September 18, 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

NATIONAL ECONOMIC OUTLOOK

The U.S. economy continues to recover from the depths of the pandemic recession in April, but activity remains well below normal levels and the rate of improvement is slowing. While the unemployment rate remains above 8 percent, personal incomes and savings rates are above pre-pandemic levels due to major federal relief measures such as expanded unemployment insurance benefits. While higher incomes and savings are positive signs for the economic outlook, the recovery remains highly dependent on the course of the virus.

COLORADO ECONOMIC OUTLOOK

Colorado's economic activity remains far below normal levels despite significant improvement since April. The unemployment rate rose from 2.5 percent in February to 12.2 percent in April before falling to 6.7 percent by August. Colorado's economy continues to perform better than the national average as the state has a high percentage of the workforce that can work remotely and as virus caseloads have remained comparatively low.

GENERAL FUND REVENUE

General Fund revenue is projected to decrease by 4.7 percent in FY 2020-21 before growing by 4.7 percent in FY 2021-22. It is expected to further increase by 5.5 percent in FY 2022-23. The GF revenue forecast was revised upwards by a total of 10% between FY 2019-20 and FY 2021-22. This upward revision is due to higher than anticipated revenue collections in July as well as improved expectations for economic recovery.

CASH FUND REVENUE

Total cash fund revenue subject to TABOR was $2.2 billion in FY 2019-20, a decrease of 8.3 percent from the prior fiscal year. In FY 2020-21 cash fund revenue is projected to decline a further 4.3 percent to $2.1 billion before growing 5.0 percent in FY 2021-22.

TABOR

Revenue subject to TABOR is not expected to exceed the Referendum C cap during this forecast period.

Economic Outlook

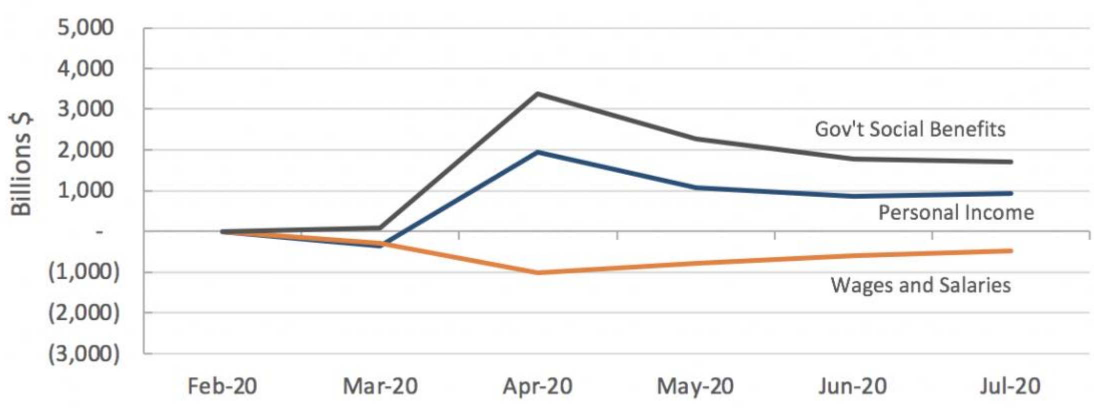
The pandemic recession that began in March significantly reduced Colorado's economic activity. Despite significant improvement from the depths of the recession in April, Colorado's economic activity remains well below normal levels. The state has recovered more than half of the jobs that were lost earlier this year, but the unemployment rate remains elevated at 6.7 percent and nearly 250,000 Coloradans are receiving unemployment benefits. Colorado's economy continues to outperform the national average.

The U.S. economy improved over the last quarter, but the rate of improvement appears to be slowing. While the unemployment rate remains above 8 percent, personal incomes and savings rates are above pre-pandemic levels due to major federal relief measures such as expanded unemployment insurance benefits. While higher incomes and savings are positive signs for the economic outlook, the recovery remains highly dependent on the course of the virus.

Personal Income and Expenditures

The pandemic caused large changes in the financial picture for American consumers. On a national level, wages and salaries dropped by about $1 trillion (on an annualized basis) between February and April. However, the federal government took swift action to provide financial assistance, including expanded unemployment benefits and stimulus checks. This federal aid was more than enough to offset the drop in wages and salaries, and personal income was 10 percent higher in April than in February despite the decline in wage income.

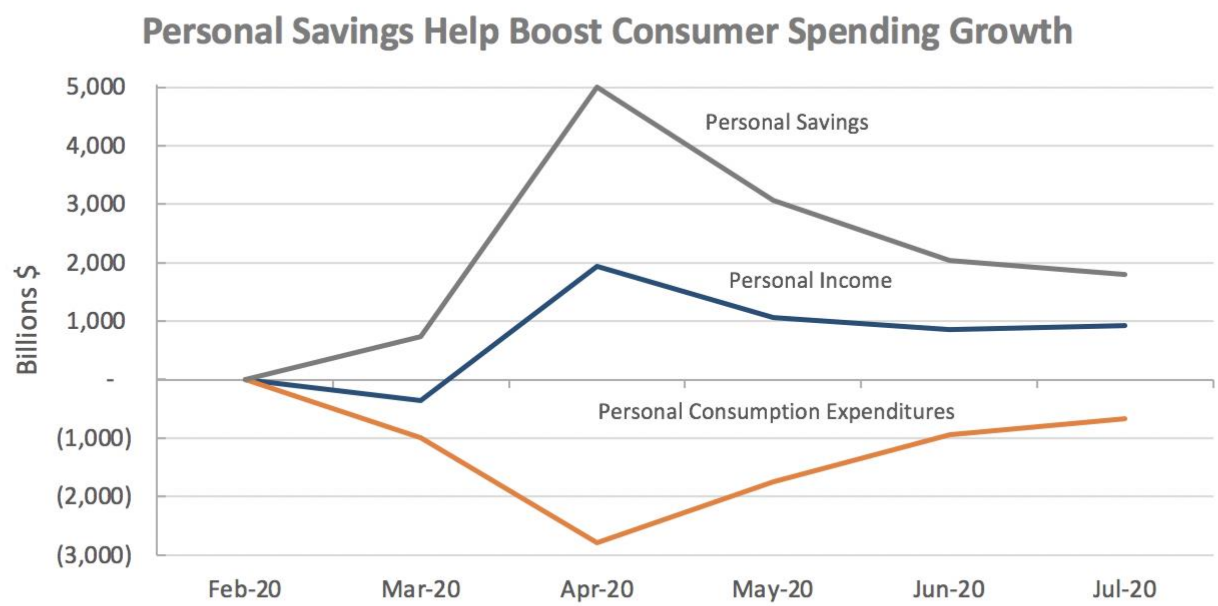
Changes in Personal Income are Driven by Government Benefits



