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STATE OF COLORADO

Governor's Office of State Planning and Budgeting

COLORADO ECONOMIC

AND

FISCAL OUTLOOK

COLORADO

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Forecast in Brief

COLORADO ECONOMIC OUTLOOK

Colorado's economy has strengthened in recent months, but growth is expected to slow over the forecast period. Employment and wage growth have been strong, encouraging consumer activity, but the tight labor market is also constraining business growth as employers struggle to attract and retain talented employees. Lower housing and energy price growth is reducing inflation. While the agricultural and manufacturing industries face headwinds due to the ongoing trade war, Colorado's economic expansion is expected to continue.

NATIONAL ECONOMIC OUTLOOK

National economic growth continues to moderate. Job growth is slowing as the unemployment rate remains near record lows. The manufacturing sector contracted in August, as trade barriers and a strong dollar contributed to higher input costs and reduced access to international markets, but retail sales have been strong and are expected to remain so despite a recent drop in consumer expectations. The continuation and potential escalation of the trade war poses downside risks to the forecast, as does the possibility of slower global economic growth. The ability of the Federal Reserve to determine the appropriate course of monetary policy amid full employment, low inflation, and significant trade policy uncertainty will be critical to the sustainability of the current expansion. This forecast projects slowing growth but not a contraction.

GENERAL FUND REVENUE

General Fund revenue grew 7.3 percent in FY 2018-19 and is expected to grow another 4.1 percent in FY 2019-20. The General Fund revenue projection for FY 2019-20 was revised down from the June forecast by $44.1 million, or 0.3 percent, due largely to weaker growth expectations for corporate profits. The forecast for FY 2020-21 was reduced by $109.5 million, or 0.8 percent. Continued economic growth and base-broadening tax policy changes will contribute to continued General Fund revenue growth throughout the forecast period.

CASH FUND REVENUE

Cash fund revenue grew 5.9 percent to $2.44 billion in FY 2018-19 and is projected to fall by 2.7 percent in FY 2019-20. Total cash fund revenue for FY 2019-20 is projected to be $19.9 million, or 0.8 percent, lower than June projections. Cash fund revenue projections for FY 2020-21 are $28.6 million, or 1.1 percent, lower than in June.

TABOR

Revenue subject to TABOR exceeded the Referendum C cap by $428.3 million in FY 2018-19 and is projected to exceed the cap by $348.1 million in FY 2019-20 and $551.6 million in FY 2020-21. The FY 2018-19 TABOR surplus will be distributed to taxpayers via the Homestead Exemption and a temporary income tax rate reduction in FY 2019-20.

GENERAL FUND RESERVE

The General Fund reserve is projected to be $192.0 million above the required statutory reserve amount of 7.25 percent of appropriations in FY 2019-20.

Economic Outlook

Momentum in the national economy has weakened throughout 2019, with stable but slowing job growth and heightened policy uncertainty. Trade policy uncertainty and a strong dollar have contributed to declining output in the industrial sector, but strong consumer spending growth is preventing an economy-wide slowdown. Despite the recent inversion of the Treasury yield curve, most leading economic indicators suggest slowing growth rather than a contraction. This forecast projects that economic growth will continue at a moderating rate.

While national economic momentum has slowed since the June forecast, Colorado's economy has improved. Job growth has accelerated and the unemployment rate has fallen, while wage growth remains strong, supporting consumer activity. Housing price growth has slowed, contributing to lower inflation. While the ongoing trade tensions have significant negative impacts on the agricultural and manufacturing industries, Colorado's economy is projected to grow throughout the forecast period.

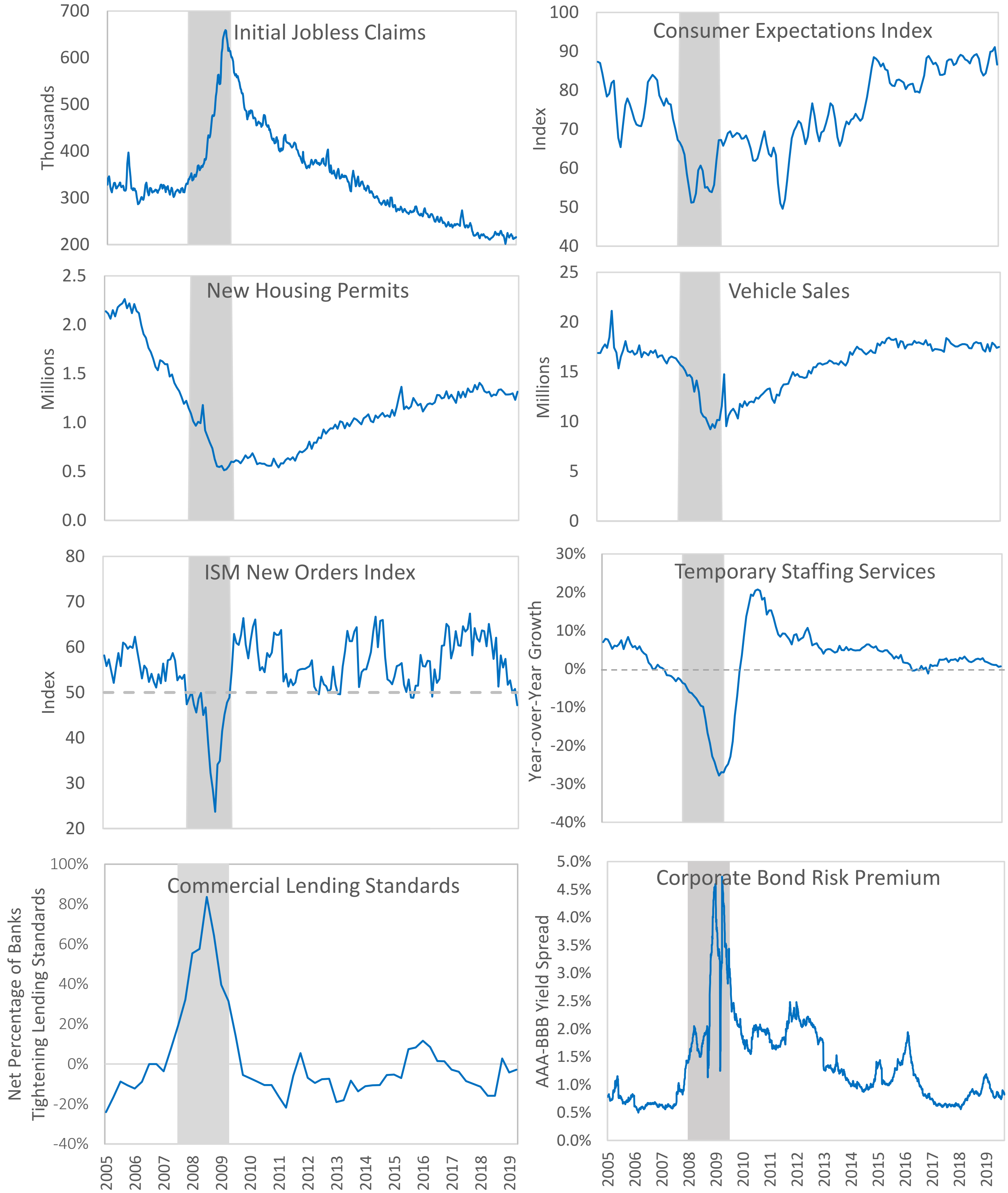
Economic Growth and Momentum

The economy continues to grow, yet at a slower pace than in recent years. The series of graphs on the following page show a variety of leading economic indicators which tend to signal changing conditions in the economy as a whole and therefore can be useful predictors of economic trends.

In aggregate, these leading indicators point to continued growth, but at lower rates than in 2017 and 2018. For example, initial jobless claims are very low by historical standards, but have been flat in recent months. Similarly, consumer expectations are near a cycle-high, yet they declined in August. Housing permits and vehicle sales, two major categories of consumer spending, remain flat at high levels. Business growth also appears to be moderating, as evidenced by declining new orders in manufacturing (as seen in the ISM New Orders Index) and the slowing growth in temporary staffing services. Slightly more banks are loosening lending standards than tightening them, an indication that banks do not see excessive risks in the economy. Finally, the spread in yields between AAA- and BBB-rated corporate bonds—the risk premium, which reflects investor assessment of economic risk — has risen slightly from its 2017 lows, but remains near the lowest levels of the expansion.

Finally, recent data showing an "inverted yield curve" has gained significant attention as a potential signal of an impending recession. The Treasury yield curve inverts when short-term interest rates are higher than long-term interest rates. While a yield curve inversion has preceeded each of the last seven recessions in the U.S., there are reasons to believe that it may not be as reliable a predictor as it has been in the past. First, the Federal Reserve has been responsive to changing financial conditions and has been proactive in lowering interest rates, while prior inversions have resulted from the Federal reserve raising short-term interest rates too quickly. Second, the significant bond-buying actions the Federal Reserve took to stimulate the economy in the aftermath of the Great Recession may have resulted in artificially low long-term interest rates. Finally, the yield curve has become flatter over recent decades as inflation fears have subsided, making yield curve inversions more likely even if the risk of recession has not increased, according to research from the Federal Reserve Bank of Richmond. While the yield curve provides useful information on financial market expectations for the economy, it should be considered alongside a broad range of useful leading economic indicators, most of which are signaling continued economic expansion.

