

STATE OF COLORADO

OFFICE OF STATE PLANNING AND BUDGETING

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MEMORANDUM

Bill Owens
Governor
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Director

TO: Governor Bill Owens
Members of the General Assembly

FROM: Office of State Planning and Budgeting

DATE: September 20, 2006

SUBJECT: *September 2006 Revenue Forecast*

This memorandum presents the September 2006 Office of State Planning and Budgeting revenue forecast. Also provided in this memorandum is a discussion of the Taxpayer's Bill of Rights (TABOR) limit as provided in Article X, Section 20 of the Colorado Constitution. The memorandum also includes General Fund overviews, General Fund and cash fund revenue forecasts, and summaries of both the national and Colorado economic forecasts.

September 2006 OSPB Forecast Highlights

- Based on the September 2006 OSPB revenue projections and FY 2006-07 appropriations, the State will have enough General Fund revenue to maintain appropriations growth of six percent, fund a Senate Bill 97-1 transfer of \$111.6 million to the Highway Users Tax Fund, and transfer \$64.8 million to the Capital Construction Fund.
- In FY 2005-06, the General Fund excess reserve exceeded the statutory four percent reserve requirement by \$437.7 million.
- On November 1, 2005, Colorado voters passed Referendum C, allowing the State to retain all revenue collected from FY 2005-06 through FY 2009-10. Therefore, there will not be a TABOR surplus during this five-year period and the State will be allowed to keep an estimated \$3.9 billion. The TABOR surplus will return in FY 2010-11.
- After increasing 13.1 percent in FY 2005-06, gross *General Fund revenues* are forecast to increase 1.6 percent in FY 2006-07 and 4.7 percent in FY 2007-08.
- *Cash fund revenues* are forecast to decrease 4.3 percent in FY 2006-07 and increase 2.9 percent in FY 2007-08. In FY 2005-06, cash fund revenues grew 12.9 percent as a result of growth in severance taxes and unemployment insurance tax revenue.
- The *national economy* continues to strengthen. Inflation-adjusted gross domestic product is growing at a healthy pace, initial jobless claims are continuing their downward trend, demand and production growth are strong, and payrolls are increasing.
- The underlying assumptions for the September 2006 *Colorado economic forecast* have not materially changed since the release of the June 2006 forecast. The State's labor markets are recovering and Colorado economic activity is accelerating.

The Governor's Office of State Planning and Budgeting (OSP) is charged with providing estimates of revenues for the purpose of determining the amount of funds available for appropriation. This issue of the *Colorado Economic Perspective* presents the September 2006 OSPB forecast of General Fund and cash funds revenues. Forecasts for the national and Colorado economies are also provided.

The Taxpayer's Bill of Rights

The Taxpayer's Bill of Rights (TABOR) — Article X, Section 20 of the Colorado Constitution — limits the State's revenue growth to the sum of inflation plus population growth in the previous calendar year. According to TABOR, revenue collected above the TABOR limit must be returned to taxpayers, unless voters decide the State can retain the revenue.

- In November 2005, Colorado voters passed Referendum C, allowing the State to retain all revenue collected from FY 2005-06 through FY 2009-10, thereby eliminating the TABOR surplus during this five-year period. Moreover, the State's budget has avoided dramatic program reductions that would have been necessary absent its passage.
 - The monies the State is allowed to keep are referred to as *General Fund Exempt Revenue*. During this five-year period, the State will keep \$3.9 billion in *General Fund Exempt Revenue*.
 - Beginning in FY 2010-11, the State will return to a TABOR surplus situation with the TABOR surplus totaling \$65.2 million.