Source: Bureau of Economic Analysis

The economy has begun to recover, as evidenced by wage and salary data. Wages and salaries have followed an upward trajectory since April, rising about $500 billion (annualized) from that low point and regaining about half of the ground lost this past spring. Total personal income remains about $1 trillion higher than in February, despite declining about $1 trillion from its peak in April when stimulus checks were distributed. Government aid has been critical in sustaining personal incomes in the midst of a severe recession and in preventing job losses and reduced wages from creating further negative impacts throughout the economy.

The economic recovery can also be seen in consumer spending data. Personal consumption expenditures dropped by almost $3 trillion in March and April but have since recovered, as spending in July was only about $700 billion below pre-pandemic levels. Strong growth in personal consumption expenditures reflects the continued re-opening of local businesses and consumers that are eager to spend money again.

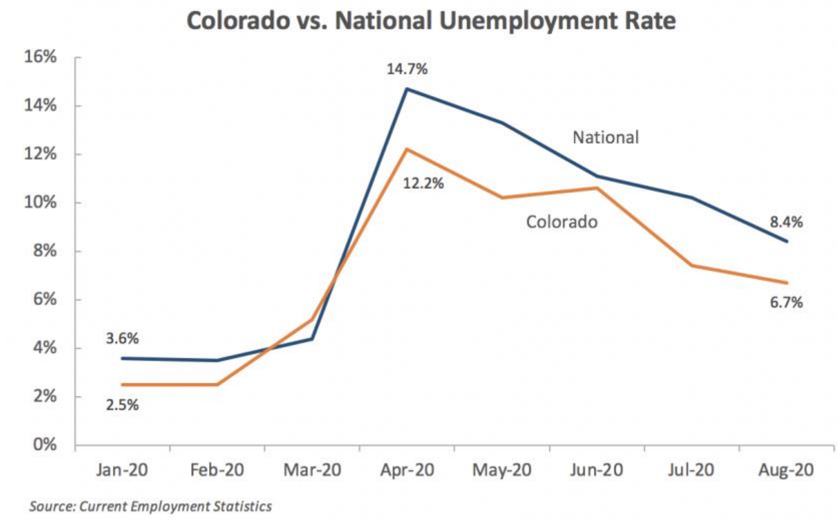


Source: Bureau of Economic Analysis

The trajectory of consumer spending remains unclear. On one hand, consumers may tap into the high level of personal savings and continue to boost personal consumption expenditures, even if wages and salaries recover slowly. On the other hand, the epidemiological course of the pandemic continues to pose downside risks to the economy. Concern about virus transmission may hamper the growth of consumer spending.

Employment

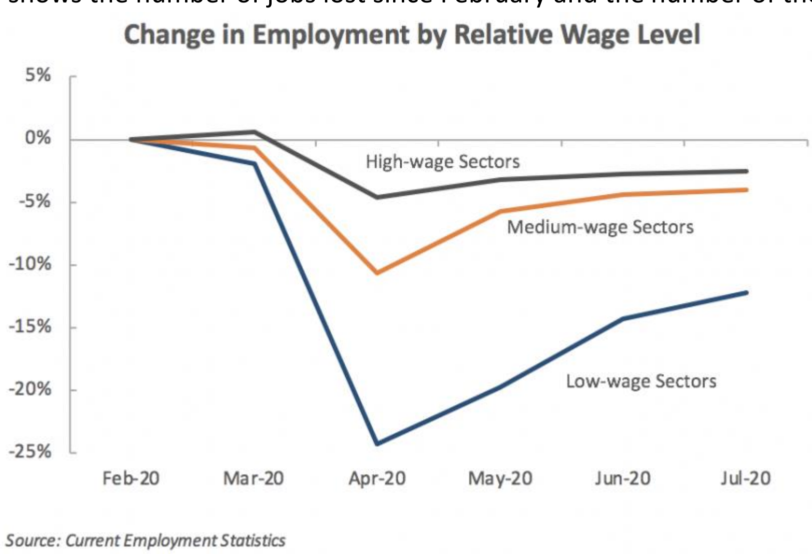
The unemployment rate in Colorado has declined since its peak of 12.2 percent in April. The August unemployment rate was 8.4 percent for the U.S. and 6.7 percent in Colorado. Although the situation has improved over the past few months, Colorado's unemployment rate is still well above the pre-pandemic rate of 2.5 percent.



