MARCH 2020

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

The following forecast was prepared March 11, 2020 and presented March 16, 2020.

COLORADO ECONOMIC OUTLOOK

While Colorado's economy expanded through February, the rapid spread of the novel coronavirus, COVID-19, poses a significant risk to the state's economy. Economic activity is expected to slow sharply over the coming months as schools and businesses close and consumers stay home in an attempt to slow the spread of the pandemic. While this forecast projects that consumer and business activity will return to normal levels relatively quickly once schools and businesses reopen, there is an increasing risk that extended closures could trigger a recession as consumers stay home and businesses and workers lose income.

NATIONAL ECONOMIC OUTLOOK

As in Colorado, the economic outlook for the U.S. has deteriorated since December due to the recent expansion of COVID-19 into the country and the economic losses associated with widespread emergency closures of schools and businesses. Despite strong economic momentum in recent months, a sharp decline in economic activity is expected. The overall economic impact is difficult to anticipate and depends on both the extent to which the pandemic can be slowed or contained and the effectiveness of federal fiscal and monetary policy interventions.

GENERAL FUND REVENUE

General Fund revenue is expected to grow 1.2 percent in FY 2019-20 after growing by 7.2 percent in FY 2018-19. The General Fund revenue projection was revised down from the December forecast by $301.2 million in FY 2019-20 and $400.5 million in FY 2020-21 due to the expected impacts of COVID-19. The primary General Fund revenue streams impacted include individual and corporate income taxes and sales taxes.

CASH FUND REVENUE

Cash fund revenue is projected to remain flat in FY 2019-20 after growing by 5.8 percent in FY 2018-19. The forecast for FY 2020-21 is lower than the December forecast by $53 million, due largely to lower expected severance tax collections caused by lower oil prices after Saudi Arabia's March 9th announcement that it would increase production volumes. Cash fund revenue is projected to grow by 1.5 percent in FY 2020-21 and 1.6 percent in FY 2021-22.

TABOR

Revenue subject to TABOR is not expected to exceed the Referendum C cap in either FY 2019-20 or FY 2020-21 after exceeding the cap by $428.3 million in FY 2018-19. TABOR revenue is not expected to exceed the Referendum C cap again until FY 2021-22, when the projected surplus is $216.2 million.

GENERAL FUND RESERVE

With these updated revenue projections, the General Fund reserve now is projected to be $225.8 million below the Governor's requested statutory reserve amount of 7.5 percent of appropriations in FY 2020-21 under the Governor's budget request, as amended January 15, 2020.

Economic Outlook

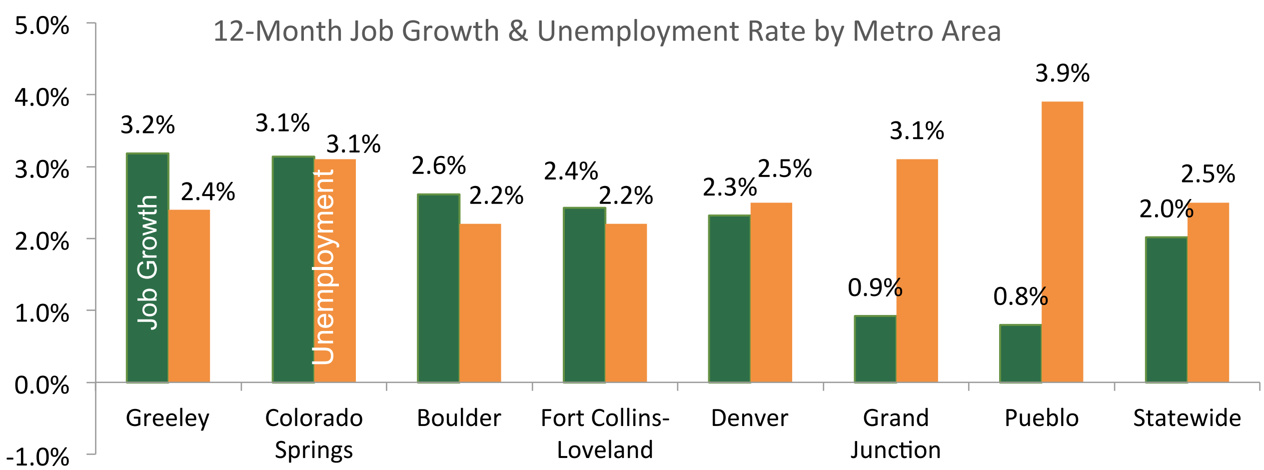
This forecast was prepared March 11, 2020 and presented March 16, 2020.

The current economic outlook remains uncertain as economic growth is increasingly dependent on the spread of COVID-19. Prior to the outbreak, U.S. financial market signals reiterated the health of the national economy. Employers added 273,000 new jobs, consumer expectations were at high levels, and the Institute of Supply Management (ISM) manufacturing index saw marginal expansion despite preliminary signs of supply chain disruptions due to the virus. This economic momentum has been disrupted, however, in the wake of the global spread of COVID-19, combined with steep drop in stock prices and oil prices. As a result, expectations for the U.S. economy have declined throughout March.

Before the economic shock associated with COVID-19, Colorado's overall economy was expected to grow throughout the forecast period. Colorado's job growth had been outpacing the growth in the labor force, driving unemployment to its lowest rate on record at 2.5 percent. Wage growth remained above inflation at 2.9 percent, which helped sustain strong consumer activity. However, recent business and school closures, event cancellations, and consumer spending drop-offs are expected to dramatically slow the economy. Preliminary indicators measuring the impact of these closures are only beginning to emerge, as Colorado saw a surge in unemployment claims following enhanced social distancing measures that left many residents temporarily unable to work. The depth and duration of the slowdown is still unknown, resulting in significant uncertainty about future economic conditions in Colorado.

Employment and Wage Growth

Leading up to March, employment and wage growth indicators in Colorado and nationally remained strong. In 2019, U.S. job growth continued at a steady pace, with approximately 170,000 new jobs each month, while Colorado's job growth was also strong, averaging about 2,700 new jobs each month. Statewide job growth was generally steady throughout 2019, with 2 percent growth statewide as of December. On a regional level, Greeley, Colorado Springs, and Boulder metro areas showed the strongest job growth in 2019.



Source: U.S. Bureau of Labor Statistics

Nationally, the unemployment rate was very low at 3.5 percent in December. Colorado's unemployment rate continued to outperform the nation, reaching its lowest level on record at 2.5 percent. Despite regional variation in unemployment figures, this decline was seen across the state. Finally, wage growth nationally and in Colorado continued but slowed to 3.2 and 2.9 percent, respectively, in December 2019. Average hourly wages increased by 4.9 percent in 2019 and inflation-adjusted average hourly wages grew 3 percent, surpassing the level of inflation.

However, despite all these positive indicators leading up to March, containment efforts surrounding COVID-19 are leading to the closure of schools and businesses across the state and the country. These closures present a risk to the above employment and wage indicators in the coming months, yet data to measure that impact are not yet available.

