that the General Fund spending authorized in the General Assembly's FY 2002-03 budget was \$380 million higher than revenues and the two-percent reserve allowed. Section 24-75-201.5, C.R.S., directs the Governor to formulate and implement a plan to reduce General Fund expenditures when the OSPB revenue forecast shows that the state will fall below a two-percent reserve. Accordingly, the Governor set out to reduce General Fund expenditures in FY 2002-03. However, efforts to reduce General Fund expenditures are limited by the fact that more than 60 percent of Colorado's General Fund spending is constitutionally- or federally-required. This required spending includes mandated spending for K-12 education, Medicaid,

and property tax exemptions for senior citizens. Furthermore, the remaining 40 percent of Colorado's General Fund spending includes important state functions, such as prisons, public safety, human services, higher education, and public health.

Despite these constraints, Governor Owens formulated and implemented a plan to reduce FY 2002-03 General Fund expenditures by \$220 million. This plan includes the following:

- \$45 million in line item vetoes from the General Assembly's FY 2002-03 General Fund budget;
- \$140 million in savings from a four-percent reduction on General Fund spending;
- \$24 million in savings due to a freeze on capital projects in their early stages of construction; and
- \$12 million in savings due to a delay in inflation-based increases to providers.

Governor Owens put a plan into action that moves Colorado closer to a balanced budget. The Owens plan saves the state \$220 million. However, with the lower revenue forecast in September 2002, the Governor along with the General Assembly must trim another \$330 million from the current budget to maintain a two-percent General Fund reserve (Table 2). **Table 3** assumes that the full amount of the necessary budget reductions is taken as base reductions. This causes a 3.1 percent decline in General Fund appropriations. In this scenario, the state still needs to cut \$274.7 million in FY 2003-04 to maintain a balanced budget. Finally, **Table 4** assumes that base reductions are taken in FY 2002-03 and that the Controlled Maintenance Trust Fund payback is delayed one year and the capital transfer is reduced to \$5.3 million in FY 2003-04. In this scenario, which we have proposed to the Capital Development Committee, FY 2003-04 expenditures need to be reduced by just over \$40 million.

GENERAL FUND REVENUES

Our forecast for General Fund revenues is shown in **Table 5**. The forecast for FY 2002-03 was lowered considerably in the September 2002 forecast compared with the June 2002 forecast. In total, we lowered our General Fund revenue forecast \$227.2 million in FY 2002-03. The changes were mainly in the income tax and sales tax forecasts. Overall, we expect General Fund revenues to grow 2.6 percent in FY 2002-03 and 6.2 percent in FY 2003-04.

In Colorado, General Fund revenues declined by 12.6 percent in FY 2001-02. We lowered the September 2002 forecast for General Fund revenues by approximately \$227.2 million in FY 2002-03 compared with the June 2002 forecast. The individual income tax forecast was lowered by \$205.5 million, while the forecast for corporate income tax revenue was raised by \$47.9 million. In addition, the sales tax forecast was lowered by almost \$70 million.

- The change in the individual income tax forecast occurred primarily in the withholding and refunds categories.
 - Withholding tax receipts for July and August 2002 are 4.0 percent lower than for the same period in 2001. The decline in withholding of income taxes shows that the current economic downturn has reduced our wage base. This is most likely the result of losing many high wage positions in the advanced technology and telecommunications sectors. Moreover, many positions that previously received large bonuses and capital gains income through stock options did not receive bonuses this year. These positions are predominantly in the advanced technology and financial,

insurance and real estate sectors that are closely tied to the stock market. In addition, the tourism employment sector was negatively impacted this summer by the lingering stagnation in the national economy, the effects of September 11 on travel, wildfires, and drought. This has affected our wage base and thus, withholding receipts. We anticipate that withholding receipts will once again increase once the summer tourism factors end.

- Our forecast for individual refunds increased in the September 2002 forecast. July and August 2002 individual refunds were \$19.9 million ahead of our June 2002 forecast. We increased our forecast for refunds in FY 2002-03. However, the refunds that were filed in July and August 2002 relate to income tax year 2001. We anticipate that the higher-than-forecast refunds will only relate to the portion of this fiscal year's revenues that are for income tax year 2001. Thus, we do not assume that refunds will increase at the same rate in the second half of the fiscal year (January through June 2003) since those filings will relate to income tax year 2002.
- Corporate income tax receipts declined more than 40 percent in FY 2001-02. However, corporate income tax receipts are volatile, and typically after such a large decline, corporate tax receipts increase at a stronger pace. In addition, anecdotal evidence suggests that corporate profits are beginning to improve, the first positive sign corporations have witnessed in a long time. Therefore, we anticipate that corporate income tax revenues will increase more than 30 percent in FY 2002-03. Already, corporate tax receipts have come in much higher than the June forecast.

Actual sales tax revenues are coming in below our June 2002 forecast by \$15.9 million for July and August. Therefore, we reduced our sales tax receipt forecast by \$68.7 million for FY 2002-03. Consumer spending has not increased as quickly as anticipated in earlier forecasts. In Colorado, this was especially true in July and August 2002 as the impact of slower summer tourism resulted in lower sales tax receipts. We expect that sales tax revenues will increase toward the end of 2002 as the economy recovers. We forecast that sales taxes will increase 1.9 percent in FY 2002-03 and then resume faster growth in FY 2003-04.

