STATE OF COLORADO

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Bill Ritter Jr.
Governor

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MEMORANDUM

TO: Governor Bill Ritter Jr.
Members of the General Assembly

FROM: Office of State Planning and Budgeting

DATE: March 19, 2010

SUBJECT: ***March 2010 Revenue Forecast***

This memorandum presents the March 2010 Office of State Planning and Budgeting (OSPB) economic and revenue forecast. The memorandum includes a General Fund overview, General Fund and cash fund revenue forecasts, a discussion of the budget implications, and summaries of both national and Colorado economies.

MARCH 2010 OSPB FORECAST HIGHLIGHTS

- Based on this OSPB forecast, the Governor's budget balancing packages for FY 2009-10 and FY 2010-11 have **sufficiently reduced General Fund requested spending authority to maintain a balanced budget in both years**, while still maintaining a 2.0 percent General Fund Reserve.
- **Gross General Fund revenues in FY 2009-10 are projected to decrease 3.3 percent** (or $221.9 million) from the previous fiscal year's collections. This reduction is in addition to the 12.9 percent decline experienced in FY 2008-09. Just as in FY 2008-09 when all areas of State tax collections saw significant declines, excise tax revenues are projected to decline by 5.7 percent in FY 2009-10, with a slightly smaller decline of 2.4 percent in income tax collections for the same period. These revenue projections are inclusive of recently requested and approved legislative actions to enhance State revenues, including (but not limited to) HB 10-1055 and HB 10-1189 through HB 10-1200.
- **FY 2009-10 cash fund revenues are forecast to decrease 8.1 percent** (or $192.7 million) from the prior fiscal year. These statistics are however somewhat deceptive as FY 2009-10 cash fund revenue under TABOR differs considerably from revenues collected during FY 2008-09. Specifically, 2009 legislation declared that unemployment related cash funds are now exempt from TABOR (HB 09-1363); a new hospital provider fee was adopted (HB 09-1293); and additional vehicle registration fees are being collected in FY 2009-10 (SB 09-108). In addition to the above legislation, HB 09-1272 also takes effect in the current fiscal year and establishes the extent to which Amendment 50 limited gaming revenues are TABOR exempt.
- Under the provisions of Referendum C, the State is projected to retain $3.6 billion from FY 2005-06 through FY 2009-10. **TABOR refunds are not anticipated during the forecast period** as FY 2007-08 TABOR revenues are projected to be the highest revenue levels during the time-out period of Referendum C.

GENERAL FUND OVERVIEW AND BUDGET IMPLICATIONS

This section summarizes how forecasted General Fund and cash fund revenues flow through the State spending structure. Also included is a summary of revenue changes as they relate to the Governor's budget balancing proposals – submitted on August 25 and December 1, 2009, and then updated on January 27 and February 18, 2010 – and what other states around the nation have adopted to assist in budget shortfalls during these difficult economic times.

GENERAL FUND OVERVIEW – TABLE 1

Table 1 presents the General Fund Overview for the March 2010 OSPB revenue forecast. The top portion of the table summarizes the amount of General Fund revenue available for spending, culminating with "Total General Fund Available for Expenditure" on line 6. Lines 3 and 4 display the split of General Fund Non-Exempt and General Fund Exempt revenue - line 4 is the amount of money that the State is allowed to retain above the TABOR Revenue Limit as a result of the passage of Referendum C. These two lines include all impacts associated with previously approved legislation as well as proposed legislative changes to revenues, as outlined in the tables on pages 5 and 6 of this document. Line 5 summarizes transfers both into and out of the General Fund.

Lines 7 through 13 summarize the amount of allowable General Fund appropriations based on the limit specified in 24-75-201.1 (1)(a)(II), C.R.S. (2009). Prior to FY 2009-10, this limit was equal to the lesser of five percent of Colorado personal income or six percent growth over the prior year's total General Fund appropriation. Beginning in FY 2009-10, the limit is now equal to five percent of Colorado personal income. Lines 7 and 8 reflect the General Fund appropriation limit and the forecasted variance from the limit based on projected revenues. Line 9 represents the Governor's General Fund appropriation request for expenditures under the limit specified in 24-75-201.1 (1)(a)(II), C.R.S. (2009) after including the Governor's recent budget balancing proposals. Line 11 represents the total amount of General Fund available for appropriation under the above limit *after* funding expenditures outside the limit and funding the statutory General Fund reserve based on this March 2010 OSPB revenue forecast. Amounts in line 11 will be greater than amounts in line 9 if the Governor's budget proposals requested less General Fund than is projected to be available.

Lines 14 through 22 summarize spending that is exempted from or is outside of the General Fund appropriations limit as defined in 24-75-201.1 (1)(a)(II), C.R.S. (2009). It should be noted that the total on line 15 must be funded *prior* to funding General Fund appropriations under the limit. Line 19 includes funds that have been appropriated, as well as annual costs associated with capital construction projects, level I controlled maintenance and certificate of participation payment (COP) obligations.

Lastly, line 22 reflects the actual amount of federal Medicaid funds received during FY 2008-09 for any budget line item that included the "M" headnote provision. As the State received a greater federal financial participation rate as part of the American Recovery and Reinvestment Act, these additional federal revenues reduced State General Fund expenditures (and are why this

FY 2008-09 entry is reported as a negative expenditure). For FY 2009-10, these additional federal revenues are now reflected in line 9, as reductions to General Fund expenditures.

The final section of Table 1 forecasts the amount of General Fund remaining at the end of each fiscal year. The amount of revenue set aside for the General Fund reserve (line 26) must equal the statutorily defined percentage of that year's General Fund appropriations (line 11). For FY 2008-09 and FY 2009-10, this reserve percentage was reduced from 4.0 percent to 2.0 percent, and a similar 2.0 percent reserve is requested by the Governor for FY 2010-11. All excess General Fund (line 24) is carried forward into the subsequent fiscal year as the beginning General Fund balance (line 1). Note that based on this revised OSPB forecast, personal income is no longer anticipated to increase at a rate equal to or greater than 5.0 percent in the near term. Therefore, the General Fund reserve requirement (line 26) is no longer anticipated to increase to 4.5 percent in FY 2012-13.

For informational purposes only, line 28 shows the amount of money credited to the State Education Fund. Under the provisions of Amendment 23, the State credits an amount equal to one-third of one percent of State taxable income to the State Education Fund.

Table 1
General Fund Overview
(Dollar Amounts in Millions)

Line No.		FY 2008-09	March 2010 Estimate by Fiscal Year FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Revenue						
1	**Beginning Reserve**	**$283.5**	**$443.8**	**$132.4**	**$140.0**	**$290.2**
2	**Gross General Fund Revenue**	**$6,742.7**	**$6,520.8**	**$7,117.0**	**$7,602.8**	**$8,010.8**
3	*General Fund*	*$6,742.7*	*$6,520.8*	*$7,103.3*	*$7,183.4*	*$7,369.2*
4	*General Fund Exempt*	*$0.0*	*$0.0*	*$13.7*	*$419.4*	*$641.6*
5	**Net Transfers to/(from) the General Fund**	**$813.3**	**($66.0)**	**$31.1**	**$8.2**	**$3.5**
6	**TOTAL GENERAL FUND AVAILABLE FOR EXPENDITURE**	**$7,839.5**	**$6,898.7**	**$7,280.4**	**$7,750.9**	**$8,304.6**
Expenditures						
7	*Allowable General Fund Appropriation Limit /A*	*$7,546.9*	*$10,616.0*	*$10,410.0*	*$10,770.0*	*$11,225.0*
8	*Total Allowable General Fund Appropriation Limit not Supported by Revenues*	*($159.7)*	*($3,996.2)*	*($3,411.1)*	*($3,514.0)*	*($3,555.9)*
9	**Executive Request for Expenditures Under the Limit**	**N/A**	**$6,602.3**	**$6,747.1**	**N/A**	**N/A**
10	*Current Request that is (Above) Below Projected Revenues*	*$0.0*	*$17.6*	*$251.9*	*N/A*	*N/A*
11	**General Fund Appropriations That Could Be Supported by Projected Revenues**	**$7,387.1**	**$6,619.9**	**$6,998.9**	**$7,256.0**	**$7,669.1**
12	*Dollar Change (from prior year)*	*$299.3*	*($767.3)*	*$379.1*	*$257.0*	*$413.1*
13	*Percent Change (from prior year)*	*4.2%*	*-10.4%*	*5.7%*	*3.7%*	*5.7%*
14	**Exemptions to Limit**	**$12.2**	**$0.0**	**$0.0**	**$0.0**	**$0.0**
15	**Spending Outside Limit**	**$210.6**	**$146.4**	**$141.5**	**$204.7**	**$328.8**
16	*TABOR Refund*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*
17	*Rebates and Expenditures /B*	*$136.0*	*$143.0*	*$131.2*	*$150.7*	*$156.5*
18	*Homestead Exemption*	*$85.6*	*$1.4*	*$1.6*	*$1.9*	*$105.8*
19	*Transfers to Capital Construction /C*	*$24.9*	*$2.0*	*$8.6*	*$52.2*	*$66.5*
20	*Transfers to Highway Users Tax Fund*	*N/A*	*N/A*	*N/A*	*N/A*	*$0.0*
21	*Reversions and Accounting Adjustments*	*($36.0)*	*$0.0*	*$0.0*	*$0.0*	*$0.0*
22	**Enhanced Medicaid Match (reduces GF expenditures)**	**($214.1)**	**N/A**	**N/A**	**N/A**	**N/A**
23	**TOTAL GENERAL FUND OBLIGATIONS**	**$7,395.8**	**$6,766.3**	**$7,140.4**	**$7,460.7**	**$7,997.8**
Reserves						
24	**Year-End Excess General Fund Balance**	**$443.8**	**$132.4**	**$140.0**	**$290.2**	**$306.8**
25	*Year-End Excess General Fund as a % of Appropriations*	*6.0%*	*2.0%*	*2.0%*	*4.0%*	*4.0%*
26	**General Fund Statutory Reserve /D**	**$148.2**	**$132.4**	**$140.0**	**$290.2**	**$306.8**
27	**Excess Monies Above (Below) Statutory Reserve**	**$295.6**	**$0.0**	**$0.0**	**$0.0**	**$0.0**
28	*Addendum: State Education Fund (one-third of 1% of Colorado taxable income)*	*$339.9*	*$325.1*	*$351.8*	*$383.6*	*$407.1*

/A FY 2008-09 reflects the previous year's exempt and non-exempt General Fund appropriations (rows 13 and 16) plus six percent. Per SB 09-228, this limit is revised to 5.0% of personal income beginning July 1, 2009.

/B Includes the Cigarette Rebate, Old Age Pension Fund, Property Tax, Heat, and Rent Credit, and Fire and Police Pensions Association (FPPA) contributions as outlined at the bottom of Table 3.

/C This includes costs for capital requests, Level I Controlled Maintenance and certificate of participation payments appropriated from the Capital Construction Fund.

/D Per SB 09-219 and SB 09-277, the statutory General Fund reserve required per 24-75-201.1 was lowered to 2.0 percent for FY 2008-09 and FY 2009-10. For FY 2008-09, as the June 22 1331 for ARRA funds (see letternote "D" above) was not yet signed into law, the reserve requirement still includes the impact from the $24.6 million times 2.0 percent. Finally, the Governor's FY 2010-11 Budget Request includes continuation of a 2% reserve requirement for FY 2010-11.

Specific actions relative to Colorado revenue enhancements, including fiscal impacts, have been summarized in the following tables. Note that while official legislative fiscal note impacts have been reported below, due to deteriorating economic conditions, anticipated fiscal impacts for legislation passed during the 2009 legislative session have been reduced when including them into OSPB's forecast. Fiscal impacts relative to these actions are included within the forecast for General Fund revenues, as summarized in Table 3.

Sales / Use Tax Revenue Impact	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
HB 09-1035 (Clean Technology)	$0.0	$0.0	$0.0	($3.0)	($1.0)
HB 09-1101 (Penalties on Sales Tax Filings)	$0.1	$1.2	$1.2	$1.2	$1.2
HB 09-1126 (Encourage Solar Thermal)	$0.0	($0.3)	($0.3)	($0.3)	($0.3)
HB 09-1298 (Economic Development Trucking)	$0.0	$0.0	$0.0	$0.1	$0.3
HB 09-1331 (Incentives for Efficient Vehicles)	$0.0	$0.0	$0.0	$0.0	($5.4)
HB 09-1342 (Suspend Cigarette Sale Tax Exempt)	$0.0	$31.0	$32.0	$0.0	$0.0
SB 09-121 (Restaurant Employee Meal Tax Exempt)	$0.0	($0.4)	($0.4)	($0.4)	($0.4)
SB 09-212 (Suspend Part of Vendor Administrative Fee)	$12.4	$37.6	$39.6	$20.9	$0.0
SB 09-275 (Suspend Remaining Vendor Administrative Fee)	$0.0	$30.6	$31.7	$0.0	$0.0
HB 10-1189 - Eliminate Exemption for Direct Mail Advertising	$0.0	$0.2	$0.8	$0.8	$0.8
HB 10-1190 - Suspend Exemption for Industrial / Manufacturing Energy Use	$0.0	$7.2	$37.6	$40.2	$40.2
HB 10-1191 - Eliminate Exemption for Candy and Soft Drinks	$0.0	$1.4	$18.0	$18.0	$18.0
HB 10-1192 - Eliminate Software Exemption	$0.0	$4.6	$23.7	$24.1	$24.1
HB 10-1193 - Enforce Sales Tax Collections for Online Purchases	$0.0	$0.9	$4.7	$4.6	$4.6
HB 10-1194 - Eliminate Exemption for Non-Essential Food Containers	$0.0	$0.4	$2.0	$2.0	$2.0
HB 10-1195 - Eliminate Agricultural Compounds, Bull Semen and Pesticides Exemptions	$0.0	$0.9	$4.6	$4.6	$4.6
Total Sales / Use Tax Revenue Impact	**$12.5**	**$115.3**	**$195.3**	**$112.8**	**$88.7**

Individual Income Tax Revenue Impact	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
HB 09-1366 (Eliminate Capital Gains Exempt)	$0.0	$7.1	$15.8	$17.6	$19.6
HB 09-1067 (Instream Flow Tax Credit)	$0.0	$0.0	($1.0)	($2.0)	($2.0)
HB 09-1331 (Incentives for Efficient Vehicles)	$0.0	$1.8	$5.2	$1.9	$0.0
HB 10-1055 - Third Party Collection Fees	$0.0	$0.0	$1.5	$3.0	$3.0
HB 10-1196 - Revise Alternative Fuel Vehicle Credits	$0.0	$0.0	$2.7	$2.7	$0.0
HB 10-1197 - Limit Gross Conservation Easement Credits	$0.0	$0.0	$18.5	$37.0	$37.0
Department of Revenue Tax Compliance Initiatives (February 16, 2010 Fact Sheet)	$0.0	$3.4	$15.4	$4.9	$4.9
Total Individual Income Tax Revenue Impact	**$0.0**	**$12.3**	**$58.1**	**$65.1**	**$62.5**