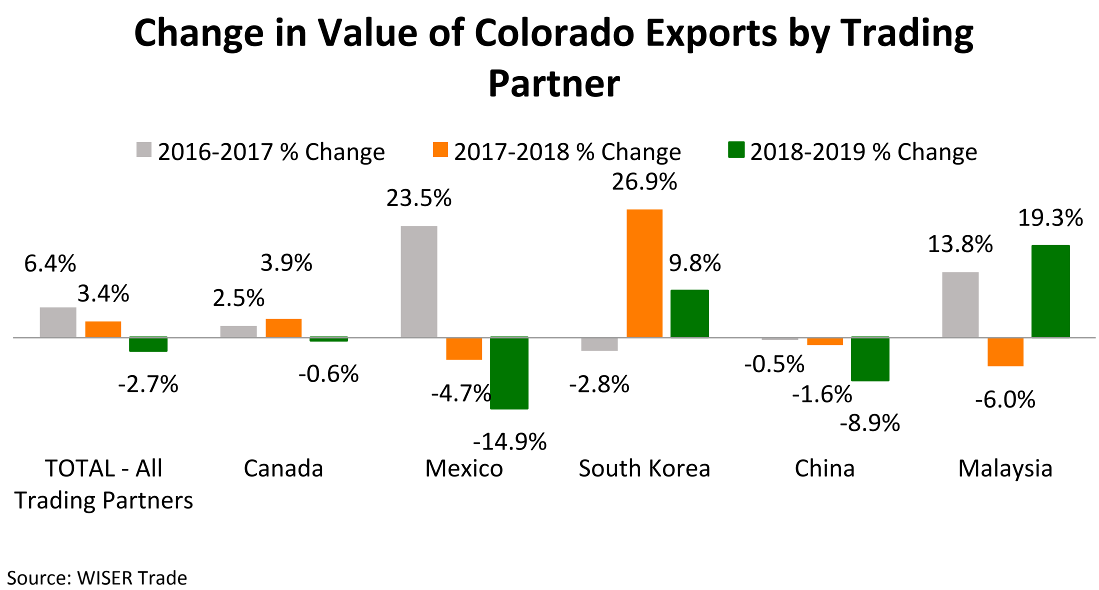
Tariffs and Trade

By the close of 2019, trade activity was significantly weaker as a result of rising tariffs and trade tensions throughout the year. Overall, exports from Colorado declined by 2.8 percent compared to 2018 levels, and imports declined 2.9 percent.

However, bright spots for trade markets include the United States-Mexico-Canada agreement, formally signed on January 29, 2020. The new agreement contains modifications from the prior NAFTA agreement, including new intellectual property protections, new requirements surrounding auto production, opening of dairy and wine markets, and new labor protection standards, among others. Mexico and Canada are Colorado's largest trading partners, collectively receiving $2.5 billion in Colorado's exports and sending $5.3 billion as imports in 2019. Colorado businesses and farmers have expressed optimism in response to the finalized agreement.

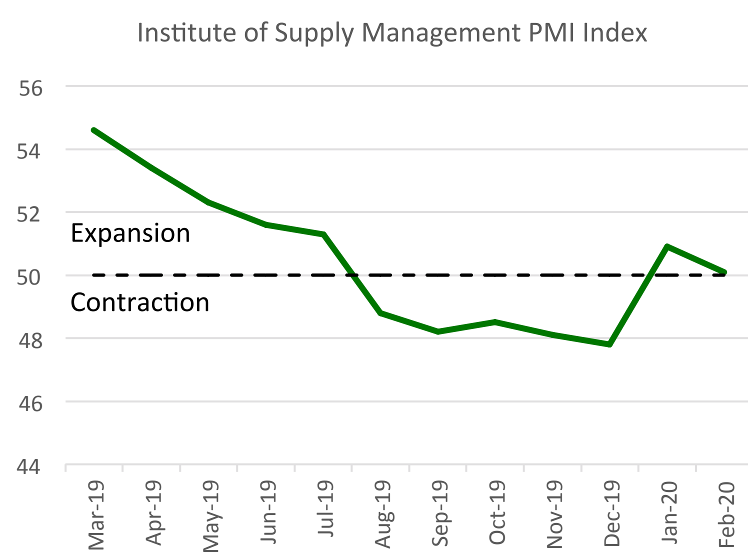
Since the last forecast, the U.S. and China have also come to a preliminary agreement to ease the ongoing trade tensions. While no final agreement has been reached, the U.S. postponed new tariffs on $150 billion in products from China scheduled for December 2019, and China made commitments to billions in new purchases of U.S. agricultural products and manufacturing goods. Like Canada and Mexico, China is a significant trading partner, receiving $0.5 billion in Colorado's exports and sending $1.8 billion as imports last year. Several challenges remain to expand trade between the U.S. and China, however. A final agreement between the countries is still pending, elevated tariffs remain on billions of dollars of products, and declines in Chinese economic activity associated with the outbreak of COVID-19 may delay or impede new trade.

Canada, Mexico, and China all saw depressed export activity in 2019, as shown by the chart on the next page. While Colorado's exports were weaker across trading partners in total, trade with South Korea and Malaysia, two major importers of Colorado products, increased.



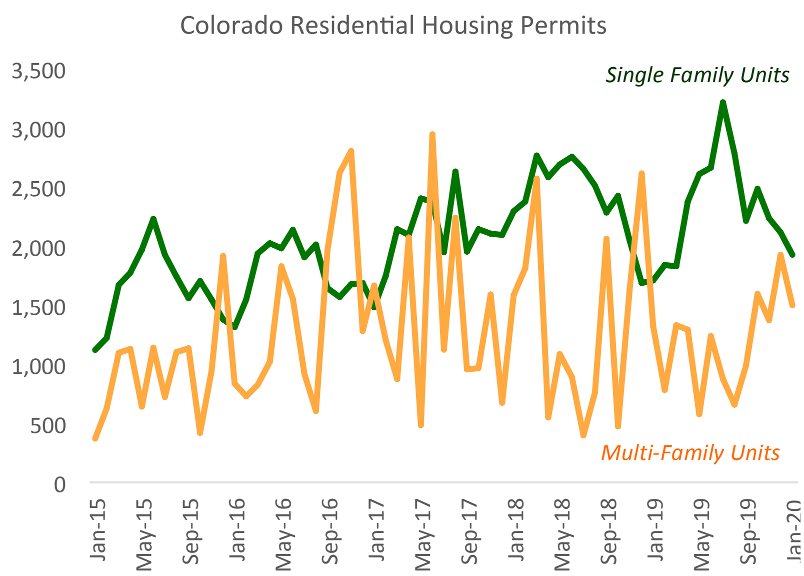
Manufacturing and Industry

The national outlook for the manufacturing and industrial sectors has been volatile over the last three months. In December, economic indicators measured by the Institute of Supply Management (ISM) suggested the continuation of a months-long contraction in these sectors. By early 2020, the ISM survey results had turned positive and showed expansionary trends. That was short-lived, however, as the ISM's survey conducted in February indicated a contraction, most likely a result of early concerns about the impact of COVID-19 on global supply chains. This downward trend is expected to continue as COVID-19 continues to disrupt supply chains and soften consumer and corporate demand for manufactured goods.



Housing

U.S. home sales increased 10 percent in 2019, despite a modest 0.9 percent increase in median sales price for the same period. At the same time, Colorado's residential housing construction is growing but remains at relatively low levels, with 42,000 permits issued in 2019. Housing construction has been slower to increase alongside growth in home prices over the last several years.



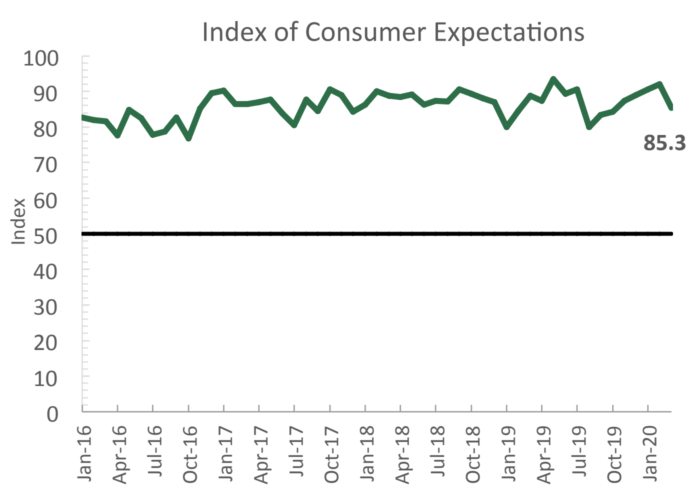
Source: U.S. Census Bureau

Although mortgage interest rates remain at historically low levels, the percentage of household income spent on housing by Colorado homeowners has increased, reaching 26 percent of household income in 2018. Low housing inventory is an important driver in these housing prices. Colorado rental rates continue to increase with an average rate increase for apartment units of 1 percent per quarter through the third quarter of 2019.

Future growth in housing units and prices may be constrained by any economic impacts associated with COVID-19, such as declines in stock prices and any increase in unemployment that may result from business closures.