CASH FUND REVENUE FORECAST

The OSPB September 2002 cash fund revenue forecast is summarized in *Table 6*. These funds are monies collected and earmarked for specific purposes and comprised 28.7 percent of total TABOR revenues in FY 2001-02. Cash fund revenues are forecast to increase 11.6 percent in FY 2002-03 and to increase an additional 3.9 percent in FY 2003-04. From FY 2002-03 through FY 2007-08, cash fund revenues will grow at a compound annual average rate of 3.4 percent.

Transportation-Related Cash Funds

Transportation-related cash funds revenue grew 4.2 percent in FY 2001-02. Fuel tax revenues contribute the largest share to the transportation cash funds. These revenues, collected on gasoline, gasohol, diesel, and special fuels, rose in part as a result of the September 11 attacks, which gave impetus for people to drive rather than to fly to their destinations. In total, the Highway Users Tax Fund, which is comprised primarily of fuel tax revenues and registration fees, increased 3.0 percent. Other transportation funds, which include the State Highway Fund, rose 18.5 percent in FY 2001-02 due to increased amounts of local matching monies for highway construction that were placed in the State Highway Fund.

The projections for transportation-related cash fund revenues for FY 2002-03 and beyond changed moderately between the June and September forecasts.

- Total transportation-related cash funds are forecast to increase 3.2 percent in FY 2002-03 and 0.7 percent in FY 2003-04. From FY 2002-03 through FY 2007-08, these funds will grow at a compound average annual rate of 2.8 percent.
- The other transportation-related cash funds, which grew 18.5 percent in FY 2001-02, will increase only 3.0 percent in FY 2002-03 and then decline 18.3 percent in FY 2003-04. The strong growth in FY 2001-02 is due to increased amounts of local matching monies for highway construction that were placed in the State Highway Fund. In FY 2003-04, matching local monies are expected to decline substantially, causing the overall decline in the other transportation-related cash funds revenues.

Higher Education

The September 2002 forecast for *higher education cash funds* in FY 2002-03 are adjusted to reflect above-inflation increases in tuition for many of Colorado's institutions of higher education. The forecast for FY 2003-04 and beyond assumes that both resident and nonresident tuition increase by the Denver-Boulder-Greeley inflation rate.

- Total higher education full-time-equivalent (FTE) enrollment rose 4.0 percent in FY 2001-02, the largest increase since the 1989-90 school year. The number of resident students rose 4.1 percent and the number of nonresident students rose 3.2 percent. We forecast that total enrollment will grow 2.4 percent in FY 2002-03, with resident student enrollment rising 2.4 percent and nonresident student enrollment rising 2.3 percent. From FY 2002-03 through FY 2007-08, total FTE enrollment will rise at an annual average rate of 1.8 percent.
- Higher education revenues increased 8.6 percent in FY 2001-02, reflecting a 4.0 percent increase in resident tuition and a 5.0 percent increase in nonresident tuition. In FY 2002-03, we forecast that total tuition and nontuition higher education revenues will increase 9.2 percent, reflecting higher tuition rates as well as an increase in the number of FTE students. For the remainder of the forecast, tuition rates are assumed to increase by the Denver-Boulder-Greeley inflation rate. Higher education revenues will average 4.8 percent annual growth through the forecast horizon.

Unemployment Insurance Trust Fund

Unemployment Insurance Trust Fund revenue was \$196.1 million in FY 2001-02, down 2.4 percent compared with FY 2000-01. Tax revenues increased 0.7 percent in FY 2001-02, while interest earnings fell 11.4 percent. The interest earned on the trust fund declined because higher benefit payments in FY 2001-02 reduced the trust fund balance.

- Unemployment Insurance (UI) Trust Fund revenues will increase 84.7 percent in FY 2002-03. Tax revenues will rise as UI tax rates automatically adjust to compensate for higher UI benefit payments. Revenues will also rise because the 20 percent tax credit enacted through House Bill 00-1310 will not be in effect in calendar year 2003. Revenue is expected to increase 14.6 percent in FY 2003-04.
- UI benefits paid to workers increased 184.1 percent in FY 2001-02. More than \$480 million was paid in benefits. In FY 2002-03, we forecast that UI benefit payments will decline 9.3 percent as the labor market improves. Benefit payments will decline more than 12 percent in FY 2003-04 and again in FY 2004-05 as the economic recovery progresses.

- Colorado received \$142.7 million as a result of the federal Reed Act Distribution. These funds kept the UI trust fund balance high enough to prevent the solvency surcharge from triggering in 2003. As a result, Colorado's employers will not pay a \$55.1 million solvency surcharge in calendar year 2003. However, because UI benefit payments will remain high during FY 2002-03, we project the solvency surcharge tax will be triggered in calendar years 2004 and 2005. The solvency surcharge will generate \$55.1 million in 2004 and \$115 million in 2005.