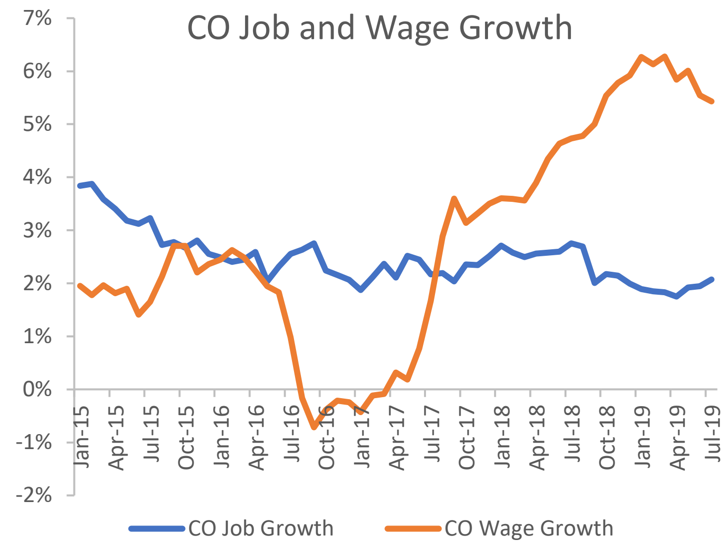
Selected Leading Economic Indicators, 2005-Present



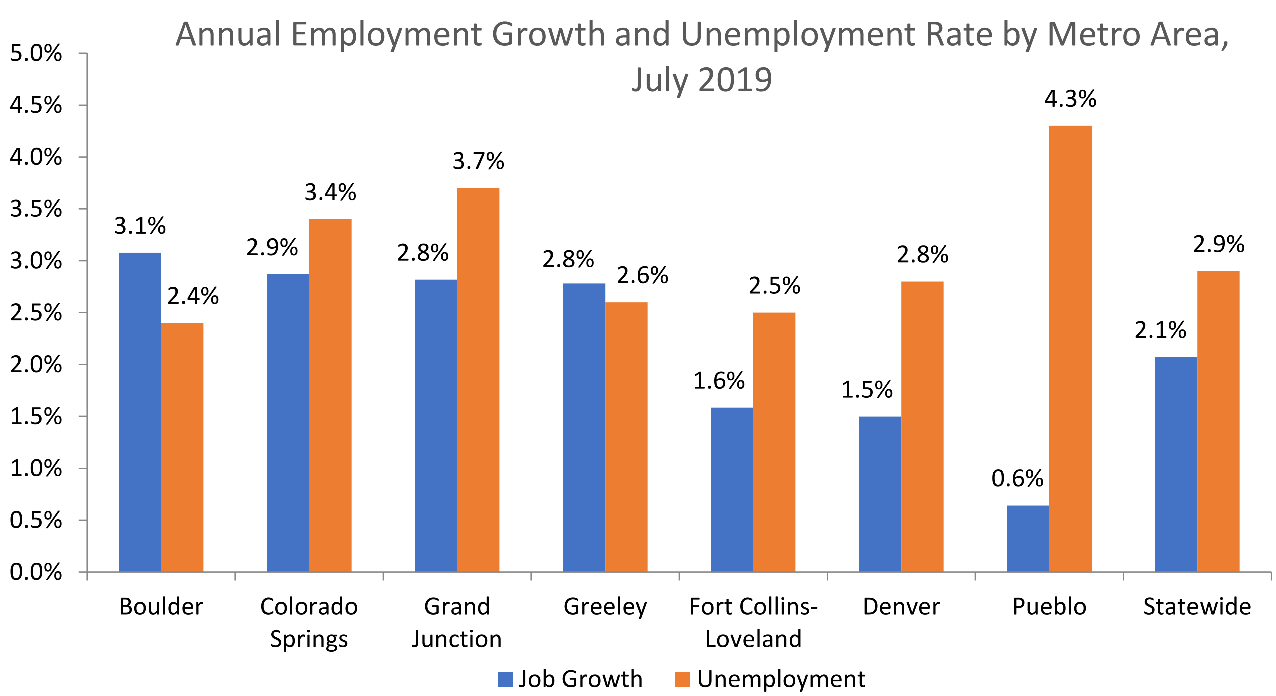
Sources: U.S. Department of Labor, University of Michigan, U.S. Census Bureau, U.S. Bureau of Economic Analysis, Institute for Supply Management, U.S. Bureau of Labor Statistics, Federal Reserve Board of Governors, ICE Benchmark Administration.

Employment and Unemployment

While national job growth has slowed in recent months, Colorado's job growth has accelerated, from an average of 3,600 jobs per month in the first quarter of 2019 to an average of 8,000 jobs per month in the second quarter. This represents the strongest quarterly job growth since 2016. Wage growth has slowed slightly over the same period, from 6.3 percent in January to 5.4 percent in July, but remains at high levels.

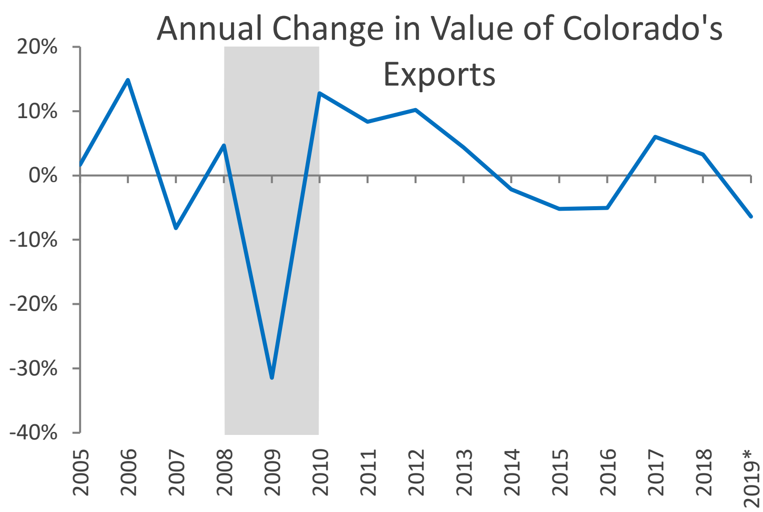


Nationally, unemployment remains low, reaching 3.7 percent in July. Colorado's employment continues to outperform national figures, with unemployment falling to 2.9 percent in July, down from 3.2 percent in May and 3.7 percent in February. Despite regional variation in unemployment figures, this decline in unemployment was seen across the state. Boulder, Colorado Springs, and Grand Junction are the metro areas experiencing the strongest job growth in the state.



Sources: U.S. Bureau of Labor Statistics, Colorado Department of Labor and Employment

Tariffs and Trade



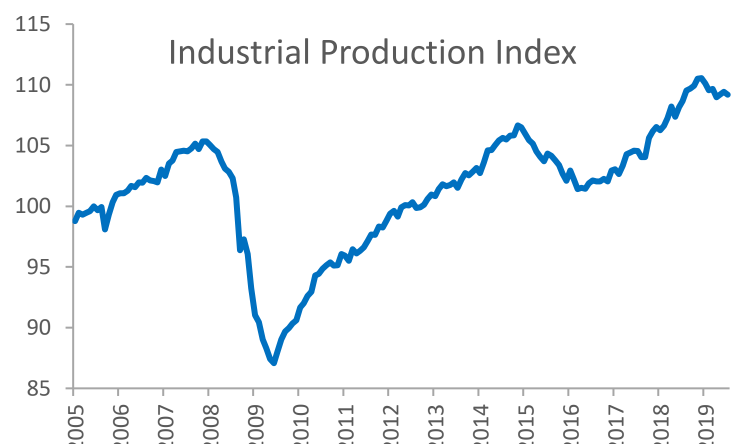
*2019 figures represent change in 2019 YTD figures from 2018 YTD

Export activity in Colorado in 2019 has declined amid escalating tariffs and trade policy uncertainty. The value of exports was down 6 percent through July as compared to 2018 levels. The reductions in export activity in 2019 have been particularly significant among food and agriculture exports in Colorado. Exports of these products are down 13 percent year-to-date in 2019, as compared to 2018 levels. Major exports from the state include beef, as well as computers and electronic products, medical instruments, and aircraft parts. As Colorado has only the 49th most export-dependent economy in the nation, it may be more resilient to trade pressures than other states.

Tariffs are impacting trade at the national and international level as well. Recent research by the Federal Reserve has suggested that trade policy may be impacting global output, finding that trade policy uncertainty in 2018 corresponded with a decline in global GDP by 0.8 percent by early 2019. Renewed trade policy uncertainty since May 2019 is likely to place additional downward pressure on GDP through the remainder of 2019 and early 2020 according to this research.

