MARCH 15, 2019

STATE OF COLORADO

Governor's Office of State Planning and Budgeting

COLORADO ECONOMIC

AND

FISCAL OUTLOOK

COLORADO

Governor Jared Polis

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Forecast in Brief

COLORADO ECONOMIC OUTLOOK

As in the December 2018 forecast, the OSPB March 2019 forecast assumes the state economy will continue to grow, but at a more moderate pace than in 2017 and 2018. A rapidly growing labor force is allowing job growth to continue despite a low unemployment rate. Inflation is mild. Housing price growth and rental rate increases slowed in the second half of 2018 but affordability remains a concern. Commercial lending standards tightened slightly.

NATIONAL ECONOMIC OUTLOOK

Overall, the national economy is still in an expansion phase with strong employment and wage growth; however some sectors are beginning to show signs of slowing. The outlook has improved since the December forecast with equity markets and oil prices stabilizing. This comes partly in response to the Federal Reserve's signaling of a more patient and flexible monetary policy. In addition, trade tensions between the U.S. and China appear to be easing. The government shutdown in January had a negative impact on consumer confidence, but consumer sentiment showed some improvement in February. The OSPB forecast assumes the economy will continue to grow at a moderate pace.

GENERAL FUND REVENUE

General Fund revenue is projected to grow 4.7 percent in FY 2018-19 and 6.0 percent in FY 2019-20. The General Fund revenue forecast for FY 2018-19 was revised down $200.8 million, or 1.6 percent relative to the December forecast. The forecast for FY 2019-20 was reduced by $193.8 million, or 1.5 percent. Although state income tax collections are rising, the subset of collections from individual estimated tax payments was lower than expected through the first half of the fiscal year. This is likely a result of changes in taxpayer behavior due to the federal Tax Cuts and Jobs Act. The first year of implementation for the federal tax law has created uncertainty for taxpayers making estimated payments. The forecast assumes conservatively that these payments only partially rebound when returns are filed in April.

CASH FUND REVENUE

FY 2018-19 cash fund revenue is projected to grow 6.5 percent from the prior fiscal year, while FY 2019-20 cash fund revenue is forecast to decrease by 1.2 percent. Forecasted cash fund revenue for FY 2018-19 is $7.3 million or 0.3 percent lower than December projections. Cash fund revenue collections for FY 2019-20 are $34.4 million or 1.4 percent lower than December projections due to lower expectations for severance tax revenues.

TABOR

Revenue subject to TABOR is projected to be above the Referendum C cap by $167.7 million in FY 2018-19 and $283.2 million in FY 2019-20. TABOR refunds totaling $39.7 million will be paid out in FY 2018-19. This amount includes the $18.5 million in excess of the Referendum C cap in FY 2017-18, plus a net $21.2 million remaining from the FY 2014-15 TABOR refund.

GENERAL FUND RESERVE

Under the Governor's budget request, the General Fund reserve is projected to be $309.5 million above the required statutory reserve amount of 7.25 percent of appropriations in FY 2018-19. The Governor's budget request raises the reserve requirement to 8.0 percent of appropriations beginning in FY 2019-20. Under this forecast and the Governor's budget request, the General Fund reserve is projected to be $29.6 million above this higher statutory reserve.

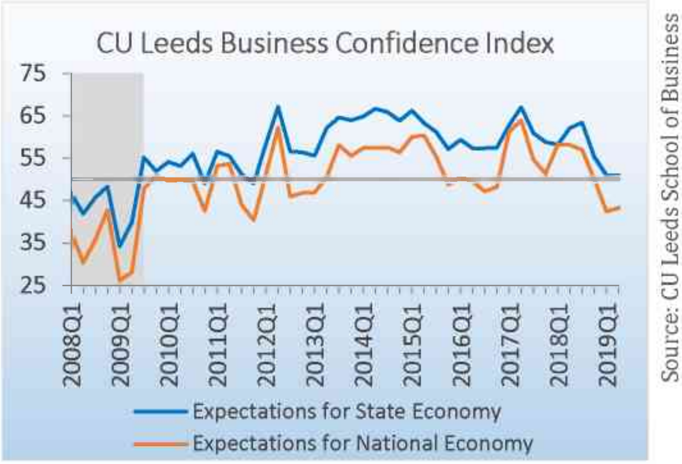
Economic Outlook

Overall, the economy is still in an expansion phase with strong employment and wage growth, however some sectors are beginning to show signs of slowing. The national outlook has improved since the December forecast with equity markets and oil prices stabilizing. This comes largely in response to the Federal Reserve's decision to implement a more flexible approach to monetary policy. In addition, trade tensions between the U.S. and China appear to be easing. The government shutdown in January had a negative impact on consumer confidence, but consumer sentiment showed some improvement in February. The OSPB forecast assumes the economy will continue to grow at a moderate pace.

At the state level, the economy has begun to moderate from the growth seen in 2017 and early 2018, as anticipated in previous forecasts. Employment growth is expected to moderate as the labor market tightens. Strong labor force growth has caused the unemployment rate to increase in recent months. Inflation is mild. Housing price growth and rental rate increases slowed in the second half of 2018, and moderate growth is expected over the next year.

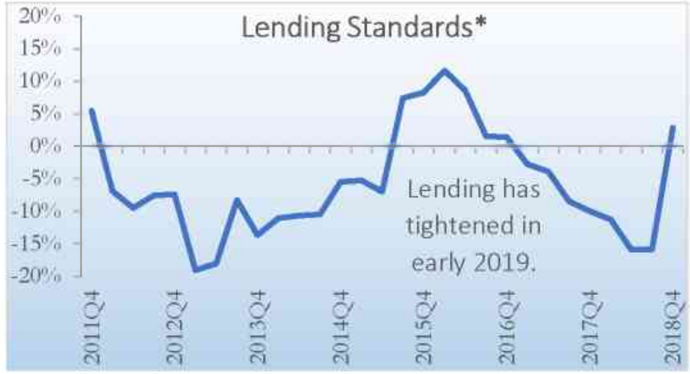
Business and Industry

As reflected in the University of Colorado's Leeds School of Business economic confidence survey, Colorado business expectations fell in the first quarter of 2019 due to concerns about interest rates, equity valuations, and trade policy, and are expected to remain lower in the second quarter. Survey respondents' assessment of the national economy has fallen below the neutral level of 50, which represents a negative economic outlook. Business owners continue to express positive expectations for the state economy, but at the lowest level since 2011.



Data from the Colorado Secretary of State's office indicate that a total of 126,730 new business filings were recorded in 2018, representing 11 percent growth from the prior year. The bulk of the increase is attributable to limited liability corporations (LLCs), while foreign-owned corporations experienced the strongest growth. There were 7,213, or 8.0 percent more new business filings for LLCs in 2018 relative to 2017 and 1,480, or 12.8 percent additional filings for foreign-owned corporations. The increase in filings may be partly attributable to organizational changes by businesses minimizing tax liability under the federal Tax Cuts and Jobs Act.

Lending standards are an important leading indicator of economic conditions. Lending standards tend to tighten prior to recessions and economic slowdowns, and the availability of credit is an important factor in the rate of economic growth. According to the Federal Reserve, slightly more banks tightened lending standards for commercial and industrial loans in the fourth quarter of 2018 than loosened them for the first time in two years. If this trend continues, it could signal slower economic growth ahead.



*Net percentage of domestic banks tightening standards for commercial and industrial loans

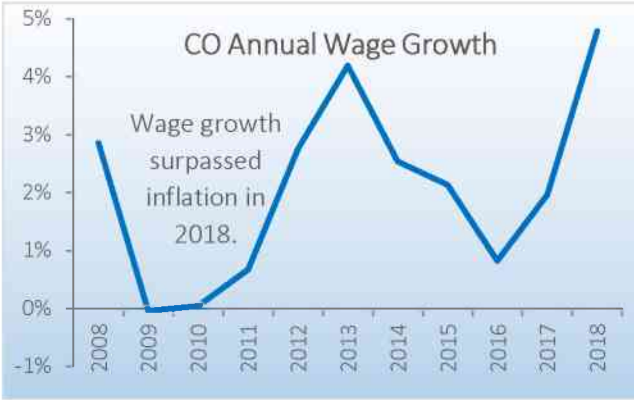
Source: Board of Governors of the Federal Reserve System

The U.S. industrial sector has moderated in recent months. Year-over-year growth in the industrial production index has decreased slightly from the high rates seen in early 2018. In January, the 3-month moving average of the Chemical Activity Barometer, a leading economic indicator created by the American Chemistry Council, posted the weakest growth rate since September 2012, suggesting a slower pace of growth in the near-term. The decline was partially attributable to lower equity prices and slowing construction activity, which led to lower prices for some chemical inputs.

Source: American Chemistry Council, Board of Governors of the Federal Reserve System

Employment

Colorado job growth remained strong in 2018, averaging about 4,600 new jobs each month –slightly less than was seen in 2017 when about 5,700 jobs were created each month. While Colorado's job growth has been strong, it has not been growing as quickly as the state's labor force. Colorado's labor force grew by an average of over 7,400 workers per month in 2018, surpassing job growth by nearly 3,000 workers. This disparity between job growth and labor force growth caused the unemployment rate to rise from 2.8 percent in December 2017 to 3.6 percent in December 2018. When the unemployment rate rises due to strong labor force growth, it is generally considered to be a positive economic signal, as it indicates that better employment opportunities are encouraging workers to participate in the workforce.