Miscellaneous Cash Funds

Highlights of the forecast for the miscellaneous cash funds are:

- The *limited gaming fund* forecast was lowered. The limited gaming fund will grow by 4.7 percent in FY 2002-03 and average 7.0 percent growth through FY 2007-08.
- House Bill 02-1443 reduced the amount of the transfer from the General Fund to the *capital construction fund* in FY 2002-03 to \$9.5 million. Because there is little new money coming into the fund, because interest earnings on the fund are low, and because the current balance in the fund will be drawn down as projects are completed, the available balance on which interest can be earned is significantly lower. We forecast a significant decline in capital construction fund interest in FY 2002-03 and average growth of only 5.1 percent per year through the forecast horizon.
- The September 2002 forecast for FY 2002-03 *regulatory agencies* cash funds revenue is higher compared with the June 2002 forecast. These funds declined 1.6 percent in FY 2001-02. However, they are expected to grow 10.2 percent in FY 2002-03 and to experience a compound annual average growth rate of 2.2 percent through the forecast horizon.
- Our September 2002 forecast increases the *insurance-related* cash funds revenue forecast to reflect rising workers' compensation insurance premiums in FY 2002-03. The insurance-related funds are expected to grow 8.0 percent in FY 2002-03 after increasing 29.0 percent in FY 2001-02. The rising premiums are partially the result of a higher overall cost structure in the insurance industry and rising medical inflation. Through the forecast horizon, insurance-related cash funds will grow 6.2 percent annually.
- *Petroleum storage tank fund* revenues are forecast to decline 4.9 percent in FY 2002-03. The fund balance is forecast to remain large enough to keep fees low during most of FY 2002-03.
- House Bill 02-1446 delayed the repayment of the *Controlled Maintenance Trust Fund (CMTF)* balance. The CMTF was to be replenished in two equal payments of \$138.2 million in FY 2003-04 and FY 2004-05. However, we anticipate that the repayment schedule will be delayed by one year, thereby reducing interest earnings on the fund.

TABLE 1

TABOR Surplus Revenue
(Dollar Amounts in Millions)

	September 2002 Estimate by Fiscal Year							
	Preliminary Close	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
TABOR Revenues:								
General Fund	5548.4 /B	\$5,710.0 /B	\$6,060.1 /B	\$6,384.5 /B	\$6,811.2 /B	\$7,281.8 /B	\$7,771.1 /B	
Cash Funds	2,232.4	2,492.3	2,588.4	2,704.7	2,734.6	2,819.3	2,938.8	
Total TABOR Revenues	7,789.1	8,202.3	8,648.4	9,089.2	9,545.7	10,101.1	10,709.9	
TABOR Limit:								
Growth Rate	-2.0% /C	5.3% /C	5.4%	5.1%	5.0%	5.8%	6.0%	
Allowable TABOR Growth Rate	4.0%	6.9% /G	5.4% /G	5.1% /G	5.0% /G	5.8% /G	6.0% /G	
TABOR LIMIT	\$8,126.2 /D	\$8,326.6	\$8,648.4	\$9,089.2	\$9,545.7	\$10,101.1	\$10,709.9	
REVENUES ABOVE / (BELOW)	(\$337.1)	(\$124.2)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
TABOR LIMIT								
EMERGENCY RESERVE:								
TABOR Emergency Reserve	233.7 /A,E	246.1 /A,E	259.5 /A	272.7 /A	286.4 /A	303.0 /A	321.3 /A	

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 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.

/B 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, the Homestead Exemption per Referendum A, and revenues that are already in the Cash Funds to avoid double counting. For instance, the General Fund gaming revenues, sales and use tax before diversion 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 when revenues are sufficient to cover certain expenditures.

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

/D In November 2000, Referendum A: Property Tax Reduction For Seniors, was passed by the citizens of Colorado. This measure increased the allowable TABOR revenues by \$44 million in FY 2001-02.

/E Legislation (H.B. 02-1394 and H.B. 02-1442) redesignates the TABOR emergency reserve as the Tobacco Litigation Settlement Fund, part of the four-percent statutory reserve requirement, the state Severance Tax Fund, the Employment Support Fund, the Wildlife Cash Fund, the Unclaimed Property Trust Fund, the Subsequent Injury Fund, and the Major Medical Fund.

/F Cash fund revenues are net of scholarship revenue in the Higher Education cash funds.

/G 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. This legislation allows the state to increase the TABOR limit by 6.0 percentage points in population growth that occurred during the 1990s and was not captured by U.S. Bureau of the Census intercensal estimates. Since the state is 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.

TABLE 2

General Fund Overview with the Governor's Announced Plan: Baseline
(Dollar Amounts in Millions)