Manufacturing and Industry

National data show slowing industrial production in the manufacturing, mining, and electric and gas utility sectors. The Federal Reserve's Industrial Production Index shows mostly robust growth since the end of the Great Recession in 2009. Industrial production fell in 2015 and 2016 and has been declining again since the beginning of 2019. Many analysts attribute the decline to an environment of substantial trade policy uncertainty and tensions with China.

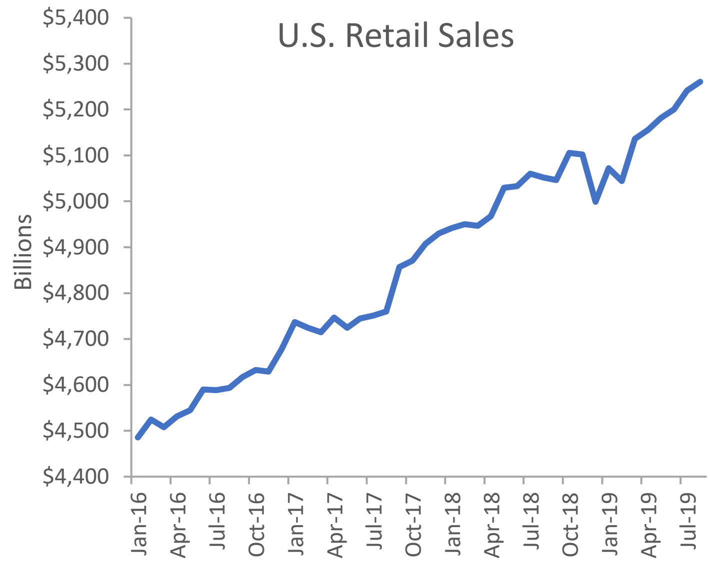


Sources: WiserTrade, Federal Reserve Board of Governors

Consumer Spending and Expectations

Despite signs of weakness in the industrial sector, retail spending remains strong. Retail and food services sales continue to expand nationally, rebounding from a period of weakness in December, January, and February. Year-over-year retail sales growth reached 4.1 percent in August, up from 3.0 percent in May and 1.4 percent in December.

Consumer expectations remain high but declined sharply in August 2019, dropping 10.6 points from 90.5 to 79.9. This was the third largest monthly drop in the past decade, following drops in December 2012 (-13.9 points) and March 2011 (-13.7 points). The index was down 7.2 points from a year ago. This suggests that consumers are becoming increasingly aware of the potential impact of tariffs on economic outcomes.



Forecast Risks

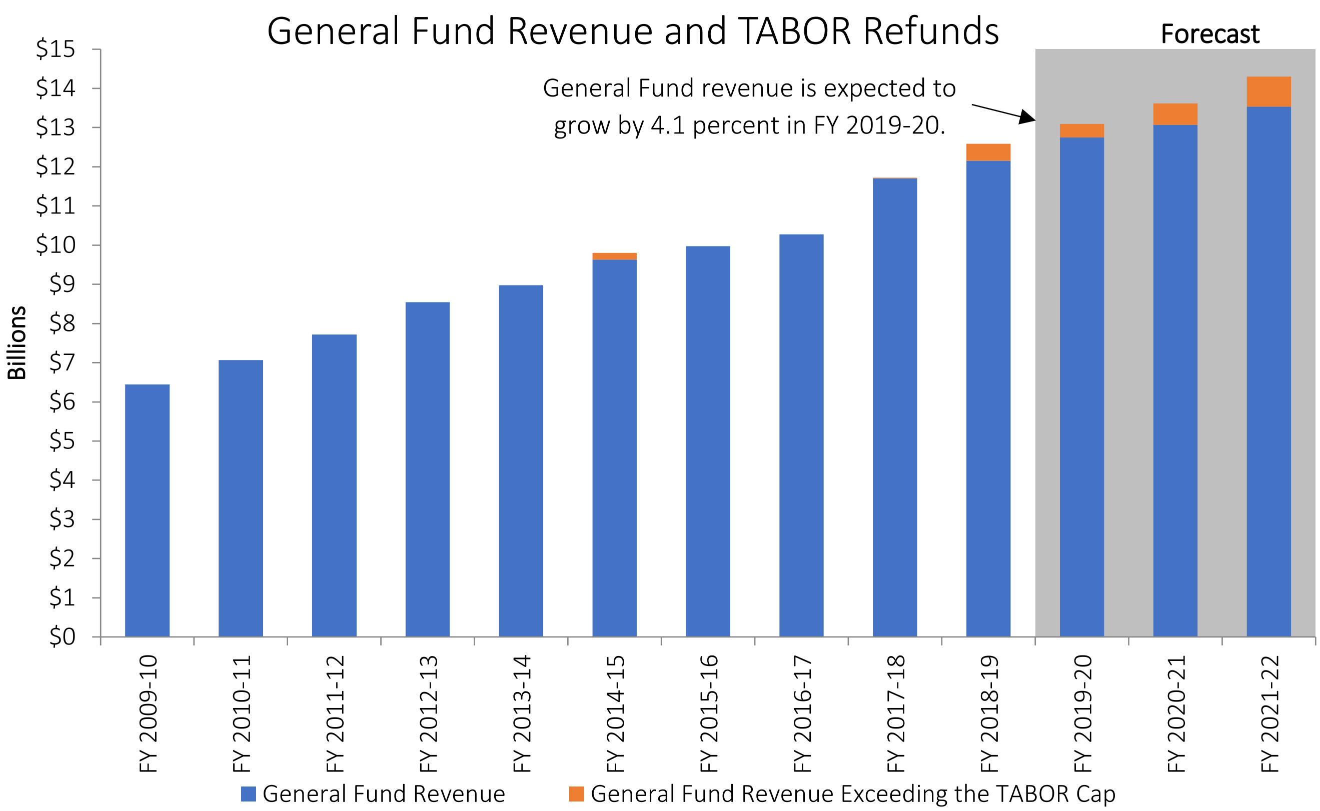
While Colorado's economic growth has accelerated since last quarter, it has moderated since 2018 and that moderation is expected to continue. Despite strength in many economic fundamentals, slowing population growth and an aging population limit upside risks to the forecast while lower overall growth rates leave the economy more vulnerable to negative shocks. The continuation and potential escalation of the trade war pose downside risks to the forecast, as does the possibility of slower global economic growth. The ability of the Federal Reserve to determine the appropriate course of monetary policy amid full employment, low inflation, and significant trade policy uncertainty will be critical to the sustainability of the current expansion.

Sources: U.S. Census Bureau, University of Michigan

Revenue Outlook – General Fund

Strong employment and wage growth in Colorado are supporting continued General Fund revenue growth as the economic expansion continues. The changes to the tax base resulting from the federal government's 2017 Tax Cuts and Jobs Act (TCJA) contributed to strong revenue growth in FY 2018-19 and are expected to continue to boost General Fund revenue growth throughout the forecast period. The forecast projects that General Fund revenue will grow by 4.1 percent in FY 2019-20 and 4.0 percent in FY 2020-21 after growing by 7.3 percent in FY 2018-19.

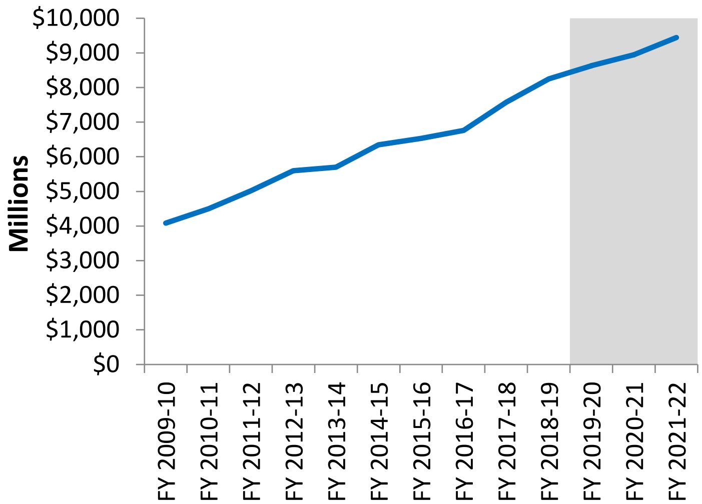
The General Fund revenue forecast for FY 2019-20 is lower by $44.1 million, or 0.3 percent, relative to June projections. The forecast for FY 2020-21 was decreased by $109.5 million, or 0.8 percent. These revisions are primarily due to lower forecasts for corporate income tax collections, as the outlook for corporate profits has weakened since June.