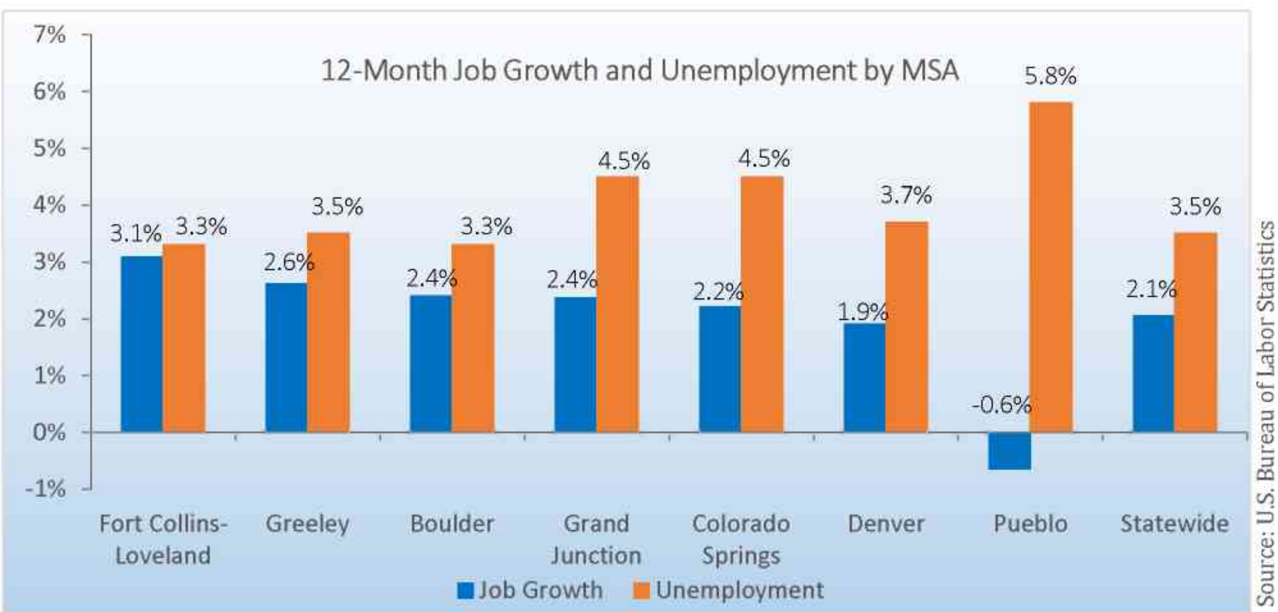


Source: U.S. Bureau of Labor Statistics

One major factor which can attract people to the workforce is higher wages. The strong labor market in Colorado caused average hourly wages to grow by 4.8 percent in 2018, while inflation-adjusted average hourly wages grew by 2.1 percent. Both of these are the highest growth rates since the Great Recession.

Initial unemployment claims for nonfederal workers continued to fall through 2018. In recent weeks, initial claims for unemployment benefits are slightly higher than the same period last year.

While statewide job growth has been strong, there is significant regional variation. Fort Collins experienced both the strongest 12-month job growth and the lowest unemployment rate in the state in December, and job growth in Greeley accelerated to 2.6 percent. The Pueblo region – which includes substantial steel production facilities – has lagged the rest of the state despite the imposition of tariffs on imported steel and the resulting higher steel prices. Pueblo has experienced net job losses and is currently at a 5.8 percent unemployment rate.



Source: Federal Reserve Bank of Kansas City

For the U.S. labor market, the Federal Reserve Bank of Kansas City tracks market conditions with proprietary indicators measuring both momentum and activity levels. The level of activity index suggests labor market conditions are high above their historical average, represented by zero in the graph above. National employment continues to climb with monthly employment growth averaging 209,000 jobs over the last twelve months. Labor market momentum has been fueled by ongoing decreases in initial claims for jobless benefits and a labor force participation rate that has held steady despite an aging workforce.

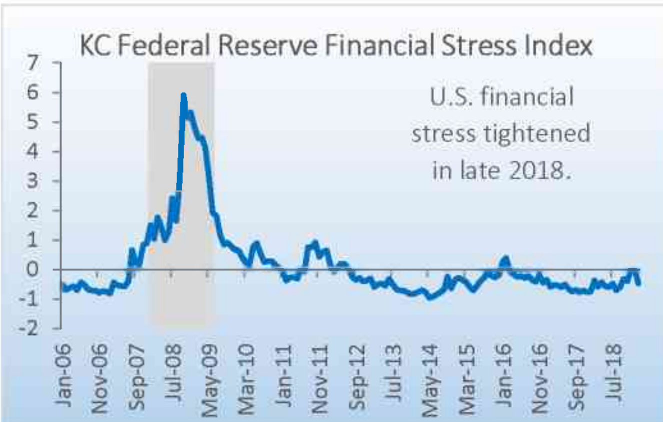
Federal Government Shutdown

The Congressional Budget Office estimated the impact of the shutdown on the national economy to be about $3 billion in lost economic activity, or 0.1 percent of GDP. Initial claims for unemployment benefits for federal workers in Colorado peaked at 1,083 in the week of January 12th in the midst of the federal government shutdown. As a comparison, the initial unemployment claims for this group of workers averaged 21 per week since the October 2013 government shutdown, when a total of 2,130 federal workers initiated claims for unemployment benefits. The 2013 shutdown included most federal operations and lasted 16 days, whereas the 2019 shutdown was limited to only a portion of federal agencies but lasted an unprecedented 35 days.

Source: Colorado Department of Labor and Employment

Financial Markets

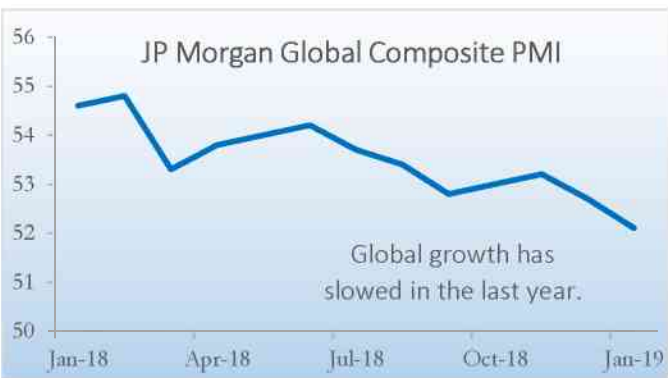
While financial markets were volatile in the fourth quarter of 2018, they have been more stable in the opening months of 2019. The Federal Reserve Board communicated that it is willing to pause rate hikes and slow its balance sheet reductions in response to weaker economic conditions, an announcement that positively impacted financial markets. In addition, the negotiation of a solution to the budget impasse that led to the federal government shutdown and movement towards resolution of trade disputes with China steadied equity markets. Equity values have risen, bond rates have stabilized, and the risk premium on corporate bonds is declining, all indicating less perceived risk in the economy and more positive expectations for continued economic growth.



Source: Federal Reserve Bank of Kansas City

The Federal Reserve Bank of Kansas City's financial stress index increased in the fourth quarter due primarily to volatility in equity markets, but fell in February. The overall level of financial stress remains slightly below the long-run average, represented by zero in the graph.

International Economy and Trade



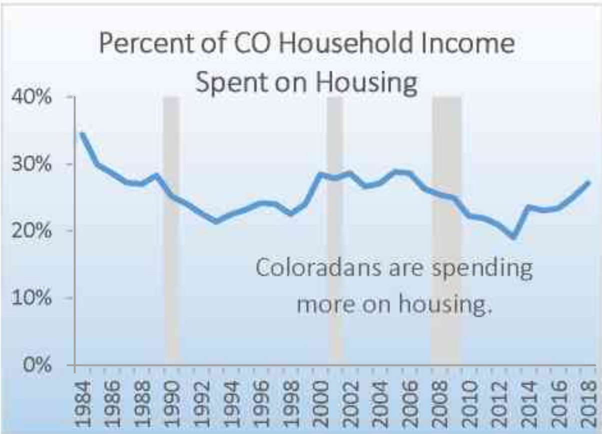
Source: JPMorgan

While U.S. job growth has remained strong and financial markets have stabilized, global economic growth appears to be weakening. Concerns around slowing economies in China and Europe have lowered expectations for global growth in 2019. This slowing is reflected in the JP Morgan Global Composite PMI, an index of global economic activity, which has fallen from a peak of 54.8 in February 2018 to a 28-month low of 52.1 in January 2019. While lower, this index is still above the neutral level of 50, indicating that the global economy continues to expand.

Tariffs continue to act as a headwind for certain sectors of Colorado's economy, especially agriculture and manufacturing. Colorado farmers receive lower prices when soybean farmers in the Midwest shift their farmland towards corn and other crops that are less dependent on international markets. Tariffs have also caused steel input prices for regional manufacturers to increase by 30 percent to 40 percent, which results in higher prices and fewer sales for their products, in addition to the loss of access to international markets due to retaliatory tariffs.

Housing

The Colorado housing market slowed in the second half of 2018 as buyers backed away from a market experiencing rising interest rates and high prices. Despite the slowdown, January showed some strength from the prior year with an increase of 6.3 percent in new listings and a 3.6 percent jump in median sales price for single family homes, according to the Colorado Association of Realtors. The market equilibrium has shifted slightly towards buyers in recent months with the percent of list price received falling from 100 percent in May 2018 to 98.3 percent in January 2019. These statewide averages mask large variation in housing market conditions across the state, with faster-growing regions in the north experiencing a sharper slowdown due to higher housing prices and other regions along the southern Front Range continuing to expand.



Source: U.S. Census Bureau, Federal Housing and Finance Authority. Gray bars indicate recessions.

The percent of household income spent on housing by Colorado homeowners has been increasing steadily since 2013. However, because mortgage interest rates have remained at historically low levels for most of the last decade, housing costs at 25.3 percent of household income in 2018 comprise a smaller portion of household income than the previous peak of 27.2 percent reached in 2006.

Tourism

Passenger traffic at the Denver International Airport increased 5.1 percent in 2018 – similar to the 5.3 percent growth experienced in 2017. Passenger volume has increased each year since 2015, reaching a total of 64.5 million passengers in 2018. The 2018 growth is partly attributable to the addition of two new international airlines, Copa and Norwegian, as well as 59 new routes for United and Frontier. The increase in passenger volume also reflects the broader growth seen in the national and state economies. Since 2009, DIA's passenger volume has increased 22 percent.