General Fund Revenue Overview

Table 1 provides an overview of General Fund revenues, expenditures, and reserves through FY 2010-11. The table also shows the FY 2006-07 General Fund appropriation as well as the maximum amount available for appropriations in FY 2007-08. Furthermore, Table 1 assumes current law for capital construction transfers, other transfers to the General Fund, and rebates and expenditures. *Please note our change to the format of Table 1. The purpose of this change is to categorize better the State's resources, expenditures, and reserves.*

- The FY 2005-06 General Fund ended the year with a \$689.4 million reserve. This reserve exceeded the statutory four percent reserve by \$437.7 million, thereby allowing \$291.8 million to be transferred to the Highway Users Tax Fund and \$145.9 million to be transferred to the Capital Construction Fund. In addition, the State also paid back \$67.1 million in cash fund transfers per House Bill 02-1391 and transferred an additional \$220.4 million to the Highway Users Tax Fund through the Senate Bill 97-1 mechanism.
- In FY 2006-07, the Senior Homestead Exemption returns after a four-year absence and an additional \$111.6 million will be transferred to the Highway Users Tax Fund through the Senate Bill 97-1 mechanism.
- For FY 2007-08, the OSPB projects that the State will have sufficient revenue to grow operating appropriations by six percent and make a Senate Bill 97-1 transfer of \$61.9 million.

The forecast for General Fund revenues is displayed in *Table 2*. The September 2006 forecast for General Fund revenues is \$50.2 million lower in FY 2006-07 and \$59.3 million lower in FY 2007-08 than the June 2006 OSPB forecast. It is important to note that collections in FY 2005-06 reflect one-time monies and federal tax law changes that affect revenue growth rates. Indeed, income tax revenue growth is forecast to decelerate in FY 2006-07 and FY 2007-08 as stock market gains decrease compared with the activity recorded in 2004 and 2005, and corporations adjust to the expiration of federal tax packages.

- After increasing 13.1 percent in FY 2005-06, General Fund revenues are expected to increase 1.6 percent in FY 2006-07 and 4.7 percent in FY 2007-08.
- Net individual income tax receipts increased 17.9 percent in FY 2005-06 and are forecast to increase 1.1 percent in FY 2006-07 and 4.4 percent in FY 2007-08.
 - Several factors driving growth in FY 2005-06 included royalty payments resulting from increased drilling activity around the state and an increase in capital gains due to healthy stock market activity. In FY 2006-07, the OSPB forecasts more moderate individual income tax growth, due to the one-time boost received from capital gains distributions in FY 2005-06.
- Corporate income tax receipts increased a staggering 33.9 percent in FY 2004-05 and 42.0 percent in FY 2005-06 because of provisions in the Job and Growth Tax Relief and Reconciliation Act of 2003, which expired in 2004.
 - Corporate income tax receipts are anticipated to decrease 8.9 percent in FY 2006-07 and increase 0.7 percent in FY 2007-08.
- Sales tax receipts increased 5.5 percent in FY 2005-06. These receipts are anticipated to increase 6.0 percent in FY 2006-07 and 6.4 percent in FY 2007-08.

Cash Funds Revenues

Cash funds revenues increased 12.9 percent in FY 2005-06, to \$2,218.6 million, primarily due to robust growth in two cash fund categories: unemployment insurance taxes and severance taxes. In FY 2006-07, cash funds revenues are forecast to decrease 4.3 percent, to \$2,122.5 million. The cash funds revenues forecast is presented in *Table 3*.

- Transportation-related revenues, the largest group of cash funds, grew 3.1 percent in FY 2005-06. This group of cash funds is forecast to increase 1.9 percent in FY 2006-07 and 1.8 percent in FY 2007-08.
 - The *Highway Users Tax Fund* (HUTF), the largest of the transportation-related funds, is composed primarily of fuel tax revenues and registration fees. In FY 2005-06, HUTF revenues increased 3.2 percent. Due to an accounting adjustment during FY 2005-06, an additional \$48.1 million was credited to the gasoline tax fund, driving 2.0 percent growth in fuel tax revenues.
 - *Other transportation-related cash fund revenue* grew 2.2 percent in FY 2005-06 as interest rates rose in response to rising inflationary pressures.
- Unemployment insurance revenues increased 10.6 percent in FY 2005-06. These revenues are expected to decrease 9.5 percent in FY 2006-07 and increase 1.4 percent in FY 2007-08.
 - In calendar year 2006, the unemployment insurance tax rate schedule will move to a lower level. This occurs because two components of employer UI tax rates — the base rate and the solvency surcharge — fall when the UI Trust Fund balance rises above certain thresholds.
 - In FY 2006-07, UI benefit payments are forecast to remain flat, following a 13.8 percent decline in FY 2005-06. Additionally, the OSPB forecast indicates the solvency surcharge will be in effect through 2008.