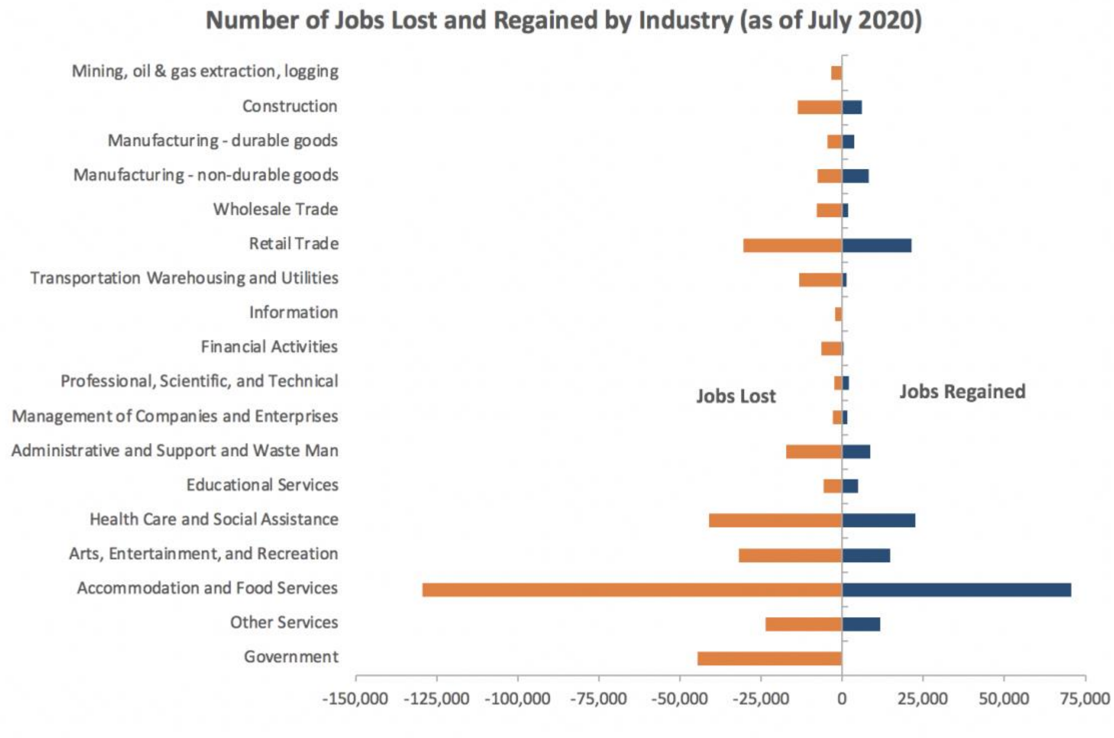
The employment picture in Colorado varies widely by economic sector, and the pandemic hit low-wage sectors the hardest. The number of jobs in Colorado's low-wage sectors dropped by nearly 25 percent between February and April. Low-wage sectors in this analysis include leisure and hospitality; trade, transportation, and utilities; and other services. Leisure and hospitality jobs fared particularly poorly; this sector lost 47 percent of its jobs between February and April.

In contrast, Colorado's medium-wage sectors, including construction, manufacturing, and educational and health services, experienced only a 10 percent decline between February and April. These sectors often include essential workers. The job decline was only 5 percent in high-wage sectors, including professional and business services and financial activities. These sectors have a higher proportion of workers who were able to work remotely and were therefore less impacted by stay-at-home orders. There are some notable exceptions, however, as the mining, oil & gas, and logging sector experienced a 10 percent drop in employment.

The number of jobs lost and regained has varied dramatically across economic sectors. The graphic below shows the number of jobs lost since February and the number of those jobs regained as of July 2020. Five economic sectors lost more than 25,000 jobs and the extent to which they have regained jobs has varied dramatically. These five sectors include accommodation and food services, which regained 54 percent of lost jobs; government (zero percent regained); health care and social assistance (55 percent regained); arts, entertainment, and recreation (47 percent regained); and retail trade (70 percent regained). Only four sectors have



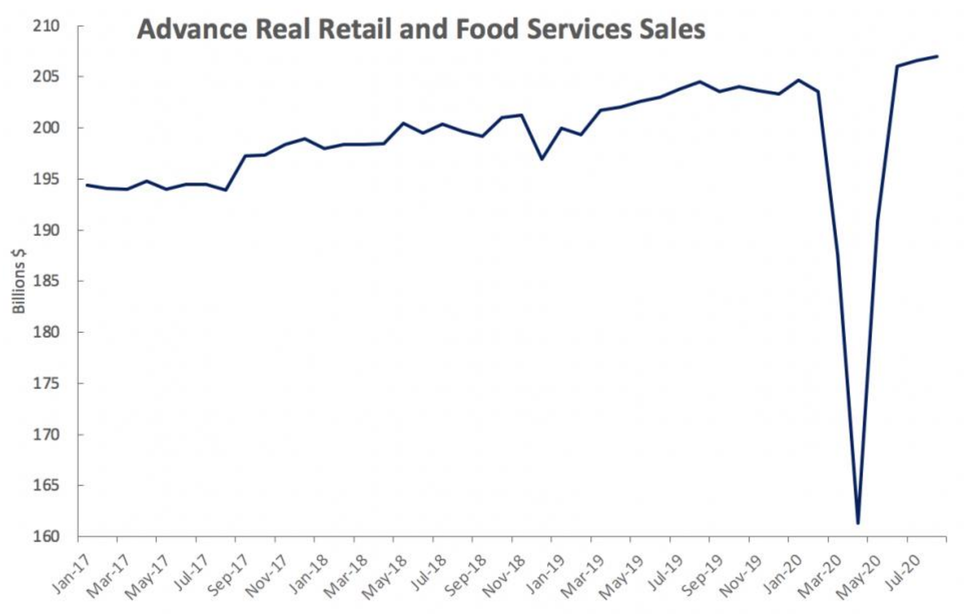
regained more than 80 percent of lost jobs: manufacturing of non-durable goods; manufacturing of durable goods; professional, scientific, and technical services; and educational services.



Source: Current Employment Statistics

Retail Sales

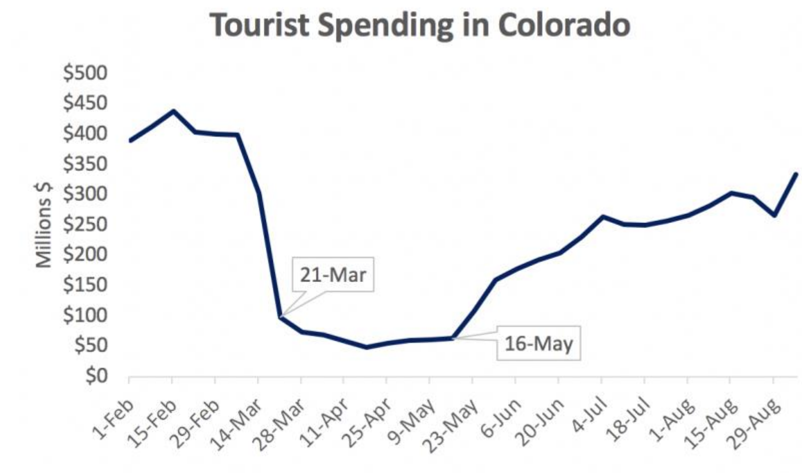
Retail spending fell sharply in March and April as businesses closed and consumers stayed home in order to slow the spread of the virus but has since fully recovered and is now at record heights, with June and July retail sales surpassing pre-pandemic levels. The graph to the right displays how abruptly trends in consumer spending fell as virus-related impacts led to a