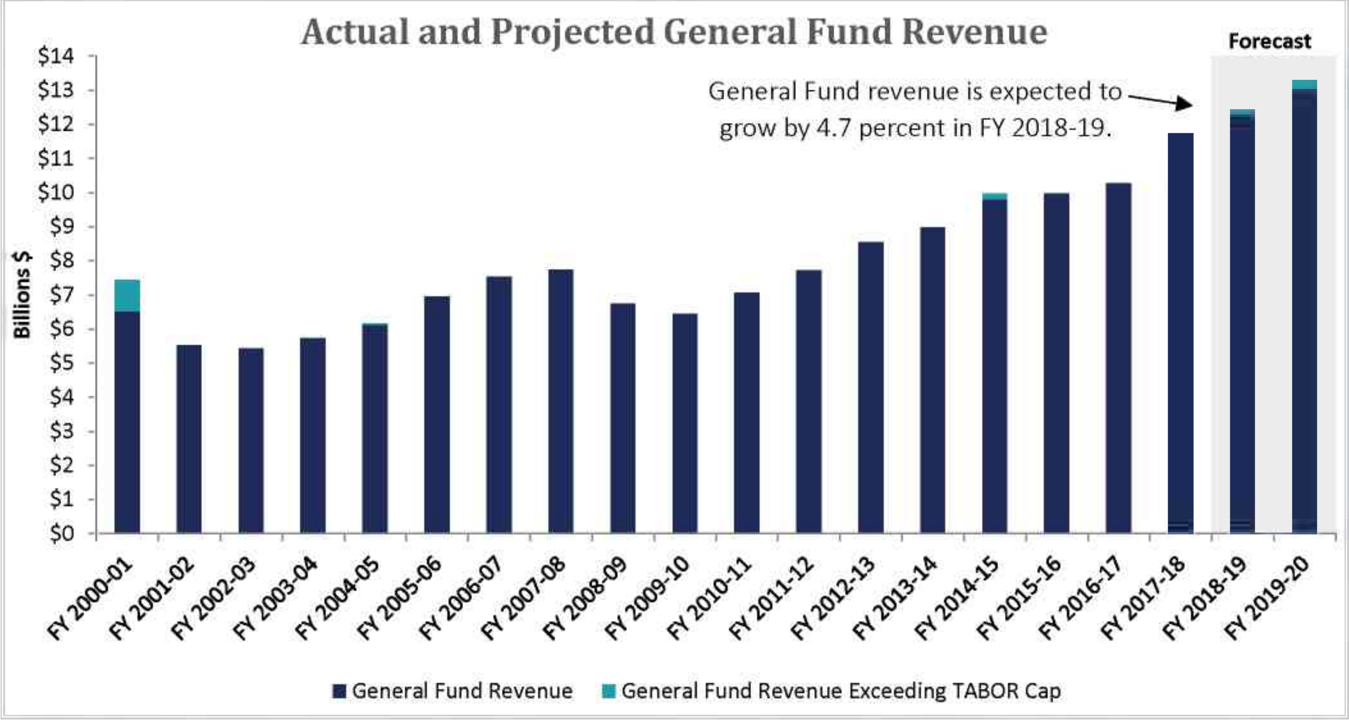
Forecast Risks

Risks to the economic outlook are slightly balanced to the downside. Colorado's economic growth has begun to moderate from the strong increase seen in 2017 and early 2018, but remains resilient. Job growth at both the state and national levels remains strong, while muted inflation allows the Federal Reserve a patient approach to monetary tightening. As the national economy reaches full employment, however, the ability of the Federal Reserve to implement monetary policy conducive to continued growth becomes a larger concern. U.S. dollar appreciation could serve as a headwind to export growth and energy prices. The economic slowdowns in Europe and China pose additional risk to the economic outlook, as does the possibility of a prolonged trade war.

Revenue Outlook – General Fund

Individual and corporate income taxes continue to benefit from strong employment growth and an expanding economy. After the robust increase experienced in FY 2017-18, revenue will continue to grow in FY 2018-19 and FY 2019-20 at moderate rates. The forecast projects a revenue growth rate of 4.7 percent in FY 2018-19 followed by a 6.0 percent increase in FY 2019-20.

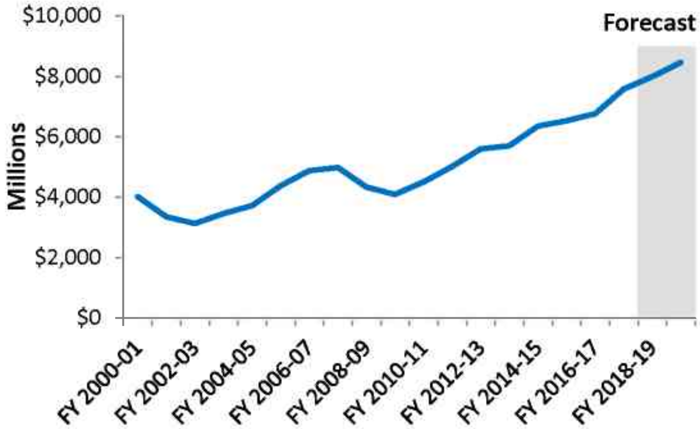
Relative to December projections, the revenue forecast for FY 2018-19 is lower by $200.8 million, or 1.6 percent. The forecast for FY 2019-20 was reduced by $193.8 million or 1.5 percent. These downward revisions were mainly due to lower collections year-to-date for estimated tax payments, likely a result of changes in taxpayer behavior due to the federal Tax Cuts and Jobs Act (TCJA) enacted in December 2017. The first year of implementation for the TCJA has created uncertainty for taxpayers making estimated payments. This forecast conservatively assumes that these payments will only partially rebound when returns are filed in April.

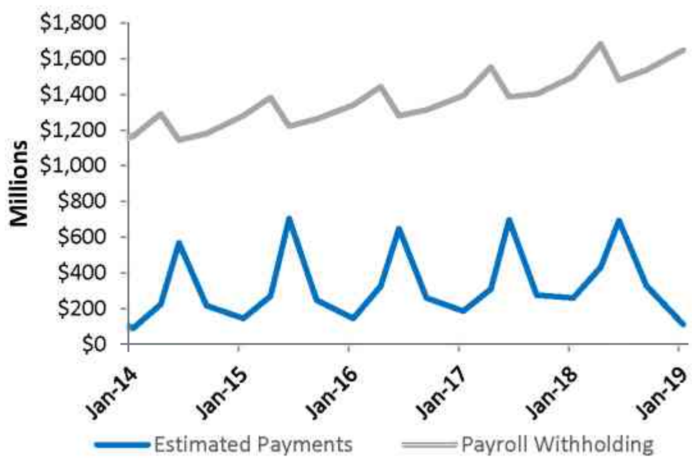


The revenue growth in FY 2018-19 and subsequent years can be attributed in part to an increase in Colorado taxable income resulting from the repeal of certain deductions and exemptions under the TCJA. General Fund revenue will also grow as result of the *South Dakota vs. Wayfair, Inc.* Supreme Court decision, which allows states to collect sales tax from out-of-state online retailers that were previously not required to collect the tax.

Three major revenue sources together make up 95 percent of total General Fund revenue: individual income taxes, corporate income taxes, and sales and use taxes. General Fund revenue from the other remaining General Fund sources – such as interest earnings, taxes paid by insurers on premiums, and excise taxes on tobacco products and liquor – remain largely unchanged from the December forecast.

Individual Income Tax





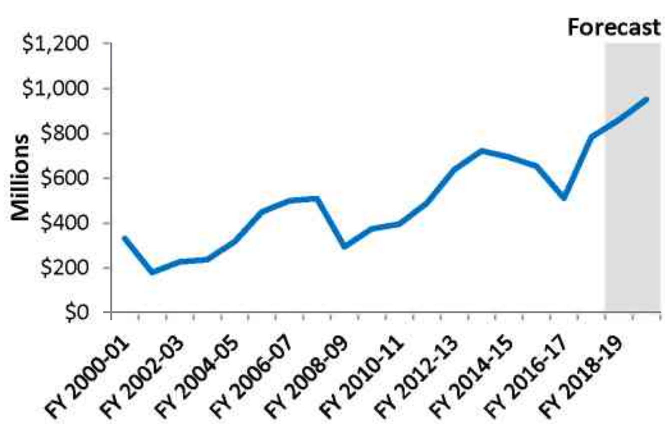
Individual income tax revenue is projected to increase 5.5 percent in FY 2018-19 and 5.8 percent in FY 2019-20. Relative to December projections, the forecast was revised down $148.4 million in FY 2018-19 and $139.0 million in FY 2019-20.

The impact of the TCJA has affected the timing of estimated payments receipts, resulting in lower than average tax collections through the first half of the fiscal year. Payroll withholding, on the other hand, averaged 9.1 percent year-over-year through February. Strong business and employment growth in tax year 2018 suggest an upside risk to individual income tax revenue when final returns are filed in the spring of 2019. The graph at left shows the quarterly receipts of individual income tax estimated payments and payroll withholdings from 2014 onwards, showing the recent decline in estimated payments in contrast with strong growth in withholdings.

There is a high degree of uncertainty regarding the extent of the impact of the federal tax changes on state individual income tax collections. OSPB will continue to monitor tax collections to better ascertain the extent of the new legislation on Colorado tax receipts.

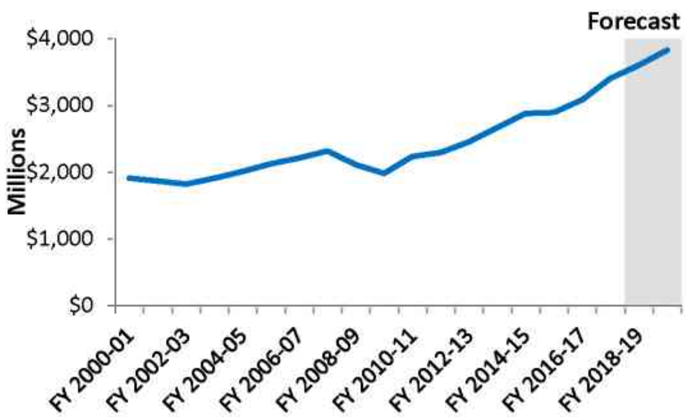
Corporate Income Tax

Corporate income tax collections are projected to increase 9.7 percent in FY 2018-19 and 10.7 percent in FY 2019-20. Corporate income tax receipts were revised down by $45.8 million in FY 2018-19 and $34.8 million in FY 2019-20 due to lower fourth quarter collections than previously anticipated.



Corporate income tax revenue is among the most volatile of General Fund revenue due to business-specific considerations and the structure of the corporate income tax code. With the passage of the TCJA in December 2017, state corporate income tax payments grew dramatically and are expected to continue to grow at a moderate rate as the economic expansion continues. Future growth, however, will be constrained by higher business costs, especially for employee compensation and borrowing, which will reduce profit margins and lower tax liabilities.

Sales and Use Taxes



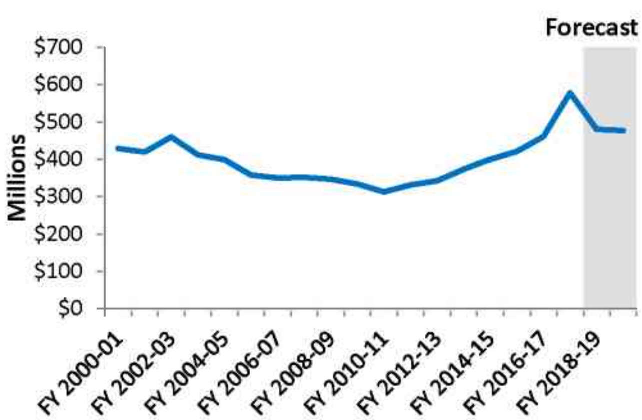
Sales tax revenue is expected to increase an additional 4.8 percent in FY 2018-19 and 6.6 percent in FY 2019-20. Sales tax revenue was revised down slightly from last quarter, by $33.7 million in FY 2018-19 and $29.6 million in FY 2019-20.

Colorado's strong economic growth has provided consumers with more disposable income, causing sales tax revenue to grow. Auto sales, a major source of sales tax revenue, remain at a high level even as growth has slowed.