	September 2002 Estimate by Fiscal Year						
	Preliminary Close FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
BEGINNING RESERVE	\$469.3	\$165.2	\$116.1	\$246.2	\$261.0	\$276.7	\$293.3
GROSS GENERAL FUND	5,873.0	6,027.1	6,401.3	6,749.6	7,203.7	7,704.7	8,225.7
TRANSFERS TO GENERAL FUND	536.3 /E	219.0 /E					
TRANSFER OF CMTF MONIES (HB 01-1267)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SENATE BILL 97-1 TRANSFERS TO THE HUTF	0.0 /F	(3.0) /F	(3.0) /F	(3.0) /F	(3.0) /F	(3.0) /F	(3.0) /F
DIVERSION TO OLDER COLORADOANS FUNDS	(272.9) /D	(278.4) /D	(300.1) /D	(321.3) /D	(345.4) /D	(372.0) /D	(398.7) /D
TRANSFER TO THE STATE EDUCATION FUND			\$6,214.2	\$8,671.6	\$7,116.4	\$7,606.4	\$8,116.3
TOTAL FUNDS AVAILABLE	\$6,859.1	\$6,129.9	\$6,214.2	\$8,671.6	\$7,116.4	\$7,606.4	\$8,116.3
EXPENDITURES:							
General Fund Appropriations	\$5,643.0 /B	\$5,950.4	\$6,135.9	\$6,505.2	\$6,896.7	\$7,311.7	\$7,751.6
Governor's Spending Reductions		(174.6)					
Additional Reduction Necessary to Maintain Required Reserve	0.0	(329.6) /H	(624.5) /H	(555.4) /H	(377.9) /H	(223.1) /H	(171.2) /H
K-12 Capital Construction	10.0 /C	0.0 /C	20.0 /C	20.0 /C	20.0 /C	20.0 /C	20.0 /C
Medicaid Overexpenditure	NA	NA	NA	NA	NA	NA	NA
Rebates and Expenditures	141.3	142.2	140.6	142.8	144.9	147.0	147.4
Capital and Prison Construction	0.0	10.6	101.2	101.8	100.4	0.0	0.0
TABOR Refund	927.2	0.0	0.0	0.0	0.0	0.0	0.0
Homestead Exemption	0.0	62.3	56.6	58.0	55.5	57.6	57.6
Transfer of CMTF Monies (HB 02-1445)	2.5 /G	349.6 /G	138.2	138.2			
General Fund Payback (HB 02-1391, HB 02-1444 and HB 02-1478)	(26.3) /K						
Reversions	(3.8)						
Accounting Adjustments							
TOTAL OBLIGATIONS	\$6,893.9	\$6,010.9	\$5,968.0	\$6,410.6	\$6,839.7	\$7,313.2	\$7,805.5
YEAR-END GENERAL FUND RESERVE:	\$165.2	\$116.1	\$246.2	\$261.0	\$276.7	\$293.3	\$310.9
STATUTORY RESERVE: 4.0% OF APPROPRIATIONS	0.0 /I	116.1 /J	246.2	261.0	276.7	293.3	310.9
MONIES IN EXCESS OF STATUTORY RESERVE	165.2	0.0	0.0	0.0	0.0	0.0	0.0
Reserved Monies for Resumption of Accrual Accounting	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RESERVE AS A % OF APPROPRIATIONS	2.9%	2.0%	4.0%	4.0%	4.0%	4.0%	4.0%
TABOR CONSTITUTIONAL EMERGENCY RESERVE REQUIREMENT:							
General & Cash Fund Emergency Reserve Requirement	\$233.7 /A	\$246.1 /A	\$259.5	\$272.7	\$286.4	\$303.0	\$321.3
Appropriations Growth	\$303.4	\$149.7	\$353.2	\$369.4	\$391.5	\$415.0	\$439.9
Appropriations Growth Rate	5.67%	2.65%	6.09%	6.00%	6.00%	6.00%	6.00%

NA: Not Applicable.
Totals may not sum due to rounding.

/A Per H.B. 02-1394 and H.B. 1442, the TABOR reserve is designated as any money in the four-percent reserve, the Tobacco Litigation Settlement Fund, the State Severance Tax Fund, the Employment Support Fund, the Unclaimed Property Fund, the Wildlife Trust Fund, the Subsequent Injury Fund, and the Major Medical Fund.

/B The FY 2001-02 appropriations figure also includes \$3.6 million that is exempt from the statutory six-percent limit. This figure also includes a \$35.2 million appropriation to the HUTF, a \$78.9 million appropriation to the Capital Construction Fund, and a \$3.0 million appropriation to the Older Coloradans program.

/C 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. In FY 2002-03, the payment to the K-12 Capital Construction Fund is paid from the State Education Fund (\$10.9 million) and funding from powerball (\$4.1 million).

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

/E This figure represents the total transfer to the General Fund per H.B. 02-1391, H.B. 02-1392, H.B. 02-1443, H.B. 02-1444, H.B. 02-1445, and H.B. 02-1478.

/F Per H.B. 00-1072 and H.B. 01-1079, \$3 million is appropriated to fund the Older Coloradans Act in FY 2000-01 and FY 2001-02. Per H.B. 02-1209, \$2 million is appropriated to fund the Older Coloradans Act in FY 2002-03 and beyond. Per H.B. 02-1276, \$1 million is transferred to the Older Coloradans Health and Medical Care fund beginning in FY 2002-03.

/G 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. In addition, H.B. 02-1445 and H.B. 02-1478 require the state to repay the Major Medical and Tobacco Settlement funds in the same amount as was transferred to the General Fund in FY 2001-02. H.B. 02-1391 required the state to repay the \$2.5 million transfer from the Species Conservation Fund from the General Fund by June 30, 2002. This amount was paid from year-end reversions.

/H This figure represents the amount necessary to reduce either the operating or capital budgets in order to maintain the statutorily required reserve.

/I Per H.B. 02-1478, the four-percent statutory reserve was eliminated in FY 2001-02 only.

/J In FY 2002-03, the Governor is required to ensure that a two-percent reserve is available.

/K The Governor ordered an additional 1.5-percent General Fund budget restriction in FY 2001-02 and a hiring freeze for all Executive Branch Departments. The departments reverted this amount as a result of these actions.