Corporate Income Tax Revenue Impact	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
HB 09-1001 (Job Creation Incentive)	$0.0	($2.9)	($8.6)	($13.9)	($22.5)
HB 09-1219 (Interest on Overpayments)	$0.0	$2.3	$2.3	$2.3	$2.3
HB 09-1298 (Economic Development Trucking)	$0.0	$0.0	$0.3	$0.7	$1.6
HB 10-1199 - Limit Net Operating Loss to $250,000	$0.0	$0.0	$8.2	$16.5	$16.5
HB 10-1200 - Limit Enterprise Zone Investment Tax Credit to $250,000	$0.0	$0.0	$11.8	$24.6	$24.6
Total Corporate Income Tax Revenue Impact	**$0.0**	**($0.6)**	**$14.0**	**$30.2**	**$22.5**

Other Legislative Impacts to Revenues	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
SB 09-259 (Long Bill - Division of Insurance Fee Increase)	$0.0	$2.5	$2.5	$2.5	$2.5
SB 09-174 (Pari-mutuel Simulcast Racing)	$0.0	$0.5	$0.6	$0.7	$0.8
Total Other Tax Revenue Impacts	**$0.0**	**$3.0**	**$3.1**	**$3.2**	**$3.3**

Summary of Transfers In/(Out) of General Fund	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
HB 08-1108 Transfer Associated with the Older Coloradans Act	($8.0)	($8.0)	($8.0)	($8.0)	($8.0)
HB 08-1078 Cash Funds Payback to the State Veterans Trust Fund	($2.3)	$0.0	$0.0	$0.0	$0.0
SB 09-208 Transfers to the GF (Cash Fund Balances)	$221.6	$0.0	$0.0	$0.0	$0.0
SB 09-210 Transfers to the GF (Redirect Tobacco Settlement Monies for CPPC)	$1.2	$2.4	$0.0	$0.0	$0.0
SB 09-264 Transfers to the GF (FMAP for lines without the "M" Headnote)*	$9.9	$2.4	$1.2	$0.0	$0.0
SB 09-269 Transfer to the GF (Revise Disbursement of Tobacco Settlement)	$12.4	$65.0	$0.0	$0.0	$0.0
SB 09-270 Transfers to the GF (Interest on Tobacco Tax Revenues)	$6.3	$3.9	$2.6	$2.6	$0.0
SB 09-279 Transfers to the GF (Cash Fund Balances)	$114.1	$209.4	$0.0	$0.0	$0.0
HB 10-1323 (Tobacco Litigation Funds for Health Care Programs)	$0.0	$2.6	$4.0	$0.0	$0.0
HB 10-1325 (Interest on Natural Resources Damage Recovery Fund)	$0.0	$0.2	$0.2	$0.2	$0.2
HB 10-1327 Transfers to the GF (Cash Fund Balances)	$0.0	$87.9	$0.0	$0.0	$0.0
HB 10-1339 Transfers to the GF (Limited Gaming – Included in General Fund Revenues)	$0.0	$0.0	$0.0	$0.0	$0.0
DPA Procurement Signing Bonus	$0.0	$0.8	$0.8	$0.0	$0.0
CF Transfers to the GF from CCF, CERF, FML Revenues and Fitzsimmons Trust Funds	$0.0	$25.6	$16.8	$0.0	$0.0
CF Transfers to the GF from Revenue, Public Safety, and Treasury Budget Actions	$0.0	$0.0	$9.5	$9.3	$7.3
Conservation Easement Backlog	$0.0	$0.0	$4.1	$4.1	$4.1
Total Transfers Prior to SB 09-279 Contingency Transfer	**$355.2**	**$392.1**	**$31.1**	**$8.2**	**$3.5**
SB 09-279 Contingency Transfer to Balance GF Budget in FY 2008-09	$458.1	($458.1)	$0.0	$0.0	$0.0
Total Transfers	**$813.3**	**($66.0)**	**$31.1**	**$8.2**	**$3.5**
** An additional $9,844,669 in SB 09-264 transfers was also accounted for through reduced GF expenditures for FY 2008-09.*					

BUDGET IMPLICATIONS OF THE FORECAST

Appropriations

FY 2008-09

Based on final audited figures included in the Comprehensive Annual Financial Report for FY 2008-09, available General Fund was in excess of appropriated levels by $295.6 million while still maintaining the statutory 2.0 percent General Fund reserve of $148.2 million. When combined, the entire FY 2008-09 General Fund surplus of $443.8 million was carried forward into FY 2009-10. General Fund appropriations under the limit as defined in 24-75-201.1 (1)(a)(II), C.R.S. (2009) equated to $7,410.6 million (but were adjusted through approved 1331 Supplemental Requests for Judicial and Corrections, equal to reductions of $1.1 million and $24.6 million, respectively. Overall, adjusted FY 2008-09 General Fund appropriations of $7,387.1 million increased $299.3 million (4.2 percent) over the previous fiscal year.

FY 2009-10

The Governor has submitted numerous budget balancing proposals to the Joint Budget Committee for FY 2009-10. Including submissions on August 25, December 1, January 27 and February 16, the Governor has requested reductions of $500.1 million to program expenditure items. This is in addition to the $668.7 million in reductions enacted by the General Assembly during the 2009 legislative session, and excludes the initial estimated $345.0 million enhanced federal match for Medicaid. Combined, these budget reductions have reduced requested FY 2009-10 General Fund appropriations subject to limitation under 24-75-201.1 (1)(a)(II), C.R.S. (2009), to $6,602.3 million; 8.0 percent below FY 2008-09 appropriations once adjusting for the partial year of enhanced federal match on Medicaid in the previous year.

Based on this March OSPB forecast, the Governor's budget balancing proposals submitted to date have resulted in sufficient expenditure reductions to maintain a balanced FY 2009-10 budget. Current revenue projections indicate that revenue collections may be $17.6 million over what the Governor has requested (line 10 on Table 1).

FY 2010-11

Based on current OSPB projections, FY 2010-11 expenditures under the limit as defined in 24-75-201.1 (1)(a)(II), C.R.S. (2009) could be appropriated as high as $6,997.4 million (line 11 on Table 1). This represents an increase of $377.6 million (5.7 percent) over the estimated maximum amount of General Fund expenditures for FY 2009-10, and is greater than the current $6,747.1 million General Fund budget request from the Governor. All figures are reflective of the Governor's budget balancing actions as submitted on November 1, January 4, and February 16 which reduced requested expenditures for FY 2010-11 by $932.1 million.

Transportation and Capital Construction

Prior to 2008-09, transportation and capital construction projects were beneficiaries of any excess General Fund revenues collected during a fiscal year. However, with the passage of SB 09-278 and SB 09-228 which repealed language associated with such excess General Fund transfers, General Fund revenue for transportation and capital construction no longer exists as previously calculated. Rather, the combined impact of these legislative actions allowed for a temporary time-out on General Fund spillover funding to these programs, with dedicated future General Fund revenues only to return once the State begins to experience year-over-year personal income growth of at least 5.0 percent, and no earlier than FY 2012-13. Due to the lasting impact of high unemployment and moderate wage growth forecast for years following this economic recession, OSPB does not anticipate Colorado to experience personal income growth at this level during the forecast period.

Despite changes to General Fund revenues for transportation noted above, the passage of SB 09-108 during the 2009 legislative session has increased cash fund revenues for transportation, through surcharges applied to future vehicle registrations. While not anticipated to generate as much as initially estimated in the legislative fiscal note, SB 09-108 revenues along with federal American Recovery and Reinvestment Act (ARRA) funds will allow for much needed infrastructure improvements across the State, something that would be difficult to accomplish otherwise during this recessionary period.

K-12 Education

Based on the federal Bureau of Labor Statistics published rate of change for the Denver-Boulder-Greeley consumer price index between 2008 and 2009, Colorado experienced deflation of 0.7 percent. Additionally, while 2009 quarter four personal income for Colorado is not yet available from the federal Bureau of Economic Analysis, it is unlikely for this economic index to achieve the 4.0 percent annual growth threshold to trigger the General Fund (5.0 percent) maintenance of effort requirement for K-12. It is because of these difficult economic times that State share of school districts' total program funding has been reduced by $177.3 million in FY 2009-10 (pursuant to SB 10-065) and has been requested to be reduced by an additional $117.8 million in FY 2010-11.

Referendum C

Under the provisions of Referendum C, the State is projected to retain $3.6 billion between FY 2005-06 and FY 2009-10. As TABOR revenues are forecast to remain well below FY 2007-08 collections for the remainder of the Referendum C period (ending June 30, 2010), a revenue limit much greater than projected revenues in FY 2010-11 is anticipated.

REVENUE FORECASTS

TABOR REVENUE & REFERENDUM C

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. Under the provisions of TABOR, revenue collected above the TABOR limit must be returned to taxpayers, unless voters decide the State can retain the revenue. In November 2005, voters approved Referendum C, which allows the State to retain all revenue through FY 2009-10, during a five-year TABOR "time out."

Table 2 summarizes the forecasts of TABOR revenue, the TABOR revenue limit, and the revenue limit under Referendum C. Line 3 represents total TABOR revenue, which includes all General Fund revenue and revenue from non-exempt cash funds. Significant changes to TABOR revenues collected in FY 2009-10 include: the exclusion of cash funds related to the unemployment insurance program administered by the Department of Labor and Employment pursuant to HB 09-1363 and an extension of enterprise status for this program, additional transportation related revenues from SB 09-108, and the inclusion of fees collected from hospital providers as authorized under HB 09-1293. Other existing General Fund revenue sources are forecast to increase based on recent suspensions or eliminations of tax exemptions and credits signed into law (HB 10-1189 through HB 10-1200).

Line 6 shows the allowable TABOR growth rate based on the most recent previous calendar year's growth in population and inflation. These two growth rates are combined (line 6) and are then applied to the previous year's limit in order to compute the new TABOR limit (line 7). Note that the passage of HB 09-1363 mentioned above required that for FY 2009-10, the TABOR limit be adjusted to reflect the removal of unemployment insurance-related cash funds collected in FY 2008-09, prior to inflating the FY 2008-09 TABOR limit forward.

Under the provisions of Referendum C, the State is allowed to retain all revenue collected through FY 2009-10. Beginning in FY 2010-11, the amount of revenue that the State may retain is computed by multiplying the revenue limit between FY 2005-06 and FY 2009-10 (line 9) associated with the highest TABOR revenue year during that same period (line 3) by the allowable TABOR growth rates (line 6) for each subsequent year. Based on this March 2010 OSPB forecast, the highest projected TABOR revenue year continues to be FY 2007-08. Therefore, the FY 2010-11 revenue limit was calculated assuming the FY 2007-08 limit adjusted forward to FY 2008-09 by population plus inflation; was then reduced by the amount of unemployment insurance-related cash funds (due to the passage of SB 09-1363); and finally was again inflated by the remaining TABOR growth rates to FY 2010-11. At this time, the OSPB does not project that any refunds will be required during the forecast period (line 10).

GENERAL FUND

Individual projections for excise, income, and other General Fund revenue sources can be found in Table 3. Based on this March OSPB forecast, gross General Fund revenue is projected to increase at a compound average annual rate of 4.6 percent between FY 2008-09 and FY 2012-13, buoyed largely by sizable growth in combined tax receipts in FY 2010-11, aided from recently requested and approved revenue enhancements.

Sales and Use Taxes

The March 2010 OSPB forecast for sales and use tax revenue collection has weakened slightly from the December 2009 forecast. Projected to contract by 5.7 percent, this new excise tax forecast further reduces OSPB's earlier December forecasted revenue decline of 0.4 percent for FY 2009-10. Employment growth in Colorado, which directly effects disposable personal income, is forecast to remain weak throughout this fiscal year, and is therefore anticipated to constrain consumers from making larger purchases. In addition, savings rates at the national level are averaging near 4.0 percent for FY 2009-10, almost double what was seen during the previous five years. The combination of these two effects has resulted in the consumer saving a larger portion of his/her already reduced personal income, leaving consumer spending soft.

There are numerous legislative impacts worked into the current excise tax forecast. Prior to these legislative impacts, excise taxes are forecast to decline in the current fiscal year by 10.0 percent. However, the impact of roughly $100 million dollars in legislation changes will offset much of this contraction, resulting in a FY 2009-10 forecasted decline in excise taxes of 5.8 percent, before adjusting for accrual accounting. The largest of these legislative impacts are HB 09-1342 (Cigarette Sales Tax Exemption) and SB-09-212 and SB 09-275 (Suspending the Vendor Fee Allowance). After adjusting for accrual accounting, projected excise taxes are anticipated to retract 5.7 percent from FY 2008-09.

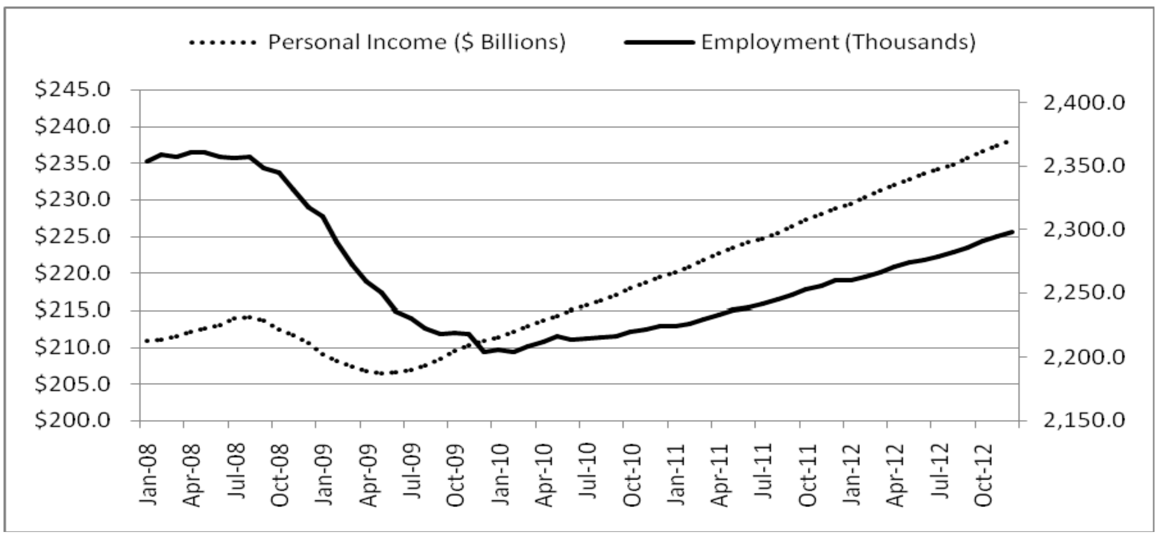
The national recession has yet to be officially declared over by the National Bureau of Economic Research, but many economists believe that it ended in the third quarter of 2009. Employment growth is forecast to resume in 2010, albeit at a much subdued pace. As Colorado begins to add back jobs in 2010 and 2011, and as personal income improves, Colorado should begin to realize better sales and use tax revenues. This OSPB forecast projects an increase in excise tax revenue of 11.8 percent for FY 2010-11, which at first take appears optimistic, until considering the roughly $180 million in recent actions taken during the 2009 and 2010 legislative session and the return of consumer confidence and strength. Without legislative changes and any impact from accrual accounting changes, excise taxes are projected to increase at a modest 7.2 percent in FY 2010-11.