- Other cash funds increased 24.4 percent in FY 2005-06, and are expected to decrease 2.9 percent in FY 2006-07 and increase 3.9 percent in FY 2007-08.
 - The increase in revenue in FY 2005-06 is primarily in the miscellaneous cash funds. As a result of outstanding accounting adjustments related to the conversion of higher education to enterprise status, some residual revenue remained a part of the TABOR calculation in FY 2005-06.
 - In FY 2005-06, severance tax revenues increased 54.2 percent as a result of increased production, rising gas and oil prices, and merger and acquisition activity.

The National Economy

National economic growth remained healthy in 2005 and the economy's prospects through 2006 are upbeat. The national labor market continues to post gains, rising 1.5 percent in 2005 with employment growth accelerating month-over-month. Meanwhile, initial jobless claims are continuing their downward trend, demand and production growth are strong, and inflation-adjusted gross domestic product (GDP) is above pre-recession peaks reached in 2001. The forecast for the national economy is outlined in *Table 4*.

- Inflation-adjusted gross domestic product is forecast to increase 3.4 percent in 2006 and 3.1 percent in 2007, after increasing 3.2 percent in 2005.
 - Consumer spending is forecast to grow 3.3 percent in both 2006 and 2007.
 - Business investment is expected to average 4.1 percent growth in 2006 and 3.7 percent growth in 2007.
- Inflationary pressures are expected to remain moderate throughout 2006. Overall, consumer prices are forecast to rise 3.7 percent in 2006 and 3.1 percent in 2007.
- National employment will increase 1.4 percent in 2006, with 1.8 million workers added to nonfarm payrolls.
- The national unemployment rate is forecast to average 4.7 percent in 2006 and 4.4 percent in 2007.

The Colorado Economy

The September 2006 forecast indicates that the Colorado economy will continue on its improvement course. In January 2006, the state's labor market surpassed its pre-recession levels, personal income is rising, and retail sales are up. Furthermore, Colorado's July 2006 employment increase of 2.2 percent is 16th highest in the country. Meanwhile, the 2005 unemployment rate fell to 5.1 percent, the lowest level since 2001. The forecast for the Colorado economy is shown in *Table 5*.

- Colorado employment will increase 2.1 percent in 2006, a net increase of 46,600 new jobs compared with 2005.
- The 2006 unemployment rate is forecast to average 4.6 percent, compared with the 5.1 percent rate posted in 2005. The unemployment rate will fall below 4.5 percent in 2008 and decline further by 2010.
- Personal income growth will average 5.8 percent in 2006 and 5.9 percent in 2007.

- Retail trade sales are forecast to increase 5.5 percent in 2006 and 5.7 percent in 2007.
- Consumer prices in the Denver-Boulder-Greeley area will rise 3.5 percent in 2006 and 3.2 percent in 2007.
- In 2006, net in-migration to Colorado will be slightly below 30,000 and total population growth will be 1.4 percent.

Table 1
General Fund Overview – Current Law
(Dollar Amounts in Millions)