TABLE 3

General Fund Overview with Necessary Base Reductions in FY 2002-03 to Maintain 2% Reserve in FY 2002-03

(Dollar Amounts in Millions)

	September 2002 Estimate by Fiscal Year						
	Preliminary Close FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
BEGINNING RESERVE	\$469.3	\$165.2	\$109.6	\$232.5	\$246.5	\$261.3	\$277.0
GROSS GENERAL FUND	5,873.0	6,027.1	6,401.3	6,749.6	7,203.7	7,704.7	8,225.7
TRANSFERS TO GENERAL FUND	536.3 /E	219.0 /E					
TRANSFER OF CMTF MONIES (HB 01-1267)	253.4	0.0	0.0	0.0	(7.9)	(185.7)	(253.4)
SENATE BILL 97-1 TRANSFERS TO THE HUTT	0.0 /F	(3.0) /F	(3.0) /F	(3.0) /F	(3.0) /F	(3.0) /F	(3.0) /F
DIVERSION TO OLDER COLORADOANS FUNDS	(272.9) /D	(278.4) /D	(300.1) /D	(321.3) /D	(345.4) /D	(372.0) /D	(399.7) /D
TRANSFER TO THE STATE EDUCATION FUND	\$6,859.1	\$6,129.9	\$6,207.7	\$6,657.9	\$7,094.0	\$7,405.3	\$7,846.6
TOTAL FUNDS AVAILABLE	\$5,643.0 /B	\$5,950.4	\$5,793.3	\$6,142.1	\$6,511.9	\$6,903.8	\$7,319.2
EXPENDITURES:							
General Fund Appropriations	0.0	(174.6)					
Governor's Spending Reductions	0.0	(329.6) /H	(274.7) /H	(191.5) /H	0.0 /H	(0.0) /H	0.0 /H
Additional Reduction Necessary to Maintain Required Reserve	10.0 /C	0.0 /C	20.0 /C	20.0 /C	20.0 /C	20.0 /C	20.0 /C
K-12 Capital Construction	NA	NA	NA	NA	NA	NA	NA
Medicaid Overexpenditure	141.3	142.2	140.6	142.8	144.9	147.0	147.4
Rebates and Expenditures	0.0	10.6	101.2	101.8	100.4	0.0	0.0
Capital and Prison Construction	927.2	0.0	0.0	0.0	0.0	0.0	0.0
TABOR Refund	0.0	62.3	56.6	58.0	55.5	57.6	57.6
Homestead Exemption	2.5 /G	349.6 /G	138.2	138.2			
Transfer of CMTF Monies (HB 02-1445)	(26.3) /K						
General Fund Payback (HB 02-1391, HB 02-1444 and HB 02-1478)	(3.8)	NA	NA	NA	NA	NA	NA
Reversions	\$6,693.9	\$6,010.9	\$5,975.2	\$6,411.4	\$6,832.7	\$7,128.4	\$7,544.2
Accounting Adjustments							
TOTAL OBLIGATIONS	\$166.2	\$109.5	\$232.5	\$246.5	\$261.3	\$277.0	\$302.4
YEAR-END GENERAL FUND RESERVE:	0.0 /I	109.6 /J	232.5	246.5	261.3	277.0	293.6
STATUTORY RESERVE: 4.0% OF APPROPRIATIONS	165.2	0.0	0.0	0.0	0.0	0.0	8.8
MONIES IN EXCESS OF STATUTORY RESERVE	2.9%	2.0%	4.0%	4.0%	4.0%	4.0%	4.1%
Reserved Monies for Resumption of Accrual Accounting							
RESERVE AS A % OF APPROPRIATIONS							
TABOR CONSTITUTIONAL EMERGENCY RESERVE REQUIREMENT:							
General & Cash Fund Emergency Reserve Requirement	\$233.7 /A	\$246.1 /A	\$259.5	\$272.7	\$286.4	\$303.0	\$321.3
Appropriations Growth	5.67%	(3.07%)	6.09%	6.00%	6.00%	6.00%	6.00%
Appropriations Growth Rate							

NA: Not Applicable.

Totals may not sum due to rounding.

/A Per H.B. 02-1394 and H.B. 1442, the TABOR reserve is designated as any money in the four-percent reserve, the Tobacco Litigation Settlement Fund, the State Severance Tax Fund, the Employment Support Fund, the Unclaimed Property Fund, the Wildlife Trust Fund, the Subsequent Injury Fund, and the Major Medical Fund.

/B The FY 2001-02 appropriations figure also includes \$3.6 million that is exempt from the statutory six-percent limit. This figure also includes a \$35.2 million appropriation to the HUTF, a \$78.9 million appropriation to the Capital Construction Fund, and a \$3.0 million appropriation to the Older Coloradans program.

/C 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. In FY 2002-03, the payment to the K-12 Capital Construction Fund is paid from the State Education Fund (\$10.9 million) and funding from powerball (\$4.1 million).

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

/E This figure represents the total transfer to the General Fund per H.B. 02-1391, H.B. 02-1392, H.B. 02-1443, H.B. 02-1444, H.B. 02-1445, and H.B. 02-1478.

/F Per H.B. 00-1072 and H.B. 01-1079, \$3 million is appropriated to fund the Older Coloradans Act in FY 2000-01 and FY 2001-02. Per H.B. 02-1209, \$2 million is appropriated to fund the Older Coloradans Act in FY 2002-03 and beyond. Per H.B. 02-1276, \$1 million is transferred to the Older Coloradans Health and Medical Care fund beginning in FY 2002-03.

/G 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. In addition, H.B. 02-1445 and H.B. 02-1478 require the state to repay the Major Medical and Tobacco Settlement funds in the same amount as was transferred to the General Fund in FY 2001-02. H.B. 02-1391 required the state to repay the \$2.5 million transfer from the Species Conservation Fund from the General Fund by June 30, 2002. This amount was paid from year-end reversions.

/H This figure represents the amount necessary to reduce either the operating or capital budgets in order to maintain the statutory required reserve.

/I Per H.B. 02-1478, the four-percent statutory reserve was eliminated in FY 2001-02 only.