Beyond 2010-11, as certain suspensions of tax exemptions and credits expire, and as the national and Colorado economies recover, sales and use tax collections are expected to increase at more moderate rates of 3.9 to 4.0 percent.

Individual and Corporate Income Taxes

Individual income tax receipts constitute nearly two-thirds all State revenue in Colorado. The major economic drivers of individual income tax are personal income and employment. Significant job loss and decreases in personal income were partly responsible for a nearly 13 percent decrease in individual income tax collections in FY 2008-09. This March 2010 OSPB forecast continues to show a decline in tax receipts for FY 2009-10 of 4.0 percent. This statistic includes a favorable accrual accounting adjustment for FY 2009-10 which brought the projected individual income tax contraction upward from its otherwise estimated decline of 7.3 percent.

Colorado employment fell through the last six months of 2009. The continued tough employment situation will keep wage growth limited and thus, constrain personal income tax receipts through the end of the current fiscal year. The graph below displays these two key economic indices from January 2008 through December 2012.



For FY 2010-11 and beyond, this March 2010 forecast has Colorado individual income tax receipts returning near long-term annual average growth rates of 7.0 percent. These forecast results include various tax exemptions and credits – the largest impacts coming from HB 09-1366 (Eliminating Capital Gains Exemption) and HB 10-1197 (Limiting Gross Conservation Easement Credits) – with some impacts phasing out towards the end of the forecast horizon.

Corporate income tax revenues are showing a marked improvement in FY 2009-10. The current forecast has revenues increasing 22.2 percent. This is a 12.4 percent increase from the December OSPB forecast. Even with the large projected increase for FY 2009-10, corporate tax revenues are still only returning to slightly above FY 2004-05 levels. The forecast for national corporate cash flow partly helps explain the improved revenue forecast, as national 2009 quarter 3 and quarter 4 profits increased 60 percent and 30 percent, respectively; and as Colorado's corporate revenue is built upon an apportionment of global or national-level corporate profits (based on sales in Colorado). Colorado corporate revenue receipts are projected to return to more historical growth rates beginning in FY 2010-11.

Table 2
TABOR Revenue & Referendum C Revenue Limit
(Dollar Amounts in Millions)

Line No.		FY 2008-09	March 2010 Estimate by Fiscal Year FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	TABOR Revenues:					
1	General Fund /A	$6,729.0	$6,506.6	$7,095.7	$7,602.8	$8,010.8
	Percent Change from Prior Year	*-13.0%*	*-3.3%*	*9.1%*	*7.1%*	*5.4%*
2	Cash Funds	$2,373.3	$2,180.5	$2,428.5	$2,631.4	$2,808.7
	Percent Change from Prior Year	*5.0%*	*-8.1%*	*11.4%*	*8.4%*	*6.7%*
3	**Total TABOR Revenues**	$9,102.4	$8,687.2	$9,524.1	$10,234.2	$10,819.5
	Percent Change from Prior Year	*-9.0%*	*-4.6%*	*9.6%*	*7.5%*	*5.7%*
	Revenue Limit Calculation:					
4	Previous calendar year population growth	*3.0%*	*1.9%*	*1.8%*	*1.7%*	*1.6%*
5	Previous calendar year inflation	*2.2%*	*3.9%*	*-0.7%*	*1.5%*	*2.1%*
6	**Allowable TABOR Growth Rate**	*5.1%*	*5.8%*	*1.1%*	*3.2%*	*3.7%*
7	TABOR Limit	$9,279.4	$9,407.0	$9,510.4	$9,814.8	$10,177.9
8	General Fund Exempt Revenue Under Ref. C /B	$0.0	$0.0	$13.7	$419.4	$641.6
9	**Revenue Limit Under Ref. C /C**	**$9,279.4**	**$9,407.0**	**$10,825.1**	**$11,171.5**	**$11,584.8**
10	*Amount Above/(Below) Limit*	*($177.1)*	*($719.8)*	*($1,301.0)*	*($937.3)*	*($765.3)*
11	TABOR Reserve Requirement	$273.1	$260.6	$285.7	$307.0	$324.6

/A FY 2008-09 through FY 2010-11 amounts differ from the General Fund revenues reported in Table 3 (General Fund Revenues) as some double counting exists when cash funds are transferred to the General Fund (for instance, limited gaming revenues), and due to other Period 13 adjustments.

/B Under Referendum C, a "General Fund Exempt Account" is created in the General Fund. The account consists of monies collected in excess of the TABOR limit in accordance with voter-approval of Referendum C.

/C The revenue limit is calculated by applying the "Allowable TABOR Growth Rate" to either "Total TABOR Revenues" or the "Revenue Limit Under Ref. C," whichever is smaller. Beginning in FY 2010-11, the revenue limit will be based on the highest revenue total from FY 2005-06 to 2009-10 plus the "Allowable TABOR Growth Rate." This forecast anticipates that FY 2007-08 is the highest revenue year during the Referendum C period. For purposes of determining the FY 2010-11 revenue limit post Referendum C, the FY 2007-08 revenue limit increased to FY 2008-09 by the Allowable TABOR Growth Rate, then adjusted downward to reflect the impact of HB 09-1363, and the inflated for population plus inflation to FY 2010-11.

Table 3
Colorado General Fund – Revenue Estimates by Tax Category
(Accrual Basis, Dollar Amounts in Millions)

Line No.	Category	FY 2008-09	% Chg	March 2010 Estimate by Fiscal Year FY 2009-10	% Chg	FY 2010-11	% Chg	FY 2011-12	% Chg	FY 2012-13	% Chg
	Excise Taxes:										
1	Sales	$1,931.1	-9.2%	$1,829.6	-5.3%	$2,043.4	11.7%	$2,123.4	3.9%	$2,206.2	3.9%
2	Use	$176.7	-7.6%	$153.6	-13.1%	$182.9	19.1%	$192.2	5.1%	$204.1	6.2%
3	Cigarette	$43.5	-3.9%	$41.5	-4.4%	$42.5	2.3%	$43.0	1.2%	$43.4	1.0%
4	Tobacco Products	$13.2	5.9%	$13.1	-0.2%	$12.1	-7.6%	$12.4	2.0%	$12.7	2.9%
5	Liquor	$35.0	-2.0%	$35.6	1.8%	$36.3	2.0%	$36.9	1.7%	$37.5	1.7%
6	**Total Excise**	**$2,199.4**	**-8.8%**	**$2,073.4**	**-5.7%**	**$2,317.2**	**11.8%**	**$2,407.9**	**3.9%**	**$2,503.9**	**4.0%**
	Income Taxes:										
7	Net Individual Income	$4,333.3	-12.9%	$4,158.6	-4.0%	$4,494.1	8.1%	$4,868.3	8.3%	$5,119.0	5.2%
8	Net Corporate Income	$292.5	-42.4%	$357.3	22.2%	$392.7	9.9%	$460.1	17.2%	$535.3	16.3%
9	**Total Income**	**$4,625.8**	**-15.6%**	**$4,515.9**	**-2.4%**	**$4,886.8**	**8.2%**	**$5,328.4**	**9.0%**	**$5,654.4**	6.1%
10	*Less: State Education Fund Diversion*	*$339.9*	*-16.7%*	*$325.1*	*-4.3%*	*$351.8*	*8.2%*	*$383.6*	*9.0%*	*$407.1*	*6.1%*
11	**Total Income to General Fund**	**$4,285.9**	**-15.5%**	**$4,190.8**	**-2.2%**	**$4,535.0**	**8.2%**	**$4,944.8**	**9.0%**	**$5,247.3**	**6.1%**
	Other Revenues:										
12	Estate	$0.0	-87.4%	$0.0	N/A	$0.0	N/A	$0.0	N/A	$0.0	N/A
13	Insurance	$192.4	2.2%	$198.1	3.0%	$204.7	3.3%	$211.5	3.3%	$218.6	3.3%
14	Interest Income	$9.4	-47.8%	$8.8	-6.2%	$15.4	75.1%	$16.7	8.2%	$17.7	6.5%
15	Pari-Mutuel	$0.5	-83.1%	$0.7	44.4%	$0.7	6.3%	$0.8	6.9%	$0.8	7.5%
16	Court Receipts	$24.1	-18.6%	$17.1	-29.2%	$3.1	-82.0%	$0.0	N/A	$0.0	N/A
17	Gaming	$2.8	N/A	$14.2	406.6%	$21.3	49.6%	$0.0	N/A	$0.0	N/A
18	Other Income	$28.3	46.2%	$17.9	-36.8%	$19.6	9.6%	$21.2	8.2%	$22.5	6.3%
19	**Total Other**	**$257.4**	**-0.2%**	**$256.7**	**-0.3%**	**$264.7**	**3.1%**	**$250.1**	**-5.5%**	**$259.6**	**3.8%**
20	**GROSS GENERAL FUND**	**$6,742.7**	**-12.9%**	**$6,520.8**	**-3.3%**	**$7,117.0**	**9.1%**	**$7,602.8**	**6.8%**	**$8,010.8**	**5.4%**
	Rebates & Expenditures:										
21	Cigarette Rebate	$12.1	-4.6%	$11.7	-3.1%	$12.0	2.3%	$12.2	1.2%	$12.3	1.0%
22	Old-Age Pension Fund	$108.1	9.2%	$115.7	7.0%	$101.4	-12.4%	$91.3	-10.0%	$96.8	6.1%
23	Aged Property Tax & Heating Credit	$5.3	-49.5%	$8.4	59.3%	$8.5	1.4%	$8.6	1.4%	$8.7	1.4%
24	Interest Payments for School Loans	$5.5	-53.5%	$2.1	-61.7%	$4.2	100.2%	$8.3	94.5%	$8.3	0.0%
25	Fire/Police Pensions	$4.0	-89.6%	$4.1	2.6%	$4.1	0.1%	$29.5	611.0%	$29.5	0.0%
26	Amendment 35 GF Expenditure	$1.0	-2.6%	$0.9	-3.8%	$0.9	1.6%	$0.9	0.8%	$0.9	0.6%
27	**Total Rebates & Expenditures**	**$136.0**	**-21.7%**	**$143.0**	**5.1%**	**$131.2**	**-8.3%**	**$150.7**	**14.8%**	**$156.5**	**3.9%**

Revenue and expenditure figures above reflect actions from the 2009 and 2010 legislative sessions. Please refer to the "Revenue Enhancement" tables reported on pages 5 and 6 of this document for a summary of these actions.

CASH FUNDS

Table 4 summarizes the forecast for seven major cash fund categories and total cash fund revenue collections. The following explains some of the main considerations that influence expectations in the March 2010 cash fund forecast. OSPB projects that $2.2 billion in cash fund revenue will be collected in FY 2009-10, an 8.1 percent decrease from FY 2008-09.

Transportation

Transportation-related revenue, which includes revenue to the Highway Users Tax Fund, the State Highway Fund, and other miscellaneous cash funds, is forecast to increase 14.2 percent in FY 2009-10. In FY 2008-09, transportation-related revenue increased just 0.2 percent due largely to a decline in motor vehicle sales and a period of high fuel prices which contributed to a decrease in the number of vehicle miles travelled.

Much of the increase in FY 2009-10 for transportation-related revenue is attributable to an estimated $141.2 million in additional vehicle registration and licensing fees expected from the FASTER transportation initiative (SB 09-108). OSPB estimates of FASTER revenue collections in FY 2009-10 have been revised downward by $6.7 million as vehicle registration revenue estimates have been reduced to reflect weakened motor vehicle demand. The FASTER initiative is also expected to result in increased revenue for the State Bridge Enterprise, but this additional revenue is not reflected in the transportation-related forecast because it is not subject to TABOR. Other legislation passed by the 2009 General Assembly, including SB 09-002 and HB 09-1318, has also contributed to increased transportation revenues in the forecast period.

Note that this forecast of transportation-related revenue differs from prior forecasts in that eight funds that were previously designated as other miscellaneous cash funds are now included in the forecast of transportation revenue, the largest of which is the aviation fund. Other miscellaneous cash funds revenue has been revised downward slightly to commensurate this shift in reporting, but does not change overall cash fund revenue collections.

Limited Gaming

Commercial casino gambling in Colorado and was greatly affected by the passage of Amendment 50, which went into effect July 2009. Amendment 50 is a voter-approved constitutional change that allows casinos in Central City, Black Hawk, and Cripple Creek to extend their hours of operation, offer the games of roulette and craps, and raise the ceiling on the maximum allowable bets from $5 to $100. The increased revenue resulting from the provisions of Amendment 50 is to be divided among Colorado's community, junior, and district colleges and among the local gaming communities, and is exempt from TABOR.

To accommodate the provisions of Amendment 50, HB 09-1272 established the Extended Limited Gaming Fund. This legislation clarifies that revenue from extended limited gaming is determined at the end of each fiscal year and is based on the total limited gaming revenue collected in the prior fiscal year, less an amount assumed to be *normal growth* (not to exceed 3.0 percent over prior year collections), less administrative costs. Previous gaming revenue recipients will receive 6.0 percent of the amount of the new extended gaming revenue available for distribution each fiscal year. The remaining majority of extended gaming revenue will be distributed to: Colorado public community, junior and local district colleges (78.0 percent); Central City, Black Hawk, and Cripple Creek (12.0 percent); and Gilpin and Teller counties (10.0 percent). All extended limited gaming revenue is exempt from TABOR, regardless of distribution.

Limited gaming activity is highly seasonal and gaming activity typically increases in the spring. FY 2009-10 total revenues from gaming are anticipated to increase approximately 13.9 percent from prior fiscal year collections. Beyond FY 2009-10, as the economy improves, personal income rises, and unemployment declines, growth in limited gaming revenue is anticipated to remain steady.

The following table outlines anticipated collections and distribution of gaming revenues. Note that the table includes the Governor's budget balancing request for funding to tourism and travel promotion, jobs incentives, council of the arts, and film incentives for FY 2010-11. Allocations for these programs in FY 2011-12 are then rebased by applying inflationary changes to previously unadjusted FY 2007-08 allocations. FY 2009-10 allocations assume passage of HB 10-1339.