Line No.		Preliminary FY 2005-06	September 2006 Estimate by Fiscal Year				
			FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Resources							
1	Beginning Reserve	\$237.4	\$251.7	\$267.0	\$283.3	\$300.3	\$318.3
2	Gross General Fund Revenue	7,321.9	7,439.2	7,787.4	8,235.8	8,722.3	9,239.9
3	General Fund	6,206.9	6,623.3	7,032.6	7,660.7	8,109.7	9,239.9
4	General Fund Exempt	1,115.0	816.0	754.8	575.2	612.6	N/A
5	Transfers to the General Fund	226.9 /A	32.6 /A	36.7 /A	35.8 /A	34.9 /A	33.9 /A
6	TOTAL REVENUE	\$7,786.2	\$7,723.6	\$8,091.1	\$8,554.9	\$9,057.4	\$9,592.1
Expenditures							
7	General Fund Appropriations (Subject to 6% Limit)	6,292.7	6,675.5	7,082.2	7,507.2	7,957.6	8,413.9
8	Exemptions to 6% Limit	5.0 /B	5.8 /B	0.0 /B	0.0 /B	0.0 /B	0.0 /B
9	Spending Outside 6% Limit	799.1	775.2	725.6	747.4	781.5	841.6
10	Rebates and Expenditures	153.4	169.1	179.4	187.1	195.4	204.5
11	Transfers to Capital Construction	10.1 /C	64.8 /C	37.7 /C	50.0 /C	50.0 /C	50.0 /C
12	TABOR Refund	0.0	0.0	0.0	0.0	0.0	65.2
13	Older Coloradans Act	2.8	3.8	3.8	3.8	3.8	3.8
14	Transfer to State Education Fund	357.2 /D	361.4 /D	376.2 /D	398.4 /D	422.2 /D	448.1 /D
15	Senate Bill 97-1	220.4	111.6	61.9	40.4	41.3	0.0
16	Senior Homestead Exemption	0.0 /E	64.6 /E	66.7 /E	67.8 /E	68.9 /E	70.0 /E
17	Other Exemptions	67.1 /F	0.0	0.0	0.0	0.0	0.0
18	Reversions and Accounting Adjustments	(11.8)	0.0	0.0	0.0	0.0	0.0
19	TOTAL OBLIGATIONS	\$7,096.8	\$7,456.6	\$7,807.8	\$8,254.6	\$8,739.1	\$9,255.5
Reserves							
20	Year-End Reserve	\$689.4	\$267.0	\$283.3	\$300.3	\$318.3	\$336.6
21	Year-End Reserve as a % of Appropriations	11.0%	4.0%	4.0%	4.0%	4.0%	4.0%
22	Statutory Reserve: 4% of Appropriations	251.7	267.0	283.3	300.3	318.3	336.6
23	Excess Monies Above (Below) Reserve	437.7	0.0	0.0	0.0	0.0	0.0
24	2/3 for Transportation	291.8 /G	0.0	0.0	0.0	0.0	0.0
25	1/3 for Capital Construction	145.9 /G	0.0	0.0	0.0	0.0	0.0
26	Appropriations Change	\$361.2	\$383.7	\$400.9	\$424.9	\$450.4	\$456.4
27		6.1%	6.1%	6.0%	6.0%	6.0%	5.7%

/A This figure represents the total transfers to the General Fund per H.B. 04-1421, H.B. 04-1417, H.B. 05-1262, S.B. 05-210, and S.B. 05-211.

/B In FY 2005-06, \$5.0 million is appropriated to the Department of Education as a result of a requirement of a final state court order, and in FY 2006-07, per H.B. 06-1395, \$5.8 million is appropriated for residential child health care and is not subject to the 6.0 percent limit pursuant to Section 24-75-201.1(1)(a)(III)(B), C.R.S., but is used as the base for calculation of the next year's appropriation's limit.

/C The transfers shown represent current and expected future appropriations.

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

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

/F The state was required to pay back \$67.1 million in transfers previously made into the General Fund per H.B. 02-1391.

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

Table 2
Colorado General Fund – Revenue Estimates by Tax Category
(Accrual Basis, Dollar Amounts in Millions)