/J In FY 2002-03, the Governor is required to ensure that a two-percent reserve is available.

/K The Governor ordered an additional 1.5-percent General Fund budget restriction in FY 2001-02 and a hiring freeze for all Executive Branch Departments. The departments reverted this amount as a result of these actions.

TABLE 4

General Fund Overview with Necessary Base Reductions in FY 2002-03 to Maintain 2% Reserve in FY 2002-03, Delay of CMTF Payback, and Lowering of Capital Construction Transfer in FY 2003-04
(Dollar Amounts in Millions)

	September 2002 Estimate by Fiscal Year							
	Preliminary Close	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
BEGINNING RESERVE	\$469.3	\$165.2	\$109.6	\$232.5	\$246.5	\$261.3	\$277.0	\$277.0
GROSS GENERAL FUND TRANSFERS TO GENERAL FUND	5,873.0	6,027.1	6,401.3	6,749.6	7,203.7	7,704.7	8,225.7	8,225.7
TRANSFER OF CMTF MONIES (HB 01-1267)	253.4							
SENATE BILL 97-1 TRANSFERS TO THE HUTTF	0.0	0.0	0.0	0.0	0.0	(185.7)	(253.4)	(253.4)
DIVERSION TO OLDER COLORADOANS FUNDS	0.0	(3.0) /F	(3.0) /F	(3.0) /F	(3.0) /F	(3.0) /F	(3.0) /F	(3.0) /F
TRANSFER TO THE STATE EDUCATION FUND	(272.9) /D	(278.4) /D	(300.1) /D	(321.3) /D	(345.4) /D	(372.0) /D	(399.7) /D	(399.7) /D
TOTAL FUNDS AVAILABLE	\$6,859.1	\$6,129.9	\$6,207.7	\$6,657.9	\$7,101.8	\$7,405.3	\$7,846.6	\$7,846.6
EXPENDITURES:								
General Fund Appropriations	\$5,643.0 /B	\$5,950.4	\$5,793.3	\$6,142.1	\$6,511.9	\$6,903.8	\$7,319.2	\$7,319.2
Governor's Spending Reductions		(174.6)						
Additional Reduction Necessary to Maintain Required Reserve	0.0	(329.6) /H	(40.6) /H	(191.5) /H	(130.3) /H	(130.3) /H	0.0	0.0 /H
K-12 Capital Construction	10.0 /C	0.0 /C	20.0 /C	20.0 /C	20.0 /C	20.0 /C	20.0 /C	20.0 /C
Medicaid Overexpenditure	NA	NA	NA	NA	NA	NA	NA	NA
Rebates and Expenditures	141.3	142.2	140.6	142.8	144.9	147.0	147.4	147.4
Capital and Prison Construction	0.0	10.6	5.3	101.8	100.4	0.0	0.0	0.0
TABOR Refund	927.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Homestead Exemption	0.0	62.3	56.6	58.0	55.5	57.6	57.6	57.6
Transfer of CMTF Monies (HB 02-1445)		349.6 /G	0.0	138.2	138.2			
General Fund Payback (HB 02-1391, HB 02-1444 and HB 02-1478)								
Reversions	(26.3) /K	NA	NA	NA	NA	NA	NA	NA
Accounting Adjustments	(3.8)	NA	NA	NA	NA	NA	NA	NA
TOTAL OBLIGATIONS	\$6,693.9	\$6,010.9	\$5,975.2	\$6,411.4	\$6,840.6	\$7,128.4	\$7,544.2	\$7,544.2
YEAR-END GENERAL FUND RESERVE:	\$165.2	\$109.6	\$232.5	\$246.5	\$261.3	\$277.0	\$302.4	\$302.4
STATUTORY RESERVE: 4.0% OF APPROPRIATIONS	0.0 /I	109.6 /J	232.5	246.5	261.3	277.0	293.6	293.6
MONIES IN EXCESS OF STATUTORY RESERVE	165.2	0.0	0.0	0.0	0.0	0.0	0.0	8.8
Reserve Monies for Resumption of Accrual Accounting	2.9%	2.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.1%
RESERVE AS A % OF APPROPRIATIONS								
TABOR CONSTITUTIONAL EMERGENCY RESERVE REQUIREMENT:								
General & Cash Fund Emergency Reserve Requirement	\$233.7 /A	\$246.1 /A	\$259.5	\$272.7	\$286.4	\$303.0	\$321.3	\$321.3
Appropriations Growth	\$303.4	(\$173.4)	\$333.8	\$348.8	\$369.7	\$391.9	\$415.4	\$415.4
Appropriations Growth Rate	5.67%	-3.07%	6.09%	6.00%	6.00%	6.00%	6.00%	6.00%

NA: Not Applicable.

Totals may not sum due to rounding.

/A Per H.B. 02-1394 and H.B. 1442, the TABOR reserve is designated as any money in the four-percent reserve, the Tobacco Litigation Settlement Fund, the State Severance Tax Fund, the Employment Support Fund, the Unclaimed Property Fund, the Wildlife Trust Fund, the Subsequent Injury Fund, and the Major Medical Fund.

/B The FY 2001-02 appropriations figure also includes \$3.6 million that is exempt from the statutory six-percent limit. This figure also includes a \$35.2 million appropriation to the HUTTF, a \$78.9 million appropriation to the Capital Construction Fund, and a \$3.0 million appropriation to the Older Coloradans program.