While the TCJA broadened the income tax base, resulting in higher revenues to the state, policy changes have broadened the sales tax base as well. The Supreme Court allowed states to collect sales taxes from out-of-state retailers with its June 2018 ruling in *South Dakota v. Wayfair, Inc.*, which was codified in Colorado law by H.B. 19-1240. House Bill 19-1245, meanwhile, raised and capped the vendor fee, resulting in a tax benefit for small businesses but higher sales tax revenue collections overall.

Three major revenue sources together make up 96 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 – increased slightly from the June forecast, primarily due to higher interest earnings.

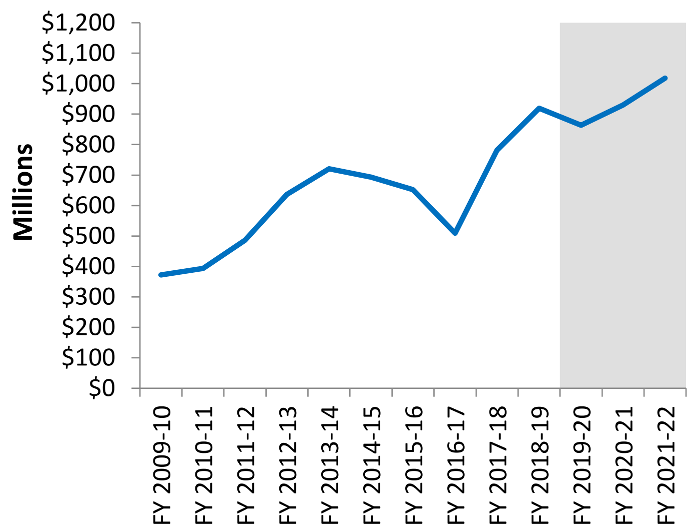
Individual Income Tax



Individual income tax revenue is projected to increase 4.6 percent in FY 2019-20 and 3.7 percent in FY 2020-21. Relative to June projections, the forecast was revised upward by 0.6 percent in FY 2019-20 and 0.1 percent in FY 2020-21. These upward revisions result from slightly higher receipts for income tax withholdings than expected.

As anticipated, the effect of the TCJA was a net increase in state tax liability. Strong employment and wage growth also contributed to a 7.8 percent increase in payroll withholdings in FY 2018-19.

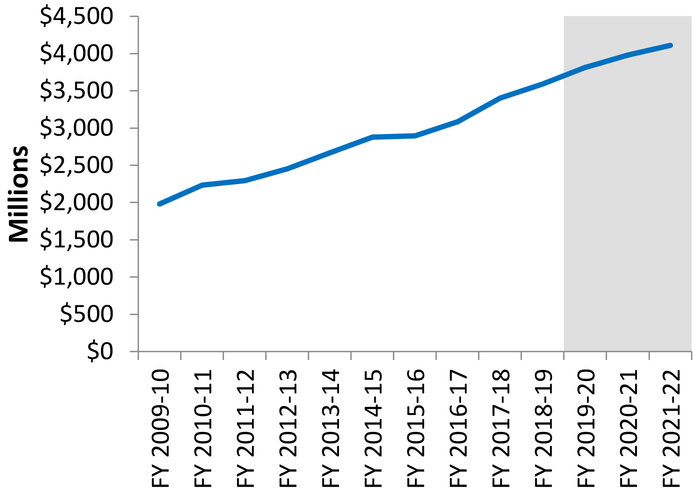
Corporate Income Tax



Corporate income tax collections are projected to fall 6.2 percent in FY 2019-20 and to rise by 7.8 percent in FY 2020-21. Relative to last quarter, corporate income tax receipts were revised downward by $73.3 million in FY 2019-20 and down by $71.4 million in FY 2020-21.

Corporate income tax revenue is among the most volatile sources of General Fund revenue due to business-specific considerations and the structure of the corporate income tax code. Corporate income taxes were boosted in FY 2018-19 by a large settlement agreement with a delinquent taxpayer and are being reduced in FY 2019-20 by amended returns and refund claims following recent tax policy rulings by the Colorado Supreme Court. Corporate income tax revenue growth is expected to continue at a moderate rate as the economic expansion continues. Future growth, however, will be constrained by higher business costs, especially for tariffs and employee compensation, which will reduce profit margins and lower tax liabilities.

Sales and Use Taxes



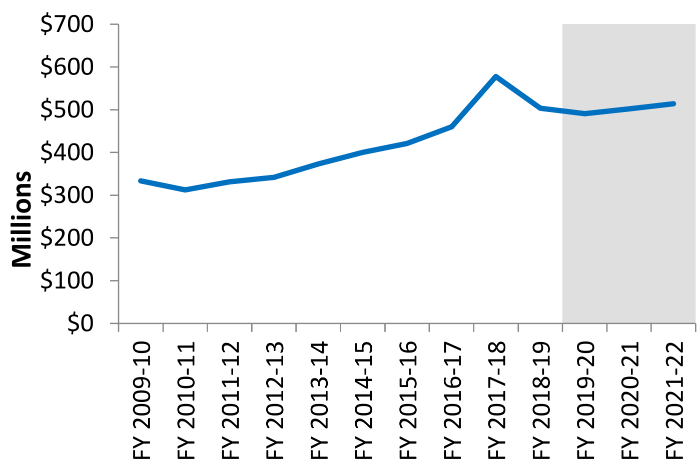
Sales tax revenue is expected to increase by 7.3 percent in FY 2019-20 and 4.5 percent in FY 2020-21. FY 2019-20 sales tax revenue was revised down slightly from last quarter, by $11.7 million. FY 2020-21 sales tax revenue was revised down by $32.9 million due to slightly lower assumptions for retail sales activity.

The growth rates in FY 2019-20 and subsequent years are bolstered by sales tax collections from out-of-state retailers, which the Supreme Court allowed states to collect with its June 2018 ruling in *South Dakota v. Wayfair, Inc*. and which was codified in Colorado law by H.B. 19-1240. Sales tax revenue will also be increased by H.B. 19-1245, which provided a tax benefit to small businesses while increasing overall sales tax collections.

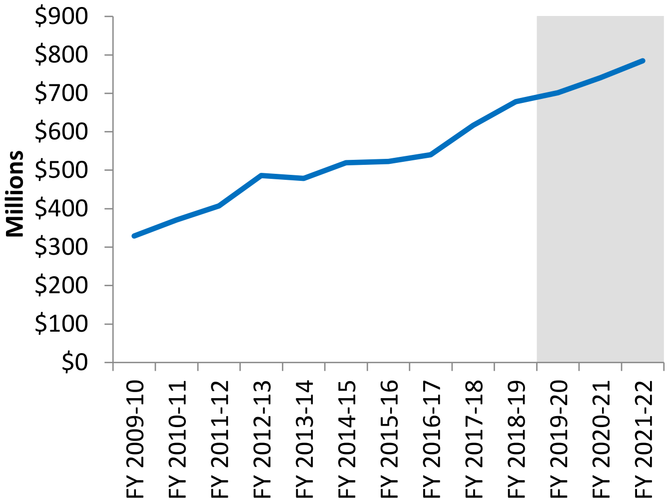
Use tax is a companion to sales tax and is paid by Colorado residents and businesses on purchases made that did not include the state sales tax. Use taxes bring in a much smaller amount of revenue than sales taxes and are often more volatile. Much of the state's use tax revenue comes from Colorado businesses paying tax on transactions involving out-of-state sellers. Use tax collections are projected to decline 4.9 percent in FY 2019-20 and increase 2.9 percent in FY 2020-21.

Other General Fund Revenue

Other revenue to the General Fund is expected to decrease 2.3 percent in FY 2019-20 and to increase 3.2 percent in FY 2020-21. The reduction in FY 2019-20 follows large, one-time settlement payments totaling $18.7 million from corporations in FY 2018-19 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 3.4 percent in FY 2019-20 and 5.6 percent in FY 2020-21. This growth does not include transfers from other funds. The forecast for State Education Fund revenue was revised downward from the June forecast in conjunction with the downward revision to the forecast for corporate income tax collections.

The Colorado Constitution requires that 1/3 of 1 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 in this section.

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 subject to TABOR is projected at $2.38 billion in FY 2019-20, a decrease of 2.7 percent from the prior fiscal year. This is lower than projections in June, representing a downward revision of $19.9 million, or 0.8 percent. FY 2020-21 cash fund revenue is projected to rise to $2.54 billion, an increase of 7.1 percent year-over-year. This forecast is also lower than June projections, by $28.6 million, or 1.1 percent.

Transportation

Transportation-related cash fund revenue is projected to grow 2.1 percent in FY 2019-20 and 2.6 percent in FY 2020-21. These forecasts were revised downward since June by $23.2 million and $23.7 million respectively. This represents a 1.8 percent reduction from the June forecast.