Line No.	Category	Preliminary		September 2006 Estimate by Fiscal Year with Percent Change Over Prior Year									
		FY 2005-06	% Chg	FY 2006-07	% Chg	FY 2007-08	% Chg	FY 2008-09	% Chg	FY 2009-10	% Chg	FY 2010-11	% Chg
1	Sales	\$1,957.3	/A 5.5	\$2,074.2	/A 6.0	\$2,207.5	/A 6.4	\$2,342.7	/A 6.1	\$2,487.7	/A 6.2	\$2,640.2	/A 6.1
2	Use	\$165.9	/A 8.5	\$171.8	/A 3.6	\$180.2	/A 4.9	\$189.2	/A 5.0	\$198.7	/A 5.0	\$208.7	/A 5.1
3	Cigarette	\$48.2	(6.3)	\$46.4	(3.7)	\$44.7	(3.7)	\$43.1	(3.6)	\$41.8	(3.0)	\$40.8	(2.5)
4	Tobacco Products	\$11.2	(20.8)	\$9.8	(13.0)	\$11.5	17.4	\$11.5	(0.1)	\$11.4	(0.2)	\$11.4	(0.7)
5	Liquor	\$32.8	5.2	\$33.2	1.1	\$33.7	1.4	\$34.2	1.5	\$34.7	1.7	\$35.3	1.5
6	Total Excise	\$2,215.5	5.3	\$2,335.4	5.4	\$2,477.6	6.1	\$2,620.7	5.8	\$2,774.4	5.9	\$2,936.3	5.8
Income Taxes:													
7	Net Individual Income	\$4,376.1	17.9	\$4,422.1	1.1	\$4,615.0	4.4	\$4,886.7	5.9	\$5,180.9	6.0	\$5,503.9	6.2
8	Net Corporate Income	\$447.5	42.0	\$407.7	(8.9)	\$410.7	0.7	\$434.5	5.8	\$457.9	5.4	\$481.2	5.1
9	Total Income	\$4,823.6	19.8	\$4,829.8	0.1	\$5,025.7	4.1	\$5,321.2	5.9	\$5,638.8	6.0	\$5,985.1	6.1
Other Revenues:													
10	Estate	\$6.8	/B (73.9)	\$2.0	/B NA	\$1.0	/B NA	\$1.0	/B NA	\$1.0	/B NA	\$10.0	/B NA
11	Insurance	\$175.1	(7.5)	\$158.2	(9.6)	\$165.6	4.7	\$171.2	3.4	\$176.8	3.3	\$172.5	(2.5)
12	Interest Income	\$33.3	20.1	\$45.4	36.4	\$46.6	2.6	\$47.8	2.6	\$49.0	2.6	\$50.3	2.6
13	Pari-Mutuel	\$3.4	(10.7)	\$3.2	(6.5)	\$2.9	(8.3)	\$2.8	(5.4)	\$2.6	(5.9)	\$2.4	(6.2)
14	Court Receipts	\$27.4	4.0	\$25.5	(6.9)	\$26.1	2.4	\$26.7	2.3	\$27.3	2.3	\$27.9	2.3
15	Gaming	\$17.6	(56.4)	\$15.6	(11.1)	\$17.6	12.9	\$19.8	12.6	\$22.2	11.7	\$24.7	11.3
17	Other Income	\$19.3	(33.2)	\$24.1	24.6	\$24.4	1.2	\$24.7	1.3	\$30.2	22.2	\$30.7	1.7
18	Total Other	\$282.8	(17.3)	\$274.0	(3.1)	\$284.2	3.7	\$294.0	3.5	\$309.1	5.1	\$318.5	3.0
19	GROSS GENERAL FUND	\$7,321.9	13.1	\$7,439.2	1.6	\$7,787.4	4.7	\$8,235.8	5.8	\$8,722.3	5.9	\$9,239.9	5.9
Rebates & Expenditures:													
20	Cigarette Rebate	\$14.1	(2.3)	\$13.0	(7.7)	\$12.5	(3.6)	\$12.1	(3.6)	\$11.7	(3.0)	\$11.4	(2.5)
21	Old-Age Pension Fund	\$89.1	2.8	\$95.3	7.0	\$102.5	7.6	\$110.0	7.3	\$117.9	7.2	\$126.5	7.2
22	Aged Property Tax & Heating Credit	\$9.8	67.4	\$11.9	21.4	\$15.0	26.6	\$15.2	1.4	\$15.4	1.4	\$15.6	1.4
23	Interest Payments for School Loans	\$11.3	NA	\$19.8	75.1	\$20.2	2.0	\$20.7	2.5	\$21.2	2.7	\$21.9	3.0
24	Fire/Police Pensions	\$29.1	/C 664.6	\$29.1	0.1	\$29.1	0.0	\$29.1	0.0	\$29.1	0.0	\$29.1	0.0
25	Total Rebates & Expenditures	\$153.4	38.5	\$169.1	10.3	\$179.4	6.1	\$187.1	4.3	\$195.4	4.5	\$204.5	4.7
26	Amendment 35 Tobacco Tax	\$165.4	/D 2.0	\$160.1	/D (3.2)	\$154.5	/D (3.4)	\$149.4	/D (3.3)	\$145.3	/D (2.8)	\$141.9	/D (2.3)

NA: Not Applicable.