/C 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. In FY 2002-03, the payment to the K-12 Capital Construction Fund is paid from the State Education Fund (\$10.9 million) and funding from powerball (\$4.1 million).

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

/E This figure represents the total transfer to the General Fund per H.B. 02-1391, H.B. 02-1392, H.B. 02-1443, H.B. 02-1444, H.B. 02-1445, and H.B. 02-1478.

/F Per H.B. 00-1072 and H.B. 01-1079, \$3 million is appropriated to fund the Older Coloradans Act in FY 2000-01 and FY 2001-02. Per H.B. 02-1209, \$2 million is appropriated to fund the Older Coloradans Act in FY 2002-03 and beyond. Per H.B. 02-1276, \$1 million is transferred to the Older Coloradans Health and Medical Care fund beginning in FY 2002-03.

/G 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. In addition, H.B. 02-1445 and H.B. 02-1478 require the state to repay the Major Medical and Tobacco Settlement funds in the same amount as was transferred to the General Fund in FY 2001-02. H.B. 02-1391 required the state to repay the \$2.5 million transfer from the Species Conservation Fund from the General Fund by June 30, 2002. This amount was paid from year-end reversions.

/H This figure represents the amount necessary to reduce either the operating or capital budgets in order to maintain the statutorily required reserve.

/I Per H.B. 02-1478, the four-percent statutory reserve was eliminated in FY 2001-02 only.

/J In FY 2002-03, the Governor is required to ensure that a two-percent reserve is available.

/K The Governor ordered an additional 1.5-percent General Fund budget restriction in FY 2001-02 and a hiring freeze for all Executive Branch Departments. The departments reverted this amount as a result of these actions.

TABLE 5

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

Category	Preliminary Close		September 2002 Estimate by Fiscal Year with Percent Change Over Prior Year																			
	FY 2001-02	%	FY 2002-03	%	FY 2003-04	%	FY 2004-05	%	FY 2005-06	%	FY 2006-07	%	FY 2007-08	%								
Sales	\$1,755.7	/A	-3.1	\$1,856.4	/A	3.7	\$1,933.6	/A	4.2	\$2,044.2	/A	5.7	\$2,164.8	/A	5.9	\$2,290.7	/A	5.8				
TABOR Overrefund	\$0.0	/D		\$0.0			\$0.0			\$0.0			\$0.0			\$0.0						
Use	140.6	/A	-11.0	132.5	/A	2.0	139.2	/A	3.0	143.9	/A	3.4	150.9	/A	4.9	159.8	/A	5.8				
Cigarette	55.2		-5.0	55.6		0.6	56.8		1.6	56.4		-0.7	56.7		0.5	57.0		0.5				
Tobacco Products	10.3		4.3	10.7		4.1	11.5		6.6	11.9		4.1	12.6		5.3	13.1		3.1				
Liquor	29.5		0.6	31.4		6.6	32.8		4.4	34.4		4.9	36.2		5.1	38.1		4.8				
TOTAL EXCISE	1,991.3		-0.7	1,991.5		0.0	2,091.8		5.0	2,176.0		4.0	2,293.3		5.4	2,423.7		5.7				
Net Individual Income	3,345.1	/C	-16.7	3,486.1	/C	4.2	3,760.9	/C	7.9	4,037.3	/C	7.3	4,346.3	/C	7.7	4,688.7	/C	7.9	5,044.9	/C	7.6	
Net Corporate Income	178.0	/C	-46.0	237.5	/C	33.4	247.9	/C	4.4	254.0	/C	2.4	267.0	/C	5.1	280.4	/C	5.0	294.6	/C	5.1	
TOTAL INCOME	3,523.1		-19.0	3,723.7		5.7	4,008.8		7.7	4,291.2		7.0	4,613.4		7.5	4,969.0		7.7	5,339.5		7.5	
Estate	72.5	/B	-12.2	46.2	/B	-36.3	26.4	/B	-42.8	6.3	/B	-76.0	1.5	/B	-76.3	1.0	/B	-33.3	2.5	/B	150.0	3.4
Insurance	154.6		8.9	145.1		-6.2	151.7		4.6	154.3		1.7	157.3		2.0	164.0		4.2	169.5		3.4	
Para-Mutuel	5.7		-6.6	6.0		5.2	6.0		0.0	6.0		0.1	6.0		0.1	6.0		0.1	6.0		-0.1	
Interest Income	25.3		-44.0	17.5		-30.7	15.4		-12.4	15.6		1.5	21.6		38.2	25.0		16.0	26.3		5.0	
Court Receipts	23.3		4.5	26.0		11.6	26.9		3.4	25.5		-5.2	28.9		13.2	29.9		3.6	31.0		3.5	
Gaming	34.1		8.5	38.7		13.6	41.1		6.1	43.8		6.7	47.2		7.7	51.0		8.0	55.0		7.9	
Medicaid (Intergovt. Transfer)	11.2			10.7		-4.2	10.7		0.0	10.7		0.0	10.7		0.0	10.7		0.0	10.7		0.0	
Other Income	31.9		-4.5	21.7		-31.9	22.4		3.3	20.1		-10.3	23.9		18.9	24.5		2.3	24.5		0.0	
TOTAL OTHER	358.5		-1.2	311.9		-13.0	300.6		-3.6	282.4		-6.1	297.0		5.2	312.0		5.0	325.4		4.3	
GROSS GENERAL FUND	\$5,873.0		-12.6	\$6,027.1		2.6	\$6,401.3		6.2	\$6,749.6		5.4	\$7,203.7		6.7	\$7,704.7		7.0	\$8,225.7		6.8	
REBATES & EXPENDITURES:																						
Cigarette Rebate	15.9		-3.0	16.0		0.6	16.1		0.6	16.4		1.6	16.3		-0.7	16.3		0.5	16.4		0.5	
Old-Age Pension Fund	72.9		15.3	73.9		1.3	75.3		2.0	76.8		2.0	77.9		1.4	79.0		1.5	79.0		0.0	
Aged Property Tax & Heating Credit	23.6		40.5	22.9		-3.0	23.9		4.2	24.3		1.9	25.5		4.9	26.3		3.2	26.7		1.4	
Fire/Police Pensions	28.9		0.7	29.5		2.1	25.3		-14.2	25.3		0.0	25.3		0.0	25.3		0.0	25.3		0.0	
TOTAL REBATES & EXPENDITURES	141.3		12.9	142.2		0.7	140.6		-1.2	142.8		1.6	144.9		1.5	147.0		1.4	147.4		0.3	