Source: Federal Reserve Economic Data (FRED) brief economic standstill. This abrupt decrease in consumer spending is displayed by the "V-shaped" decline followed by an immediate bounce-back as the economy gradually reopened. This rapid recovery can partially be attributed to the large growth in personal income fueled by federal financial assistance, especially enhanced unemployment benefits. Retail sales have been bolstered further by an increased level of online purchases, as online sales in August were approximately 17% above 2019 levels.[1]

Tourism

The tourism industry has experienced a partial recovery after suffering an 89 percent decline in tourist spending between February and mid-April. Traveler visits and spending have increased since mid-May, and, as of late August, spending was down 40 percent over the prior year.[2] While this is a significant improvement from April levels, it also demonstrates that tourists remain hesitant to travel at pre-pandemic levels.



Source: US Travel Association

This decline is reflected in employment figures. Traveler accommodation and recreation and amusement industries are often among the top ten industries for new unemployment claims.[3] However, the tourism industry has recovered a portion of the jobs lost in the early stages of the pandemic. Nationwide, Tourism Economics estimates that one quarter of workers in the leisure and hospitality industry remain unemployed, despite gains since April.[4]

The recovery has been uneven across Colorado, as different types of travel return at different rates. Many travelers have expressed interest in taking regional trips in 2020 and flight activity remains depressed, suggesting more travelers are driving to their destinations.[5] Statewide, hotel occupancy in July was 37 percent lower than one year prior. Mountain communities, including Glenwood Springs (82 percent of year-ago levels), Durango (84 percent), and Estes Park (72 percent), are seeing stronger recoveries than areas along the Front Range including Denver (43 percent), Longmont (44 percent), Fort Collins (50 percent), and Greeley (52 percent).[6]

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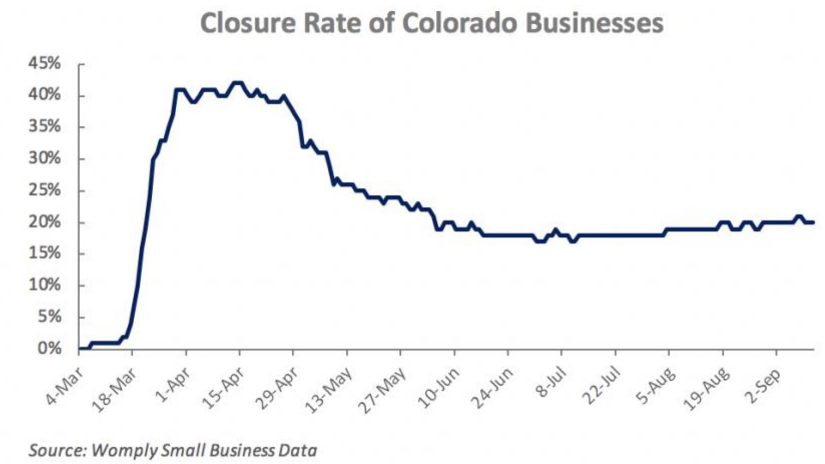
[1] Earnest Research
[2] US Travel Association
[3] Colorado Department of Labor and Employment
[4] Tourism Economics
[5] Destination Analysts and TSA
[6] Rocky Mountain Lodging Report and the Colorado Tourism Office

Small Business



Similar to national trends, Colorado small businesses seem to be avoiding the surge in business closures that had been feared, partly due to the $10.4 billion in Paycheck Protection Program (PPP) loans they have received since April. Since early June, the closure rate of Colorado small businesses has remained relatively flat. According to an August survey,[7] 80 percent of small businesses indicate that they will be able to operate for at least seven more months under current economic conditions, with 61 percent able to operate for more than a year under current conditions.

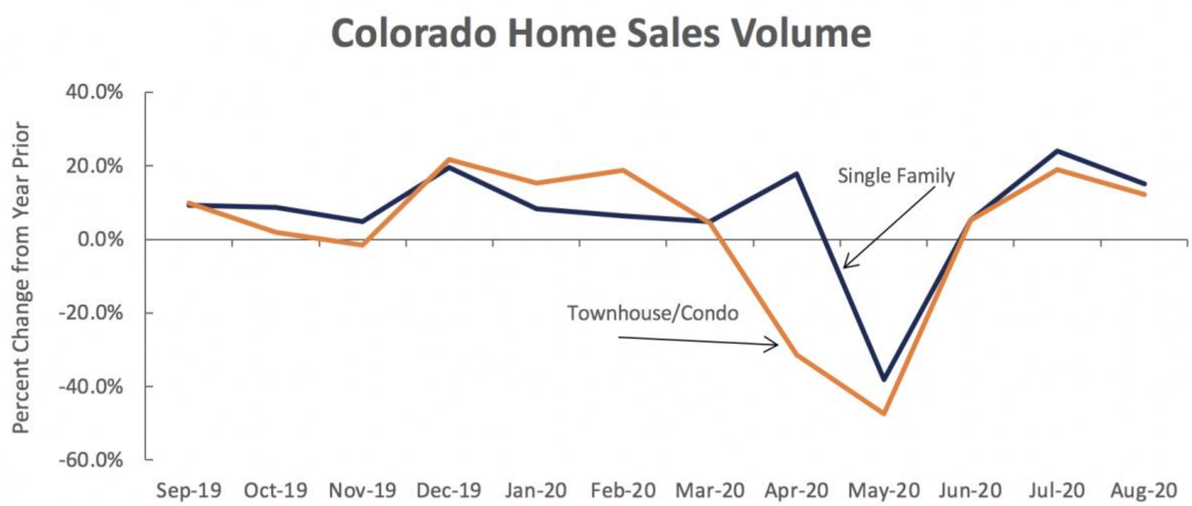
Despite these better-than-expected developments, many small businesses are struggling. Department of Revenue data from January to June shows that retail sales at small bars and restaurants (defined as those with less than $20,000 in reported state sales tax in 2019) are down 25% compared to the same period in 2019. A July survey conducted by the Colorado Restaurant Association showed that, of restaurants that had reopened, sales were down 40 percent on average compared to July 2019. A recent poll also shows that minority-owned small businesses report more signs of financial distress than other small businesses.[8] Additionally, the small business retail sector has seen a disproportionately high share of closures, while home, local, professional services, and auto services businesses have seen relatively low closure rates.[9]