Transportation Revenue	Preliminary FY 18-19	Forecast FY 19-20	Forecast FY 20-21	Forecast FY 21-22
Highway Users Tax Fund (HUTF)				
Motor and Special Fuel Taxes	**$641.5**	**$664.0**	**$677.9**	**$695.9**
Change	-0.5%	3.5%	2.1%	2.7%
Total Registrations	**$264.0**	**$275.1**	**$285.1**	**$292.2**
Change	0.8%	4.2%	3.7%	2.5%
Other HUTF Receipts	**$186.4**	**$199.4**	**$206.3**	**$211.2**
Change	-7.0%	6.9%	3.5%	2.4%
Total HUTF	**$1,092.0**	**$1,138.4**	**$1,169.4**	**$1,199.3**
Change	-1.4%	4.2%	2.7%	2.6%
State Highway Fund	**$40.8**	**$50.2**	**$50.8**	**$51.5**
Change	0.3%	23.1%	1.1%	1.5%
Other Transportation Funds	**$122.2**	**$122.6**	**$124.4**	**$126.9**
Change	-4.1%	0.4%	1.5%	2.0%
Total Transportation Funds	***$1,275.9***	***$1,302.2***	***$1,336.5***	***$1,369.6***
Change	*0.0%*	*2.1%*	*2.6%*	*2.5%*

Transportation-related cash funds include the Highway Users Tax Fund (HUTF), the State Highway Fund, and a number of smaller cash funds. The primary revenue sources for the HUTF are motor fuel taxes and registration fees.

Limited Gaming

Revenue from limited gaming is projected to rise in FY 2019-20 by 2.5 percent, a slight upward revision from the June forecast. Revenue is expected to continue growing over the following fiscal years, by 2.3 percent in FY 2020-21 and 2.2 percent in FY 2021-22.

In FY 2019-20, $109.8 million of total limited gaming revenue is expected to be subject to TABOR, while an estimated $107.9 million will be classified as "base limited gaming revenue" under Amendment 50. In FY 2020-21, $112.3 million will be subject to TABOR with $110.4 million classified as base limited gaming revenue. 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	Preliminary FY 18-19	Forecast FY 19-20	Forecast FY 20-21	Forecast FY 21-22
A. Total Limited Gaming Revenues	**$127.3**	**$130.6**	**$133.6**	**$136.6**
Annual Percent Change	0.2%	2.5%	2.3%	2.2%
B. Base Limited Gaming Revenues (max 3% growth)	**$105.2**	**$107.9**	**$110.4**	**$112.9**
Annual Percent Change	0.2%	2.5%	2.3%	2.2%
C. Gaming Revenue Subject to TABOR	**$107.1**	**$109.8**	**$112.3**	**$114.9**
Annual Percent Change	0.2%	2.5%	2.3%	2.2%
D. Total Amount to Base Revenue Recipients	**$94.3**	**$97.3**	**$99.8**	**$102.3**
Amount to State Historical Society	$26.4	$27.2	$27.9	$28.6
Amount to Counties	$11.3	$11.7	$12.0	$12.3
Amount to Cities	$9.4	$9.7	$10.0	$10.2
Amount to Distribute to Remaining Programs (State Share)	$47.2	$48.6	$49.9	$51.2
Amount to Local Government Impact Fund	$5.6	$6.0	$6.4	$6.7
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	$16.4	$17.5	$18.4	$19.3
E. Total Amount to Amendment 50 Revenue Recipients	**$17.9**	**$18.0**	**$18.5**	**$19.0**
Community Colleges, Mesa and Adams State (78%)	$14.0	$14.0	$14.4	$14.8
Counties (12%)	$2.2	$2.2	$2.2	$2.3
Cities (10%)	$1.8	$1.8	$1.9	$1.9

Severance

Severance tax revenue is expected to decline to $114.1 million in FY 2019-20, a decline of 55.3 percent from the fiscal year prior, before rising 84.4 percent again to $210.4 million in FY 2020-21. These figures have been revised upward from the June forecast, by $12.6 million and $7.8 million respectively, as recent collections have been higher than expected. Larger ad valorem credits coupled with lower oil prices and production are expected to cause the decline in severance tax revenue in FY 2019-20, while the FY 2020-21 increase reflects higher production values and slightly reduced ad valorem credits.

Marijuana

Tax revenue from the marijuana industry is expected to grow 2.8 percent to $269.6 million in FY 2019-20, and 1.6 percent to $273.9 million in FY 2020-21. 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 percent state tax on marijuana sales.

Tax Revenue from the Marijuana Industry	Preliminary FY 18-19	Forecast FY 19-20	Forecast FY 20-21	Forecast FY 21-22
Proposition AA Taxes				
Retail Marijuana 15% Special Sales Tax	$193.3	$205.0	$211.8	$218.7
Retail Marijuana 15% Excise Tax	$58.4	$54.4	$52.5	$51.5
Total Proposition AA Taxes	**$251.8**	**$259.4**	**$264.2**	**$270.3**
2.9% Sales Tax (Subject to TABOR)				
Medical Marijuana 2.9% State Sales Tax	$9.4	$9.1	$8.6	$8.2
Retail Marijuana 2.9% State Sales Tax	$1.0	$1.0	$1.0	$1.0
Total 2.9% Sales Taxes	**$10.4**	**$10.2**	**$9.7**	**$9.2**
Total Marijuana Taxes	**$262.2**	**$269.6**	**$273.9**	**$279.5**

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 percent 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 2018-19 Preliminary	$262.2	$19.3	$27.1	$52.6	$5.8	$21.9	$135.4
FY 2019-20 Projected	$269.6	$20.5	$28.7	$54.4	$0.0	$23.2	$142.8
FY 2020-21 Projected	$273.9	$21.2	$29.7	$52.5	$0.0	$24.0	$146.6
FY 2021-22 Projected	$279.5	$21.9	$30.6	$51.5	$0.0	$24.8	$150.6

[1] FY 2018-19 figures are preliminary distributions, while FY 2019-20 through FY 2021-22 are projections. Note that transfers to the Public School Permanent Fund were ended by HB19-1055 and instead diverted to BEST School Capital Construction. Totals may not sum due to rounding.

Federal Mineral Lease

Federal Mineral Lease (FML) revenue is expected to grow 5.6 percent to $120.2 million in FY 2019-20 and 5.2 percent to $126.4 million in FY 2020-21.[2] FML revenues grew by 32.1 percent in FY 2018-19 as 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 distributed to the Public School Fund, where it is used for the State's share of K-12 school finance.

Fiscal Year	Bonus	Non-Bonus	Total FML	% Change
FY 2018-19	$2.8	$111.0	$113.8	32.1%
FY 2019-20	$3.6	$116.6	$120.2	5.6%
FY 2020-21	$3.8	$122.6	$126.4	5.2%
FY 2021-22	$4.0	$128.5	$132.5	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 increase 5.5 percent to $82.9 million in FY 2019-20 and 2.1 percent to $84.6 million in FY 2020-21. 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 13.4 percent to $25.6 million in FY 2019-20 and decline 3.1 percent to $24.8 million in FY 2020-21.

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 2019-20, revenue to these funds is expected to increase 5.7 percent to $736.5 million, followed by an estimated increase of 4.6 percent to $770.5 million in FY 2020-21.

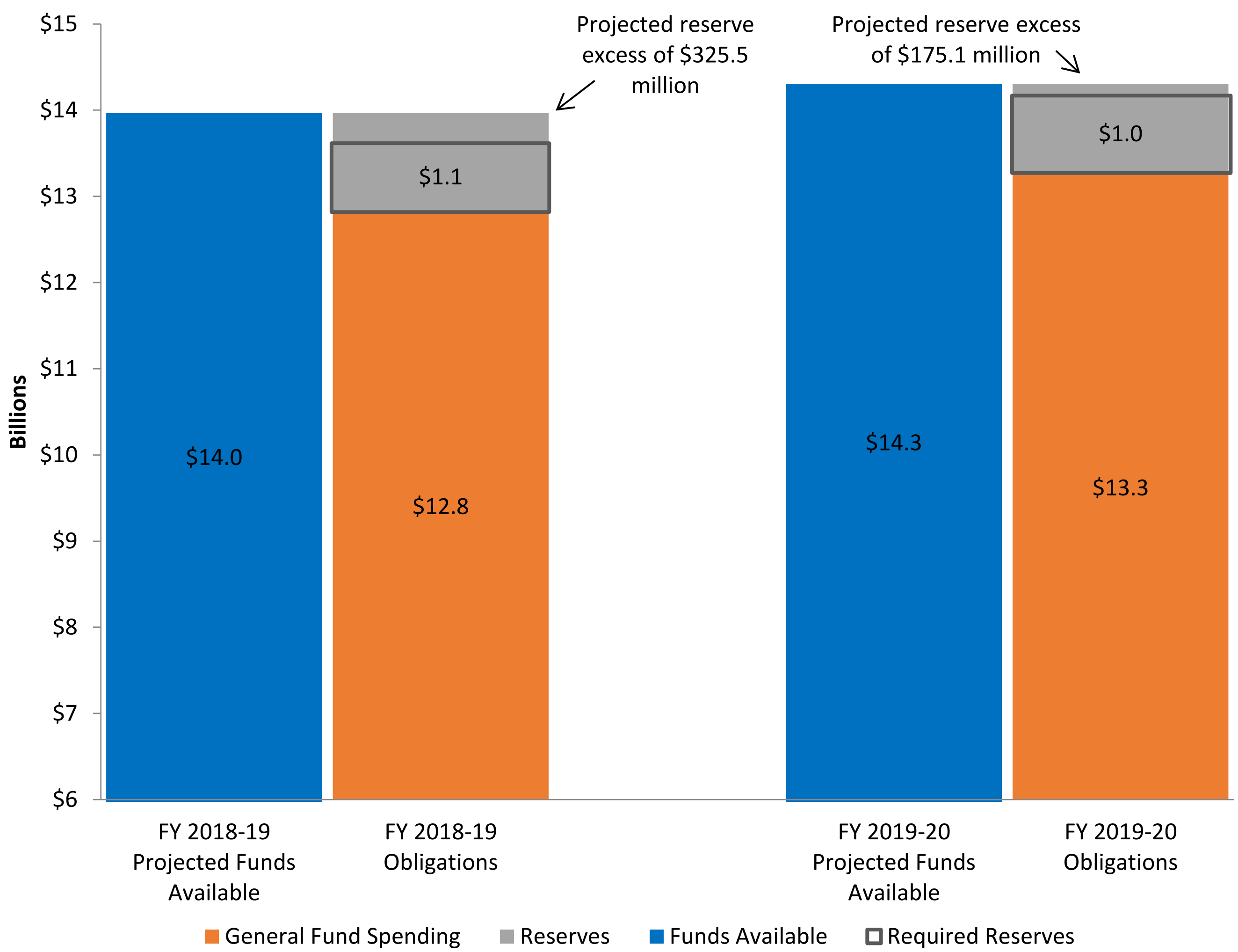
[2] FY 2018-19 figures are preliminary collections, while FY 2019-20 through FY 2021-22 are projections.