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 10.0 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 diverted to the Highway Users Tax Fund per H.B. 00-1259, 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 Tables 2, 3, and 4.

/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 five-percent overrefund essentially lowers the following year's revenue. In the 2002 legislative session, three bills (H.B. 02-1310, S.B. 02-179, and S.B. 02-218) repealed this provision effective with the FY 2002-03 TABOR surplus and the state is now only required to refund 100 percent of the sales tax refund. In FY 2001-02, the \$69.9 million TABOR overrefund was counted toward the FY 2001-02 TABOR liability because the full amount of the FY 2001-02 TABOR refund was not liquidated.

TABLE 6

		September 2002 Estimate by Fiscal Year								FY 2002-03 to FY 2007-08 CAAGR *
		Preliminary Close FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		
Transportation-Related		\$813.9	\$840.3	\$846.5	\$870.8	\$899.6	\$930.6	\$963.7		
Change		4.2%	3.2%	0.7%	2.9%	3.3%	3.5%	3.6%		2.9%
Higher Education		\$635.4	\$693.6	\$721.0	\$753.7	\$792.9	\$832.9	\$876.0		
Change		8.6% /A	9.2%	3.9%	4.5%	5.2%	5.0%	5.2%		4.8%
Unemployment Insurance		\$196.1	\$362.0	\$414.8	\$440.7	\$372.6	\$343.7	\$350.7		
Change		-2.4%	84.7%	14.6%	6.2%	-15.5%	-7.7%	2.0%		-0.6%
Limited Gaming Fund		\$99.1	\$103.7	\$110.1	\$117.2	\$125.8	\$135.4	\$145.6		
Change		7.7%	4.7%	6.2%	6.4%	7.3%	7.7%	7.5%		7.0%
Capital Construction - Interest		\$17.5	\$3.9	\$2.9	\$4.0	\$4.6	\$4.9	\$5.1		
Change		-49.8%	-77.5%	-25.9%	38.1%	13.8%	6.5%	3.3%		5.1%
Regulatory Agencies		\$50.4	\$55.6	\$57.1	\$58.3	\$59.5	\$60.7	\$62.0		
Change		-1.6%	10.2%	2.7%	2.2%	2.0%	2.0%	2.1%		2.2%
Insurance-Related		\$66.3	\$71.6	\$76.9	\$81.6	\$86.4	\$91.4	\$96.7		
Change		29.0%	8.0%	7.5%	6.0%	5.9%	5.8%	5.8%		6.2%
Severance Tax		\$57.5	\$55.4	\$43.1	\$55.5	\$50.7	\$57.1	\$60.8		
Change		-23.1%	-3.7%	-22.2%	28.7%	-8.6%	12.7%	6.4%		1.9%
Petroleum Storage Tank Fund		\$21.3	\$20.2	\$19.7	\$9.5	\$9.5	\$9.5	\$9.4		
Change		-19.9%	-4.9%	-2.7%	-51.9%	0.4%	0.2%	-1.1%		-14.2%
Controlled Maintenance Trust Fund Interest		\$0.5	\$0.0	\$0.0	\$4.1	\$12.5	\$16.7	\$16.7		
Change		-97.1%	NA	NA	NA	201.5%	34.2%	-0.4%		59.1% /F
Other Cash Funds		\$274.4	\$286.0	\$296.2	\$309.3	\$320.6	\$336.2	\$352.3		
Change		-3.0%	4.2%	3.6%	4.4%	3.7%	4.9%	4.8%		4.3%
TOTAL CASH FUND REVENUE		\$2,232.4	\$2,492.3	\$2,588.4	\$2,704.7	\$2,734.6	\$2,819.3	\$2,938.8		
Change		2.0% /G	11.6%	3.9%	4.5%	1.1%	3.1%	4.2%		3.4%

* CAAGR: Compound Annual Average Growth Rate.

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

/B In FY 2002-03, schools increased resident tuition between 4.7 percent and 6.2 percent and nonresident tuition between 7.7 percent and 9.2 percent.

/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, 2003, and June 30, 2004, is less than 0.9 percent.

/E Assumes that the Controlled Maintenance Trust Fund payback will be delayed until FY 2004-05.

/F The Controlled Maintenance Trust Fund interest CAAGR is computed for the period from FY 2004-05 through FY 2007-08.

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

/H Higher Education revenues are net of scholarship allowances.

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

/J This growth rate is computed using FY 2000-01 tuition revenue net of scholarship allowances.