Housing

The surge in unemployment to 12.2 percent in April led to early concerns about a potential wave of evictions and foreclosures during the pandemic. To date, no such wave has materialized, as most unemployed workers were sustained by an extra $600 per week in unemployment benefits through July. The Colorado Apartment Association reported that payment rates have remained high through the pandemic, ranging from 93 percent to 95 percent between April and August.[10] In response to on-time payments and eviction moratoriums, eviction rates remained lower than

[7] National Federation of Independent Businesses
[8] US Chamber of Commerce
[9] Yelp Quarter 3 Economic Impact Report
[10] Colorado Apartment Association

usual in the second quarter, as reported by the Apartment Association of Metro Denver.[11] Similarly, foreclosures fell 80 percent in the second quarter as compared to 2019, supported by closures of public trustees' offices, legal protections, and voluntary forbearance by many lenders.[12] Further, the CDC announced on September 1st that evictions would be halted until January 2021.



Source: Colorado Association of Realiters

However, more Coloradans are expected to have trouble paying their rent or mortgage beginning in September, unless additional unemployment benefits or stimulus funds are provided. As of late August, 10 percent of Coloradans surveyed by the US Census Bureau indicated they did not pay their rent on time.[13] This housing insecurity was disproportionately reported by Hispanic and Black Coloradans, as well as low-income Coloradans. Meanwhile, home sales and median home prices across Colorado hit records in July and remained strong in August as a surge of homebuyers entered the market. Single family home sales increased 18 percent between June and July, hitting a statewide record, while median home prices increased 4.1 percent over June prices and 8.6 percent over the year prior.[14] August sales prices increased another 1.7 percent over July. While home sales are booming, rental rates across metro-Denver dropped for the first time in a decade, decreasing 2.1 percent on an inflation-adjusted basis from the year before.[15]

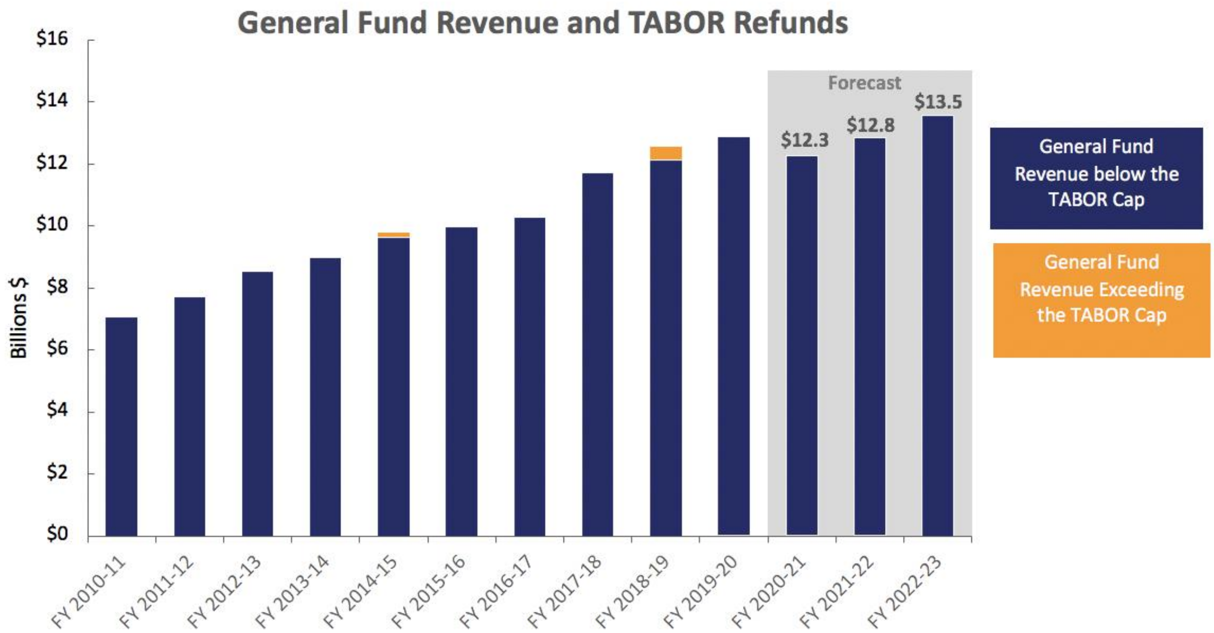
Forecast Risks

[11] Apartment Association of Metro Denver
[12] Colorado Department of Local Affairs
[13] US Census Household Pulse Survey
[14] Colorado Association of Realtors
[15] Apartment Association of Metro Denver

The economic forecast is highly dependent upon the course of the COVID-19 pandemic. This forecast assumes that intermittent periods of rising caseloads will continue to occur until a vaccine is developed and made widely available. The possibility that caseloads will significantly exceed levels experienced previously represents a downside risk to this forecast. Additionally, while the immediate economic impacts of the pandemic are visible and well-known, the second-order effects are more difficult to anticipate. Finally, while this forecast does not assume further federal fiscal relief, the consequences of reduced federal fiscal support are difficult to foresee and could result in weaker economic conditions if additional federal relief to individuals, businesses, and state and local governments is not provided.