/A Per H.B. 00-1259, beginning January 1, 2001, 10.355 percent of sales and use taxes will be diverted to the Highway Users Tax Fund when revenues are available to fund expenditures. The full amount of sales and use taxes are reported here and the amount transferred is deducted from available revenues in the General Fund Overview in Table 1.

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

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

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

Table 3
Cash Fund Revenue by Major Category
(Accrual Basis, Dollar Amounts in Millions)

	Preliminary FY 2005-06	September 2006 Estimate by Fiscal Year					FY 2005-06 to FY 2010-11 CAAGR*
		FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	
Transportation-Related	\$869.6	\$886.0	\$902.0	\$919.6	\$937.5	\$959.8	
Change	3.1%	1.9%	1.8%	1.9%	1.9%	2.4%	2.0%
Unemployment Insurance	\$515.2 /A	\$466.2 /A	\$472.7 /A	\$304.3 /A	\$268.1	\$279.5	
Change	10.6%	-9.5%	1.4%	-35.6%	-11.9%	4.2%	-11.5%
Limited Gaming Fund	\$110.9	\$116.4	\$122.6	\$129.3	\$136.4	\$144.1	
Change	7.5%	5.0%	5.3%	5.5%	5.5%	5.6%	5.4%
Capital Construction – Interest	\$3.6	\$9.0	\$7.1	\$5.3	\$3.7	\$2.1	
Change	56.5%	148.7%	-20.7%	-25.4%	-30.2%	-43.2%	-10.2%
Regulatory Agencies	\$49.2	\$52.7	\$55.5	\$57.5	\$59.5	\$61.7	
Change	-4.3%	7.2%	5.2%	3.6%	3.6%	3.6%	4.6%
Insurance-Related	\$63.9	\$61.0	\$63.4	\$66.0	\$68.8	\$71.7	
Change	20.1%	-4.7%	4.0%	4.1%	4.2%	4.3%	2.3%
Severance Tax	\$234.3	\$176.5	\$192.2	\$164.7	\$176.7	\$168.1	
Change	54.2%	-24.7%	8.9%	-14.3%	7.3%	-4.9%	-6.4%
Controlled Maintenance Trust Fund Interest	\$6.7 /B,C	\$0.0 /B,C	\$0.0 /B,C	\$0.0 /B,C	\$0.0 /B,C	\$0.0 /B,C	
Change	NA	NA	NA	NA	NA	NA	NA
Miscellaneous Cash Funds	\$365.3	\$354.8	\$368.7	\$383.8	\$400.7	\$418.7	
Change	24.4% /D	-2.9%	3.9%	4.1%	4.4%	4.5%	2.8%
TOTAL CASH FUND REVENUES	\$2,218.6	\$2,122.5	\$2,184.1	\$2,030.4	\$2,051.4	\$2,105.7	
Change	12.9%	-4.3%	2.9%	-7.0%	1.0%	2.6%	-1.0%

*CAAGR: Compound Annual Average Growth Rate.

NA: Not Applicable.

Totals may not sum due to rounding.

/A Includes revenues from the solvency tax surcharge, which is in effect because the solvency ratio on June 30, 2004, June 30, 2005, June 30, 2006, June 30, 2007, and June 30, 2008 is less than 0.9%.

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

/C S.B. 05-210 appropriates \$130.6 million from the General Fund to the CMTF and requires the Treasurer to transfer \$55.0 million to the CMTF by June 30, 2005. On June 1, 2006, the Treasurer was required to transfer \$185.6 million from the CMTF to the General Fund.

/D Includes residual revenue transfers related to the state institutions conversion to enterprise status that count as TABOR revenue.