Consumer Spending and Expectations

Consumer expectations continued to rise through February 2020, but declined 6.8 points in mid-March to 85.3. Economists at the University of Michigan pointed to the spread of COVID-19 and the drop in stock prices as the key drivers of this decline, and anticipate further declines in consumer confidence in the coming months. This suggests that the consumer spending that has been a key driver of the continued economic expansion in recent quarters is faltering



Source: Surveys of Consumers University of Michigan

As COVID-19 continues to spread domestically, discretionary spending will likely decrease as consumers limit their contact in public spaces including retail stores, service venues, and public transit. Local businesses may be at risk due to low consumer participation in the economy. Alternatively, online shopping may experience a short-term surge as consumers turn to these alternative venues. The hospitality and travel sector, the second leading employer within Colorado, is expected to suffer. To date, Colorado ski resorts saw booking rates drop and cancelations spike in February compared to previous late-season trends, contributing to a 5.2 percent decline in skier visits during the second fiscal quarter.[1]

[1] Sources: University of Michigan - Surveys of Consumers; Federal Reserve Bank of Kansas City; Colorado Tourism Office (CTO)

Financial Markets

Stocks have tumbled through March and investors' expectations of future corporate earnings have lowered. Temporary gains have been driven by actions by Congress and the Federal Reserve to address COVID-19's spread and economic impacts. These surges appear to reflect marginal increases in trader confidence in financial markets. However, investors are also reacting to supply-side changes that caused oil prices to fall over 50 percent in March. Market trends are expected to remain volatile as corporate bond risk has increased and stock indexes saw considerable losses throughout March.

In reaction to the growth in COVID-19 confirmed cases, the Federal Reserve lowered interest rates twice to near zero in March. In spite of these moves, it remains unclear the amount of monetary policy change and economic aid that will be required to restore investor confidence and address virus-related impacts on the economy. The full scale of the virus' economic damage won't be known until the pandemic recedes. However, the five-week shutdown of New York City's Broadway District, the call for fiscal support for global airlines, closures of restaurants and bars throughout the U.S., and the NCAA's decision to cancel all winter and spring championships are just a few examples that signal to economists the virus is likely to have a significant and sustained economic impact.[2]

Forecast Risks

This forecast was prepared in a period of significant uncertainty. The rapid, global spread of COVID-19 has led to significant changes in financial markets, national and global forecasts, and policy decisions that have a significant impact on economic activity, such as the closure of restaurants. Whether the anticipated slowdown represents a short-term contraction or the beginning of a protracted recession is still unknown. Further, leading economic indicators have lagged the spread of COVID-19, resulting in a lack of timely data with which to estimate the outbreak's impact on the economy.

On the upside, Colorado has enjoyed a robust economy relative to many U.S. States. Leading up to March, Colorado's economy was expected to continue growing throughout the forecast period. Current efforts to restrict the spread of the virus via business closures may speed the recovery time, leading business and consumer activity to rebound quickly and to increase consumer confidence. Alternatively, there is continued uncertainty regarding the length of those business closures, and a sustained delay may significantly reduce business investment and consumer activity. As the virus spreads, the likelihood that the virus results in minor, short-term economic impacts looks increasingly unlikely, and the risk of recession increases.

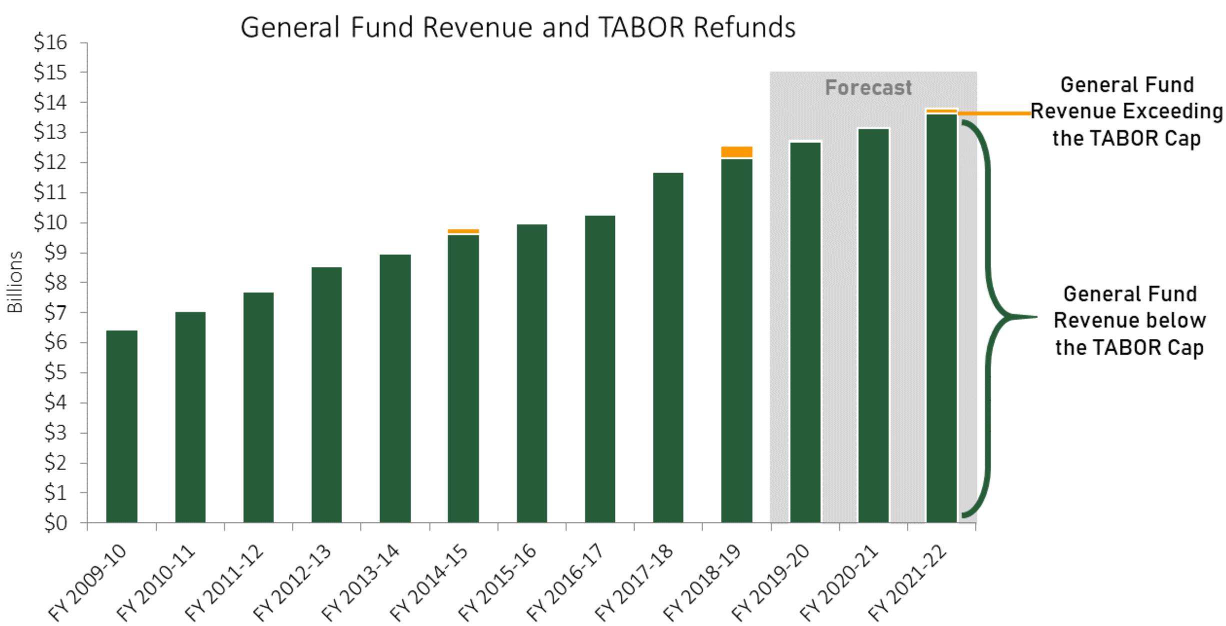
[2] Sources: New York Times; Wells Fargo Economy Report; Washington Post

Revenue Outlook – General Fund

This forecast was prepared March 11, 2020 and presented March 16, 2020.

Economic risks associated with the spread of COVID-19 have resulted in significant downward revisions from prior forecast figures. Despite strong economic indicators and revenue collections leading up to the outbreak, the virus has the capacity to disrupt several aspects of the economy, resulting in reduced economic activity and ultimately lower projected tax collections. As a result, the state will still see modest growth in General Fund revenue in the current year, driven by strong collections year to date, followed by moderate growth in FY 2020-21.

This forecast projects that General Fund revenue will grow by 1.2 percent in FY 2019-20 and 3.3 percent in FY 2020-21, after growing by 7.2 percent in FY 2018-19. This is a downward revision from the December 2019 forecast, with total General Fund revenues $301.2 million lower, or 2.4 percent less, in FY 2019-20, $400.5 million lower, or 3 percent less, in FY 2020-21, and $371.4 million lower, or 2.7 percent less, in FY 2021-22. These revisions result from lower estimates for sales tax, and individual and corporate income tax collections in the upcoming months, primarily due to the economic slowdown associated COVID-19, and a lower base for growth in the years that follow. As a result of these revisions, the State is no longer expected to exceed the TABOR revenue cap in either FY 2019-20 or FY 2020-21.



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. All three of these sources saw downward revisions since the December 2019 forecast, detailed below. 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, saw very minor revisions from the December forecast.

Individual Income Tax

Individual income tax revenue is projected to increase just 0.9 percent in FY 2019-20 and 3.5 percent in FY 2020-21. Relative to December projections, the forecast was revised downward by $220.7 million in FY 2019-20 and $227.5 million in FY 2020-21.

Major revisions were made to forecasts for individual estimated payments and withholdings, in response to economic risks associated with COVID-19. While the scope of the economic impact from the virus is currently unknown, the impact is expected to lead to fewer receipts from capital gains and a reduction in proprietor business income. However, the effects of the TCJA are continuing to increase state tax liabilities. Strong employment and wage growth 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 14.9 percent in FY 2019-20 and to rise by 3.6 percent in FY 2020-21. Relative to last quarter, corporate income tax receipts were revised downward by $69.5 million in FY 2019-20 and by $108.4 million in FY 2020-21.