Revenue Outlook – General Fund

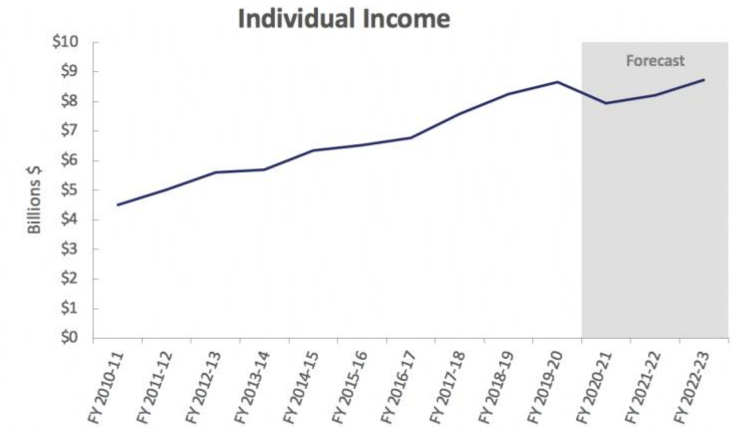
General Fund revenue is projected to decrease by 4.7 percent in FY 2020-21 before growing by 4.7 percent in FY 2021-22. It is expected to further increase by 5.5% in FY 2022-23. The GF revenue forecast was revised upwards by a total of 10% between FY 2019-20 and FY 2021-22. This upward revision is due to higher than anticipated revenue collections in July as well as improved expectations for economic recovery.



Three major revenue sources together make up about 95 percent of total General Fund revenue: individual income taxes, corporate income taxes, and sales and use taxes. General Fund revenue from the other remaining General Fund sources, such as interest earnings, taxes paid by insurers on premiums, and excise taxes on tobacco products and liquor, make up the remaining 4 percent.

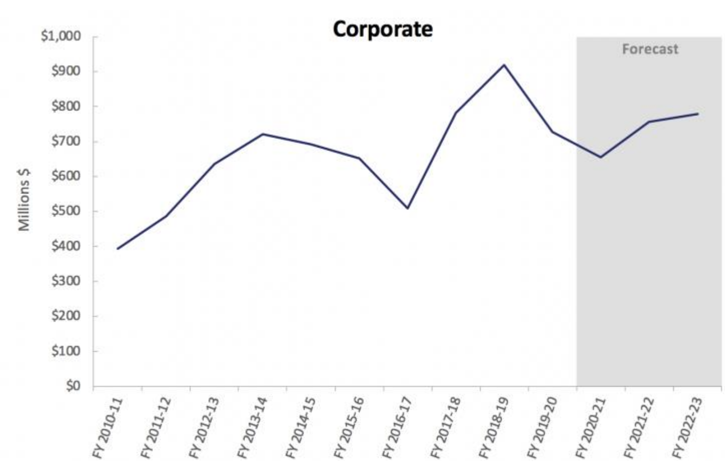
Individual Income Tax

Individual income tax revenue increased by a preliminary 4.8 percent in FY 2019-20 and is expected to decline 8.1 percent in FY 2020-21. Relative to June projections, the forecast was revised upward by $700.7 million in FY 2019-20 and $1,147.5 million in FY 2020-21.



Individual income tax collections are extremely volatile during periods of economic change. Annual growth remained positive in FY 2019-20 despite the recession during the last few months of the fiscal year. Although Colorado experienced historically high unemployment rates, individual income tax withholdings remained strong as low-income earners were disproportionately impacted. Receipts are expected to decline in FY 2020-21 before resuming an upward trajectory, albeit at a slower rate than immediately before the pandemic.

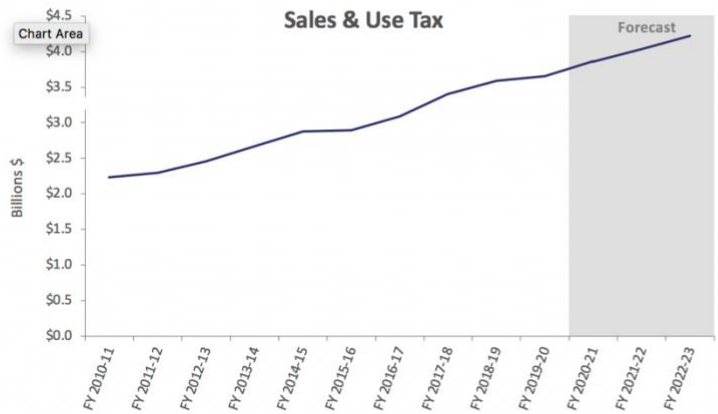
Corporate Income Tax



Corporate income tax collections fell to $728.3 million in FY 2019-20, which is a 20.8 percent decline from FY 2018-19. Some of this decline was anticipated because FY 2018-19 corporate income tax receipts were unusually high due to a large settlement agreement with a delinquent taxpayer. Corporate income tax receipts are expected to decline another 10.0 percent in FY 2020-21 before resuming growth in FY 2021-22. These estimates have been revised upwards from the June forecast. Corporate income tax collections are more volatile than most other sources of revenue as firms frequently make accounting adjustments to alter the timing and size of their tax liability.

Sales and Use Taxes

Sales tax revenue grew 4.7 percent in FY 2019-20 and is expected to grow by 6.5 percent in FY 2020-21 before slowing to 4.7 percent growth again in FY 2021-22. Relative to the June forecast, projections were revised upwards by $112.3 million, $494.8 million and $471.9 million in those years respectively. These upward revisions are due to stronger than expected collections in recent months as well as the rapid recovery in retail sales.