Table 4
History And Forecast For Key National Economic Variables
2001-2010

Line No.		Actual					September 2006 Forecast				
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	Inflation-Adjusted & Current Dollar Income Accounts										
1	Inflation-Adjusted Gross Domestic Product (Billions)	\$9,892.9	\$10,047.8	\$10,303.0	\$10,703.3	\$11,050.3	\$11,429.9	\$11,787.3	\$12,175.4	\$12,566.9	\$12,959.9
2	Change	0.8%	1.6%	2.5%	3.9%	3.2%	3.4%	3.1%	3.3%	3.2%	3.1%
3	Gross Domestic Product (Billions)	\$10,127.9	\$10,469.7	\$10,961.0	\$11,712.6	\$12,456.0	\$13,304.7	\$14,093.0	\$14,882.1	\$15,676.3	\$16,476.0
4	Change	3.2%	3.4%	4.7%	6.9%	6.3%	6.8%	5.9%	5.6%	5.3%	5.1%
5	Productivity (Output per Hour, Nonfarm Business)	118.3	123.1	128.0	132.4	136.0	138.9	141.7	144.9	147.7	150.2
6	Change	2.5%	4.1%	3.9%	3.4%	2.7%	2.1%	2.1%	2.2%	1.9%	1.7%
7	Personal Income (Billions)	\$8,734.6	\$8,896.8	\$9,203.7	\$9,778.9	\$10,288.6	\$10,951.8	\$11,619.5	\$12,306.7	\$13,023.8	\$13,426.1
8	Change	3.1%	1.9%	3.4%	6.3%	5.2%	6.4%	6.1%	5.9%	5.8%	3.1%
9	Per-Capita Income (\$/person)	\$30,597	\$30,855	\$31,606	\$33,261	\$34,672	\$36,576	\$38,459	\$40,374	\$42,354	\$43,286
10	Change	2.1%	0.8%	2.4%	5.2%	4.2%	5.5%	5.1%	5.0%	4.9%	2.2%
	Population & Employment										
11	Population ¹ (Millions)	285.5	288.3	291.2	294.0	296.7	299.4	302.1	304.8	307.5	310.2
12	Change	1.0%	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
13	Civilian Unemployment Rate	4.9%	5.8%	6.0%	5.5%	5.0%	4.7%	4.4%	4.2%	4.1%	4.0%
14	Total Nonagricultural Employment ² (Millions)	131.8	130.3	130.0	131.4	133.5	135.3	137.0	138.7	140.4	142.2
15	Change	0.0%	-1.1%	-0.3%	1.1%	1.5%	1.4%	1.2%	1.3%	1.2%	1.3%
	Financial Markets										
16	30-Year T-Bond Rate	5.5%	4.8%	3.9%	3.3%	3.6%	5.2%	5.6%	5.7%	5.9%	5.9%
17	10-Year T-Bond Rate	5.0%	4.6%	4.0%	4.3%	4.3%	5.1%	5.1%	5.3%	5.5%	5.6%
18	Federal Fund Rate	4.3%	1.7%	1.1%	1.3%	3.0%	4.9%	5.4%	5.8%	5.8%	5.6%
	Price Variables										
19	Consumer Price Index (1982-84=100)	177.0	179.9	184.0	188.9	195.3	202.5	208.9	214.4	220.2	226.2
20	Change	2.8%	1.6%	2.3%	2.7%	3.4%	3.7%	3.1%	2.7%	2.7%	2.7%
21	Producer Price Index (1982=100)	140.9	138.7	142.8	148.0	155.0	161.1	166.2	170.4	174.7	179.1
22	Change	2.4%	-1.5%	3.0%	3.6%	4.8%	3.9%	3.1%	2.5%	2.5%	2.5%
	Other Key Indicators										
23	Industrial Production Index (1992=100)	99.6	100.2	100.8	105.1	108.3	113.4	117.8	122.0	126.2	130.3
24	Change	-3.8%	0.6%	0.6%	4.2%	3.1%	4.7%	3.9%	3.5%	3.5%	3.2%
25	Corporate Profits After Tax (Billions)	\$503.7	\$575.9	\$664.8	\$844.2	\$1,119.5	\$1,238.1	\$1,237.3	\$1,287.1	\$1,358.2	\$1,428.0
26	Change	-0.9%	14.3%	15.4%	27.0%	32.6%	10.6%	-0.1%	4.0%	5.5%	5.1%
27	Housing Starts (Millions)	1.601	1.710	1.854	1.949	2.073	1.943	1.675	1.590	1.573	1.598
28	Change	1.8%	6.8%	8.4%	5.1%	6.4%	-6.3%	-13.8%	-5.1%	-1.1%	1.6%