Distribution of Limited Gaming Revenues	FY07-08	FY08-09	FY09-10	FY10-11	FY11-12	FY 12-13
A. Total Limited Gaming Revenues	**$108.2**	**$98.9**	**$112.7**	**$118.6**	**$123.0**	**$128.6**
Annual Percent Change			13.9%	5.2%	3.7%	4.5%
A1. Gaming Revenues Not from Taxes		$4.0	$3.5	$3.5	$3.5	$3.5
A2. Gaming Revenues Related to Taxes		$94.9	$109.2	$115.1	$119.5	$125.1
B. Base Limited Gaming Revenues (max 3% growth)		**$94.9**	**$97.8**	**$100.7**	**$103.7**	**$106.8**
Annual Percent Change			3.0%	3.0%	3.0%	3.0%
B1. Amount Off the Top for Administration		($13.6)	($11.3)	($11.0)	($11.0)	($10.8)
B2. Additional Revenue not from Taxes (=A1)		$4.0	$3.5	$3.5	$3.5	$3.5
B3. Amount for Distribution to Existing Recipients	**$100.6**	**$85.3**	**$90.0**	**$93.1**	**$96.2**	**$99.5**
C. Extended Limited Gaming Revenues (=A-B)		**N/A**	**$14.9**	**$17.9**	**$19.3**	**$21.8**
Annual Percent Change			N/A	19.9%	7.9%	12.6%
C1. Amount Off the Top for Administration			**($1.7)**	**($2.0)**	**($2.0)**	**($2.2)**
C2. Amount for Distribution			**$13.2**	**$15.9**	**$17.3**	**$19.6**
C3. Amount to Existing Recipients			*$0.8*	*$1.0*	*$1.0*	*$1.2*
C4. Amount to New Recipients			*$12.4*	*$15.0*	*$16.2*	*$18.4*
D. Total Amount to Existing Recipients (=B3+C3)	**$100.6**	**$85.3**	**$90.8**	**$94.1**	**$97.3**	**$100.7**
Amount to State Historical Society	*$28.2*	*$23.9*	*$25.4*	*$26.3*	*$27.2*	*$28.2*
Amount to Counties	*$12.1*	*$10.2*	*$10.9*	*$11.3*	*$11.7*	*$12.1*
Amount to Cities	*$10.1*	*$8.5*	*$9.1*	*$9.4*	*$9.7*	*$10.1*
Amount to Distribute to Remaining Programs	*$50.3*	*$42.6*	*$45.4*	*$47.1*	*$48.6*	*$50.3*
Amount to Local Government Impact Fund	*$6.5*	*$5.5*	*$5.9*	*$6.1*	*$6.3*	*$6.5*
Colorado Tourism Promotion Fund	*$20.1*	*$15.6*	*$14.9*	*$10.2*	*$21.1*	*$21.5*
New Jobs Incentives Fund	*$3.2*	*$1.4*	*$1.2*	*$1.6*	*$3.3*	*$3.4*
State Council on the Arts Fund	*$1.6*	*$1.2*	*$1.4*	*$0.8*	*$1.7*	*$1.7*
Film Incentives Fund	*$0.6*	*$0.2*	*$0.4*	*$0.3*	*$0.7*	*$0.7*
Colorado Office of Economic Development	*$0.0*	*$0.3*	*$0.0*	*$0.0*	*$0.0*	*$0.0*
Bioscience Discovery Evaluation Fund	*$0.0*	*$4.5*	*$5.5*	*$5.5*	*$5.5*	*$0.0*
Innovative Higher Education Research Fund	*$0.0*	*$1.0*	*$2.0*	*$1.0*	*$1.0*	*$1.0*
Colorado Department of Transportation	*$14.3*	*$10.1*	*$0.0*	*$0.0*	*$0.0*	*$0.0*
Clean Energy Fund	*$4.0*	*$0.0*	*$0.0*	*$0.2*	*$9.1*	*$15.5*
Transfer to the General Fund	*$0.0*	*$2.8*	*$14.1*	*$21.3*	*$0.0*	*$0.0*
E. Total Amount to New Recipients (=C4)	**N/A**	**N/A**	**$12.4**	**$15.0**	**$16.2**	**$18.4**
Community Colleges, Mesa and Adams State (78%)			*$9.7*	*$11.7*	*$12.7*	*$14.3*
Counties (12%)			*$1.5*	*$1.8*	*$1.9*	*$2.2*
Cities (10%)			*$1.2*	*$1.5*	*$1.6*	*$1.8*
		CY 2008	CY 2009	CY 2010	CY 2011	CY 2012
Denver-Boulder-Greeley Consumer Price Index (CPI)		*3.90%*	*-0.64%*	*1.50%*	*2.17%*	*2.41%*

Capital Construction – Interest

For information regarding capital construction, please locate the attached appendix at the end of this forecast for detailed calculations and narrative summary.

Regulatory Cash Funds

The Colorado Department of Regulatory Agencies is primarily cash funded by regulated entities. The Department collects fees from professional licensing, registration, and public utilities which are set based on legislative appropriations specific to operating and regulatory oversight expenses. Cash fund revenue is expected to be $65.0 million in FY 2009-10, a 16.8 percent decrease from FY 2008-09 revenues. However, revenue in FY 2008-09 was higher by $15.0 million as SB 09-272 required the Public Utilities Commission to transfer funds from the High Cost Support Mechanism Reserves to the High Cost Administration Fund. The additional $15.0 million was then transferred to the General Fund as part of the FY 2009-10 budget balancing package, accomplished through SB 09-279.

Insurance Related

Insurance-related cash fund revenue includes all insurance premiums collected for major medical insurance, subsequent injury, and worker's compensation. State revenues include the per-employee surcharge collected plus any interest earned on existing fund balances for these programs. Legislative changes have notably altered revenue patterns for this category.

During the 2009 legislative session, the General Assembly passed SB 09-279, which resulted in the transfer of $26.5 million from the Major Medical Insurance Fund to the General Fund in FY 2009-10. This effect, coupled with lower revenues from per-employee surcharges due to heightened State unemployment, has resulted in a projected revenue estimate of $39.0 million in FY 2009-10, a decline of 24.3 percent.

Beginning in FY 2010-11, revenue to the major medical insurance and subsequent injury funds is projected to be further reduced pursuant to SB 09-037. Per this legislation, annual revenues for these two programs cannot exceed the amount needed to cover annual operating expenditures from the funds in the following fiscal year, and can only be collected if and when the existing fund balances for these programs fall below a defined limit. The defined limit was set to equal the portion of the TABOR reserve currently defined to be supported by the Major Medical Insurance Fund). Prior to SB 09-037, revenue was deposited into the funds with the objective of achieving actuarial sufficiency to pay present and future claims for benefits. Based on the above influences, FY 2010-11 insurance related revenues are anticipated to decline 53.1 percent, to $18.3 million.

Hospital Provider Fees

HB 09-1293 establishes the Health Care Affordability Act of 2009, which is intended to provide a payer source for some low-income and uninsured populations who would otherwise receive uncompensated care. Hospital provider fees, sanctioned by HB 09-1293, are intended to increase

Medicaid reimbursements to hospitals paying the fee. Fees are paid by most hospitals in the State and will be equivalent to a per-day payment for inpatient hospital services and a percentage of charges for outpatient hospital services. The revenue collected from provider fees may be used as the State share of Medicaid expenditures to obtain a federal match.

HB 09-1293 is projected to increase cash fund revenue by $340.9 million in FY 2009-10 and $394.1 million in FY 2010-11.

Severance Taxes and Federal Mineral Lease Revenues

Severance tax revenue and federal mineral leasing (FML) revenue projections continue to fluctuate considerably. Severance tax revenue is influenced largely by natural gas prices and a significant property tax credit available to producers. Similarly, FML revenue collections are influenced by production of coal, natural gas, carbon dioxide, and oil production on federal lands within the State, but are also unique in that they are also subject to the outcomes from a bidding process used to award mining rights at these locations.

Natural gas prices generally exhibit significant volatility due to supply and demand factors, which can change dramatically in both the short- and long-term due to factors such as pipeline capacity changes, the discovery of new fields, national storage capacity, and overall demand. Since the December 2009 forecast, natural gas prices have increased at a rate slightly greater than what had been anticipated. This OSPB forecast assumes that energy prices will remain below FY 2008-09 levels through FY 2009-10, but will continue to increase slightly from current prices.

When federal lands are leased for mineral extraction, the federal government and the State of Colorado realize a share of the revenue from the leases. The table below outlines the revised Federal Mineral Lease (FML) payments by bonus and non-bonus revenues. As FML revenues directly affect available funding for certification of participation payments for higher education and capital construction, please refer to the attached appendix for further information about how these revised forecasts affect construction obligations.

Federal Mineral Lease (FML) Payments

Fiscal Year	Bonus Payments	Non-Bonus Payments	Total FML	Percent Change
FY 2008-09	$62.5	$164.8	$227.3	N/A
FY 2009-10	$12.0	$105.0	$117.1	-48%
FY 2010-11	$14.6	$127.5	$142.1	21%
FY 2011-12	$16.0	$139.8	$155.8	10%
FY 2012-13	$15.9	$138.5	$154.4	-1%

Please note that FML revenues and other transfers from the federal government are not state-generated revenues and are therefore exempt from TABOR. As such, the amounts above are not reflected in the cash fund revenue forecast shown in Table 4.

Table 4
Cash Fund Revenue Forecasts by Major Category
(Dollar Amounts in Millions)

Category	FY 2008-09	March 2010 Estimate by Fiscal Year FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2008-09 to FY 2012-13 CAAGR *
Transportation-Related /A	$922.1	$1,053.2	$1,111.8	$1,132.0	$1,147.0	
Change	0.2%	14.2%	5.6%	1.8%	1.3%	5.6%
Unemployment Insurance /B	$388.2	N/A	N/A	N/A	N/A	
Change	-9.0%	N/A	N/A	N/A	N/A	N/A
Limited Gaming Fund /C	$98.9	$97.8	$100.7	$103.7	$106.8	
Change	-12.9%	-1.2%	3.0%	3.0%	3.0%	1.9%
Capital Construction - Interest	$10.0	$2.9	$1.2	$1.3	$1.4	
Change	-48.0%	-71.5%	-58.1%	5.6%	13.5%	-38.5%
Regulatory Agencies	$78.1	$65.0	$66.3	$68.0	$69.7	
Change	37.6%	-16.8%	2.0%	2.5%	2.5%	-2.8%
Insurance-Related /D	$51.5	$39.0	$18.3	$18.8	$19.5	
Change	-20.5%	-24.3%	-53.1%	3.1%	3.4%	-21.6%
Severance Tax /E	$336.9	$71.5	$187.5	$225.3	$200.0	
Change	98.1%	-78.8%	162.0%	20.2%	-11.2%	-12.2%
Medicaid Hospital Provider Fees /F	N/A	$340.9	$394.1	$492.8	$634.9	
Change	N/A	N/A	15.6%	25.1%	28.8%	N/A
Other Miscellaneous Cash Funds	$487.7	$510.3	$548.8	$589.7	$629.6	
Change	-0.1%	4.6%	7.5%	7.4%	6.8%	6.6%
TOTAL CASH FUND REVENUE	***$2,373.3***	***$2,180.6***	***$2,428.6***	***$2,631.6***	***$2,808.9***	
Change	5.0%	-8.1%	11.4%	8.4%	6.7%	4.3%

* CAAGR: Compound Annual Average Growth Rate.

/A Revenues beginning in FY 2009-10 include the impact of SB 09-108 (FASTER).

/B Pursuant to HB 09-1363, on July 1, 2009 the unemployment compensation section in the Department of Labor and Employment will operate as an enterprise and all revenue collected by this program will be exempt from TABOR.

/C Revenues exclude any impact from Amendment 50 as these revenues are exempt from TABOR. Exempted revenues are projected based on the formula outlined per HB 09-1272.

/D Pursuant to SB 09-037, beginning in FY 2010-11 the Workers' Compensation surcharge that is applicable for the major medical and subsequent injury cash fund will no longer be applied until the available balance in said fund falls below the unrestricted cash fund balance plus one year's worth of direct and indirect operating expenses for these programs.

/E The forecast of severance taxes was discussed with Legislative Council Staff per SB 07-253 prior to release of this forecast.

/F Pursuant to HB 09-1293, beginning July 1, 2009, the Department of Health Care Policy and Financing is authorized to collect hospital provider fees for the purpose of obtaining federal financial participation.

COLORADO ECONOMIC FORECAST

The Colorado economy enters 2010 with slowly improving economic conditions. Colorado continues to fare better relative to the rest of the country, but is not without its own unique challenges. Even though the state is seeing improving conditions in personal income, employment growth remains weak. The recession was late to hit Colorado and it is yet to be determined whether the State will lead or lag the national recovery.

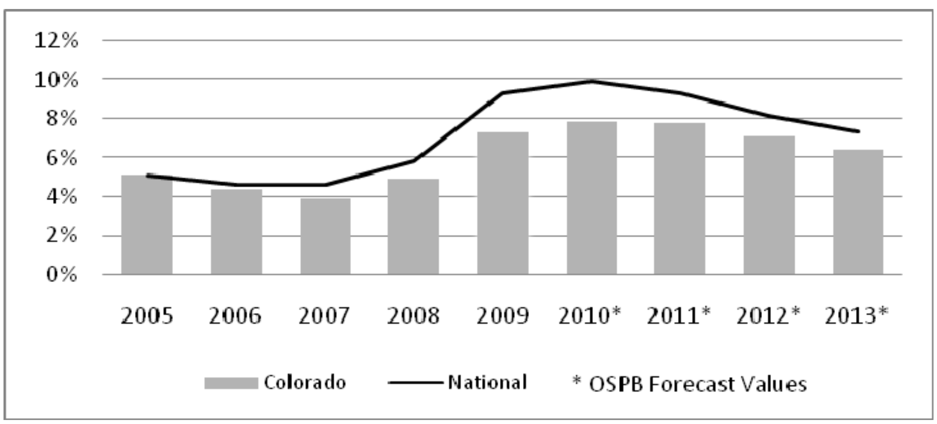
The following summary presents the OSPB forecast of the Colorado economic and demographic indices including: employment, wages and income, retail trade, non-residential and residential construction activity, retail trade, inflation, and population.

EMPLOYMENT

The employment situation at both the national and State level continues to be the largest economic concern as the nation begins its slow recovery out the recession. While this OSPB forecast projects consistent month-to-month job growth to return to Colorado for the second half of 2010, Colorado's nonagricultural employment is still anticipated to decreased at an annual rate of 1.3 percent in 2010.

The unemployment rate in Colorado is forecast at 7.8 percent for 2010. That is up from 7.3 percent for 2009; however this 2010 projection is nearly two percentage points below the forecasted national rate. Slowly improving labor market conditions will keep the forecasted Colorado unemployment rate above 6.0 percent through 2013.

Colorado and National Unemployment Rates



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

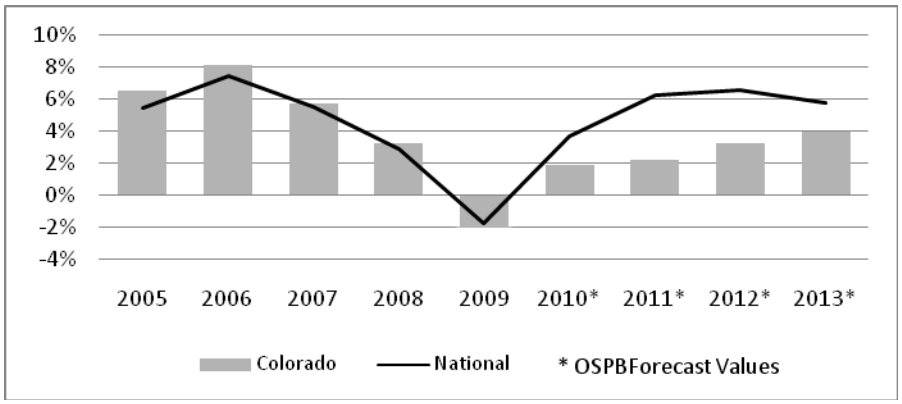
WAGES AND INCOME

Colorado personal income has shown improvements since the second quarter of 2009. After nine straight months of contraction, personal income began to grow in June 2009, and continued throughout the third quarter of 2009. Personal income consists of private and government wage and salary income, proprietors' income, government transfer receipts, and interest and dividend income earned on assets.