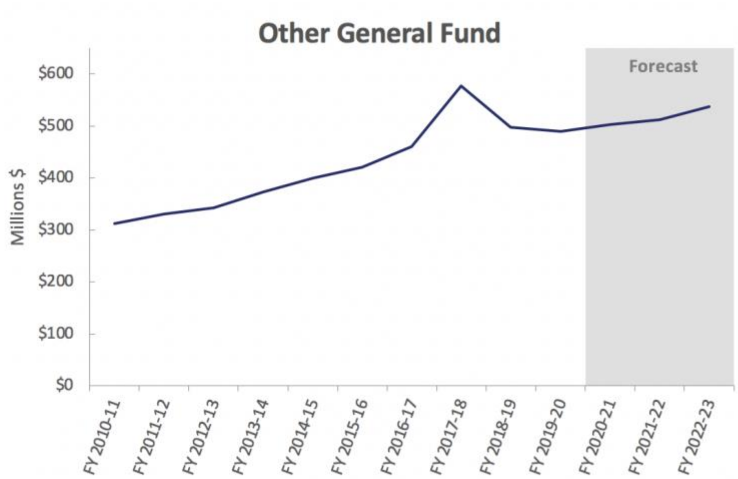
Sales tax collections declined sharply in April as businesses closed and consumers stayed home in order to stop the spread of the virus. Retail sales rebounded quickly, however, as businesses reopened and consumers turned to online retailers. Sales tax collections are expected to remain strong in coming months as pent up demand and high savings encourage consumer activity.

Use tax declined by 39.1 percent in FY 2019-20 and is projected to decline by a further 8.9 percent in FY 2020-21 and 2.7 percent in FY 2021-22. 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.

The 15 percent special sales tax on marijuana retail sales is projected to increase by 8.0 percent to $265.1 million in FY 2020-21. Growth will continue at 8.0 percent in FY2021-22. This reflects a slower growth compared to prior years. Further analysis of marijuana tax collections can be found in the Revenue Outlook – Cash Funds section of this report.

Other General Fund Revenue

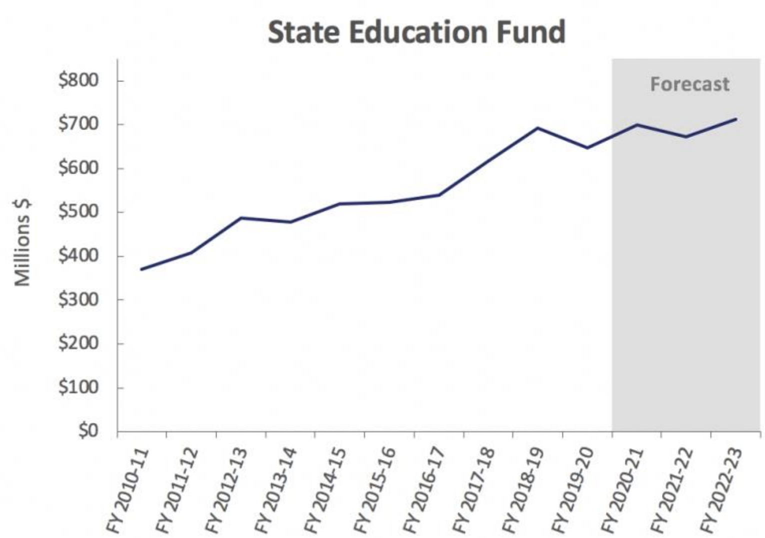
Other General Fund revenue fell by 1.7 percent in FY 2019-20 and is expected to increase 2.8 percent in FY 2020-21, followed by growth of another 1.8 percent in FY 2021-22. Major components of this revenue category include excise taxes on cigarettes, tobacco, and liquor, as well as insurance revenue and interest income.



State Education Fund

Revenue to the State Education Fund from income taxes fell by 6.7 percent in FY 2019-20 but is expected to increase 8.2 percent in FY 2020-21 and decrease 3.9 percent in FY 2021-22. This does not include transfers from other funds. The forecast for State Education Fund revenue was revised from the June forecast in conjunction with the revisions to the forecasts for individual and corporate income tax collections.

The Colorado Constitution requires that 1/3 of 1 percent of Colorado taxable income be credited to the State Education Fund. As the State Education Fund revenue is derived from taxable income, it generally follows the trends in individual income and corporate income tax revenue collections. However, the State Education Fund deviates from income tax trends in FY 2020-21 due to the impact of a delayed transfer incurred from FY 2019-20 revenue collections.



Revenue Outlook – Cash Funds

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 was $2.2 billion in FY 2019-20, a decrease of 8.3 percent from the prior fiscal year. In FY 2020-21 cash fund revenue is projected to decline a further 4.3 percent to $2.1 billion before growing 5.0 percent in FY 2021-22.

Transportation

Transportation-related cash fund revenue fell by 6.1 percent in FY 2019-20, but is expected to grow by 1.2 percent in FY 2020-21. These forecasts have been revised downward since June, by $11.6 million in FY 2019-20 and by $14.2 million, or 1.2 percent, in FY 2020-21.

Transportation Revenue	Preliminary FY 19-20	Forecast FY 20-21	Forecast FY 21-22	Forecast FY 22-23
Highway Users Tax Fund (HUTF)				
Motor and Special Fuel Taxes	**$618.5**	**$629.6**	**$653.2**	**$665.4**
Change	-5.6%	1.8%	3.7%	1.9%
Total Registrations	**$258.7**	**$264.3**	**$270.1**	**$276.0**
Change	-2.6%	2.2%	2.2%	2.2%
Other HUTF Receipts	**$192.1**	**$189.9**	**$197.7**	**$202.0**
Change	2.1%	-1.2%	4.1%	2.2%
Total HUTF	**$1,069.3**	**$1,083.8**	**$1,121.0**	**$1,143.4**
Change	-3.6%	1.4%	3.4%	2.0%
State Highway Fund	**$27.5**	**$23.1**	**$25.2**	**$27.5**
Change	-30.9%	-16.1%	9.0%	9.2%
Other Transportation Funds	**$101.4**	**$105.4**	**$117.5**	**$118.5**
Change	-20.1%	4.0%	11.5%	0.9%
Total Transportation Funds	***$1,198.2***	***$1,212.3***	***$1,263.6***	***$1,289.4***
Change	*-6.1%*	*1.2%*	*4.2%*	*2.0%*

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 largest portion of transportation cash funds is the HUTF, which is comprised of motor fuel taxes and registration fees.

The COVID-19 crisis prompted the closure of businesses and increased the number of employees working remotely while also creating a decline in tourist travel. The continued COVID containment efforts have reduced the number of daily commuters and vehicle miles traveled throughout the state.