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

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

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

Table 5
History And Forecast For Key Colorado Economic Variables
Calendar Year 2001 - 2010

Line No.		Actual					September 2006 Forecast				
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Current Income											
1	Personal Income (Billions)	\$152,700	\$153,066	\$157,035	\$166,188	\$176,352	\$186,581	\$197,587	\$210,110	\$223,546	\$237,000
2	Change	5.8%	0.2%	2.6%	5.8%	6.1%	5.8%	5.9%	6.3%	6.4%	6.0%
3	Wage and Salary Income (Billions)	\$88,297	\$86,938	\$87,835	\$91,839	\$97,630	\$102,804	\$108,363	\$115,089	\$122,410	\$129,870
4	Change	2.8%	-1.5%	1.0%	4.6%	6.3%	5.3%	5.4%	6.2%	6.4%	6.1%
5	Per-Capita Income (\$/person)	\$34,493	\$34,027	\$34,528	\$36,113	\$37,802	\$39,425	\$41,109	\$42,991	\$44,968	\$46,844
6	Change	3.4%	-1.4%	1.5%	4.6%	4.7%	4.3%	4.3%	4.6%	4.6%	4.2%
Population & Employment											
7	Population ¹ (Thousands)	4,427.0	4,498.4	4,548.1	4,601.8	4,665.2	4,732.6	4,806.5	4,887.3	4,971.2	5,059.4
8	Change	2.3%	1.6%	1.1%	1.2%	1.4%	1.4%	1.6%	1.7%	1.7%	1.8%
9	Net Migration (Thousands)	63.2	34.2	12.4	15.3	24.5	29.3	35.6	42.0	44.7	48.5
10	Civilian Unemployment Rate	3.8%	5.7%	6.1%	5.6%	5.1%	4.6%	4.6%	4.5%	4.6%	4.4%
11	Total Nonagricultural Employment ² (Thousands)	2,226.9	2,184.2	2,151.1	2,175.9	2,225.5	2,272.1	2,319.3	2,372.4	2,428.2	2,483.5
12	Change	0.6%	-1.9%	-1.5%	1.2%	2.3%	2.1%	2.1%	2.3%	2.4%	2.3%
Construction Variables											
13	Total Housing Permits Issued (Thousands)	55.0	47.9	39.4	46.4	46.3	46.4	45.3	45.7	47.5	49.1
14	Change	0.8%	-12.9%	-17.7%	17.5%	-0.2%	0.3%	-2.3%	0.9%	3.8%	3.4%
15	Nonresidential Construction Value ³ (Millions)	\$3,373.4	\$2,637.8	\$2,433.7	\$3,155.2	\$3,429.8	\$3,717.4	\$3,706.3	\$3,826.5	\$4,035.9	\$4,185.0
16	Change	1.0%	-21.8%	-7.7%	29.6%	8.7%	8.4%	-0.3%	3.2%	5.5%	3.7%
Prices & Sales Variables											
17	Retail Trade Sales (Billions)	\$59.1	\$58.7	\$58.6	\$62.2	\$65.4	\$69.0	\$72.9	\$77.3	\$81.9	\$86.8
18	Change	2.0%	-0.7%	-0.2%	6.1%	5.1%	5.5%	5.7%	6.0%	6.0%	6.0%
19	Denver-Boulder-Greeley Consumer Price Index (1982-84=100)	181.3	184.8	186.8	187.0	190.9	197.7	203.9	209.8	215.9	221.9
20	Change	4.7%	1.9%	1.1%	0.1%	2.1%	3.5%	3.2%	2.9%	2.9%	2.8%

1/ United States Bureau of the Census.

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

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