Colorado personal income is forecast to increase by 3.5 percent in 2010. This is in line with stronger forecast growth at the national level. The wage and salary component of personal income, which comprises 55 percent of the total, is forecast to grow at 3.2 percent in 2010.

Personal income is closely linked to employment growth in Colorado. As the employment situation improves and Colorado begins to experience consistent job growth, personal income should benefit.

Change in Personal Income

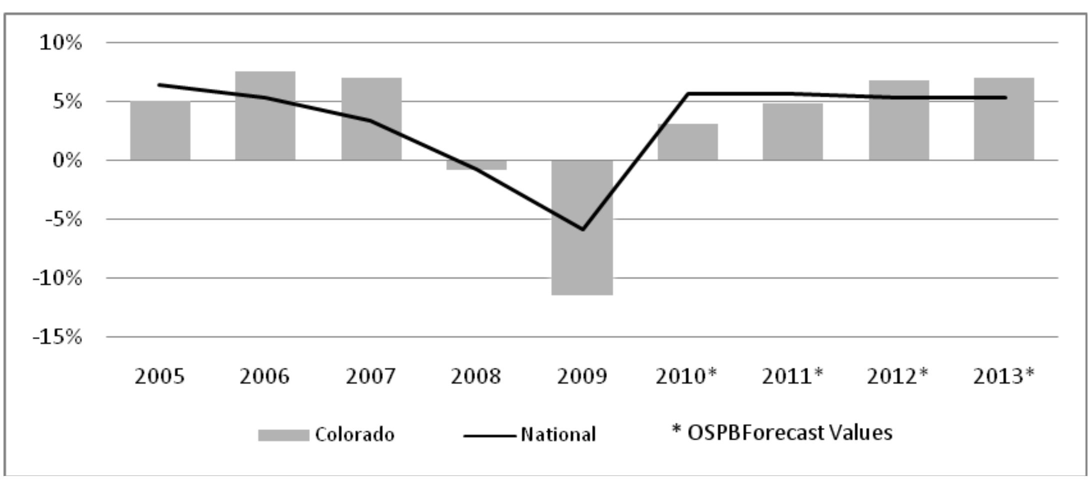


Source: U.S. Department of Commerce, Bureau of Economic Analysis

RETAIL TRADE

The effects of the recession have had a negative effect on retail trade in the State. 2009 saw a decrease of 11.5 percent in retail trade activity. Weak labor market conditions, reductions in personal income, and an overall decrease in consumer confidence have played a large part in the precipitous drop. The forecast for 2010 has retail trade recovery at a slow pace of 3.6 percent. The modest increase is in large part due to the slow recovery in state-wide employment.

Change in Colorado Retail Trade Sales



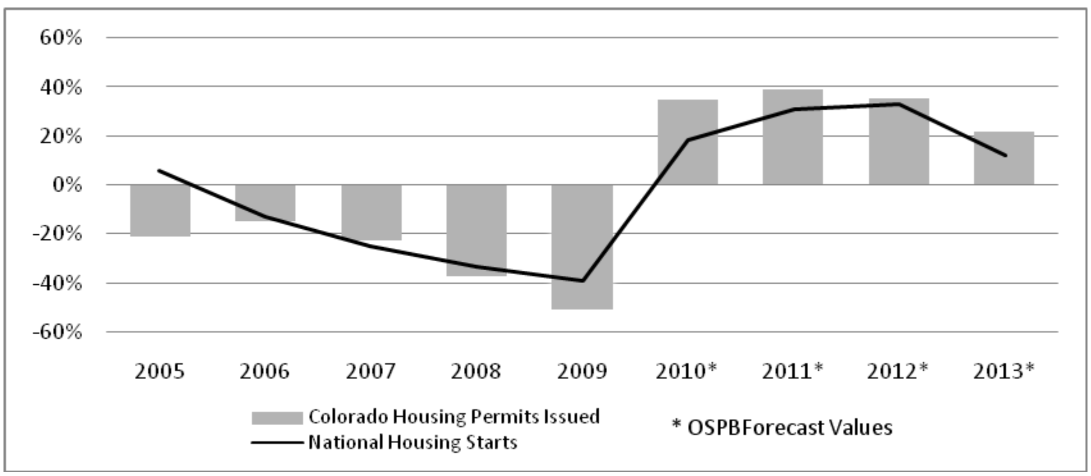
Source: Colorado Department of Revenue

CONSTRUCTION

Colorado nonresidential construction activity was hit hard by the recession. Colorado experienced back to back contractions in nonresidential construction of 12.5 percent and 22.4 percent during 2008 and 2009. Conditions are mixed for Colorado moving forward. Historically low interest rates bode well for new capital construction projects, but the difficulty in obtaining financing could be an overarching constraint. The continued impact of the American Recovery and Reinvestment Act in Colorado may add to growth in the coming years through various state-wide construction projects.

Residential housing permits in Colorado ended down 50.5 percent in 2009. The OSPB forecast for 2010 is an increase of 37.2 percent in permits. This increase comes from a historically low base. The federal first-time homebuyer credit program has been extended through the first half of the current year which is anticipated to help support the stronger growth forecasted in 2010.

Change in Housing Starts

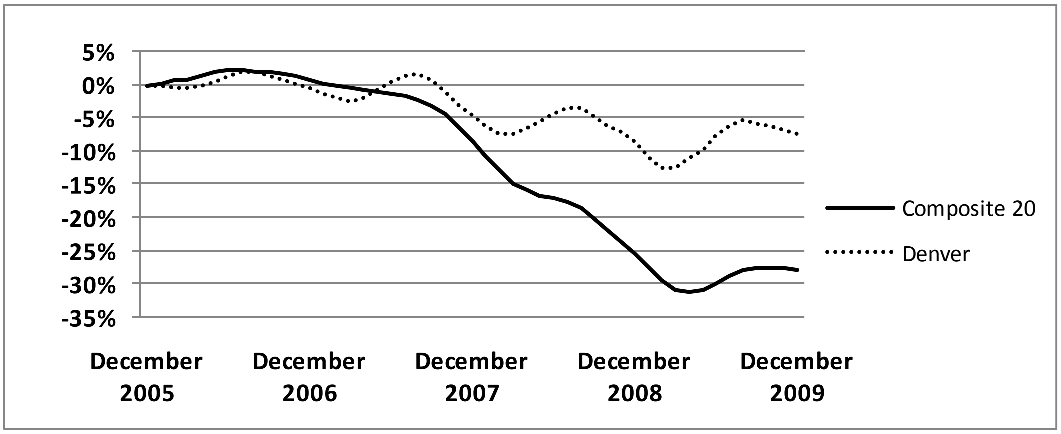


Source: U.S. Census Bureau

METROPOLITAN HOME PRICE VALUES

Colorado home prices have fared better than the national average throughout the recession. Year-over-year percentage gains in Denver home prices were realized in both November and December of 2009. This was only the second time in three years local median home prices posted year-over-year gains. The year-over-year gain in December put Denver in a list of only five other cities in the twenty-city S&P/Case-Shiller index that posted gains. Month-to-month changes still show declining prices, albeit at a decreasing rate.

Change in Metropolitan Home Price Values



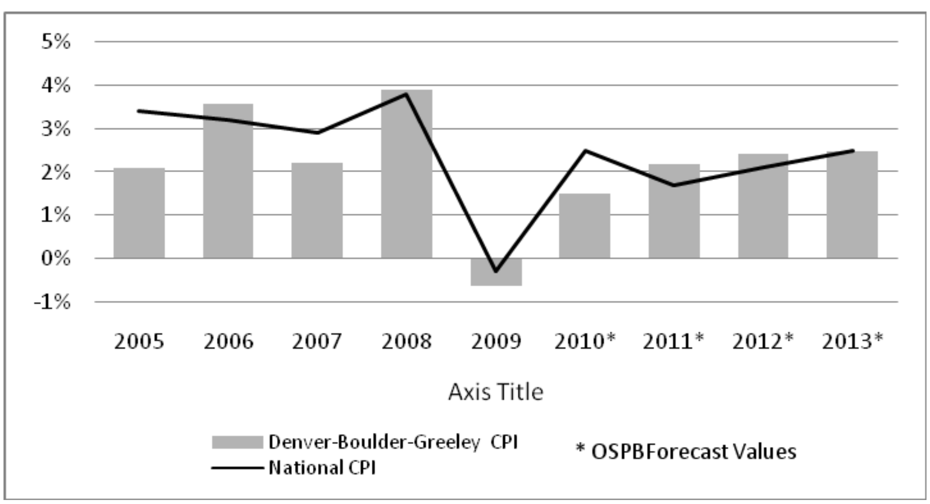
Source: S&P/Case-Shiller Home Price Indices
Note: Data is not seasonally adjusted

INFLATION

The U.S. consumer price index (CPI) is a measure of the average change in prices over time. The index represents spending behavior for urban consumers and wage earners who represent roughly 87 percent of the total U.S. population. The index is a basket of "representative" goods and services such as food, housing, medical care, transportation and education among others. The percentage change in the CPI, period-to-period, is the inflation rate. The Denver-Boulder-Greeley CPI is measured by the Bureau of Labor Statistics at a bi-annual frequency.

As is the case at the national level, inflation expectations in Colorado are quite moderate in the near term. 2009 realized an annual deflation rate of 0.7 percent in Colorado. Sluggish employment growth and weak personal consumption should hold inflation below historical averages in 2010. This OSPB forecast projects 1.5 percent annual inflation in Colorado during 2010, and rates of 2.1 percent in 2011 and 2.5 percent thereafter.

Consumer Price Index



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

POPULATION AND MIGRATION

Population in Colorado is forecast to grow by 1.7 percent in 2010. This is unchanged from the December 2009 forecast. The population growth rate has remained steady over the past five years and is forecast to remain near 1.7 percent through 2013.

Population migration into Colorado was revised up to 48,400 for 2009. The 2010 forecast shows migration of 44,800, as Colorado has received much attention throughout the recession for being a job creation leader.

RISKS TO THE FORECAST

Although the national recession has yet to officially be declared over, most economists believe it ended sometime during the third quarter of 2009. Colorado entered the recession later than most states and it has yet to be determined whether it will lead or lag the national recovery. The high level of unemployment, both at the national and State level, continues to be the focus of a solid recovery. A continuation of slow job growth in 2010 will constrain other state economic variables such as personal consumption and construction activity and is considered the largest risk for a rapid return to robust economic growth in Colorado.

Table 5
History and Forecast for Key Colorado Economic Variables
Calendar Year 2006-2013

Line No.		Actual				Forecast			
		2006	2007	2008	2009	2010	2011	2012	2013
	Current Income								
1	Personal Income (Billions) /A	$194.4	$205.5	$212.3	$208.2	$215.4	$224.5	$233.9	$243.0
2	Change	8.2%	5.7%	3.3%	-1.9%	3.5%	4.2%	4.2%	3.9%
3	Wage and Salary Income (Billions)	$105.8	$112.6	$116.6	$113.1	$116.7	$121.6	$126.6	$131.4
4	Change	7.0%	6.4%	3.6%	-3.0%	3.2%	4.2%	4.1%	3.8%
5	Per-Capita Income ($/person)	$40,912.0	$42,444.0	$42,985.0	$41,060.2	$41,762	$42,833	$43,920	$44,841
6	Change	6.2%	3.7%	1.3%	-4.5%	1.7%	2.6%	2.5%	2.1%
	Population & Employment								
7	Population (Thousands)	4,802.7	4,892.1	4,982.9	5,070.6	5,157.8	5,241.3	5,325.6	5,419.1
8	Change	1.9%	1.9%	1.9%	1.8%	1.7%	1.6%	1.6%	1.8%
9	Net Migration (Thousands)	48.7	48.6	51.0	48.4	44.8	39.5	39.8	48.2
10	Civilian Unemployment Rate	4.4%	3.9%	4.9%	7.3%	7.8%	7.7%	7.0%	6.4%
11	Total Nonagricultural Employment (Thousands)	2,279.1	2,331.3	2,350.3	2,244.2	2,214.5	2,241.1	2,278.2	2,315.6
12	Change	2.4%	2.3%	0.8%	-4.5%	-1.3%	1.2%	1.7%	1.6%
	Construction Variables								
13	Total Housing Permits Issued (Thousands)	38.3	29.5	19.0	9.4	12.9	17.4	23.8	29.4
14	Change	-16.4%	-23.2%	-35.5%	-50.5%	37.2%	34.9%	36.8%	23.5%
15	Nonresidential Construction Value (Millions) /B	3,242.0	3,578.8	3,130.7	2,430.5	2,500.8	2,934.4	3,385.4	3,668.9
16	Change	-2.2%	10.4%	-12.5%	-22.4%	2.9%	17.3%	15.4%	8.4%
	Prices & Sales Variables								
17	Retail Trade (Billions) /C	$70.4	$75.4	$74.8	$66.2	$68.6	$72.3	$77.1	$82.4
18	Change	7.6%	7.0%	-0.8%	-11.5%	3.6%	5.4%	6.6%	6.9%
19	Denver-Boulder-Greeley Consumer Price Index (1982-84=100)	197.7	202.0	209.9	208.5	211.6	216.0	221.4	227.0
20	Change	3.6%	2.2%	3.9%	-0.7%	1.5%	2.1%	2.5%	2.5%

/A Personal Income as reported by the federal Bureau of Economic Analysis includes: wage and salary disbursements, supplements to wages and salaries, proporietors' income with inventory and capital consumption adjustments, rental income of persons with capital consumption adjustments, personal dividend income, personal interest income, and personal current transfer receipts, less contributions from government social insurance.

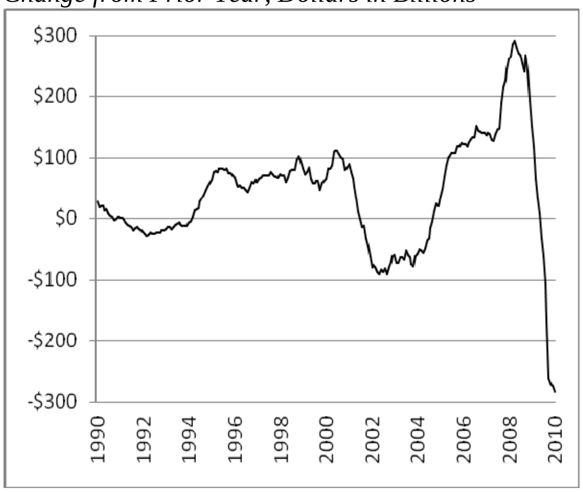
/B Nonresidential Construction Value is reported by Dodge Analytics (McGraw-Hill Construction) and includes new construction, additions, and major remodeling projects predominately at commercial (excluding hotels) and manufacturing facilities, educational institutions (excluding dormitories), medical and government buildings. Nonresidential does not include non-building projects (such as streets, highways, bridges and utilities).

/C Retail Trade includes motor vehicles and automobile parts, furniture and home furnishings, electronics and appliances, building materials, sales at food and beverage stores, health and personal care, sales at convenience stores and service stations, clothing, sporting goods / books / music, and general merchandise found at warehouse stores and internet purchases. In addition, the above dollar amounts include sales from food and drink vendors (bars and restaurants).