Corporate income tax revenue is among the most volatile sources of General Fund revenue due to the structure of the corporate income tax code and business-specific considerations that influence decisions on the timing of corporate tax payments to the state. 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 is expected to return to modest growth in FY 2020-21, with some anticipated impact from COVID-19 in the early parts of FY 2020-21. Future growth may show a rebound in corporate activity following the containment of the virus.

Sales and Use Taxes

Sales tax revenue collections have been strong year to date in FY 2019-20, resulting in a forecasted 9.2 percent increase in revenue over FY 2018-19. Much of this growth is associated with the new collection of sales taxes from out-of-state and online retailers, following the Supreme Court's decision in June 2018 on South Dakota v. Wayfair, Inc., and subsequently codified in Colorado law by HB 19-1240. This law required marketplace facilitators to collect and remit sales taxes on behalf of their vendors beginning October 2019. As a result, sales tax collections in the second half of the fiscal year may show more collections associated with online retailers. Sales tax collections are also bolstered by HB 19-1245, which modified the "fee" Colorado businesses can collect associated with their sales tax collection activity.

Sales taxes are forecast to grow 3.6 percent in FY 2020-21 and 3.9 percent in FY 2021-22. This is a downward revision of $55.7 million and $21.8 million in those years, respectively. This slowdown in sales tax growth factors in some risk associated with COVID-19, however further downside risk still exists. Sales tax collections are closely tied to the strength of retail sales, which have been rising steadily throughout the economic expansion period. In response to the spread of the virus, consumers may reduce their retail spending activity by electing to avoid public spaces, or by increasing their level of saving in response to declines in confidence about the economy. This is anticipated to slow the growth of sales tax collections. However, the boost from online sales tax collection will continue, and retail spending is anticipated to recover, at least in part, once the virus is contained.

Use tax is projected to decline by 28.9 percent in FY 2019-20, followed by a modest decline of 0.9 percent in FY 2020-21 and growth of 1.3 percent in FY 2021-22. This is a downward revision of $27 million, $36.9 million, and $41.1 million in FY 2019-20, FY 2020-21, and FY 2021-22, respectively. Use tax is a companion to sales tax and is paid by Colorado residents and businesses on purchases that did not collect 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, in addition to individuals paying taxes on online purchases where the retailer did not collect taxes. Use tax collections are expected to continue to decline as more retailers remit sales taxes directly to the state, resulting in fewer use taxes due.

Other General Fund Revenue

Other General Fund is expected to decrease 2.4 percent in FY 2019-20 and to grow 3.1 percent in FY 2020-21 and 3.3 percent FY 2021-22. Major components of this revenue category include excise taxes on cigarettes, tobacco, and liquor, as well as insurance revenue and interest income.

The reduction in FY 2019-20 results from a large, one-time settlement payment totaling $18.7 million from corporations in FY 2018-19 in relation to violations of consumer protection laws.

State Education Fund

Revenue to the State Education Fund is expected to decline 2.9 percent in FY 2019-20 and increase 5.1 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 December forecast in conjunction with the downward revision to the forecast for individual 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 above.

Revenue Outlook – Cash Funds

This forecast was prepared March 11, 2020 and presented March 16, 2020.

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 purpose 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 $2.4 billion in FY 2019-20, level with the prior fiscal year. This is also level with projections in December for FY 2019-20. FY 2020-21 cash fund revenue is projected to rise to $2.5 billion, an increase of 1.5 percent year-over-year. This forecast is lower than December projections by $53 million, or 2.1 percent.

Transportation

Transportation-related cash fund revenue is projected to decrease by 2.7 percent in FY 2019-20 and grow by 4.9 percent in FY 2020-21. This forecast was revised since December, decreasing by $75.7 million, or 6.1 percent, in FY 2019-20 and decreasing by $29.8 million, or 2.3 percent, in FY 2020-21.

Transportation Revenue	Actual 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	**$654.9**	**$658.4**	**$676.1**	**$692.7**
Change	1.5%	0.5%	2.7%	2.5%
Total Registrations	**$265.7**	**$270.5**	**$275.8**	**$281.9**
Change	1.4%	1.8%	2.0%	2.2%
Other HUTF Receipts	**$188.2**	**$197.7**	**$200.4**	**$203.9**
Change	-6.1%	5.1%	1.3%	1.8%
Total HUTF	**$1,108.7**	**$1,126.6**	**$1,152.2**	**$1,178.5**
Change	0.1%	1.6%	2.3%	2.3%
State Highway Fund	**$39.8**	**-$6.4**	**$25.4**	**$25.6**
Change	-2.0%	-116.1%	-496.0%	0.6%
Other Transportation Funds	**$126.8**	**$121.3**	**$124.3**	**$126.3**
Change	-0.5%	-4.4%	2.5%	1.6%
Total Transportation Funds	***$1,275.9***	***$1,241.4***	***$1,301.9***	***$1,330.3***
Change	*0.0%*	*-2.7%*	*4.9%*	*2.2%*

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

Limited Gaming

Revenues from limited gaming were revised downward in FY 2019-20 to $124.7 million. Revenue growth is then expected to pick up over the following fiscal years, by 3.3 percent in FY 2020-21 and 2.0 percent in FY 2021-22.

In FY 2019-20, $104.8 million of total limited gaming revenue is expected to be subject to TABOR, while an estimated $103 million will be classified as "base limited gaming revenue" under Amendment 50. In FY 2020-21, $108 million will be subject to TABOR with $106.1 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	Actual FY 18-19	Forecast FY 19-20	Forecast FY 20-21	Forecast FY 21-22
A. Total Limited Gaming Revenues	**$127.3**	**$124.7**	**$128.8**	**$131.5**
Annual Percent Change	0.2%	-2.1%	3.3%	2.0%
B. Base Limited Gaming Revenues (max 3% growth)	**$105.2**	**$103.0**	**$106.1**	**$108.3**
Annual Percent Change	0.2%	-2.1%	3.0%	2.0%
C. Gaming Revenue Subject to TABOR	**$107.1**	**$104.8**	**$108.0**	**$110.2**
Annual Percent Change	0.2%	-2.1%	3.0%	2.0%
D. Total Amount to Base Revenue Recipients	**$94.3**	**$91.4**	**$96.1**	**$97.6**
Amount to State Historical Society	$26.4	$25.6	$26.9	$27.3
Amount to Counties	$11.3	$11.0	$11.5	$11.7
Amount to Cities	$9.4	$9.1	$9.6	$9.8
Amount to Distribute to Remaining Programs (State Share)	$47.2	$45.7	$48.0	$48.8
Amount to Local Government Impact Fund	$5.6	$5.8	$6.3	$6.6
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	$14.8	$16.6	$17.1
E. Total Amount to Amendment 50 Revenue Recipients	**$17.9**	**$18.0**	**$17.5**	**$18.5**
Community Colleges, Mesa and Adams State (78%)	$14.0	$14.0	$13.6	$14.5
Counties (12%)	$2.2	$2.2	$2.1	$2.2
Cities (10%)	$1.8	$1.8	$1.7	$1.9

In November 2019, Colorado voters approved Proposition DD, which legalized sports betting and authorized a tax on sports betting proceeds to fund water projects. Revenues from the tax on sports betting proceeds are not subject to TABOR, while revenues from licensing fees of sports betting operators are. Estimates of new revenue from those fees are around $2 million per full year. Revenues from the tax on proceeds and operator licensing fees will be accounted for separately from the limited gaming funds reported here. Revenue from operator licensing fees is accounted for as miscellaneous cash fund revenue in Table 6 in the appendix. Revenue collections associated with sports betting licenses began in December 2019 and sports betting will begin May 2020.

Severance

Severance tax revenue is expected to decline to $165.7 million in FY 2019-20, a decrease of 35.1 percent from the fiscal year prior. Severance taxes are projected to decline again in FY 2020-21 to $114.7, a 30.8 percent decline, and to decline in FY 2021-22 to $100.7 million, a 12.2 percent decline. The current year's figures have been revised upward since the December 2019 forecast, due to strong collections year to date. Figures in the following two years have been revised downward due to significant recent declines in oil prices, which are anticipated to lead to lower production levels, and anticipated ad valorem credits.