The growth rates in FY 2018-19 and subsequent years are bolstered partially by sales tax collections from out-of-state retailers, which the Supreme Court allowed states to begin collecting with its June 2018 ruling in *South Dakota v. Wayfair, Inc*. Colorado is expected to begin enforcing online sales tax collections in June 2019, which will result in an estimated sales tax revenue increase of about $7 million in FY 2018-19 and $67 million in FY 2019-20, the first full fiscal year of implementation. This ruling may also result in a minimal shifting of collections from use tax to sales tax as out-of-state vendors begin collecting on behalf of the Department of Revenue.

The use tax is a companion to the sales tax and is paid by Colorado residents and businesses on purchases that did not include the state sales tax. Use taxes bring in a much smaller amount of revenue than sales taxes and are often more volatile. Much of the state's use tax revenue comes from Colorado businesses paying the tax on transactions involving out-of-state sellers. Use tax collections are projected to increase 15.7 percent in FY 2018-19 and 3.7 percent in FY 2019-20.

Other General Fund Revenue

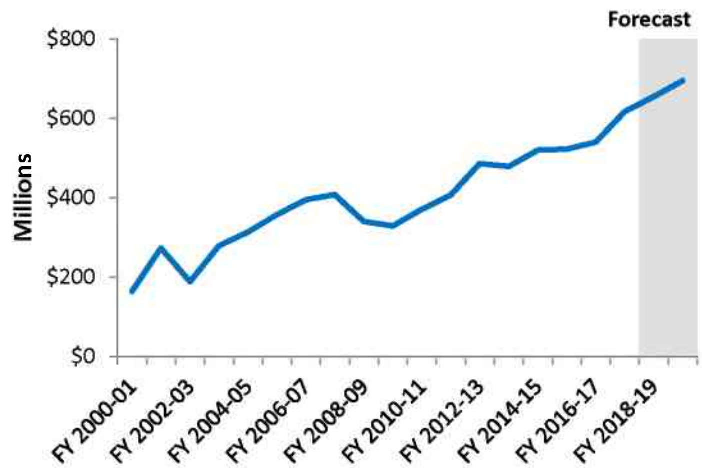


Other revenue to the General Fund is expected to decrease 21.7 percent in FY 2018-19 and by 1.1 percent in FY 2019-20. This decrease is primarily the result of a one-time settlement payment under the Tobacco Master Settlement Agreement received in FY 2017-18. The FY 2018-19 total includes a combined $18.6 million in settlement payments from Bosch and Wells Fargo in relation to lawsuits for violations of consumer protection laws. Other major components of this category include insurance revenue and interest income.

State Education Fund

Revenue to the State Education Fund is expected to grow 6.2 percent in FY 2018-19 and 6.1 percent in FY 2019-20. This growth does not include transfers from other funds.

The Colorado Constitution requires that one-third of one percent of taxable income from Colorado taxpayers be credited to the State Education Fund. Because State Education Fund revenue is derived from taxable income, it follows the trends in individual income and corporate income tax revenue collections discussed above. The revenue impact of federal tax law changes is contributing to the growth seen in FY 2018-19 and throughout the forecast period.



Revenue Outlook – Cash Fund

Cash funds are taxes, fees, fines, and interest collected by various state programs to fund services and operations. These revenue sources are designated by statute for a particular program, and as such are distinct from general fund revenue, which is available for general purpose expenditures. The following discussion highlights those cash fund revenues that are subject to TABOR.

Total cash fund revenue is projected to be $2.45 billion in FY 2018-19, an increase of 6.5 percent from the prior fiscal year. FY 2019-20 cash fund revenue is projected to be $2.43 billion, a slight decrease of 1.2 percent. Forecasted cash fund revenue collections for FY 2018-19 are $7.3 million or 0.3 percent lower than projections in December. Cash fund revenue collections for FY 2019-20 are $34.4 million or 1.4 percent lower than December projections. Actual FY 2017-18 cash fund revenue and projections for FY 2018-19 through FY 2020-21 can be found in Table 6 in the Reference Tables at the end of this document.

Transportation

Transportation-related cash fund revenue is forecast to grow 3.4 percent in FY 2018-19 and 3.2 percent in FY 2019-20. The forecast for FY 2018-19 is essentially unchanged from December.

Transportation Revenue	Actual FY 17-18	Forecast FY 18-19	Forecast FY 19-20	Forecast FY 20-21
Highway Users Tax Fund (HUTF)				
Motor and Special Fuel Taxes	**$645.0**	**$678.0**	**$696.6**	**$711.2**
Change	3.0%	5.1%	2.7%	2.1%
Total Registrations	**$261.9**	**$275.0**	**$282.2**	**$290.3**
Change	4.9%	5.0%	2.6%	2.9%
Other HUTF Receipts	**$200.4**	**$195.7**	**$200.7**	**$205.0**
Change	6.3%	-2.4%	2.5%	2.2%
Total HUTF	**$1,107.3**	**$1,148.7**	**$1,179.5**	**$1,206.4**
Change	4.1%	3.7%	2.7%	2.3%
State Highway Fund	**$40.6**	**$47.6**	**$54.8**	**$56.1**
Change	5.9%	17.1%	15.0%	2.4%
Other Transportation Funds	**$127.4**	**$123.0**	**$126.8**	**$129.1**
Change	7.3%	-3.4%	3.0%	1.9%
Total Transportation Funds	***$1,275.4***	***$1,319.3***	***$1,361.0***	***$1,391.6***
Change	*4.4%*	*3.4%*	*3.2%*	*2.3%*

Transportation-related cash funds include the Highway Users Tax Fund (HUTF), the State Highway Fund (SHF), and a number of smaller cash funds including emissions fees and professional licensing fees. The primary revenue sources for the HUTF cash funds are motor fuel taxes and registration fees. Fuel taxes are expected to grow at a moderate rate, with improvements in fuel efficiency largely offset by population growth and consumer preferences for SUVs and light trucks. Vehicle registration revenue growth is expected to moderate as Colorado auto sales stabilize near record highs.

Limited Gaming

Revenue from limited is projected to reach $129.5 million in FY 2018-19 and $132.4 million in FY 2019-20, growth rates of 1.9 percent and 2.2 percent respectively. Growth is largely driven by increases in state personal income.

Of the $129.5 million total limited gaming revenue in FY 2018-19, $108.9 million is subject to TABOR. Of this amount, $107.0 million is classified as "base limited gaming revenue" in accordance with Amendment 50. In FY 2019-20, $111.3 million of total limited gaming revenue is subject to TABOR, while an estimated $109.4 million will be exempt as allowed under Amendment 50. The table below illustrates the current revenue projections as well as the amounts to be distributed to revenue recipients per statutory formula.

Distribution of Limited Gaming Revenues	Actual FY 17-18	Forecast FY 18-19	Forecast FY 19-20	Forecast FY 20-21
A. Total Limited Gaming Revenues	**$127.1**	**$129.5**	**$132.4**	**$135.5**
Annual Percent Change	6.7%	1.9%	2.2%	2.3%
B. Base Limited Gaming Revenues (max 3% growth)	**$105.0**	**$107.0**	**$109.4**	**$111.9**
Annual Percent Change	3.0%	1.9%	2.2%	2.3%
C. Gaming Revenue Subject to TABOR	**$106.8**	**$108.9**	**$111.3**	**$113.9**
Annual Percent Change	3.0%	2.0%	2.2%	2.3%
D. Total Amount to Base Revenue Recipients	**$94.8**	**$96.5**	**$98.8**	**$101.4**
Amount to State Historical Society	$26.5	$27.0	$27.7	$28.4
Amount to Counties	$11.4	$11.6	$11.9	$12.2
Amount to Cities	$9.5	$9.6	$9.9	$10.1
Amount to Distribute to Remaining Programs (State Share)	$47.4	$48.2	$49.4	$50.7
Amount to Local Government Impact Fund	$5.4	$5.7	$6.1	$6.4
Colorado Tourism Promotion Fund	$15.0	$15.0	$15.0	$15.0
Creative Industries Cash Fund	$2.0	$2.0	$2.0	$2.0
Film, Television, and Media Operational Account	$0.5	$0.5	$0.5	$0.5
Advanced Industries Acceleration Fund	$5.5	$5.5	$5.5	$5.5
Innovative Higher Education Research Fund	$2.1	$2.1	$2.1	$2.1
Transfer to the General Fund	$16.9	$17.4	$18.2	$19.2
E. Total Amount to Amendment 50 Revenue Recipients	**$16.7**	**$17.9**	**$18.3**	**$18.8**
Community Colleges, Mesa and Adams State (78%)	$13.1	$14.0	$14.3	$14.7
Counties (12%)	$2.0	$2.2	$2.2	$2.3
Cities (10%)	$1.7	$1.8	$1.8	$1.9

Severance

Severance tax revenue is expected to grow by 52.0 percent to $217.3 million in FY 2018-19 before falling by 49.6 percent to $109.6 million in FY 2019-20. Larger ad valorem credits coupled with lower oil prices are expected to cause the decline in severance tax revenue in FY 2019-20. This forecast reflects increased oil and gas production but at lower oil prices.

Marijuana

Tax revenue from the marijuana industry is expected to grow 2.0 percent to $255.9 million in FY 2018-19 and by 3.5 percent to $264.9 million in FY 2019-20. The table below shows revenue from special taxes on the legal marijuana industry authorized by Proposition AA in November 2013 along with revenue from the 2.9% state tax on marijuana sales.

Tax Revenue from the Marijuana Industry	Actual FY 17-18	Forecast FY 18-19	Forecast FY 19-20	Forecast FY 20-21
Proposition AA Taxes				
Retail Marijuana 15% Special Sales Tax	$167.2	$192.0	$206.6	$215.2
Retail Marijuana 15% Excise Tax	$68.0	$54.1	$48.6	$46.1
Total Proposition AA Taxes	**$235.1**	**$246.1**	**$255.2**	**$261.3**
2.9% Sales Tax (Subject to TABOR)				
Medical Marijuana 2.9% State Sales Tax	$10.6	$9.2	$8.9	$8.5
Retail Marijuana 2.9% State Sales Tax	$5.2	$0.6	$0.7	$0.7
Total 2.9% Sales Taxes	**$15.8**	**$9.8**	**$9.7**	**$9.2**
Total Marijuana Taxes	**$251.0**	**$255.9**	**$264.9**	**$270.5**

The revenue from the retail marijuana sales tax in Proposition AA goes first to the General Fund before being transferred to the Marijuana Tax Cash Fund, local governments, and the Public School Fund. The remaining amount after these transfers stays in the General Fund. Proposition AA also included an excise tax of 15% on retail marijuana sales that is credited to public school cash funds. The distribution of marijuana tax revenue is shown in the table below[1].