NATIONAL ECONOMIC FORECAST

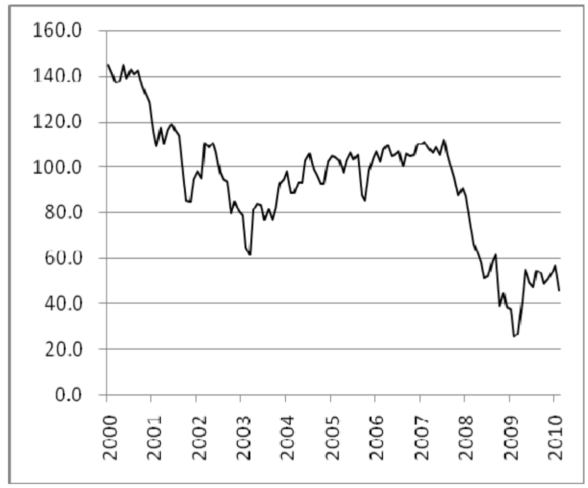
Prior to the recession, increases in the value of consumers' assets, low interest rates, and easy credit contributed to markedly high levels of consumer spending. Household borrowing increased faster than incomes, and savings rates fell to roughly two percent during the two years preceding the recession. In the wake of the downturn, access to credit has been sharply curtailed (especially in bank lending), the overwhelming scale of job loss has been dramatic, and consumer confidence has plummeted. These factors have served to sharply reduce consumer spending and slow economic activity.

Commercial / Industrial Loans at Commercial Banks
Change from Prior Year, Dollars in Billions



Source: St. Louis Federal Reserve.

Consumer Confidence Index (CCI)
Benchmarked to 1985 =100



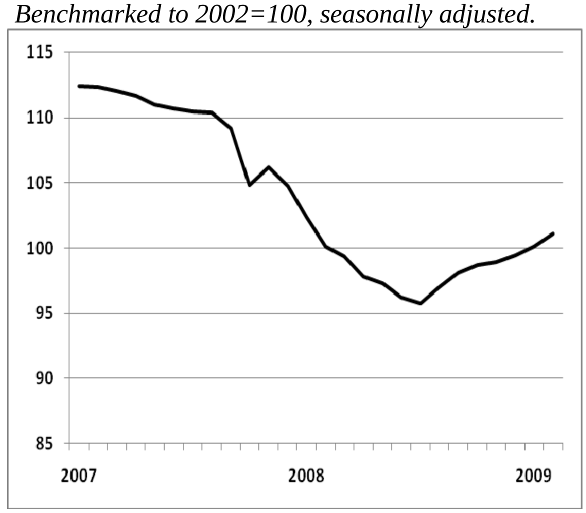
Source: Pollingreport.com

The national economy continues to improve modestly, but economic activity remains at a low level. Economic indicators continue to present a mixed picture related to the rate of recovery, but improvement in some leading indicators, such as rising industrial production and declining national initial unemployment insurance claims, does suggest that a recovery is underway. However, the recovery is still expected to be gradual.

National Initial Unemployment Insurance Claims
Data in thousands, seasonally adjusted.

Source: U.S. Department of Labor.

Industrial Production and Capacity Utilization
Benchmarked to 2002=100, seasonally adjusted.



Source: Federal Reserve.

This OSPB forecast projects slight improvement in the national economy in calendar years 2010 and 2011. Two key factors that will temper the rate of recovery are credit market conditions, which are critically important to the functioning of the economy, and labor market conditions, which support consumer spending, approximately 70 percent of GDP.

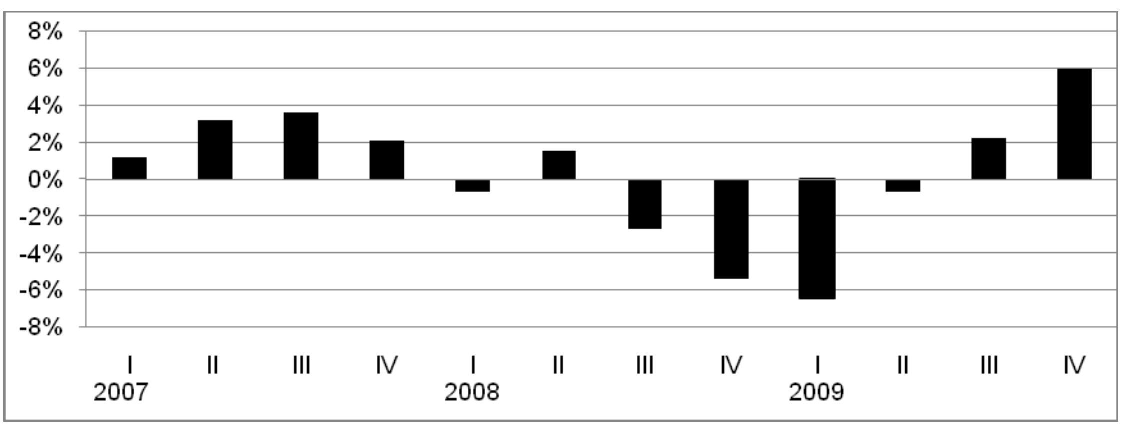
GROSS DOMESTIC PRODUCT

Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given time period. GDP in the United States is reported quarterly by the U.S. Department of Commerce's Bureau of Economic Analysis. GDP is estimated as the sum of final-expenditure components: personal consumption expenditures (consumer spending), gross private domestic investment, net exports (exports of goods and services less imports of goods and services) and government consumption expenditures and gross investment (government spending).

According to the U.S. Bureau of Economic Analysis (BEA), real GDP increased 5.9 percent from the third to the fourth quarter of 2009. The fourth quarter increase is attributable to positive contributions from private inventory investment, exports, personal consumption expenditures, and nonresidential fixed investment. Real GDP had increased 2.2 percent in the third quarter of 2009. On an annual basis, real GDP decreased 2.4 percent in 2009, attributable to declines in nonresidential fixed investment, exports, private inventory and residential fixed investments, and personal consumption expenditures. Increased federal government spending mitigated the decline in 2009.

In keeping with general expectations of a moderated recovery, this forecast projects real GDP in 2010 to increase 3.0 percent above the annual 2009 level. Real annual GDP is expected to increase 3.4 percent in 2011.

Change in Real U.S. GDP by Quarter



Source: U.S. Department of Commerce, Bureau of Economic Analysis. Data is provided on a quarterly basis, seasonally adjusted, and based on chained 2005 dollars.

- ***Consumer spending (roughly 70 percent of GDP):*** Consumer spending will be essential to the economic recovery. Labor market conditions and heightened consumer debt have served to weigh down consumer spending, which is expected to slowly improve as employment recovers. Real personal consumption expenditures increased 1.7 percent in the fourth quarter of 2009 after it increased 2.8 percent in the third quarter. This forecast projects personal income to increase 3.7 percent in 2010 and increase 6.3 percent in 2011.

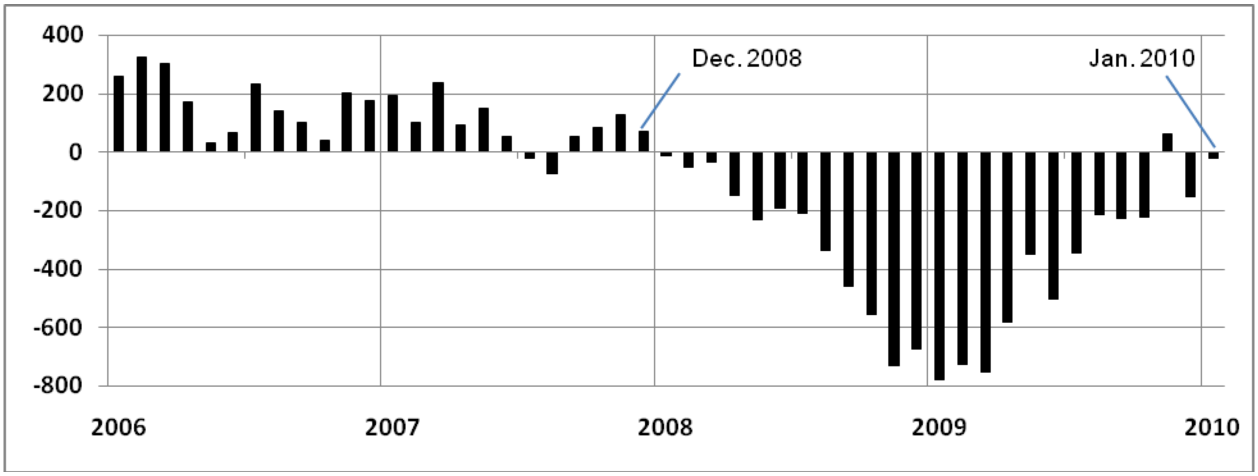
- ***Business investment (roughly 14 percent of GDP)***: According to the BEA, the change in real private inventories added 3.9 percentage points to the fourth-quarter change in real GDP. Real nonresidential fixed investment, which consists of purchases of both nonresidential structures and equipment and software, increased 6.5 percent in the fourth quarter of 2009. Real residential fixed investment, which consists of purchases of private residential structures and residential equipment that is owned by landlords and rented to tenants, increased 5.0 percent in the same quarter.

- ***Government spending (roughly 16 percent of GDP):*** Real federal government consumption expenditures and gross investment increased 0.1 percent in the fourth quarter. National defense decreased 3.5 percent and nondefense increased 8.3 percent. Real state and local government consumption expenditures and gross investment decreased 2.0 percent.

EMPLOYMENT

The U.S. Bureau of Labor and Statistics (BLS) release of employment data indicated that nonfarm payroll employment was down 20,000 from December 2009, which suggests stabilization in job losses nationally. In January, construction and transportation and warehousing employment declined and temporary help services and retail trade employment increased. The unemployment rate decreased from 10.0 to 9.7 percent in January. According to BLS, since the start of the recession in December 2007, payroll employment has fallen by 8.4 million, and over the last three months employment has shown little net change.

Monthly Change in U.S. Nonfarm Employment



Source: U.S. Department of Labor (Bureau of Labor Statistics), Current Employment Statistics survey series CES0000000001. Data is for all employees, thousands, seasonally adjusted.

Improvement in labor market conditions will be necessary for improved consumer confidence, consumer spending, and overall economic recovery. The January 2010 employment release from

BLS indicated that the average workweek for all employees on private nonfarm payrolls increased by 0.1 hour to 39.9 hours and the average hourly earnings of all employees on private nonfarm payrolls increased by 0.2 percent. Over the past 12 months, the average hourly earnings have risen by 2.0 percent and the manufacturing workweek has increased by 1.2 hours since June.

This forecast projects a national unemployment rate of 9.9 percent in 2010 and 9.3 percent in 2011. Total nonagricultural employment is expected to be 130.1 million in 2010 and 132.2 million in 2011, exhibiting little growth over actual 2009 employment of 130.9 million, as job creation typically lags in the course of economic recoveries. An increase in hourly earnings and hours worked, which is slowly occurring, is expected to precede sizable job growth as employers maximize the productivity of current workers before hiring additional workers.

INTEREST RATES

Interest rates affect virtually every component of aggregate demand. The federal funds rate is the interest rate at which banks lend to each other in order to maintain the minimum amount of reserves required by the Federal Reserve. The Federal Reserve will target a particular rate through buying and selling government securities on the open market. Through the process of raising or lowering the federal funds rate, the Federal Reserve will indirectly affect interest rates offered by lenders in order to control the rate of inflation and promote full employment. In order to realize its strategic objectives, the Federal Reserve reduced the federal funds rate to between 0.00 and 0.25 percent in December 2008.

This forecast projects the federal funds rate to average 0.2 percent in 2010 and 1.6 percent in 2011. 30-year Treasury constant maturity rates are also expected to increase as the economy recovers. In 2009, U.S. banks posted their sharpest decline in lending since 1942, which contributes to expectations of a gradual economic recovery. Lending remains low as banks have tightened lending standards and consumer demand remains weakened. While it is widely expected that the Federal Reserve will eventually raise interest rates, the timing of such an action is difficult to determine. Currently, this forecast assumes a significant upward adjustment beginning in 2012 to 3.6 percent.

INFLATION

The Consumer Price Index, reported by the U.S. Bureau of Labor and Statistics (BLS), is a measure of the average change in prices over time of goods and services purchased by households. The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.2 percent in January on a seasonally adjusted basis. This increase is due mainly to an increase in energy prices. The index for all items less food and energy declined 0.1 percent in January as the indexes for shelter, new vehicles, and airline fares declined. The CPI has increased 2.6 percent over the course of the last 12 months.

The consumer price index is expected to increase 2.5 percent in 2010 and 1.7 percent in 2011 as consumer spending increases and the labor market stabilizes. The high degree of slack present in the labor market is likely to mitigate upward wage and price pressures in 2010 and 2011.

RISKS TO THE FORECAST

Improvement in current national conditions is expected to occur gradually as the labor market recovers and consumer spending continues to improve. However, uncertainty continues to characterize the national economy, which grapples with exceptional unemployment rates. Economic indicators consistently present varied indications of where the economy is headed. Changes in central bank policies, fiscal policies, and banking sector difficulties could significantly affect forecast expectations either positively or negatively, which would in turn affect expectations for the Colorado economy and State revenues.