Marijuana

Growth in revenue from marijuana sales is expected to grow at a strong pace of of 18.8 percent in FY 2019-20, to $311.4 million, and 4.6 percent in FY 2020-21, to $325.7 million. 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. Growth is due, in part, to increases in the average market rates for marijuana in 2019, which have been growing since reaching their lowest levels at the end of 2018. This price growth, driven in part by consolidation of marijuana businesses and a stabilization of the market, has led to higher excise tax collections as well as sales tax collections.

Tax Revenue from the Marijuana Industry	Actual 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	$224.2	$231.0	$235.2
Retail Marijuana 15% Excise Tax	$58.4	$75.5	$83.0	$85.5
Total Proposition AA Taxes	**$251.8**	**$299.7**	**$314.0**	**$320.7**
2.9% Sales Tax (Subject to TABOR)				
Medical Marijuana 2.9% State Sales Tax	$9.4	$10.4	$10.3	$9.9
Retail Marijuana 2.9% State Sales Tax	$1.0	$1.3	$1.3	$1.4
Total 2.9% Sales Taxes	**$10.4**	**$11.7**	**$11.7**	**$11.2**
Total Marijuana Taxes	**$262.2**	**$311.4**	**$325.7**	**$332.0**

The revenue from Proposition AA sales tax goes first to the General Fund, then 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.[3]

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 Actual	$262.2	$19.3	$27.1	$52.6	$5.8	$21.9	$135.4
FY 2019-20 Projected	$311.4	$22.4	$31.4	$75.5	$0.0	$25.4	$156.7
FY 2020-21 Projected	$325.7	$23.1	$32.3	$83.0	$0.0	$26.2	$161.0
FY 2021-22 Projected	$332.0	$23.5	$32.9	$85.5	$0.0	$26.7	$163.3

[3] FY 2018-19 figures are distributions, while FY 2019-20 through FY 2021-22 are projections. Totals may not sum due to rounding.

Federal Mineral Lease

Federal Mineral Lease (FML) revenue is expected to decline 36.9 percent to $71.8 million in FY 2019-20 and to increase 15.2 percent to $82.7 million in FY 2020-21. 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. The decline in FY 2019-20 is due to lower than anticipated collections year to date and a $7.2 million reduction in payments to the State in December 2019 and January 2020 as a result of a royalty rate reduction. 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 Payments	Non-Bonus Payments	Total FML	% Change
FY 2018-19 Actual	$2.8	$111.0	$113.8	32.1%
FY 2019-20 Projected	$2.2	$69.6	$71.8	-36.9%
FY 2020-21 Projected	$2.5	$80.2	$82.7	15.2%
FY 2021-22 Projected	$2.7	$88.2	$91.0	10.0%

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

The state receives revenue from a variety of other cash funds as well. This includes cash fund revenue to the Department of Regulatory Agencies (DORA), which is projected to increase 7.8 percent to $84.9 million in FY 2019-20 and 4.4 percent to $88.6 million in FY 2020-21. Revenue from licensing fees and other services fund many of the Department's activities. This also includes insurance-related cash fund revenue, which is obtained largely from a surcharge on workers' compensation insurance. Revenue from this source is estimated to grow 13.8 percent to $25.7 million in FY 2019-20 and to decline 3.9 percent to $24.7 million in FY 2020-21. Finally, 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 16.6 percent to $809.3 million, followed by an estimated increase of 2.5 percent to $829.6 million in FY 2020-21.

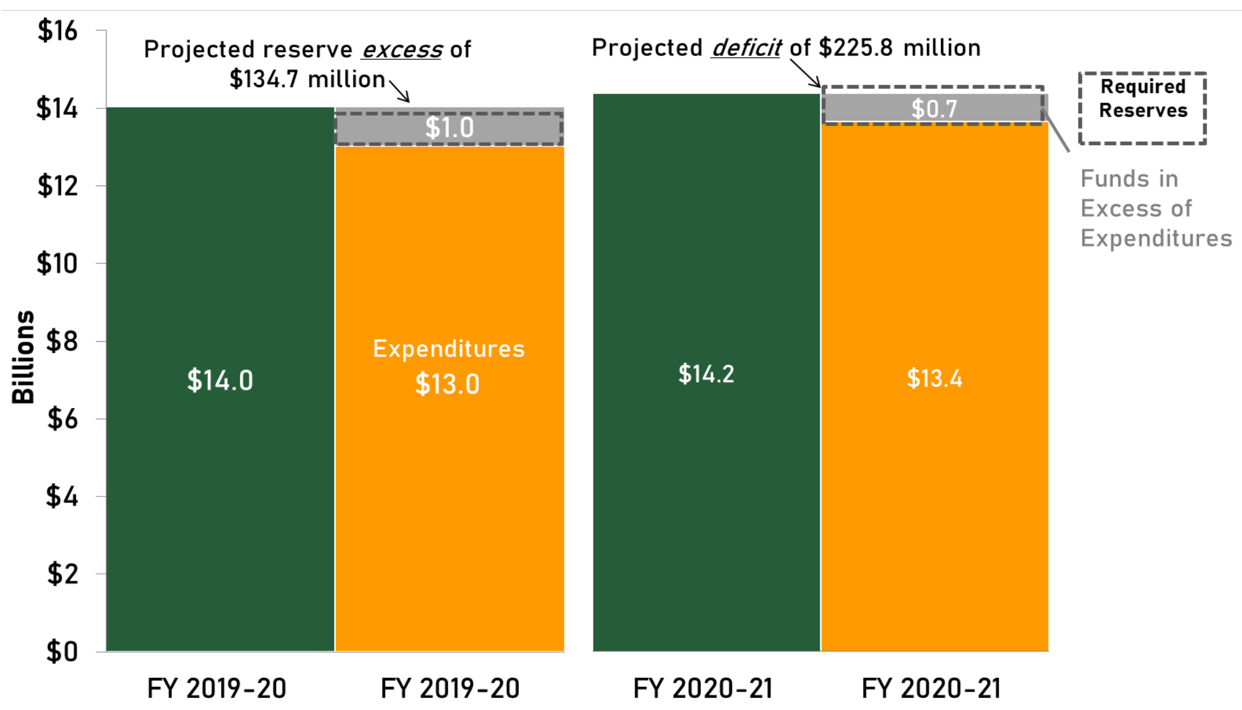
Budget Outlook

This forecast was prepared March 11, 2020 and presented March 16, 2020.

General Fund

General Fund revenue is projected to grow by 1.2 percent in FY 2019-20 and 3.3 percent in FY 2020-21, after growing by 7.2 percent in FY 2018-19. The General Fund revenue forecast for FY 2019-20 is $301.2 million, or 2.4 percent, lower than estimated in December. The forecast for FY 2020-21 is $400.5 million, or 3 percent, lower than the December forecast.