Budget Outlook

General Fund

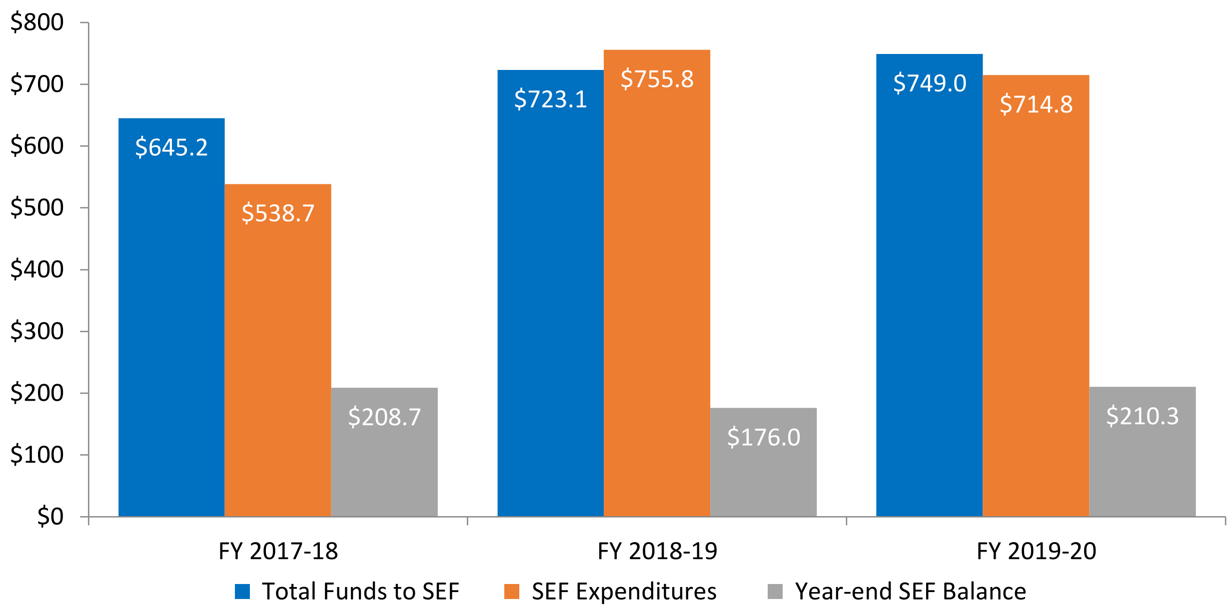
General Fund revenue is projected to grow by 4.1 percent in FY 2019-20 and 4.0 percent in FY 2020-21, after growing by 7.3 percent in FY 2018-19. The General Fund revenue forecast for FY 2019-20 is $44.1 million, or 0.3 percent, less than estimated in June. The forecast for FY 2020-21 is $109.5 million, or 0.8 percent, lower than the June forecast.

The General Fund reserve was $325.5 million above the required statutory reserve amount of 7.25 percent of appropriations in FY 2018-19, according to preliminary estimates. Under this forecast, the General Fund reserve is projected to be $175.1 million above the statutory reserve amount in FY 2019-20. The figure below illustrates the General Fund revenue, obligations, and reserve balances under current law.



State Education Fund

In FY 2018-19, the State Education Fund's year-end balance is projected to have fallen from its FY 2017-18 level of $208.7 million to $176.0 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 fund balance is projected to rise to $210.3 million in FY 2019-20. The budget for FY 2019-20 includes a transfer from the General Fund to the State Education Fund of $40.3 million, as included in the School Finance Act. 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.



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 budget outlook are balanced to the downside. Since State revenues are currently above the voter-approved revenue cap and are expected to remain so throughout the forecast period, better-than-expected economic conditions and revenue collections will not benefit the state budget. The state budget remains vulnerable to downside risks, however, as an economic slowdown or recession could reduce revenue collections and result in less budget capacity.

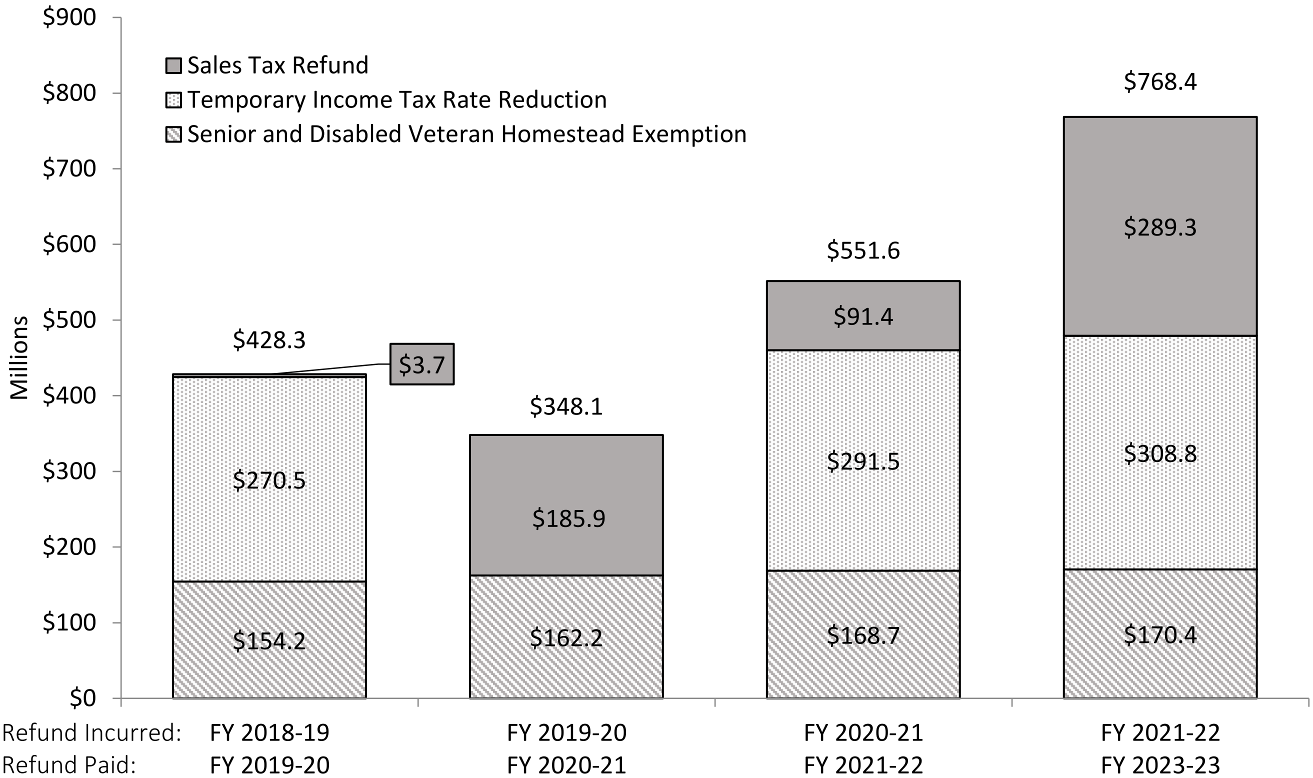
Supplemental Materials

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: www.colorado.gov/governor/economics.