Fiscal Year	Total Marijuana Revenue	Local Share	General Fund	BEST School Capital Construction	Public School Permanent Fund	Public School Fund	Marijuana Tax Cash Fund
FY 2017-18	$251.0	$16.7	$12.4	$40.0	$28.0	$30.0	$123.9
FY 2018-19	$255.9	$19.2	$26.9	$48.7	$5.4	$21.8	$134.0
FY 2019-20	$264.9	$20.7	$28.9	$43.7	$4.9	$23.4	$143.3

[1] FY 2017-18 figures are actual distributions, FY 2018-19 and FY 2019-20 are projections. Totals may not sum due to rounding.

Federal Mineral Lease

Federal Mineral Lease (FML) revenue is expected to grow 22.7 percent to $105.7 million in FY 2018-19 and 5.1 percent to $111.1 million in FY 2019-20, as shown in the table below[2]. The rebound in growth in FY 2018-19 is a result of increased production and the end of FML "bonus" payment refunds to mineral extraction leaseholders on the Roan Plateau. While FML revenue is exempt from TABOR, it is included here because a portion of the money is used for the State's share of K-12 school finance.

Fiscal Year	Bonus	Non-Bonus	Total FML	% Change
FY 2017-18	$0.4	$85.8	$86.2	-5.3%
FY 2018-19	$4.4	$101.3	$105.7	22.7%
FY 2019-20	$4.7	$106.4	$111.1	5.1%
FY 2020-21	$4.9	$111.5	$116.4	4.8%

FML royalties are derived from a percentage of the value of resources produced on leased federal lands. FML activity includes the production of natural gas, crude oil, propane, carbon dioxide, coal, and other mineral resources. The Bureau of Land Management (BLM) receives "bonus" payments from the auction of leases to extract mineral resources from federal lands. Producers remit royalties, bonus and rental payments to the federal government that are then shared with the state in which production occurs.

Other Cash Funds

Cash fund revenue to the Department of Regulatory Agencies (DORA) is projected to decrease 4.2 percent to $77.1 million in FY 2018-19 and to increase 3.1 percent to $79.5 million in FY 2019-20. Revenue from licensing fees and other services fund many of the Department's activities.

Insurance-related cash fund revenue is obtained largely from a surcharge on workers' compensation insurance. Revenue from this source is estimated to grow 25.7 percent to $22.4 million in FY 2018-19 and fall 13.4 percent to $19.4 million in FY 2019-20.

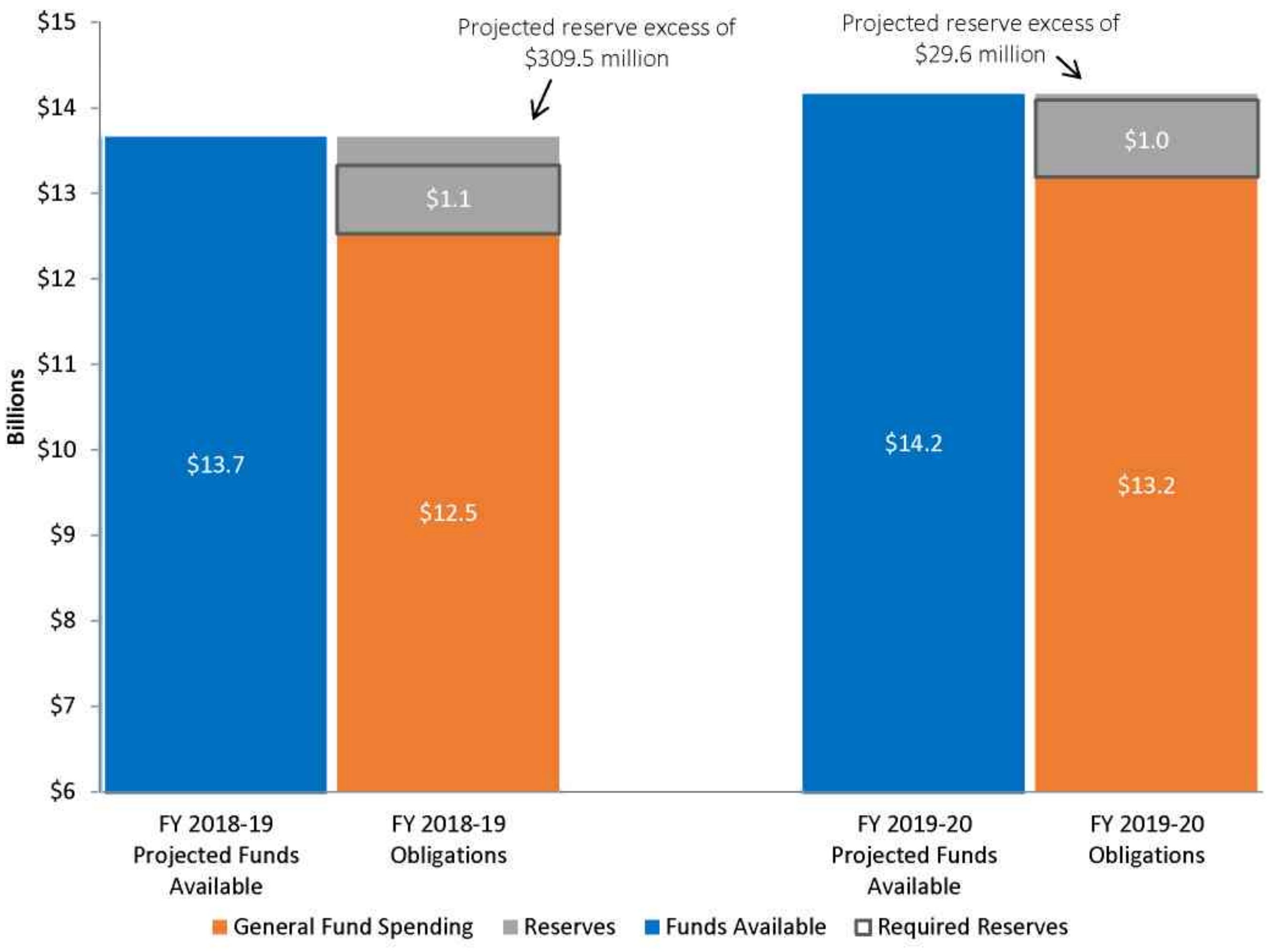
The "Other Miscellaneous Cash Funds" category includes revenue from over 300 cash fund programs, which generally collect revenue from fines, fees, and interest earnings. In FY 2018-19, revenue to these funds is expected to increase 4.0 percent to $703.1 million, followed by an estimated increase of 5.1 percent to $739.0 million in FY 2019-20.

[2] FY 2017-18 figures are actual collections, FY 2018-19 through FY 2020-21 are projections. Figures do not include $18.2 million of previously withheld revenue disbursed in accordance with HB18-1249.

Budget Outlook

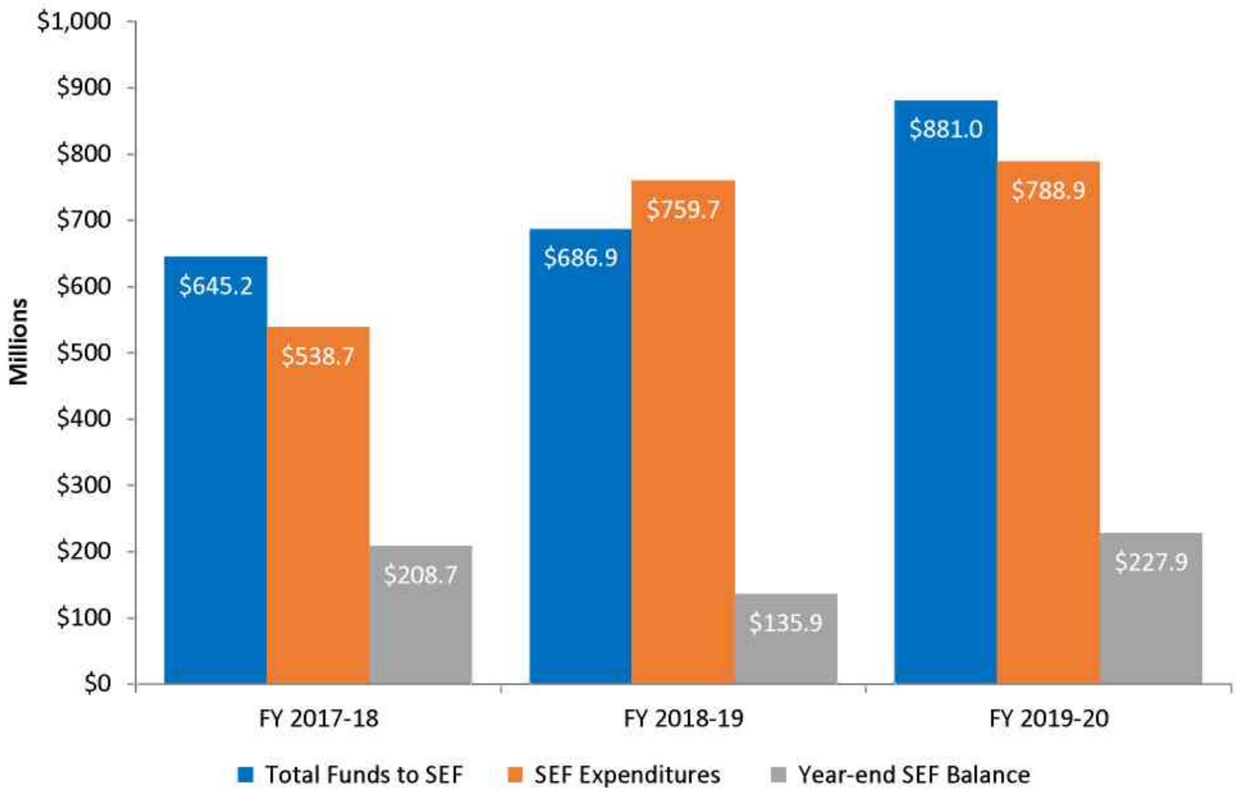
General Fund

The General Fund revenue forecast for FY 2018-19 is $200.8 million or 1.6 percent less than estimated in December. The forecast for FY 2019-20 is $193.8 million or 1.5 percent lower than the prior forecast. With the Governor's budget request, the General Fund reserve is projected to be $309.5 million above the required statutory reserve amount of 7.25 percent of appropriations in FY 2018-19. The Governor's budget request raises the reserve requirement to 8.0 percent of appropriations beginning in FY 2019-20. Under this forecast and the Governor's budget request, the General Fund reserve is projected to be $29.6 million above the higher required statutory reserve amount. The increase in available funds is due in part to a downward revision in the cash fund forecast, which reduces the expenditure for TABOR refunds. In addition, the TABOR limit experienced a slight increase as a result of stronger than anticipated population growth. The figure below illustrates the General Fund revenue, obligations, reserve balances under the Governor's budget request.