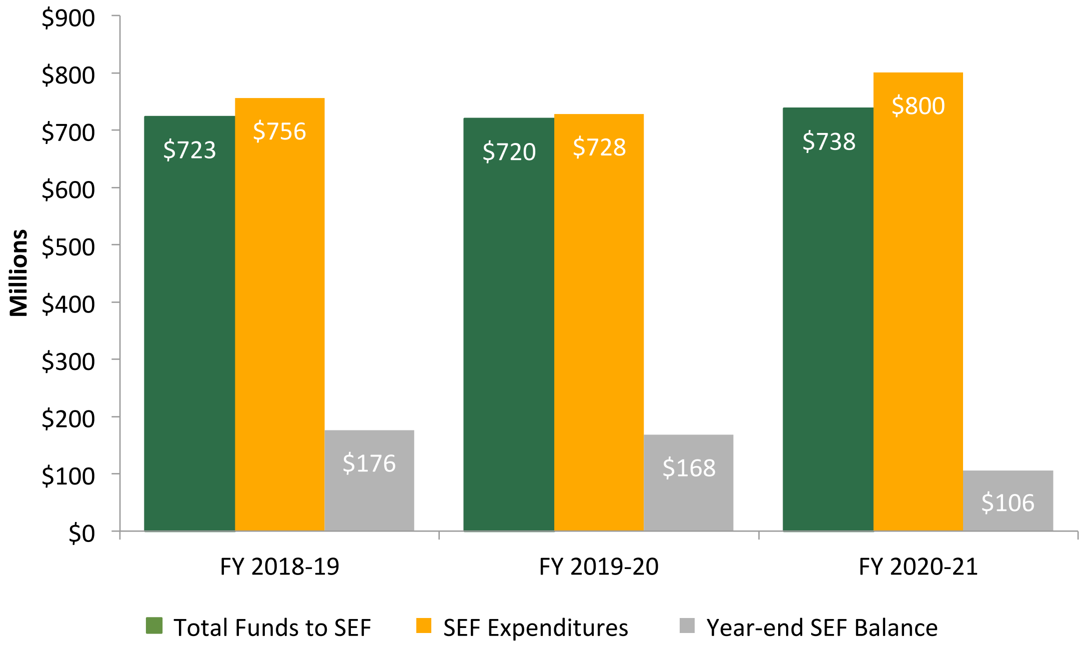
The General Fund reserve was $448.3 million above the required statutory reserve amount of 7.25 percent of appropriations in FY 2018-19, according to the State's Comprehensive Annual Financial Report. Under this forecast, the General Fund reserve is projected to be $134.7 million above the statutory reserve amount in FY 2019-20. Under the Governor's FY 2020-21 budget request, reserve requirements would be raised to $942.0 million, or 7.5 percent of total appropriations. Under this forecast, the State's General Fund reserve is projected to be $225.8 million below the proposed statutory reserve amount under the Governor's budget request. These projections do not reflect forthcoming budget adjustments for FY 2019-20 and FY 2020-21 that are currently under consideration by the Joint Budget Committee.



The above chart summarizes total projected General Fund revenue available, total obligations, and reserve levels for FY 2019-20 and FY 2020-21, under the Governor's FY 2020-21 budget request.

State Education Fund

The State Education Fund's year-end balance was $176 million in FY 2018-19 and is projected to fall to $168 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, expenditures, and ending balances for FY 2018-19 through FY 2020-21 under the Governor's budget request.



Forecast Risks

This budget outlook is based on OSPB's economic analysis and forecast as detailed in the Reference Tables at the end of this document. This forecast is subject to a substantially heightened risks associated with the unfolding developments of COVID-19.

The forecast reflects the latest projections of the impacts that COVID-19 may have on state revenues and expenditures, yet the epidemiological course of COVID-19 and the duration and depth of an economic slowdown are highly uncertain. Although economic conditions could be more positive than described in this forecast, the risks to the budget outlook are balanced to the downside, and the risks of a recession have increased substantially.

Supplemental Materials

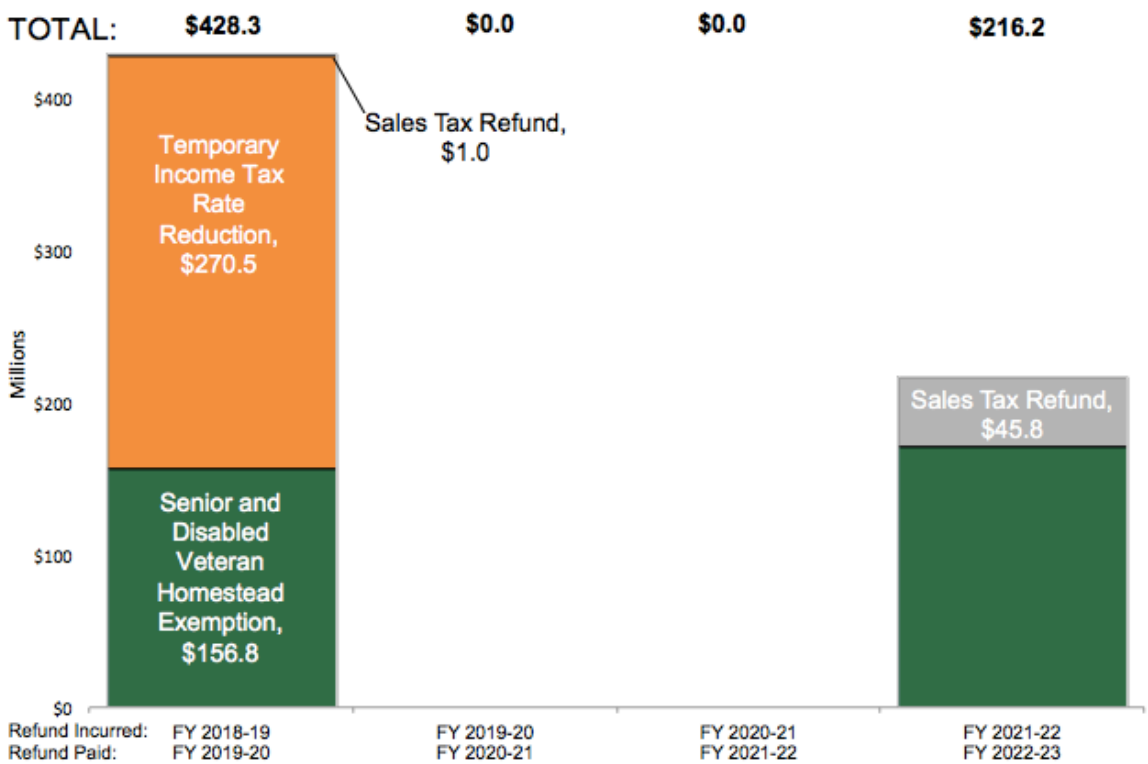
An overview of General Fund and State Education Fund revenue, expenditures, and end-of-year reserves is provided in the Reference Tables at the end of this document. A more detailed discussion of the information presented in the Reference Tables can be found at the Office of State Planning and Budgeting's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

TABOR Outlook

This forecast was prepared March 11, 2020 and presented March 16, 2020.

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 not projected to be above the cap again until FY 2021-22.

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 percent to 4.50 percent), and a sales tax refund. The size of the refund determines which refund mechanisms are utilized. The figure below shows the anticipated refund that will be distributed through each statutorily defined refund mechanism under current law.



An estimated $270.5 million of the $428.5 million refund obligation from FY 2018-19 will be paid out as an income tax rate reduction, while $156.8 million will be refunded via the senior homestead and disabled veterans property tax exemption expenditures in FY 2019-20. Any difference between estimated refunds and actual refunds will be corrected in the next fiscal year in which a refund is owed. The benefit of the income tax rate reduction is estimated to average $42 for single returns and $145 for joint returns, though significant variability exists among income levels.

No TABOR refund is projected to be paid in either FY 2020-21 or FY 2021-22. In FY 2022-23 tax payments are projected to be reduced by an average of $13 for taxpayers filing single returns and $25 for taxpayers filing joint returns, though the same variability noted above 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	$42	$0	$0	$13
Joint Filers	$145	$0	$0	$25