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 exceeded the revenue cap by $428.3 million in FY 2018-19 and is projected to be above the cap by $348.1 million in FY 2019-20.

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 (from 4.63% to 4.50%), and a sales tax refund. 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.



A total of $270.5 million of the $428.3 million refund obligation from FY 2018-19 will be paid out as an income tax rate reduction, while $3.7 million will be distributed as a sales tax refund, and $154.2 million will be refunded via the senior homestead and disabled veterans property tax exemption expenditures in FY 2019-20. The combined benefit of the income tax rate reduction and the sales tax refund is estimated to average $44 for single returns and $148 for joint returns, though significant variability exists across income levels.

In FY 2019-20, refunds in excess of the homestead exemption will be refunded via a sales tax refund. The FY 2019-20 sales tax refund is estimated to average $52 per taxpayer in FY 2020-21.

In FY 2020-21 and FY 2021-22, projected refunds will again exceed homestead exemption refund expenditures by an amount sufficient to fund the temporary income tax rate reduction. FY 2021-22 tax payments are projected to be reduced by a total of $71 for taxpayers filing single returns and $211 for taxpayers filing joint returns on average, while FY 2022-23 tax payments are projected be reduced by a total of $125 for taxpayers filing joint returns and $323 for taxpayers filing joint returns, on average, though significant variability exists across income levels. The total expected average refund per taxpayer is shown in the table below according to the fiscal year the refund will be paid.

Average Refund Paid	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Single Filers	$44	$52	$71	$125
Joint Filers	$148	$104	$211	$323

Reference Tables

Table 1: Colorado Economic Variables – History and Forecast

Line No.		Actual						September 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	$323.8	$341.3	$358.3	$374.8
2	Change	5.2%	8.9%	4.8%	1.9%	5.8%	5.7%	5.4%	5.0%	4.6%
3	Wage and Salary Income (Billions) /A	$129.5	$138.6	$146.5	$151.0	$160.4	$168.8	$178.1	$187.2	$195.8
4	Change	3.7%	7.0%	5.7%	3.1%	6.2%	5.3%	5.5%	5.1%	4.6%
5	Per-Capita Income ($/person) /A	$47,236	$50,662	$52,116	$52,269	$54,561	$56,846	$59,122	$61,306	$63,231
6	Change	3.7%	7.3%	2.9%	0.3%	4.4%	4.2%	4.0%	3.7%	3.1%
	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%	3.3%	3.4%	3.7%
11	Total Nonagricultural Employment (Thousands)	2,380.5	2,463.7	2,541.0	2,601.8	2,660.4	2,725.3	2,774.4	2,816.0	2,849.8
12	Change	3.0%	3.5%	3.1%	2.4%	2.3%	2.4%	1.8%	1.5%	1.2%
	Construction Variables									
13	Total Housing Permits Issued (Thousands)	27.5	28.7	31.9	39.0	41.9	45.5	39.1	38.6	39.9
14	Change	18.1%	4.3%	11.1%	22.3%	7.5%	8.5%	-14.0%	-1.3%	3.4%
15	Nonresidential Construction Value (Millions) /B	$3,624.0	$4,350.9	$4,990.8	$5,992.1	$6,167.4	$7,959.6	$5,930.3	$6,067.0	$6,550.6
16	Change	16.4%	20.1%	14.7%	20.1%	2.9%	29.1%	-25.5%	2.3%	8.0%
	Prices & Sales Variables									
17	West Texas Intermediate (WTI) Crude Oil Spot Price ($/barrel)	$97.94	$93.26	$48.69	$43.14	$50.88	$64.94	$57.59	$58.62	$59.64
18	Change	4.0%	-4.8%	-47.8%	-11.4%	17.9%	27.6%	-11.3%	1.8%	1.7%
19	Denver-Aurora-Lakewood Consumer Price Index (1982-84=100) /C	230.8	237.2	240.0	246.6	255.0	262.0	266.4	272.0	277.4
20	Change	2.8%	2.8%	1.2%	2.8%	3.4%	2.7%	1.7%	2.1%	2.0%

/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 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						September 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	$16,912.0	$17,403.8	$17,688.9	$18,108.1	$18,638.2	$19,073.5	$19,416.8	$19,766.3
2	Change	1.8%	2.5%	2.9%	1.6%	2.4%	2.9%	2.3%	1.8%	1.8%
3	Personal Income (Billions) /B	$14,181.1	$14,991.7	$15,717.8	$16,121.2	$16,878.8	$17,819.2	$18,677.6	$19,423.2	$20,191.6
4	Change	1.2%	5.7%	4.8%	2.6%	4.7%	5.6%	4.8%	4.0%	4.0%
5	Per-Capita Income ($/person)	$44,869	$47,086	$49,004	$49,900	$51,911	$54,465	$56,681	$58,522	$60,408
6	Change	0.6%	4.9%	4.1%	1.8%	4.0%	4.9%	4.1%	3.2%	3.2%
7	Wage and Salary Income (Billions) /B	$7,113.2	$7,475.2	$7,856.7	$8,083.5	$8,462.1	$8,888.5	$9,373.4	$9,767.1	$10,138.2
8	Change	2.7%	5.1%	5.1%	2.9%	4.7%	5.0%	5.5%	4.2%	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%	3.7%	3.8%	3.9%
12	Total Nonagricultural Employment (Millions)	136.4	139.0	141.8	144.4	146.6	149.1	151.2	152.8	154.0
13	Change	1.6%	1.9%	2.1%	1.8%	1.6%	1.7%	1.4%	1.1%	0.8%
	Price Variables									
14	Consumer Price Index (1982-84=100)	233.0	236.7	237.0	240.0	245.1	251.1	255.8	261.1	266.7
15	Change	1.5%	1.6%	0.1%	1.3%	2.1%	2.4%	1.9%	2.1%	2.1%
16	Producer Price Index - All Commodities (1982=100)	203.4	205.3	190.4	185.4	193.5	202.0	202.3	208.3	212.0
17	Change	0.6%	0.9%	-7.3%	-2.6%	4.4%	4.4%	0.2%	2.9%	1.8%
	Other Key Indicators									
18	Pre-Tax Corporate Profits (Billions)	$2,010.7	$2,120.2	$2,061.5	$2,011.5	$2,005.9	$2,074.6	$2,062.2	$2,148.8	$2,333.6
19	Change	0.7%	5.4%	-2.8%	-2.4%	-0.3%	3.4%	-0.6%	4.2%	8.6%
20	Housing Permits (Millions)	0.991	1.052	1.183	1.207	1.282	1.329	1.314	1.333	1.396
21	Change	19.4%	6.2%	12.4%	2.0%	6.2%	3.7%	-1.1%	1.5%	4.7%
22	Retail Trade (Billions)	$5,001.8	$5,215.7	$5,349.5	$5,514.9	$5,750.4	$6,024.2	$6,227.0	$6,407.6	$6,593.4
23	Change	3.6%	4.3%	2.6%	3.1%	4.3%	4.8%	3.4%	2.9%	2.9%

/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	Preliminary FY 2018-19	% Chg	September 2019 Estimate by Fiscal Year FY 2019-20	% Chg	FY 2020-21	% Chg	FY 2021-22	% Chg
	Excise Taxes:								
1	Sales	$3,246.6	4.9%	$3,484.6	7.3%	$3,641.9	4.5%	$3,763.4	3.3%
2	Use	$345.5	11.5%	$328.7	-4.9%	$338.2	2.9%	$347.0	2.6%
3	Cigarette	$32.6	-5.8%	$32.9	1.0%	$30.6	-7.0%	$28.3	-7.5%
4	Tobacco Products	$27.7	69.1%	$23.2	-16.5%	$23.3	0.5%	$23.7	1.9%
5	Liquor	$48.3	3.9%	$49.2	1.8%	$49.8	1.3%	$50.9	2.2%
6	**Total Excise**	**$3,700.8**	**5.7%**	**$3,918.5**	**5.9%**	**$4,083.7**	**4.2%**	**$4,213.3**	**3.2%**
	Income Taxes:								
7	Net Individual Income	$8,247.0	8.8%	$8,630.3	4.6%	$8,945.9	3.7%	$9,443.3	5.6%
8	Net Corporate Income	$919.8	17.6%	$863.1	-6.2%	$930.1	7.8%	$1,018.2	9.5%
9	**Total Income**	**$9,166.8**	**9.7%**	**$9,493.4**	**3.6%**	**$9,876.0**	**4.0%**	**$10,461.6**	**5.9%**
10	*Less: State Education Fund Diversion*	*$678.3*	*9.9%*	*$701.3*	*3.4%*	*$740.7*	*5.6%*	*$784.6*	*5.9%*
11	**Total Income to General Fund**	**$8,488.4**	**9.6%**	**$8,792.1**	**3.6%**	**$9,135.3**	**3.9%**	**$9,676.9**	**5.9%**
	Other Revenue:								
12	Insurance	$314.9	3.7%	$328.2	4.2%	$338.4	3.1%	$349.1	3.2%
13	Interest Income	$26.5	35.8%	$28.2	6.4%	$29.2	3.6%	$30.6	4.6%
14	Pari-Mutuel	$0.5	-1.7%	$0.5	-2.0%	$0.5	-2.0%	$0.5	-2.0%
15	Court Receipts	$4.2	-5.3%	$4.3	2.4%	$4.3	0.0%	$4.3	0.0%
16	Other Income	$48.9	-67.9%	$24.6	-49.6%	$25.6	4.0%	$26.7	4.2%
17	**Total Other**	**$395.0**	**-17.8%**	**$385.8**	**-2.3%**	**$398.0**	**3.2%**	**$411.1**	**3.3%**
18	**GROSS GENERAL FUND**	**$12,584.2**	**7.3%**	**$13,096.4**	**4.1%**	**$13,617.0**	**4.0%**	**$14,301.3**	**5.0%**

/A Dollars in millions.