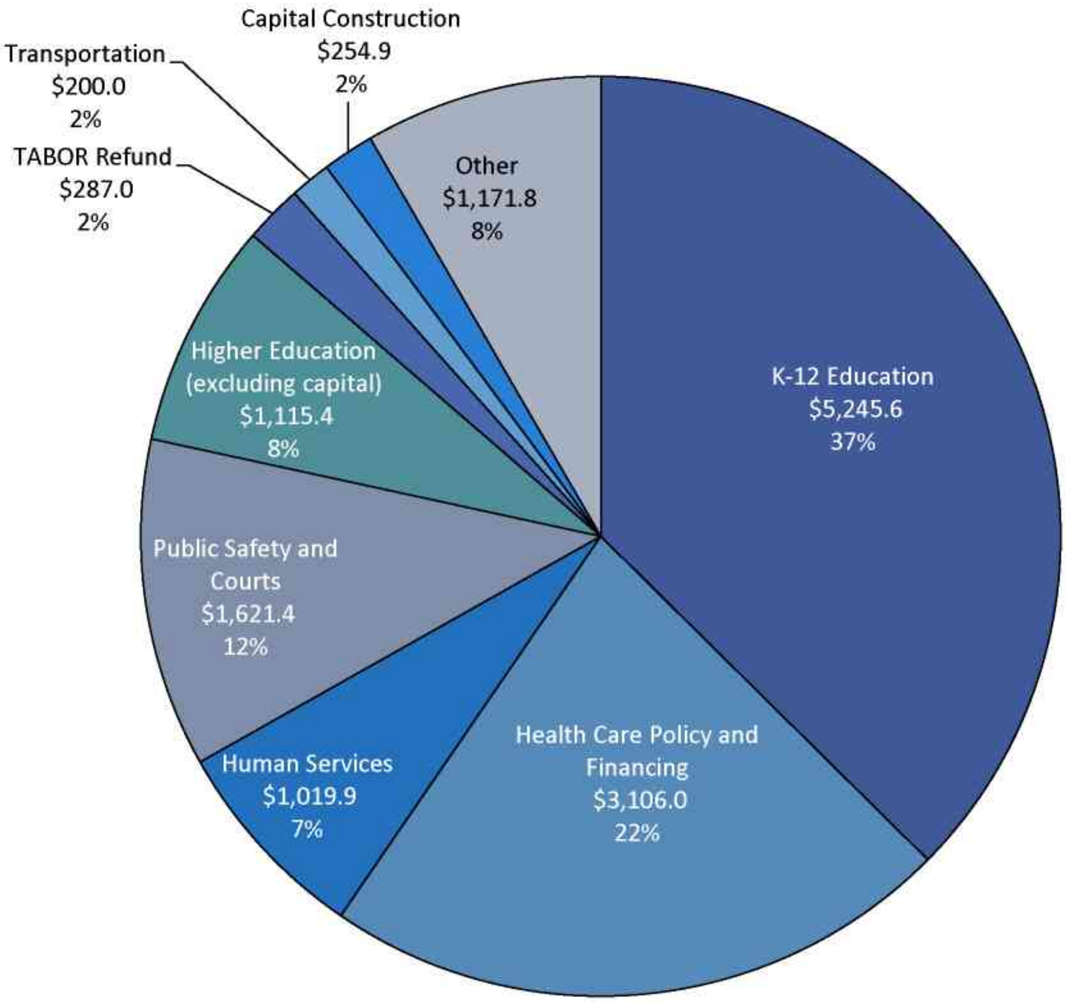
State Education Fund

In FY 2018-19, the State Education Fund's year-end balance is projected to decrease from its FY 2017-18 level of $208.7 million to $135.9 million. This decrease is the result of a higher level of State Education Fund expenditures in FY 2018-19, which reduced the need for General Fund appropriations for funding K-12 public education. The Governor's budget request for FY 2019-20 includes transfers from the General Fund to the State Education Fund of $77 million to further buy down the Budget Stabilization Factor and $91.6 million to build the State Education Fund reserve. The figure below summarizes total State Education Fund revenue available, total spending, and ending balance levels for FY 2017-18 through FY 2019-20 under current law and the Governor's budget request.



Expenditures by Major Category

The General Fund provides funding for the State's core programs and services, including K-12 education, higher education, services for low-income populations, including the disabled and elderly, courts, and public safety. The General Fund also provides funding for capital construction and maintenance needs at State facilities, as well as transportation projects. Under the State Constitution, the State Education Fund helps fund K-12 education and annually receives one-third of one percent of taxable income. In some years, it has also received supplemental funding from the General Fund as authorized by statute.



Forecast Risks

This budget outlook is based on OSPB's economic analysis and forecast as detailed in Tables 1 and 2 of the Reference Tables at the end of this document. Changes in economic conditions impact the budget outlook through associated changes in the use of many state services, such as Medicaid.

Risks to the revenue outlook are larger than normal due to uncertainty regarding the impacts of the federal Tax Cuts and Jobs Act. The spring 2019 filing season is the first to fully reflect the effects of this legislation, and state observers expect April returns to be larger than average. However, there is uncertainty regarding the amount and timing of tax revenue collected under the new law. The budgetary outlook also faces risks related to the TABOR limit, as any refund obligations must be paid by the General Fund. If cash fund revenues are larger than expected, it would mean larger refunds to be paid out of the General Fund, constraining available funds for other programs.

Supplemental Materials

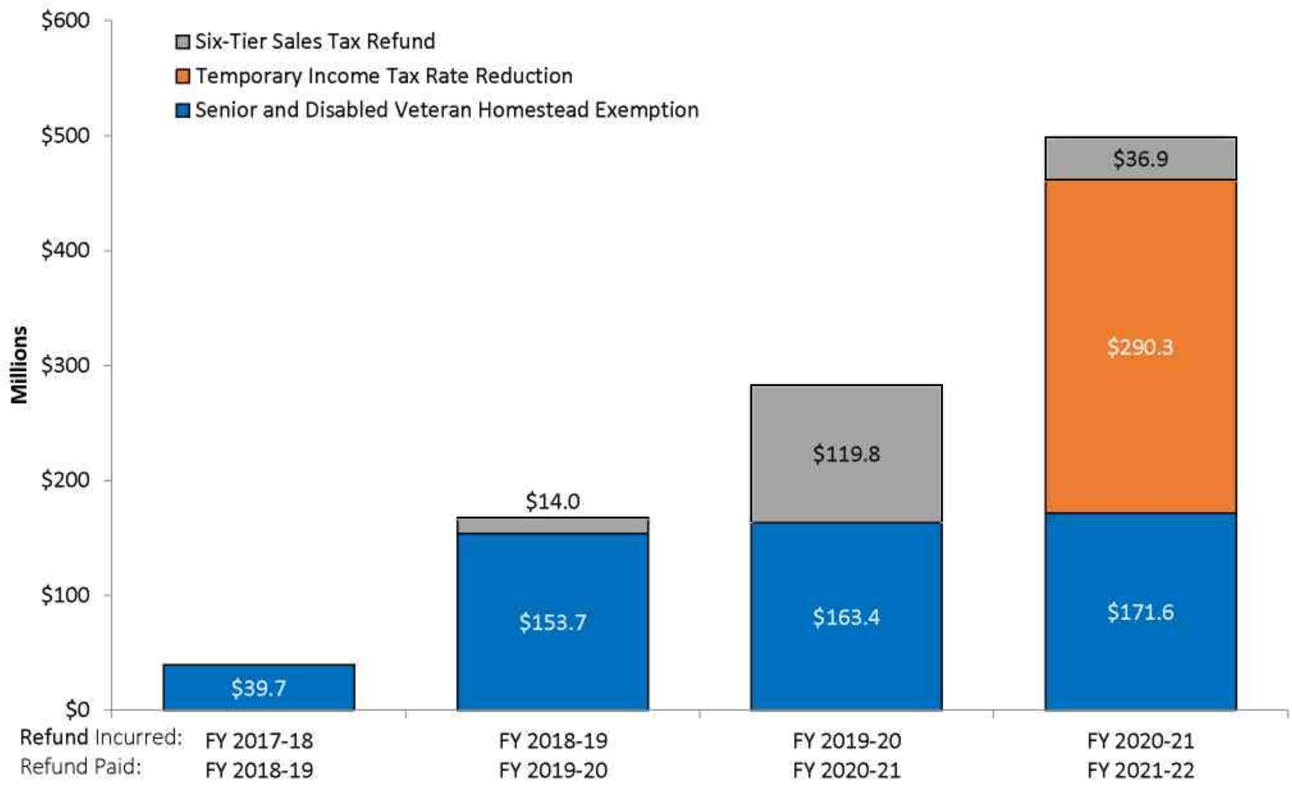
An overview of General Fund and State Education Fund revenue, expenditures, and end-of-year reserves is provided in the Reference Tables at the end of this document. A more detailed discussion of the information presented in the Reference Tables can be found at the Office of State Planning and Budgeting's website:
http://bit.ly/2CkFMex.

TABOR Outlook

Under Article X, Section 20 of the State Constitution, the Taxpayer's Bill of Rights (TABOR), revenue received from certain sources is subject to an annual limit determined by the prior year's limit after adjustments for inflation and population growth. Any TABOR revenue received above the cap is to be refunded to taxpayers in the subsequent fiscal year. Revenue subject to TABOR is projected to be above the cap by $167.7 million in FY 2018-19 and $283.2 million in FY 2019-20. TABOR revenue last exceeded the Referendum C cap in FY 2017-18, by $18.5 million.

Under this forecast, TABOR refunds of $39.7 million are to be paid out in FY 2018-19. This amount includes the $18.5 million in excess of the Referendum C cap in FY 2017-18, plus a net $21.2 million remaining to be refunded from the FY 2014-15 refund requirement. Any TABOR refund amount that is not refunded is required to be refunded the next year a refund is due. This $21.2 million has already been set aside and does not require a new expenditure.

Current law specifies three mechanisms by which revenue in excess of the cap is to be refunded to taxpayers: the senior homestead and disabled veterans property tax exemptions, a temporary income tax rate reduction, and a sales tax refund to all taxpayers. The size of the refund determines which refund mechanisms are used. The figure below shows the anticipated refund that will be distributed through each statutorily defined refund mechanism under current law.



The $39.7 million FY 2017-18 refund obligation will be paid out through the $140.7 million senior homestead and disabled veterans property tax exemption expenditures for FY 2018-19. The refund amount is not sufficient to trigger a sales tax refund or temporary income tax rate reduction.

In FY 2018-19 and FY 2019-20, the excess revenue is not sufficient to trigger a temporary income tax rate reduction, therefore refunds in excess of the homestead exemption will instead be refunded via a sales tax refund. The FY 2018-19 sales tax refund obligation is estimated to be $4 per taxpayer, to be distributed in FY 2019-20, while the FY 2019-20 sales tax refund obligation will average $34 per taxpayer in a six-tiered distribution in FY 2020-21.