Reference Tables

Table 1: Colorado Economic Variables – History and Forecast

Line No.		Actual						March 2020 Forecast		
		2014	2015	2016	2017	2018	2019	2020	2021	2022
	Income									
1	Personal Income (Billions) /A	$271.3	$284.2	$289.6	$310.8	$332.9	$351.9	$366.0	$385.4	$402.4
2	Change	8.8%	4.8%	1.9%	7.3%	7.1%	5.7%	4.0%	5.3%	4.4%
3	Wage and Salary Income (Billions) /A	$138.6	$146.5	$151.0	$160.7	$170.1	$181.0	$187.9	$198.0	$207.1
4	Change	7.0%	5.7%	3.1%	6.4%	5.8%	6.4%	3.8%	5.4%	4.6%
5	Per-Capita Income ($/person) /A	$50,711	$52,147	$52,278	$55,374	$58,500	$61,111	$62,771	$65,266	$67,230
6	Change	7.2%	2.8%	0.3%	5.9%	5.6%	4.5%	2.7%	4.0%	3.0%
	Population & Employment									
7	Population (Thousands)	5,350.1	5,450.6	5,539.2	5,611.9	5,691.3	5,758.7	5,830.7	5,904.9	5,984.7
8	Change	1.5%	1.9%	1.6%	1.3%	1.4%	1.2%	1.2%	1.3%	1.4%
9	Net Migration (Thousands)	48.4	69.7	58.4	44.8	53.2	42.0	49.4	48.5	53.1
10	Unemployment Rate	5.0%	3.9%	3.2%	2.7%	3.3%	3.0%	3.1%	3.1%	3.1%
11	Total Nonagricultural Employment (Thousands)	2,463.7	2,541.0	2,601.8	2,660.4	2,725.3	2,779.8	2,807.6	2,844.1	2,872.5
12	Change	3.5%	3.1%	2.4%	2.3%	2.4%	2.0%	1.0%	1.3%	1.0%
	Construction Variables									
13	Total Housing Permits Issued (Thousands)	29.2	31.1	38.4	41.9	45.5	42.0	42.4	43.4	44.0
14	Change	7.0%	6.4%	23.6%	9.2%	8.5%	-7.7%	1.0%	2.4%	1.4%
15	Nonresidential Construction Value (Millions) /B	$4,350.9	$4,990.8	$5,989.0	$6,148.4	$8,057.6	$4,776.1	$5,468.7	$5,862.4	$6,067.6
16	Change	20.1%	14.7%	20.0%	2.7%	31.1%	-40.7%	14.5%	7.2%	3.5%
	Prices & Sales Variables									
17	Retail Trade (Billions) /C	$90.5	$95.0	$98.5	$104.1	$109.2	$113.7	$115.4	$119.8	$124.1
18	Change	7.6%	4.9%	3.7%	5.7%	4.8%	4.2%	1.5%	3.8%	3.6%
19	Denver-Aurora-Lakewood Consumer Price Index (1982-84=100) /C	237.2	240.0	246.6	255.0	262.0	267.0	271.5	278.1	283.9
20	Change	2.8%	1.2%	2.8%	3.4%	2.7%	1.9%	1.7%	2.4%	2.1%

/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							March 2020 Forecast		
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	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	$19,072.5	$19,282.3	$19,706.5	$20,100.6
2	Change	1.8%	2.5%	2.9%	1.6%	2.4%	2.9%	2.3%	1.1%	2.2%	2.0%
3	Personal Income (Billions) /B	$14,181.1	$14,991.7	$15,717.8	$16,121.2	$16,878.8	$17,819.2	$18,624.2	$19,220.2	$20,085.1	$20,868.4
4	Change	1.2%	5.7%	4.8%	2.6%	4.7%	5.6%	4.5%	3.2%	4.5%	3.9%
5	Per-Capita Income ($/person)	$44,869	$47,099	$49,021	$49,920	$51,937	$54,545	$56,740	$58,137	$60,325	$62,242
6	Change	0.6%	5.0%	4.1%	1.8%	4.0%	5.0%	4.0%	2.5%	3.8%	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	$9,323.0	$9,630.7	$10,064.0	$10,406.2
8	Change	2.7%	5.1%	5.1%	2.9%	4.7%	5.0%	4.9%	3.3%	4.5%	3.4%
	Population & Employment										
9	Population (Millions)	316.1	318.3	320.6	322.9	325.0	326.7	328.2	330.6	333.0	335.3
10	Change	0.7%	0.7%	0.7%	0.7%	0.6%	0.5%	0.5%	0.7%	0.7%	0.7%
11	Unemployment Rate	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%	3.9%	3.8%	3.7%
12	Total Nonagricultural Employment (Millions)	136.4	138.9	141.8	144.3	146.6	148.9	150.9	152.0	154.0	155.4
13	Change	1.6%	1.9%	2.1%	1.8%	1.6%	1.6%	1.4%	0.7%	1.3%	0.9%
	Price Variables										
14	Consumer Price Index (1982-84=100)	233.0	236.7	237.0	240.0	245.1	251.1	255.7	259.5	265.7	271.3
15	Change	1.5%	1.6%	0.1%	1.3%	2.1%	2.4%	1.8%	1.5%	2.4%	2.1%
16	Producer Price Index - All Commodities (1982=100)	203.4	205.3	190.4	185.4	193.5	202.0	199.8	201.8	206.0	209.7
17	Change	0.6%	0.9%	-7.3%	-2.6%	4.4%	4.4%	-1.1%	1.0%	2.1%	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	$2,091.2	$2,095.4	$2,237.9	$2,320.7
19	Change	0.7%	5.4%	-2.8%	-2.4%	-0.3%	3.4%	0.8%	0.2%	6.8%	3.7%
20	Housing Permits (Millions)	0.991	1.052	1.183	1.207	1.282	1.329	1.370	1.385	1.399	1.412
21	Change	19.4%	6.2%	12.4%	2.0%	6.2%	3.7%	3.1%	1.1%	1.0%	0.9%
22	Retail Trade (Billions)	$5,001.8	$5,215.7	$5,349.5	$5,509.3	$5,740.6	$6,021.1	$6,235.7	$6,316.8	$6,537.9	$6,753.6
23	Change	3.6%	4.3%	2.6%	3.0%	4.2%	4.9%	3.6%	1.3%	3.5%	3.3%

/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 2018-19	% Chg	March 2020 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%	$3,546.2	9.2%	$3,674.8	3.6%	$3,816.3	3.9%
2	Use	$345.5	11.5%	$245.5	-28.9%	$243.3	-0.9%	$246.5	1.3%
3	Cigarette	$32.6	-5.8%	$32.0	-1.7%	$31.0	-3.1%	$30.0	-3.2%
4	Tobacco Products	$22.3	35.8%	$23.4	5.0%	$24.2	3.4%	$24.9	2.8%
5	Liquor	$48.3	3.9%	$50.5	4.5%	$51.7	2.3%	$52.8	2.1%
6	**Total Excise**	**$3,695.3**	**5.5%**	**$3,897.7**	**5.5%**	**$4,025.0**	**3.3%**	**$4,170.4**	**3.6%**
	Income Taxes:								
7	Net Individual Income	$8,247.0	8.8%	$8,319.7	0.9%	$8,608.8	3.5%	$9,076.4	5.4%
8	Net Corporate Income	$919.8	17.6%	$782.9	-14.9%	$811.4	3.6%	$889.0	9.6%
9	**Total Income**	**$9,166.8**	**9.7%**	**$9,102.7**	**-0.7%**	**$9,420.2**	**3.5%**	**$9,965.5**	**5.8%**
10	*Less: State Education Fund Diversion*	*$692.8*	*12.3%*	*$672.4*	*-2.9%*	*$706.5*	*5.1%*	*$747.4*	*5.8%*
11	**Total Income to General Fund**	**$8,474.0**	**9.5%**	**$8,430.3**	**-0.5%**	**$8,713.7**	**3.4%**	**$9,218.1**	**5.8%**
	Other Revenue:								
12	Insurance	$314.7	3.6%	$329.3	4.7%	$339.9	3.2%	$350.6	3.2%
13	Interest Income	$26.5	35.8%	$27.5	3.6%	$28.3	2.9%	$29.5	4.5%
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%	$23.7	-51.6%	$24.5	3.4%	$25.4	3.8%
17	**Total Other**	**$394.7**	**-17.8%**	**$385.2**	**-2.4%**	**$397.3**	**3.1%**	**$410.3**	**3.3%**
18	**GROSS GENERAL FUND**	**$12,564.0**	**7.2%**	**$12,713.2**	**1.2%**	**$13,136.0**	**3.3%**	**$13,798.8**	**5.0%**

/A Dollars in millions.