Table 6
History and Forecast for Key National Economic Variables
Calendar Year 2006-2013

Line No.		Actual				Forecast			
		2006	2007	2008	2009	2010	2011	2012	2013
	Inflation-Adjusted & Current Dollar Income Accounts								
1	Inflation-Adjusted Gross Domestic Product (Billions) /A	$12,976.2	$13,254.1	$13,312.2	$12,997.5	$13,381.7	$13,831.6	$14,374.4	$14,824.2
2	Change	2.7%	2.1%	0.4%	-2.4%	3.0%	3.4%	3.9%	3.1%
3	Gross Domestic Product (Billions)	$13,398.9	$14,077.6	$14,441.4	$14,258.7	$14,864.0	$15,651.4	$16,613.4	$17,520.4
4	Change	6.0%	5.1%	2.6%	-1.3%	4.2%	5.3%	6.1%	5.5%
5	Personal Income (Billions) /A	$11,268.1	$11,894.1	$12,238.8	$12,030.3	$12,476.4	$13,262.1	$14,132.1	$14,944.8
6	Change	7.5%	5.6%	2.9%	-1.7%	3.7%	6.3%	6.6%	5.8%
7	Per-Capita Income ($/person)	$37,766.4	$39,477.2	$40,251.3	$39,234.4	$40,517.8	$42,681.9	$45,018.9	$47,083.7
8	Change	6.5%	4.5%	2.0%	-2.5%	3.3%	5.3%	5.5%	4.6%
	Population & Employment								
9	Population (Millions)	298.4	301.3	304.1	306.6	307.9	310.7	313.9	317.4
10	Change	0.9%	1.0%	0.9%	0.8%	0.4%	0.9%	1.0%	1.1%
11	Civilian Unemployment Rate	4.6%	4.6%	5.8%	9.3%	9.9%	9.3%	8.1%	7.3%
12	Total Nonagricultural Employment (Millions)	136.1	137.6	137.0	130.9	130.1	132.2	135.1	137.8
13	Change	1.8%	1.1%	-0.4%	-4.5%	-0.6%	1.6%	2.2%	2.0%
	Financial Markets								
14	30-Year T-Bond Rate	4.9%	4.8%	4.3%	4.0%	4.8%	5.3%	5.8%	5.6%
15	3 Month T-Bond Rate	4.7%	4.4%	1.4%	0.1%	0.2%	1.5%	3.5%	5.5%
16	Prime Rate	8.0%	8.1%	5.1%	3.3%	3.3%	4.6%	6.6%	8.5%
17	Federal Fund Rate	5.0%	5.0%	1.9%	0.2%	0.2%	1.6%	3.6%	5.5%
	Price Variables								
18	Consumer Price Index (1982-84=100)	201.6	207.3	215.2	214.5	220.0	223.8	228.6	234.3
19	Change	3.2%	2.9%	3.8%	-0.3%	2.5%	1.7%	2.1%	2.5%
20	Producer Price Index (1982=100)	160.4	166.6	177.2	172.6	180.9	185.8	191.0	195.8
21	Change	3.0%	3.9%	6.3%	-2.6%	4.8%	2.7%	2.8%	2.5%
	Other Key Indicators								
22	Industrial Production Index (1996=100)	109.7	111.3	108.8	98.3	103.2	108.7	115.3	120.0
23	Change	2.3%	1.5%	-2.2%	-9.7%	5.0%	5.3%	6.1%	4.1%
24	Corporate Profits After Tax (Billions)	$1,135.0	$1,090.2	$1,068.2	$995.8	$1,183.6	$1,247.6	$1,324.2	$1,396.5
25	Change	8.7%	-3.9%	-2.0%	-6.8%	18.9%	5.4%	6.1%	5.5%
26	Housing Starts (Millions)	1,800.9	1,355.0	905.5	552.0	653.0	855.0	1,138.0	1,278.0
27	Change	-12.9%	-24.8%	-33.2%	-39.0%	18.3%	30.9%	33.1%	12.3%

/A Personal Income as reported by the federal Bureau of Economic Analysis includes: wage and salary disbursements, supplements to wages and salaries, proporietors' income with inventory and capital consumption adjustments, rental income of persons with capital consumption adjustments, personal dividend income, personal interest income, and personal current transfer receipts, less contributions from government social insurance.

GOVERNOR'S REVENUE FORECAST ADVISORY COMMITTEE

The Governor's Office of State Planning and Budgeting would like to thank the following individuals that provided valuable feedback on key national and Colorado-specific economic indices included in this forecast. All of these individuals possess expertise in a number of economic and financial disciplines and were extremely generous of their time and knowledge.

- John Cuddington – W.J. Coulter Professor of Mineral Economics and Professor of Economics and Business, Colorado School of Mines; President, JTC Economics+Finance LLC
- Elizabeth Garner - State Demographer, Colorado Department of Local Affairs
- Alexandra Hall - Labor Market Information Director, Colorado Department of Labor and Employment
- David McDermott, CPA - State Controller, Department of Personnel and Administration
- Ronald New - Vice President, Stifel Nicolaus
- Patricia Silverstein - President, Development Research Partners
- Richard Wobbekind - Associate Dean, Leeds School of Business; University of Colorado, Boulder

Capital Construction Forecast March 2010
Office of State Planning and Budgeting

Updated OSPB Capital Construction Fund and Corresponding General Fund Transfer - March 19, 2010

Projections Relating to Capital Construction

Capital Construction

The Governor submitted his FY 2010-11 prioritized list for Capital Construction Funds to the Capital Development Committee (CDC) on November 2, 2009. This list included funding for the following projects, but the dollars have been updated for this forecast. While the CDC added the balance of the Level I Controlled Maintenance on March 9, 2010, this was only recommended by the Committee "in the event additional revenue becomes available," so it is not included in the forecast at this time. On March 16, 2010, the Joint Budget Committee approved the CDC recommendation.

OSPB Priority	Department	Request Title	FY 2010-11 Request
			CCF
1	Corrections	Colorado State Penitentiary II – Certificates of Participation Payment	$1,751,169
2	Higher Education	Anschutz Medical Campus Certificates of Participation	$1,996,149
3	Higher Education	Federal Mineral Lease Certificates of Participation Annual Payments	$0
4	Personnel and Administration	Level I Controlled Maintenance	$2,695,589
5	Revenue	Colorado Integrated Tax Architecture	$10,177,308

OSPB has calculated the following as the General Fund transfer need for the Capital Construction Fund:

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
General Fund Transfer Need	$1,976,068	$8,629,398	$52,156,467	$66,452,347

OSPB minimized the General Fund transfer need in FY 2010-11 by applying available fund balances from other sources that can be used for capital construction and controlled maintenance. For example, controlled maintenance is offset by funds in the State Land Board which can used to offset controlled maintenance costs in State Buildings. Per the State Treasurer, the available balances for this purpose are $405,892 from fund 707 and $7,028,107 from fund 853 for the Public Buildings Trust.

Of the three COP payments requests, three have offsets from other fund sources reducing the total need from General Fund. The Lease Purchase of Academic Facilities at Anschutz Medical Campus is offset by fund balance, the Lease Purchase of Colorado State Penitentiary II is offset by Corrections Expansion Reserve Fund (CERF) funds, and the Lease Purchase of Academic Facilities Pursuant to Section 23-19.9-102 (Federal Mineral Lease or FML) is covered by the Higher Education FML Revenues Fund.

The three series of COPs were all refinanced: FML Higher Education, Anschutz Medical Campus, and the Colorado State Penitentiary II (CSP II). All refinancing savings in FY 2010-11 reduce the General Fund transfer need to the Capital Construction Fund (CCF). FY 2009-10 savings only occur if original appropriations are reduced or eliminated. Please see the attached pricings at Tables CC-E, CC-F, and CC-G.

The summary of the various General Fund revenue increases from capital construction for FY 2009-10 and FY 2010-11 are illustrated at a new table CC-B.

For the interest calculation, OSPB used the current fund balance and interest payments to date as reported on February Fund Balance Report of March 8, 2010 from the Treasurer's Office. OSPB then assumed that the fund balance is spent at a rate of 7.69% each month. This is based on two years of historical data showing that in both years, exactly 7.69% is spent each month. OSPB then applied an annualized interest rate on the Fund, respective to each year (2% for FY 09-10 and FY 10-11, 2.25% for FY 2011-12, and 2.5% for FY 2012-13) using the Treasurer's recommended annualized interest rates for projection purposes.

The CERF Appropriations have changed by removing the impact of HB 07-1040 so it is handled in the same way as done by Legislative Council.

Federal Mineral Lease

As one can see in the attached FML projection, the estimated spillover amounts for the Federal Mineral Lease Higher Education Revenues Fund have decreased from the OSPB December forecast, causing insolvency to be projected for FY 2011-12 and FY 2012-13; and requiring General Fund transfers in those years for the same amount. The refinancing of the FML certificates of participation has reduced payments from the Revenues Fund, but transfers to the General Fund in FYs 2009-10 and 2010-11 increased obligations from the Fund. Table CC - C provides a detailed projection.

Since SB 08-233 requires that the annual payments for the FML COPs come from the Higher Education FML Revenues Fund, and any unused funds must remain in the fund, legislation is needed to transfer the amounts saved from the refinancing. In FY 2009-10, the payment is reduced, and $750,000 can be transferred into the General Fund. A similar General Fund transfer would occur for FY 2010-11 of $7.0 million.

The General Fund burden is offset because funds are available in the Treasurer's Expense Fund related to FML certificates of participation payments. The transfer from the Expense Fund will be directed by the Treasurer to the Trustee and does not require legislative action. Funds are available in the Treasurer's FML COP Expense Fund to offset General Fund need in the amount of $5 million. That fund contains $5,141,059 that is used for administrative costs (approximately $141,000 left for this purpose) and higher education capital construction as required by Bond Forms and IRS code. While a $5 million transfer has been assumed for FY 2009-10, it is likely that additional funds, perhaps approximately $2 million, may accrue and become available in the Expense Fund during FY 2010-11.

The projected spillover revenue is higher for the Higher Education FML Maintenance and Reserve Fund than in the December forecast (Table CC - D). The current projection is able to fund the transfers recommended by OSPB on January 27 and February 18, 2010.

Table CC - A
General Fund Transfer Forecast for Capital Construction March 2010

		FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	
A	Uncommitted balance from prior year	N/A	$5,137,000	$0	$0	From November 10, 2009 letter from the State Controller and Analysis of Fund Balance Available Report
C	Interest Annual Percentage	2.00%	2.00%	2.25%	2.50%	Colorado State Treasurer State Controller recommendations for projection purposes as of 12/7/09. Monthly factor is Annual Interest Percentage multiplied by 30 and divided by 360.
D	Interest from Prior Year	N/A	$2,853,817	$1,197,154	$1,264,055	
E	Statutory Appropriations to CCF for CERF	N/A	$2,684,165	$1,126,485	$488,144	FYs 10-11 and 11-12: FY 09-10 March 18, 2009 Figure Setting plus HB 07-1040 per 9/15/09 OSC Report. OSC Report for Uncommitted Balance (row A) includes $2,754,333 revenue into CCF for FY 09-10 and same amount out to CERF, so no adjustment made for FY 09-10. FY 12-13 from bill review.
F	Statutory Appropriations from CCF to CERF	N/A	($2,684,165)	($1,126,485)	($488,144)	
G	**Funds available**	**N/A**	**$7,990,817**	**$1,197,154**	**$1,264,055**	Rows A + D
H	Lease Purchase of Academic Facilities at Anschutz Medical Campus (Fitzsimons)	($945,082)	($1,996,149)	($5,144,350)	($6,646,800)	See Table CC - F. OSPB has submitted a budget action for the savings experienced in FY 2009-10. The savings in FY 2010-11 reduces the General Fund transfer need to the Capital Construction Fund. Tobacco cash funds offset estimated at $8 million a year for FY 2011-12 forward [maximum pursuant to C.R.S. 23-20-136, (3.5) (a)] reduce the need for General Fund. Tobacco cash funds are estimated at $7,698,527 for FY 2010-11.
I	Lease Purchase of Colorado State Penitentiary II	$0	($1,751,169)	($17,308,415)	($17,942,356)	The FY 2009-10 payment has been eliminated, allowing a transfer of $10 million to the General Fund: $8,175,782 from the CCF and $1,824,218 from the CERF. The FY 2010-11 payment is reduced to $8,048,292, of which all but $1,751,169 can be funded from CERF cash funds. The need for a General Fund transfer FY 2011-12, when used in concert with the CERF balance, is $17,308,415 for CCF to make the payment of $18,434,900. See Table CC - G.
J	Lease Purchase of Academic Facilities Pursuant to Section 23-19.9-102 (FML)	$0	$0	($2,272,473)	($18,942,996)	See Tables CC - C and CC - E. $750,000 in FY 2009-10 and $7 million in FY 2010-11 transferred from the Revenues Fund to the General Fund via requested legislation. General Fund is now needed for FY 2011-12 and FY 2012-13, a change from last forecast.
K	Level I Controlled Maintenance	($18,235,321)	($2,695,589)	($20,000,000)	($20,000,000)	The Level I Controlled Maintenance FY 2010-11 funding recommendation is $10,129,588, covering through ranking 6 by the State Architect. FY 2010-11 controlled maintenance is offset by funds in the State Land Board which can used to offset controlled maintenance costs in State Buildings. The available balances for this purposes are $405,892 from fund 707 and $7,028,107 from fund 853 [$10,129,588 - $405,892 - $7,028,107 = $2,695,589]. Source of FY 09-10 is SB 09-259.
L	Colorado Integrated Tax Architecture	($744,907)	($10,177,308)	($8,628,383)	($4,184,250)	SB 09-259 and per September 1, 2009 Capital Request.
M	Ft Lupton Readiness Center	($5,661,451)	$0	$0	$0	SB 09-259
N	**Subtotal of Approved Projects**	**($25,586,761)**	**($16,620,215)**	**($53,353,621)**	**($67,716,402)**	Does not include any new FY 2011-12 or FY 2012-13 requests
O	Funds Available after Approved Projects	N/A	($8,629,398)	($52,156,467)	($66,452,347)	
P	**General Fund Transfer Need**	**$1,976,068**	**$8,629,398**	**$52,156,467**	**$66,452,347**	
Q	**End of Year Uncommitted Balance**	**$5,137,000**	**$0**	**$0**	**$0**	From November 10, 2009 letter from the State Controller and Analysis of Fund Balance Available Report

Interest Projection			
Total Interest for FY 2009-10		$2,853,817	
Total Interest for FY 2010-11		$1,197,154	
Total Interest for FY 2011-12		$1,264,055	
Total Interest for FY 2012-13		$1,434,831	

	Interest Projection	Treasury Factor:	**0.001667**	Expended per Month
09-10	February Fund Balance March 8, 2010 Treasurer's Office	$113,652,431	$2,217,790	7.69%
	Mar	$104,912,559	$174,854	7.69%
	Apr	$96,844,783	$161,408	7.69%
	May	$89,397,420	$148,996	7.69%
	Add GF Projected Revenue	**$8,600,000**		
	Jun	$90,461,418	$150,769	7.69%
		Treasury Factor:	**0.001667**	Expended per Month
10-11	Jul	$83,504,935	$139,175	7.69%
	Aug	$77,083,405	$128,472	7.69%
	Sep	$71,155,692	$118,593	7.69%
	Oct	$65,683,819	$109,473	7.69%
	Nov	$60,632,733	$101,055	7.69%
	Dec	$55,970,076	$93,283	7.69%
	Jan	$51,665,977	$86,110	7.69%
	Feb	$47,692,864	$79,488	7.69%
	Mar	$44,025,282	$73,375	7.69%
	Apr	$40,639,738	$67,733	7.69%
	May	$37,514,542	$62,524	7.69%
	Add GF Projected Revenue	**$52,100,000**		
	Jun	$82,723,184	$137,872	7.69%
		Treasury Factor:	**0.001875**	Expended per Month
11-12	Jul	$76,361,771	$143,178	7.69%
	Aug	$70,489,551	$132,168	7.69%
	Sep	$65,068,904	$122,004	7.69%
	Oct	$60,065,106	$112,622	7.69%
	Nov	$55,446,099	$103,961	7.69%
	Dec	$51,182,294	$95,967	7.69%
	Jan	$47,246,376	$88,587	7.69%
	Feb	$43,613,129	$81,775	7.69%
	Mar	$40,259,280	$75,486	7.69%
	Apr	$37,163,341	$69,681	7.69%
	May	$34,305,480	$64,323	7.69%
	Add GF Projected Revenue	**$66,400,000**		
	Jun	$92,961,229	$174,302	7.69%

CERF Balance Projection	
$1,976,068	Revenue FY 2009-10
$6,514,629	Other Balance FY 2009-10*
($7,766,568)	Used FY 2009-10 CSPII COPs and CSP Furnishings
$5,766,568	Deappropriated from COP annual payment due to refinancing
($1,824,218)	Used for Transfer to General Fund
($729,554)	Adjustment for DRDC Commitments
($323,967)	State Controller correction to FY 2008-09 statutory transfers, unaudited. This excess amount was inadvertently transferred during the year & discovered at COFRS close.
$3,612,958	Balance FY 2009-10
$2,684,165	Revenue FY 2010-11
($6,297,123)	Used FY 2010-11
$0	Balance FY 2010-11
$1,126,485	Revenue FY 2011-12
($1,126,485)	Used FY 2011-12
$0	Balance FY 2011-12
$488,144	Revenue FY 2012-13
($488,144)	Used FY 2012-13
$0	Balance FY 2012-13
All CERF used to offset CSP II COP Payment	

*Per DOC and OSC, Period 3 fund balance in FY 2008-09 in CERF was $6,514,629; Ft. Lyons requires $3,287,200, leaving $3,227,429 available for future projects. With JBC action on March 18, 2009, an additional $3,287,200 in deappropriated projects was realized.