Table 4: General Fund Overview /A

Line No.		Preliminary FY 2018-19	September 2019 Estimate by Fiscal Year FY 2019-20	FY 2020-21	FY 2021-22
Revenue					
1	**Beginning Reserve**	**$1,366.0**	**$1,139.7**	**$1,046.3**	**$923.1**
2	**Gross General Fund Revenue**	**$12,584.2**	**$13,096.4**	**$13,617.0**	**$14,301.3**
3	*Transfers to the General Fund*	$17.2	$71.3	$19.2	$20.0
4	**TOTAL GENERAL FUND AVAILABLE**	**$13,967.4**	**$14,307.4**	**$14,682.5**	**$15,244.5**
Expenditures					
5	**Appropriation Subject to Limit**	**$11,230.5**	**$12,015.3**	**$12,732.8**	**$13,047.5**
6	*Dollar Change (from prior year)*	$799.6	$784.8	$717.5	$314.7
7	*Percent Change (from prior year)*	7.7%	7.0%	6.0%	2.5%
8	**Spending Outside Limit**	**$1,597.2**	**$1,245.9**	**$1,026.6**	**$1,251.0**
9	*TABOR Refund under Art. X, Section 20, (7) (d)*	$428.3	$348.1	$551.6	$768.4
10	*Homestead Exemption (Net of TABOR Refund)*	$106.4	$0.0	$0.0	$0.0
11	*Other Rebates and Expenditures*	$159.7	$141.7	$143.3	$144.7
12	*Transfers for Capital Construction*	$180.5	$225.8	$50.0	$50.0
13	*Transfers for Transportation*	$495.0	$300.0	$50.0	$50.0
14	*Transfers to State Education Fund*	$25.0	$40.3	$0.0	$0.0
15	*Transfers to Other Funds*	$202.2	$189.8	$231.7	$237.9
16	*Other Expenditures Exempt from General Fund Appropriations Limit*	$0.0	$0.0	$0.0	$0.0
17	**TOTAL GENERAL FUND OBLIGATIONS**	**$12,827.7**	**$13,261.2**	**$13,759.4**	**$14,298.6**
18	*Percent Change (from prior year)*	14.4%	3.4%	3.8%	3.9%
19	Reversions and Accounting Adjustments	$0.0	$0.0	$0.0	$0.0
Reserves					
20	**Year-End General Fund Balance**	**$1,139.7**	**$1,046.3**	**$923.1**	**$945.9**
21	*Year-End General Fund as a % of Appropriations*	10.1%	8.7%	7.25%	7.25%
22	*General Fund Statutory Reserve*	$814.2	$871.1	$923.1	$945.9
23	*Above/Below Statutory Reserve*	$325.5	$175.1	$0.0	$0.0

/A FY 2020-21 and FY 2021-22 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 /A

Line No.		Preliminary FY 2018-19	September 2019 Estimate by Fiscal Year FY 2019-20	FY 2020-21	FY 2021-22
Revenue					
1	**Beginning Reserves**	**$1,574.7**	**$1,315.7**	**$1,256.5**	**$1,066.1**
2	*State Education Fund*	$208.7	$176.0	$210.3	$143.0
3	*General Fund*	$1,366.0	$1,139.7	$1,046.3	$923.1
4	**Gross State Education Fund Revenue**	**$723.1**	**$749.0**	**$748.1**	**$792.5**
5	**Gross General Fund Revenue /B**	**$12,601.4**	**$13,167.8**	**$13,636.3**	**$14,321.4**
6	**TOTAL FUNDS AVAILABLE FOR EXPENDITURE**	**$14,899.2**	**$15,232.5**	**$15,640.9**	**$16,180.0**
Expenditures					
7	General Fund Expenditures /C	$12,827.7	$13,261.2	$13,759.4	$14,298.6
8	State Education Fund Expenditures	$759.6	$714.8	$815.4	$784.0
9	**TOTAL OBLIGATIONS**	**$13,587.4**	**$13,975.9**	**$14,574.8**	**$15,082.6**
10	*Percent Change (from prior year)*	15.6%	2.9%	4.3%	3.5%
11	*Reversions and Accounting Adjustments*	-$3.8	$0.0	$0.0	$0.0
Reserves					
12	**Year-End Balance**	**$1,315.7**	**$1,256.5**	**$1,066.1**	**$1,097.4**
13	State Education Fund	$176.0	$210.3	$143.0	$151.4
14	General Fund	$1,139.7	$1,046.3	$923.1	$945.9
15	*General Fund Above/Below Statutory Reserve*	$325.5	$175.1	$0.0	$0.0

/A FY 2020-21 and FY 2021-22 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	Preliminary FY 2018-19	September 2019 Estimate by Fiscal Year FY 2019-20	FY 2020-21	FY 2021-22
Transportation-Related /A	**$1,275.9**	**$1,302.2**	**$1,336.5**	**$1,369.6**
Change	0.0%	2.1%	2.6%	2.5%
Limited Gaming Fund /B	**$107.0**	**$109.8**	**$112.3**	**$114.9**
Change	0.2%	2.6%	2.3%	2.2%
Capital Construction - Interest	**$4.7**	**$4.6**	**$4.5**	**$4.3**
Change	1.6%	-3.2%	-2.2%	-3.3%
Regulatory Agencies	**$78.5**	**$82.9**	**$84.6**	**$86.3**
Change	-2.4%	5.5%	2.1%	2.1%
Insurance-Related	**$22.6**	**$25.6**	**$24.8**	**$24.8**
Change	26.7%	13.4%	-3.1%	-0.1%
Severance Tax	**$255.2**	**$114.1**	**$210.4**	**$201.3**
Change	78.4%	-55.3%	84.4%	-4.3%
Other Miscellaneous Cash Funds	**$696.6**	**$736.5**	**$770.5**	**$805.4**
Change	3.0%	5.7%	4.6%	4.5%
TOTAL CASH FUND REVENUE	***$2,440.6***	***$2,375.6***	***$2,543.6***	***$2,606.6***
Change	5.9%	-2.7%	7.1%	2.5%

/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.		Preliminary FY 2018-19	September 2019 Estimate by Fiscal Year FY 2019-20	FY 2020-21	FY 2021-22
	TABOR Revenues:				
1	General Fund /A	$12,350.4	$12,921.4	$13,405.3	$14,082.6
	Percent Change from Prior Year	8.2%	4.6%	3.7%	5.1%
2	Cash Funds /A	$2,438.0	$2,375.6	$2,543.6	$2,606.6
	Percent Change from Prior Year	5.8%	-2.6%	7.1%	2.5%
3	**Total TABOR Revenues**	**$14,788.4**	**$15,297.0**	**$15,948.9**	**$16,689.2**
	Percent Change from Prior Year	7.8%	3.4%	4.3%	4.6%
	Revenue Limit Calculation:				
4	Previous calendar year population growth	1.4%	1.4%	1.3%	1.3%
5	Previous calendar year inflation	3.4%	2.7%	1.7%	2.1%
6	**Allowable TABOR Growth Rate**	4.8%	4.1%	3.0%	3.4%
7	TABOR Limit /B	$11,759.3	$12,241.5	$12,608.7	$13,037.4
8	General Fund Exempt Revenue Under Ref. C /C	$2,600.7	$2,707.4	$2,788.6	$2,883.4
9	**Revenue Cap Under Ref. C /B, /D**	**$14,360.1**	**$14,948.8**	**$15,397.3**	**$15,920.8**
10	***Amount Above/Below Cap***	**$428.3**	**$348.1**	**$551.6**	**$768.4**
11	***Revenue to be Refunded including Adjustments from Prior Years /E***	**$428.3**	**$348.1**	**$551.6**	**$768.4**
12	TABOR Reserve Requirement	$430.8	$448.5	$461.9	$477.6

/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 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.