In FY 2020-21, required refunds will exceed homestead exemption refund expenditures by an amount sufficient to fund a temporary income tax rate cut, from 4.63 percent to 4.5 percent. This rate reduction will reduce FY 2021-22 income tax payments by $45 for taxpayers filing single returns and $158 for taxpayers filing joint returns, on average. The remaining $36.9 million of the FY 2020-21 refund will be disbursed via a six-tier sales tax refund in FY 2021-22 and will average $10 per taxpayer, in addition to the income tax rate reduction. The total average refund per taxpayer is shown in the table below according to the fiscal year the refund will be paid.

Average Refund Paid	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Single Filers	$0	$4	$34	$55
Joint Filers	$0	$8	$67	$178

Reference Tables

Table 1: Colorado Economic Variables – History and Forecast

Line No.		Actual						March 2019 Forecast		
		2013	2014	2015	2016	2017	2018	2019	2020	2021
	Income									
1	Personal Income (Billions) /A	$249.0	$271.1	$284.1	$289.6	$306.4	$323.2	$339.0	$355.3	$372.3
2	Change	5.2%	8.9%	4.8%	1.9%	5.8%	5.5%	4.9%	4.8%	4.8%
3	Wage and Salary Income (Billions) /A	$129.5	$138.6	$146.5	$151.0	$160.4	$168.5	$177.1	$185.7	$194.8
4	Change	3.7%	7.0%	5.7%	3.1%	6.2%	5.1%	5.1%	4.9%	4.9%
5	Per-Capita Income ($/person) /A	$47,236	$50,662	$52,116	$52,269	$54,561	$56,740	$58,733	$60,786	$62,814
6	Change	3.7%	7.3%	2.9%	0.3%	4.4%	4.0%	3.5%	3.5%	3.3%
	Population & Employment									
7	Population (Thousands)	5,270.5	5,351.2	5,452.1	5,540.9	5,615.9	5,695.6	5,771.9	5,844.7	5,927.4
8	Change	1.5%	1.5%	1.9%	1.6%	1.4%	1.4%	1.3%	1.3%	1.4%
9	Net Migration (Thousands)	45.3	47.7	69.1	59.6	47.6	53.0	50.0	47.0	56.0
10	Unemployment Rate	6.9%	5.0%	3.8%	3.2%	2.7%	3.3%	3.7%	3.9%	4.0%
11	Total Nonagricultural Employment (Thousands)	2,380.5	2,463.7	2,541.0	2,601.8	2,660.4	2,725.3	2,779.8	2,829.8	2,875.1
12	Change	3.0%	3.5%	3.1%	2.4%	2.3%	2.4%	2.0%	1.8%	1.6%
	Construction Variables									
13	Total Housing Permits Issued (Thousands)	27.5	28.7	31.9	39.0	41.9	44.5	43.0	45.2	45.6
14	Change	18.1%	4.3%	11.1%	22.3%	7.5%	6.1%	-3.3%	5.0%	1.0%
15	Nonresidential Construction Value (Millions) /B	$3,624.0	$4,350.9	$4,990.8	$5,991.5	$6,169.3	$7,611.7	$6,275.2	$6,344.2	$6,655.1
16	Change	16.4%	20.1%	14.7%	20.1%	3.0%	23.4%	-17.6%	1.1%	4.9%
	Prices & Sales Variables									
17	West Texas Intermediate (WTI) Crude Oil Spot Price ($/barrel) /C	$97.94	$93.26	$48.69	$43.14	$50.88	$64.94	57.4	$60.90	$61.16
18	Change	4.0%	-4.8%	-47.8%	-11.4%	17.9%	27.6%	-11.6%	6.1%	0.4%
19	Denver-Aurora-Lakewood Consumer Price Index (1982-84=100) /D	230.8	237.2	240.0	246.6	255.0	262.0	268.0	274.5	281.0
20	Change	2.8%	2.8%	1.2%	2.8%	3.4%	2.7%	2.3%	2.4%	2.4%

/A Personal Income as reported by the federal Bureau of Economic Analysis includes: wage and salary disbursements, supplements to wages and salaries, proprietors' 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 and manufacturing facilities, educational institutions, and medical and government buildings. Nonresidential does not include non-building projects (such as streets, highways, bridges and utilities).

/C The West Texas Intermediate crude oil price series replaces the Retail Trade series, which has been removed due to a lack of data.

/D In 2018 the geography and data frequency of this series were revised. 2017 and prior years represent Denver-Boulder-Greeley regional prices.

Table 2: National Economic Variables – History and Forecast

Line No.		Actual						March 2019 Forecast		
		2013	2014	2015	2016	2017	2018	2019	2020	2021
	Inflation-Adjusted & Current Dollar Income Accounts									
1	Inflation-Adjusted Gross Domestic Product (Billions) /A	$16,495.4	$16,899.8	$17,386.7	$17,659.2	$18,050.7	$18,572.1	$18,999.2	$19,322.2	$19,670.0
2	Change	1.8%	2.5%	2.9%	1.6%	2.2%	2.9%	2.3%	1.7%	1.8%
3	Personal Income (Billions) /B	$14,181.1	$14,991.8	$15,719.5	$16,125.1	$16,830.9	$17,563.9	$18,319.2	$19,033.6	$19,756.9
4	Change	1.2%	5.7%	4.9%	2.6%	4.4%	4.4%	4.3%	3.9%	3.8%
5	Per-Capita Income ($/person)	$44,869	$47,087	$49,010	$49,912	$51,764	$53,685	$55,593	$57,348	$59,108
6	Change	0.6%	4.9%	4.1%	1.8%	3.7%	3.7%	3.6%	3.2%	3.1%
7	Wage and Salary Income (Billions) /B	$7,113.2	$7,473.2	$7,854.4	$8,080.7	$8,453.8	$8,827.4	$9,259.9	$9,658.1	$10,025.1
8	Change	2.7%	5.1%	5.1%	2.9%	3.2%	4.4%	4.9%	4.3%	3.8%
	Population & Employment									
9	Population (Millions)	316.1	318.4	320.7	323.1	325.1	327.2	329.5	331.9	334.3
10	Change	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%	0.7%	0.7%	0.7%
11	Unemployment Rate	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%	3.8%	3.9%	4.0%
12	Total Nonagricultural Employment (Millions)	136.4	139.0	141.8	144.4	146.6	149.1	151.2	153.0	154.5
13	Change	1.6%	1.9%	2.1%	1.8%	1.6%	1.7%	1.4%	1.2%	1.0%
	Price Variables									
14	Consumer Price Index (1982-84=100)	233.0	236.7	237.0	240.0	245.1	251.1	256.4	262.0	267.8
15	Change	1.5%	1.6%	0.1%	1.3%	2.1%	2.4%	2.1%	2.2%	2.2%
16	Producer Price Index - All Commodities (1982=100)	203.4	205.3	190.4	185.4	193.5	201.9	203.3	208.4	213.0
17	Change	0.6%	0.9%	-7.3%	-2.6%	4.4%	4.3%	0.7%	2.5%	2.2%
	Other Key Indicators									
18	Pre-Tax Corporate Profits (Billions)	$2,010.7	$2,118.8	$2,057.3	$2,035.0	$2,099.3	$2,269.2	$2,407.6	$2,496.7	$2,688.9
19	Change	0.7%	5.4%	-2.9%	-1.1%	3.2%	8.1%	6.1%	3.7%	7.7%
20	Housing Permits (Millions)	0.991	1.052	1.183	1.207	1.282	1.309	1.311	1.362	1.376
21	Change	19.4%	6.2%	12.4%	2.0%	6.2%	2.1%	0.2%	3.9%	1.0%
22	Retail Trade (Billions)	$5,001.8	$5,215.7	$5,349.5	$5,514.9	$5,750.4	$6,036.4	$6,296.0	$6,510.0	$6,718.4
23	Change	3.6%	4.3%	2.6%	3.1%	4.3%	5.0%	4.3%	3.4%	3.2%

/A U.S. Bureau of Economic Analysis, National Income and Product Accounts. Inflation-adjusted, in 2009 dollars.

/B Personal Income as reported by the U.S. Bureau of Economic Analysis includes: wage and salary disbursements, supplements to wages and salaries, proprietors' 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.

Table 3: General Fund Revenue Estimates by Tax Category /A

Line No.	Category	Actual FY 2017-18	% Chg	March 2019 Estimate by Fiscal Year FY 2018-19	% Chg	FY 2019-20	% Chg	FY 2020-21	% Chg
	Excise Taxes:								
1	Sales	$3,094.2	9.5%	$3,243.0	4.8%	$3,457.4	6.6%	$3,631.2	5.0%
2	Use	$309.9	19.4%	$358.6	15.7%	$371.9	3.7%	$387.1	4.1%
3	Cigarette	$34.6	-5.5%	$32.9	-5.0%	$31.4	-4.6%	$29.9	-4.6%
4	Tobacco Products	$16.4	-22.7%	$23.5	43.0%	$24.6	5.0%	$25.9	5.3%
5	Liquor	$46.5	3.3%	$48.1	3.4%	$49.1	2.1%	$48.1	-1.9%
6	**Total Excise**	**$3,501.6**	**9.8%**	**$3,705.9**	**5.8%**	**$3,934.3**	**6.2%**	**$4,122.3**	**4.8%**
	Income Taxes:								
7	Net Individual Income	$7,577.2	12.1%	$7,994.8	5.5%	$8,458.8	5.8%	$8,809.7	4.1%
8	Net Corporate Income	$781.9	53.5%	$857.6	9.7%	$949.3	10.7%	$1,054.5	11.1%
9	**Total Income**	**$8,359.1**	**15.0%**	**$8,852.4**	**5.9%**	**$9,408.1**	**6.3%**	**$9,864.1**	**4.8%**
10	*Less: State Education Fund Diversion*	*$617.0*	*14.3%*	*$655.1*	*6.2%*	*$695.0*	*6.1%*	*$739.8*	*6.5%*
11	**Total Income to General Fund**	**$7,742.1**	**15.0%**	**$8,197.3**	**5.9%**	**$8,713.2**	**6.3%**	**$9,124.3**	**4.7%**
	Other Revenue:								
12	Insurance	$303.6	4.5%	$315.3	3.9%	$327.8	4.0%	$341.0	4.0%
13	Interest Income	$19.5	32.4%	$14.0	-28.4%	$14.9	6.8%	$15.6	4.4%
14	Pari-Mutuel	$0.5	-10.7%	$0.5	-2.0%	$0.5	-2.0%	$0.5	-2.0%
15	Court Receipts	$4.4	7.6%	$4.5	2.3%	$4.6	2.2%	$4.6	0.0%
16	Other Income	$152.2	221.8%	$41.7	-72.6%	$24.0	-42.5%	$25.0	4.4%
17	**Total Other**	**$480.2**	**34.4%**	**$376.0**	**-21.7%**	**$371.8**	**-1.1%**	**$386.7**	**4.0%**
18	**GROSS GENERAL FUND**	**$11,723.9**	**14.1%**	**$12,279.2**	**4.7%**	**$13,019.3**	**6.0%**	**$13,633.3**	**4.7%**

/A Dollars in millions.