		Treasury Factor:	**0.002083**	Expended per Month
	Jul	$85,812,510	$178,776	7.69%
	Aug	$79,213,528	$165,028	7.69%
	Sep	$73,122,008	$152,338	7.69%
	Oct	$67,498,925	$140,623	7.69%
	Nov	$62,308,258	$129,809	7.69%
	Dec	$57,516,753	$119,827	7.69%
12-13	Jan	$53,093,715	$110,612	7.69%
	Feb	$49,010,808	$102,106	7.69%
	Mar	$45,241,877	$94,254	7.69%
	Apr	$41,762,777	$87,006	7.69%
	May	$38,551,219	$80,315	7.69%
	Jun	$35,586,630	$74,139	7.69%
	7.69% from State Controller's Office, Average of "Report of Revenues and Expenditures By Period" for FY 2007-08 and FY 2008-09 for Fund 461, September 11, 2009; provided in December 2009 Forecast.			

Table CC - B			
	FY 2009-10	**FY 2010-11**	
DOC: CCF Transfer to General Fund	$8,175,782	$0	FY 2009-10 from refinance of CSP II COPs submitted December 1, 2009; in FY 2010-11 it is not a transfer to the GF, but rather reduces the GF transfer need in this forecast.
DOC: CERF Transfer to General Fund	$1,824,218	$0	FY 2009-10 from refinance of CSP II COPs submitted December 1, 2009
Fitzsimons Trust Fund Transfer to General Fund: Refinance	$4,196,981	$3,448,537	FY 2009-10 from refinance of Fitzsimons COPs, submitted on January 27, 2010. OSPB erroneously requested a reduction to CCF in its FY 2009-10 January 27 request. Instead, $4,196,981 of tobacco funds in the Fitzsimons Trust Fund should be transferred via legislation to the General Fund. The February 18, 2010 plan requested a transfer of $3,448,537 of tobacco funds from the Fitzsimons Trust Fund.
Judicial Controlled Maintenance	$335,000	$0	Unused controlled maintenance, deappropriate from CCF and transfer from CCF to GF. Submitted August 25, 2009.
Fitzsimmons Trust Fund: Balance	$6,000,000	$0	Request to transfer $5,142,063 in Capital Construction Funds and $857,937 cash funds from the Fitzsimmons Trust Fund to the General Fund. Both transfers to the General Fund will require a bill. Submitted December 1, 2009.
FML Maintenance and Reserve Fund	$4,326,389	$6,319,428	FY 2009-10 Transfer recommendation was submitted on January 27, 2009; FY 2010-11 Transfer was submitted on February 18, 2010
FML Revenues Fund	$750,000	$7,000,000	From refinance of FML COPs; see FML Projection. Submitted December 1, 2009 for FY 2009-10 and November 2, 2009 for FY 2010-11.
Total Increase in General Fund Revenue from Capital Projection	**$25,608,370**	**$16,767,965**	*Does not include reductions to General Fund transfer projection, only reflects true increases to General Fund.*

Table CC - C Higher Education Federal Mineral Lease Revenues Fund Spillover Projection for SB 08-233 Annual Payments March 2010							
Fiscal Year	**Spillover Projection**	**Annual Payments***	**FY 2009-10 Transfer of Expense Funds to Revenues Fund for use in FY 2011-12****	**Transfer from FML Revenues Fund to General Fund*****	**Net**	**Interest**	**Final Projected Balance if Other Funds Not Used**
February 2010 Balance per State Treasurer March 8, 2010					$22,835,856		$22,835,856
FY 2009-10	$0	$4,164,974	$5,000,000	$750,000	$22,920,882	$458,418	$23,379,300
FY 2010-11	$0	$8,877,550	$0	$7,000,000	$7,501,750	$150,035	$7,651,785
FY 2011-12	$2,522,042	$12,446,300	$0	$0	($2,272,473)	$0	($2,272,473)
FY 2012-13	$1,914,852	$18,585,375	$0	$0	($18,942,996)	$0	($18,942,996)

*FY 2009-10 is reduced for the payment amount of $11,655,391 [$15,820,365 - $11,655,391 = $4,164,974] already made on October 28 for November 1, 2009.
**This action is directed by the Treasurer to the Trustee and does not require legislative action. Funds are available in the Treasurer's FML COP Expense Fund in the amount of $5 million. That fund contains $5,141,059 that is used for administrative costs (approximately $141,000 left for this purpose) and higher education capital construction as required by Bond Forms and IRS code.
***Balance is adjusted for the Governor's Budget Balancing Plan to refinance the FML COPs. The proposal produces savings of $750,000 in FY 2009-10 and $7 million in FY 2010-11 and transfers those amounts to the General Fund.

Table CC - D Higher Education Federal Mineral Lease Maintenance and Reserve Fund Projection for Higher Education Controlled Maintenance March 2010					
Fiscal Year	**Prior Balance**	**Spillover Projection**	**Interest Available for Controlled Maintenance Projects**	**Transfer out of Fund for Budget Balancing***	**Accruing Total**
FY 2009-10	$2,306,840	$3,779,870	$121,734	($4,326,389)	$1,882,055
FY 2010-11	$1,882,055	$7,304,232	$183,726	($6,319,428)	$3,050,585
FY 2011-12	$3,050,585	$8,010,099	$248,865	$0	$11,309,550
FY 2012-13	$11,309,550	$7,938,068	$481,190	$0	$19,728,808

FY 2009-10 Prior Balance is February 2010 Balance per State Treasurer March 8, 2010
*FY 2009-10 Transfer recommendation was submitted on January 27, 2009
*FY 2010-11 Transfer recommendation was submitted on February 18, 2010
FY 2009-10 Spillover Projection is reduced by $2,237,752 assuming two quarters have already been transferred

February 18, 2010 OSPB Budget Balancing	**Higher Education Federal Mineral Lease Maintenance and Reserve Fund**
FY 2009-10	$4,326,389
FY 2010-11 Transfer	$6,319,428

Table CC - E
Colorado Higher Education Capital Construction Lease Purchase Refinancing
Certificates of Participation, Series 2009

Year	Fiscal Year	[A] Original Total Base Rentals	[B] Savings	[C] = [A] - [B] Total Base Rentals	[D] Non-State Base Rentals [Paid by Institutions]	[E] = [C] - [D] New State Annual Payments	Average for SB 233 Calculation
1	FY 2008-09	$11,410,038	$0	$11,410,038	$1,413,531	**$9,996,507**	
2	FY 2009-10	$18,830,200	$832,360	$17,997,840	$2,177,475	**$15,820,365**	
3	FY 2010-11	$18,829,275	$7,777,000	$11,052,275	$2,174,725	**$8,877,550**	
4	FY 2011-12	$18,823,450	$4,207,175	$14,616,275	$2,169,975	**$12,446,300**	
5	FY 2012-13	$18,830,425	($1,932,800)	$20,763,225	$2,177,850	**$18,585,375**	
6	FY 2013-14	$18,824,300	($1,936,900)	$20,761,200	$2,173,225	**$18,587,975**	
7	FY 2014-15	$18,832,156	($1,936,375)	$20,768,531	$2,180,975	**$18,587,556**	
8	FY 2015-16	$18,832,400	($1,934,200)	$20,766,600	$2,178,788	**$18,587,813**	
9	FY 2016-17	$18,827,763	($1,936,275)	$20,764,038	$2,174,100	**$18,589,938**	
10	FY 2017-18	$18,824,013	($1,937,625)	$20,761,638	$2,173,850	**$18,587,788**	$15,866,717
11	FY 2018-19	$18,736,950	($1,935,300)	$20,672,250	$2,172,225	**$18,500,025**	
12	FY 2019-20	$18,741,975	($1,934,675)	$20,676,650	$2,178,525	**$18,498,125**	
13	FY 2020-21	$18,742,038	($1,934,175)	$20,676,213	$2,177,381	**$18,498,831**	
14	FY 2021-22	$18,737,150	($1,933,550)	$20,670,700	$2,174,025	**$18,496,675**	
15	FY 2022-23	$18,736,038	($1,937,425)	$20,673,463	$2,171,600	**$18,501,863**	
16	FY 2023-24	$18,741,469	($1,935,550)	$20,677,019	$2,179,581	**$18,497,438**	
17	FY 2024-25	$18,741,488	($1,934,363)	$20,675,850	$2,175,463	**$18,500,388**	
18	FY 2025-26	$18,736,988	($1,936,925)	$20,673,913	$2,173,988	**$18,499,925**	
19	FY 2026-27	$18,742,988	($1,936,300)	$20,679,288	$2,176,738	**$18,502,550**	
20	FY 2027-28	$18,741,600	$16,896,600	$1,845,000	$2,178,300	$0	$16,649,582
		$368,262,701	$680,697	$367,582,004	$42,752,319	$325,162,985	$32,516,298

Table CC - F
State of Colorado Refinancing UCDHSC Fitzsimons Academic Projects
Certificates of Participation, Series 2009

Year	Fiscal Year	[A] Original Total Base Rentals	[B] Savings	[C] = [A] - [B] Total Base Rentals	[D] = Less Cash Funds from Tobacco Master Settlement	[E] = [C] - [D] General Fund Transfer Need
1	FY 2009-10	$13,142,063	$4,196,981	$8,945,082	$8,000,000	$945,082
2	FY 2010-11	$13,143,213	$3,448,537	$9,694,676	$7,698,527	$1,996,149
3	FY 2011-12	$13,144,713	$363	$13,144,350	$8,000,000	$5,144,350
4	FY 2012-13	$13,141,563	($1,505,238)	$14,646,800	$8,000,000	$6,646,800
5	FY 2013-14	$13,143,650	($1,504,288)	$14,647,938	$8,000,000	$6,647,938
6	FY 2014-15	$13,142,888	($1,506,013)	$14,648,900	$8,000,000	$6,648,900
7	FY 2015-16	$13,143,038	($1,505,063)	$14,648,100	$8,000,000	$6,648,100
8	FY 2016-17	$13,145,388	($1,500,688)	$14,646,075	$8,000,000	$6,646,075
9	FY 2017-18	$13,141,838	($1,507,875)	$14,649,713	$8,000,000	$6,649,713
10	FY 2018-19	$13,143,213	($1,504,913)	$14,648,125	$8,000,000	$6,648,125
11	FY 2019-20	$13,141,963	($1,505,413)	$14,647,375	$8,000,000	$6,647,375
12	FY 2020-21	$13,142,213	($1,506,788)	$14,649,000	$8,000,000	$6,649,000
13	FY 2021-22	$13,142,963	($1,503,913)	$14,646,875	$8,000,000	$6,646,875
14	FY 2022-23	$13,143,213	($1,506,538)	$14,649,750	$8,000,000	$6,649,750
15	FY 2023-24	$13,141,963	($1,338,663)	$14,480,625	$8,000,000	$6,480,625
16	FY 2024-25	$13,145,806	$526,838	$12,618,969	$8,000,000	$4,618,969
17	FY 2025-26	$13,142,356	$10,298,419	$2,843,938	$2,843,938	$0
18	FY 2026-27	$13,143,594	$0	$13,143,594	$8,000,000	$5,143,594
19	FY 2027-28	$13,142,375	$0	$13,142,375	$8,000,000	$5,142,375
20	FY 2028-29	$13,146,375	$0	$13,146,375	$8,000,000	$5,146,375
21	FY 2029-30	$13,146,250	$0	$13,146,250	$8,000,000	$5,146,250
22	FY 2030-31	$13,145,625	$0	$13,145,625	$8,000,000	$5,145,625
		$289,156,257	$575,749	$288,580,508	$170,542,465	$118,038,043

Table CC - G
State of Colorado Refinancing Department of Corrections' Colorado State Penitentiary II
Certificates of Participation, Series 2009

February 2010				
Year	**Fiscal Year Ending**	**Previous Payment Schedule**	**Payment Schedule**	**Savings**
1	FY 2009-10	$11,085,175	$0	$11,085,175
2	FY 2010-11	$13,940,350	$8,048,292	$5,892,058
3	FY 2011-12	$13,938,850	$18,434,900	($4,496,050)
4	FY 2012-13	$13,983,250	$18,430,500	($4,447,250)
5	FY 2013-14	$13,939,000	$18,431,100	($4,492,100)
6	FY 2014-15	$13,937,250	$18,430,950	($4,493,700)
7	FY 2015-16	$13,937,000	$18,430,500	($4,493,500)
8	FY 2016-17	$13,937,000	$18,432,500	($4,495,500)
9	FY 2017-18	$13,936,000	$16,422,250	($2,486,250)
10	FY 2018-19	$13,937,750	$9,758,500	$4,179,250
11	FY 2019-20	$13,935,750	$9,757,000	$4,178,750
12	FY 2020-21	$13,938,750	$9,754,500	$4,184,250
	Sum of All Years	**$164,401,125**	**$164,330,992**	
	Estimated Present Value Savings:		**$70,133**	

Table CC-H
Summary of Corrections Expansion Reserve Fund Appropriations to the Capital Construction Fund

Revenue Appropriations to the CCF		FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	
Transfers to the CCF Required from Legislation						
C	HB 06-1011 (Internet Crimes Against Children)	$523,164	$523,164	$0	$0	5yr bill
C	HB 06-1145 (Meth Task Force)	$43,597	$43,597	$0	$0	5yr bill
C	SB 06-206 (Smuggling of Humans)	$523,164	$523,164	$0	$0	5yr bill
C	SB 06-207 (Trafficking in Humans)	$523,164	$523,164	$0	$0	5yr bill
C	SB 06S-004 (Extortion of Immigrants)	$0	$69,755	$0	$0	5yr bill
C	HB 07-1326 (Sex Offender Registration of Email Addresses)	$75,099	$0	$0	$0	5yr bill
C	SB 07-096 (Theft from At-Risk Individuals)	$150,198	$750,990	$750,990	$0	5yr bill
C	HB 08-1115 (Retaliation against a Judge)	$0	$112,649	$0	$112,649	5yr bill
C	HB 08-1194 (Increasing Penalties for Drunk Driving)	$12,517	$0	$0	$0	5yr bill
C	SB 08-239 (Penalty Leaving a Scene Involving Death)	$125,165	$137,682	$375,495	$375,495	5yr bill
Total 5-Yr or Other Bills Adding to CCF Balance		*$1,976,068*	*$2,684,165*	*$1,126,485*	*$488,144*	