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

Line No.		Actual FY 2018-19	March 2020 Estimate by Fiscal Year FY 2019-20	FY 2020-21	FY 2021-22
Revenue					
1	**Beginning Reserve**	**$1,366.0**	**$1,262.5**	**$1,012.3**	**$716.3**
2	**Gross General Fund Revenue**	**$12,564.0**	**$12,713.2**	**$13,136.0**	**$13,798.8**
3	*Transfers to the General Fund*	$17.2	$68.6	$17.4	$17.8
4	**TOTAL GENERAL FUND AVAILABLE**	**$13,947.2**	**$14,044.3**	**$14,165.6**	**$14,532.9**
Expenditures					
5	**Appropriation Subject to Limit**	**$11,258.7**	**$12,103.5**	**$12,560.5**	**$12,698.5**
6	*Dollar Change (from prior year)*	$827.8	$844.8	$457.0	$138.0
7	*Percent Change (from prior year)*	7.9%	7.5%	3.8%	1.1%
8	**Spending Outside Limit**	**$1,596.3**	**$928.5**	**$888.8**	**$882.0**
9	*TABOR Refund under Art. X, Section 20, (7) (d)*	$428.5	$0.0	$0.0	$216.2
10	*Homestead Exemption (Net of TABOR Refund)*	$106.4	$0.0	$162.2	$168.7
11	*Other Rebates and Expenditures*	$159.7	$143.4	$144.5	$145.7
12	*Transfers for Capital Construction*	$180.5	$222.6	$175.7	$30.0
13	*Transfers for Transportation*	$495.0	$300.0	$50.0	$50.0
14	*Transfers to State Education Fund*	$25.0	$40.3	$24.0	$0.0
15	*Transfers to Other Funds*	$201.1	$222.1	$332.3	$271.5
16	*Other Expenditures Exempt from General Fund Appropriations Limit*	$0.0	$0.0	$0.0	$0.0
17	**TOTAL GENERAL FUND OBLIGATIONS**	**$12,855.0**	**$13,032.0**	**$13,449.3**	**$13,580.5**
18	*Percent Change (from prior year)*	14.6%	1.4%	3.2%	1.0%
19	Reversions and Accounting Adjustments	-$170.3	$0.0	$0.0	$0.0
Reserves					
20	**Year-End General Fund Balance**	**$1,262.5**	**$1,012.3**	**$716.3**	**$952.4**
21	*Year-End General Fund as a % of Appropriations*	11.2%	8.4%	5.7%	7.5%
22	*General Fund Statutory Reserve*	$814.2	$877.5	$942.0	$952.4
23	*Above/Below Statutory Reserve*	$448.3	$134.7	-$225.8	$0.0

/A FY 2020-21 expenditures reflect the Governor's Budget Request. FY 2021-22 expenditures will be adopted in future budget legislation. Therefore, FY 2021-22 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 /A

Line No.		Actual	March 2020 Estimate by Fiscal Year		
		FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Revenue					
1	**Beginning Reserves**	**$1,574.7**	**$1,438.6**	**$1,180.2**	**$821.8**
2	*State Education Fund*	$209	$176	$168	$106
3	*General Fund*	$1,366.0	$1,262.5	$1,012.3	$716.3
4	**Gross State Education Fund Revenue**	**$723**	**$720**	**$738**	**$755**
5	**Gross General Fund Revenue /B**	**$12,581.3**	**$12,781.7**	**$13,153.4**	**$13,816.6**
6	**TOTAL FUNDS AVAILABLE FOR EXPENDITURE**	**$14,879.1**	**$14,940.2**	**$15,071.3**	**$15,393.3**
Expenditures					
7	General Fund Expenditures /C	$12,684.7	$13,032.0	$13,449.3	$13,580.5
8	State Education Fund Expenditures	$760	$728	$800	$791
9	**TOTAL OBLIGATIONS**	**$13,444.3**	**$13,760.0**	**$14,249.5**	**$14,372.0**
10	*Percent Change (from prior year)*	14.4%	2.3%	3.6%	0.9%
11	*Reversions and Accounting Adjustments*	-$174.2	$0.0	$0.0	$0.0
Reserves					
12	**Year-End Balance**	**$1,438.6**	**$1,180.2**	**$821.8**	**$1,021.3**
13	State Education Fund	$176	$168	$106	$69
14	General Fund	$1,262.5	$1,012.3	$716.3	$952.4
15	*General Fund Above/Below Statutory Reserve*	$448.3	$134.7	-$225.8	$0.0

/A FY 2020-21 expenditures reflect the Governor's Budget Request. FY 2021-22 expenditures will be adopted in future budget legislation. Therefore, FY 2021-22 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 percent of Colorado personal income as well as all spending outside the limit.

Table 6: Cash Fund Revenue Subject to TABOR /A

Line No.	Category	Actual FY 2018-19	March 2020 Estimate by Fiscal Year FY 2019-20	FY 2020-21	FY 2021-22
1	**Transportation-Related /A**	**$1,275.9**	**$1,241.4**	**$1,301.9**	**$1,330.3**
2	Change	0.0%	-2.7%	4.9%	2.2%
3	**Limited Gaming Fund /B**	**$107.0**	**$104.8**	**$108.0**	**$110.2**
4	Change	0.2%	-2.0%	3.0%	2.0%
5	**Capital Construction - Interest**	**$4.7**	**$5.8**	**$5.8**	**$5.7**
6	Change	1.6%	21.7%	-0.3%	-0.4%
7	**Regulatory Agencies**	**$78.8**	**$84.9**	**$88.6**	**$90.2**
8	Change	-2.1%	7.8%	4.4%	1.8%
9	**Insurance-Related**	**$22.6**	**$25.7**	**$24.7**	**$23.9**
10	Change	26.7%	13.8%	-3.9%	-3.2%
11	**Severance Tax**	**$255.2**	**$165.7**	**$114.7**	**$100.7**
12	Change	78.4%	-35.1%	-30.8%	-12.2%
13	**Other Miscellaneous Cash Funds**	**$693.8**	**$809.3**	**$829.6**	**$850.7**
14	Change	2.6%	16.6%	2.5%	2.6%
15	**TOTAL CASH FUND REVENUE**	***$2,438.0***	***$2,437.6***	***$2,473.2***	***$2,511.8***
16	Change	5.8%	0.0%	1.5%	1.6%

/A Includes revenue from Senate Bill 09-108 (FASTER) which began in FY 2009-10. Roughly 40 percent 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 /A

Line No.		Actual FY 2018-19	March 2020 Estimate by Fiscal Year FY 2019-20	FY 2020-21	FY 2021-22
	TABOR Revenues:				
1	General Fund /A	$12,350.4	$12,489.0	$12,905.0	$13,563.6
	Percent Change from Prior Year	8.2%	1.1%	3.3%	5.1%
2	Cash Funds /A	$2,438.0	$2,437.6	$2,473.2	$2,511.8
	Percent Change from Prior Year	5.8%	0.0%	1.5%	1.6%
3	**Total TABOR Revenues**	**$14,788.4**	**$14,926.5**	**$15,378.2**	**$16,075.4**
	Percent Change from Prior Year	7.8%	0.9%	3.0%	4.5%
	Revenue Limit Calculation:				
4	Previous calendar year population growth	1.4%	1.4%	1.2%	1.2%
5	Previous calendar year inflation	3.4%	2.7%	1.9%	1.7%
6	**Allowable TABOR Growth Rate**	**4.8%**	**4.1%**	**3.1%**	**2.9%**
7	TABOR Limit /B	$11,759.3	$12,241.5	$12,621.0	$12,987.0
8	General Fund Exempt Revenue Under Ref. C /C	$2,600.7	$2,685.1	$2,757.3	$2,872.2
9	**Revenue Cap Under Ref. C /B /D**	**$14,360.1**	**$14,948.8**	**$15,412.3**	**$15,859.2**
10	***Amount Above/Below Cap***	**$428.3**	**-$22.3**	**-$34.0**	**$216.2**
11	***Revenue to be Refunded including Adjustments from Prior Years /E***	**$428.5**	**$0.0**	**$0.0**	**$216.2**
12	TABOR Reserve Requirement	$430.8	$447.8	$461.3	$475.8

/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.e