Table 4: General Fund Overview under the Governor's Budget Request /A

Line No.		Actual FY 2017-18	March 2019 Estimate by Fiscal Year FY 2018-19	FY 2019-20	FY 2020-21
Revenue					
1	**Beginning Reserve**	**$614.5**	**$1,366.0**	**$1,124.7**	**$980.9**
2	**Gross General Fund Revenue**	**$11,723.9**	**$12,279.2**	**$13,019.3**	**$13,633.3**
3	*Transfers to the General Fund*	$98.6	$18.2	$19.0	$19.9
4	**TOTAL GENERAL FUND AVAILABLE**	**$12,436.9**	**$13,663.4**	**$14,163.0**	**$14,634.2**
Expenditures					
5	**Appropriation Subject to Limit**	**$10,430.9**	**$11,244.6**	**$11,890.8**	**$12,665.2**
6	*Dollar Change (from prior year)*	$646.4	$813.7	$646.1	$774.4
7	*Percent Change (from prior year)*	6.6%	7.8%	5.7%	6.5%
8	**Spending Outside Limit**	**$784.5**	**$1,294.1**	**$1,291.3**	**$955.8**
9	*TABOR Refund under Art. X, Section 20, (7) (d)*	$39.8	$167.7	$287.0	$498.7
10	*Homestead Exemption (Net of TABOR Refund)*	$132.3	$101.0	$0.0	$0.0
11	*Other Rebates and Expenditures*	$158.5	$142.4	$146.1	$151.8
12	*Transfers for Capital Construction*	$112.1	$180.0	$254.9	$89.4
13	*Transfers for Transportation*	$79.0	$495.0	$200.0	$50.0
14	*Transfers to State Education Fund*	$25.3	$25.0	$178.6	$0.0
15	*Transfers to Other Funds*	$208.6	$183.1	$224.6	$165.8
16	*Other Expenditures Exempt from General Fund Appropriations Limit*	$29.0	$0.0	$0.0	$0.0
17	**TOTAL GENERAL FUND OBLIGATIONS**	**$11,215.5**	**$12,538.7**	**$13,182.1**	**$13,620.9**
18	*Percent Change (from prior year)*	7.6%	11.8%	5.1%	3.3%
19	Reversions and Accounting Adjustments	-$144.5	$0.0	$0.0	$0.0
Reserves					
20	**Year-End General Fund Balance**	**$1,366.0**	**$1,124.7**	**$980.9**	**$1,013.2**
21	*Year-End General Fund as a % of Appropriations*	13.1%	10.0%	8.2%	8.0%
22	*General Fund Statutory Reserve*	$674.9	$815.2	$951.3	$1,013.2
23	*Above/Below Statutory Reserve*	$691.1	$309.5	$29.6	$0.0

/A FY 2018-19 expenditures reflect supplemental appropriations passed as of March 8, 2019 as well as requested supplemental appropriations for the Department of Corrections and the Department of Health Care Policy & Financing. FY 2019-20 expenditures reflect the Governor's Budget Request, including additional funding for the Department of Health Care Policy & Financing and a reduction in expenditures for public schools resulting from an increase in the Residential Assessment Ratio. FY 2020-21 expenditures will be adopted in future budget legislation. Therefore, the expenditures and fund balance projections shown are illustrative only. Dollars in millions.

Table 5: General Fund and State Education Fund Overview under the Governor's Budget Request

Line No.		Actual FY 2017-18	March 2019 Estimate by Fiscal Year FY 2018-19	FY 2019-20	FY 2020-21
Revenue					
1	**Beginning Reserves**	**$716.6**	**$1,574.7**	**$1,260.6**	**$1,208.8**
2	*State Education Fund*	$102.2	$208.7	$135.9	$227.9
3	*General Fund*	$614.5	$1,366.0	$1,124.7	$980.9
4	**Gross State Education Fund Revenue**	**$645.2**	**$686.9**	**$881.0**	**$747.2**
5	**Gross General Fund Revenue /B**	**$11,822.5**	**$12,297.4**	**$13,038.3**	**$13,653.3**
6	**TOTAL FUNDS AVAILABLE FOR EXPENDITURE**	**$13,184.3**	**$14,559.0**	**$15,179.8**	**$15,609.3**
Expenditures					
7	General Fund Expenditures /C	$11,215.4	$12,538.7	$13,182.1	$13,620.9
8	State Education Fund Expenditures	$540.7	$759.7	$788.9	$763.0
9	**TOTAL OBLIGATIONS**	**$11,756.1**	**$13,298.4**	**$13,971.0**	**$14,383.9**
10	*Percent Change (from prior year)*	5.0%	13.1%	5.1%	3.0%
11	*Reversions and Accounting Adjustments*	-$146.4	$0.0	$0.0	$0.0
Reserves					
12	**Year-End Balance**	**$1,574.7**	**$1,260.6**	**$1,208.8**	**$1,225.4**
13	State Education Fund	$208.7	$135.9	$227.9	$212.2
14	General Fund	$1,366.0	$1,124.7	$980.9	$1,013.2
15	*General Fund Above/Below Statutory Reserve*	$691.1	$309.5	$29.6	$0.0

/A FY 2018-19 and FY 2019-20 expenditures reflect the Governor's Budget Request. FY 2020-21 expenditures will be adopted in future budget legislation. Therefore, the expenditures and fund balance projections shown are illustrative only. Dollars in millions.

/B This amount includes transfers to the General Fund.

/C General Fund expenditures include appropriations subject to the limit of 5.0% of Colorado personal income as well as all spending outside the limit.

Table 6: Cash Fund Revenue Subject to TABOR

Category	Actual FY 2017-18	March 2019 Estimate by Fiscal Year FY 2018-19	FY 2019-20	FY 2020-21
Transportation-Related /A	**$1,275.4**	**$1,319.3**	**$1,361.0**	**$1,391.6**
Change	4.4%	3.4%	3.2%	2.3%
Limited Gaming Fund /B	**$106.8**	**$108.9**	**$111.3**	**$113.9**
Change	3.0%	1.9%	2.2%	2.3%
Capital Construction - Interest	**$4.7**	**$6.1**	**$5.6**	**$5.1**
Change	-0.5%	31.3%	-8.2%	-8.9%
Regulatory Agencies	**$80.5**	**$77.1**	**$79.5**	**$81.4**
Change	6.5%	-4.2%	3.1%	2.4%
Insurance-Related	**$17.8**	**$22.4**	**$19.4**	**$18.4**
Change	72.5%	25.7%	-13.4%	-5.2%
Severance Tax	**$143.0**	**$217.3**	**$109.6**	**$195.9**
Change	634.3%	52.0%	-49.6%	78.8%
Other Miscellaneous Cash Funds	**$676.1**	**$703.1**	**$739.0**	**$766.3**
Change	4.6%	4.0%	5.1%	3.7%
TOTAL CASH FUND REVENUE	***$2,304.2***	***$2,454.3***	***$2,425.3***	***$2,572.7***
Change	-15.8%	6.5%	-1.2%	6.1%

/A Includes revenue from Senate Bill 09-108 (FASTER) which began in FY 2009-10. Roughly 40% of FASTER-related revenue is directed to State Enterprises. Revenue to State Enterprises is exempt from TABOR and is thus not included in the figures reflected by this table. Dollars in millions.

/B Excludes tax revenue from extended gaming as allowed by Amendment 50 to the Colorado Constitution as this revenue is exempt from TABOR. The portion of limited gaming revenue that is exempt is projected based on the formula outlined in House Bill 09-1272.

Table 7: TABOR and the Referendum C Revenue Limit

Line No.		Actual FY 2017-18	March 2019 Estimate by Fiscal Year FY 2018-19	FY 2019-20	FY 2020-21
	TABOR Revenues:				
1	General Fund /A	$11,416.6	$12,073.5	$12,821.1	$13,427.9
	Percent Change from Prior Year	12.4%	5.8%	6.2%	4.7%
2	Cash Funds /A	$2,304.2	$2,454.3	$2,425.3	$2,572.7
	Percent Change from Prior Year	-15.8%	6.5%	-1.2%	6.1%
3	**Total TABOR Revenues**	**$13,720.9**	**$14,527.7**	**$15,246.4**	**$16,000.6**
	Percent Change from Prior Year	6.4%	5.9%	4.9%	4.9%
	Revenue Limit Calculation:				
4	Previous calendar year population growth	1.7%	1.4%	1.4%	1.3%
5	Previous calendar year inflation	2.8%	3.4%	2.7%	2.3%
6	**Allowable TABOR Growth Rate**	4.5%	4.8%	4.2%	3.6%
7	TABOR Limit /B	$11,220.7	$11,759.3	$12,253.2	$12,694.4
8	General Fund Exempt Revenue Under Ref. C /C	$2,481.6	$2,600.7	$2,710.0	$2,807.5
9	**Revenue Cap Under Ref. C /B, /D**	**$13,702.4**	**$14,360.1**	**$14,963.2**	**$15,501.9**
10	***Amount Above/Below Cap***	**$18.5**	**$167.7**	**$283.2**	**$498.7**
11	***Revenue to be Refunded including Adjustments from Prior Years /E***	**$39.8**	**$167.7**	**$283.2**	**$498.7**
12	TABOR Reserve Requirement	$411.1	$430.8	$448.9	$465.1

/A Amounts differ from the revenue totals reported in Table 3 and Table 6 due to accounting adjustments and because some General Fund revenue is exempt from TABOR. Dollars in millions.

/B The TABOR limit and Referendum C cap are adjusted to account for changes in the enterprise status of various state entities.

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

/D The revenue limit is calculated by applying the "Allowable TABOR Growth Rate" to either "Total TABOR Revenue" or the "Revenue Cap under Ref. C," whichever is smaller. Beginning in FY 2010-11, the revenue limit is based on the highest revenue total from FY 2005-06 to 2009-10 plus the "Allowable TABOR Growth Rate." FY 2007-08 was the highest revenue year during the Referendum C timeout period. SB 17-267 reduced the Referendum C cap by $200 million in FY 2017-18. The lower cap then grows by inflation and population growth in subsequent years.

/E These adjustments are the result of: (a) changes that were made to State accounting records for years in which TABOR refunds occurred that resulted in changes in required refunds to taxpayers, and (b) the refund to taxpayers in previous years was different than the actual amount required. Such adjustments are held by the State until a future year in which a TABOR refund occurs when they adjust the total refund amount distributed to taxpayers.