Limited Gaming

Limited gaming revenue totaled $82.3 million in FY 2019-20, a modest increase over the June forecast. This represents a 34 percent reduction from FY 2018-19 gaming revenue due to casino closures from mid-March to mid-June. Gaming activity is expected to remain depressed even with casinos reopened, due to social distancing measures and public concerns about the safety of engaging in activities in crowded public spaces. Revenue in FY 2020-21 is expected to partially recover to $93.1 million, followed by $111.1 million in FY 2021-22.

The distribution of gaming revenue to limited gaming recipients and extended limited gaming recipients was modified by HB 20-1399 and HB 20-1400. These bills suspended for two years the distributions of the State's share of revenue to program recipients and temporarily modified the distribution between limited gaming and extended limited gaming recipients, respectively. These modified distributions are shown in the table below.

In FY 2019-20, $69 million was classified as "base limited gaming revenue." Most of this revenue will be distributed to base revenue recipients, while $15.4 million will be distributed to extended limited gaming recipients, or Amendment 50 recipients. In FY 2020-21, base limited gaming revenue is expected to grow to $73.8 million, and in FY 2021-22 to $91.3 million. Revenue is not forecasted to reach FY 2018-19 levels until FY 2022-23.

In November 2019, Colorado voters approved Proposition DD, which legalized sports betting and authorized a tax on sports betting proceeds to fund water projects. Revenue from the tax on sports betting proceeds is not subject to TABOR, while revenue from licensing fees of sports betting operators is. Revenue from the tax on proceeds and operator licensing fees will be accounted for separately from the gaming funds reported here. Revenue collection associated with sports betting licenses began in December 2019 and sports betting began in May 2020.

Distribution of Limited Gaming Revenues	Preliminary FY 19-20	Forecast FY 20-21	Forecast FY 21-22	Forecast FY 22-23
A. Total Limited Gaming Revenues	**$82.3**	**$93.1**	**$111.1**	**$127.2**
Annual Percent Change	-34.2%	13.1%	19.4%	14.4%
B. Base Limited Gaming Revenues	**$69.0**	**$73.8**	**$91.3**	**$106.8**
Annual Percent Change	-34.2%	6.9%	23.8%	17.0%
C. Gaming Revenue Subject to TABOR	**$70.7**	**$75.4**	**$93.0**	**$108.5**
Annual Percent Change	-33.9%	6.6%	23.3%	16.7%
D. Total Amount to Base Revenue Recipients	**$52.0**	**$62.1**	**$79.2**	**$94.4**
Amount to State Historical Society (28%)	$14.6	$17.4	$22.2	$26.4
Amount to Counties (12%)	$6.2	$7.5	$9.5	$11.3
Amount to Cities (10%)	$5.2	$6.2	$7.9	$9.4
Amount to Distribute to Remaining Programs (State Share) (50%)	$26.0	$31.1	$39.6	$47.2
Amount to Local Government Impact Fund	$0.0	$0.0	$5.4	$6.4
Colorado Tourism Promotion Fund	$0.0	$0.0	$15.0	$15.0
Creative Industries Cash Fund	$0.0	$0.0	$2.0	$2.0
Film, Television, and Media Operational Account	$0.0	$0.0	$0.5	$0.5
Advanced Industries Acceleration Fund	$0.0	$0.0	$5.5	$5.5
Innovative Higher Education Research Fund	$0.0	$0.0	$2.1	$2.1
Transfer to the General Fund	$26.0	$31.1	$9.1	$15.7
E. Total Amount to Amendment 50 Revenue Recipients	**$15.4**	**$15.9**	**$16.9**	**$17.8**
Community Colleges, Mesa and Adams State (78%)	$12.0	$12.4	$13.2	$13.9
Counties (12%)	$1.8	$1.9	$2.0	$2.1
Cities (10%)	$1.5	$1.6	$1.7	$1.8

Severance

Severance tax revenue fell to $131.7 million in FY 2019-20 and is expected to decline further to $20.0 million in FY 2020-21 as production values remain low and producers claim ad valorem credits. Collection levels are expected to see a moderate rebound in FY 2021-22 and FY 2022-23, with projected revenue increasing to $39.9 million in FY 2021-22 and $61 million in FY 2022-23. As the economy recovers, oil prices are anticipated to increase modestly, resulting in increased production activity.

Marijuana

Marijuana taxes grew 32.4 percent in FY 2019-20, totaling $347.3 million. This is an 11.8 percent increase from the June 2020 forecast due to strong collections throughout the pandemic recession. Medical and recreational marijuana sales exceeded expectations and continued to grow, reaching record sales numbers in May, June, and July. As a result, forecasted revenue in FY 2020-21 is expected to continue growing at a strong rate to $361.4 million and to $388.8 million in FY 2021-22.

Tax Revenue from the Marijuana Industry	Preliminary FY 19-20	Forecast FY 20-21	Forecast FY 21-22	Forecast FY 22-23
Proposition AA Taxes				
Retail Marijuana 15% Special Sales Tax	$245.5	$265.1	$286.3	$306.3
Retail Marijuana 15% Excise Tax	$88.5	$84.1	$90.4	$93.1
Total Proposition AA Taxes	**$334.0**	**$349.2**	**$376.7**	**$399.4**
2.9% Sales Tax & Interest (Subject to TABOR)				
Medical Marijuana 2.9% State Sales Tax	$11.7	$10.7	$10.5	$10.3
Retail Marijuana 2.9% State Sales Tax	$1.3	$1.3	$1.3	$1.3
Interest Earnings	$0.3	$0.3	$0.3	$0.4
Total 2.9% Sales Taxes & Interest	**$13.3**	**$12.3**	**$12.1**	**$11.9**
Total Marijuana Taxes	**$347.3**	**$361.4**	**$388.8**	**$411.4**

The revenue from the 15 percent special sales tax goes to the General Fund, the Marijuana Tax Cash Fund, local governments, and the Public School Fund. Proposition AA also included an excise tax of 15 percent on retail marijuana sales that is credited to public school cash funds. The forecasted distribution of marijuana tax revenue is shown in the table below.

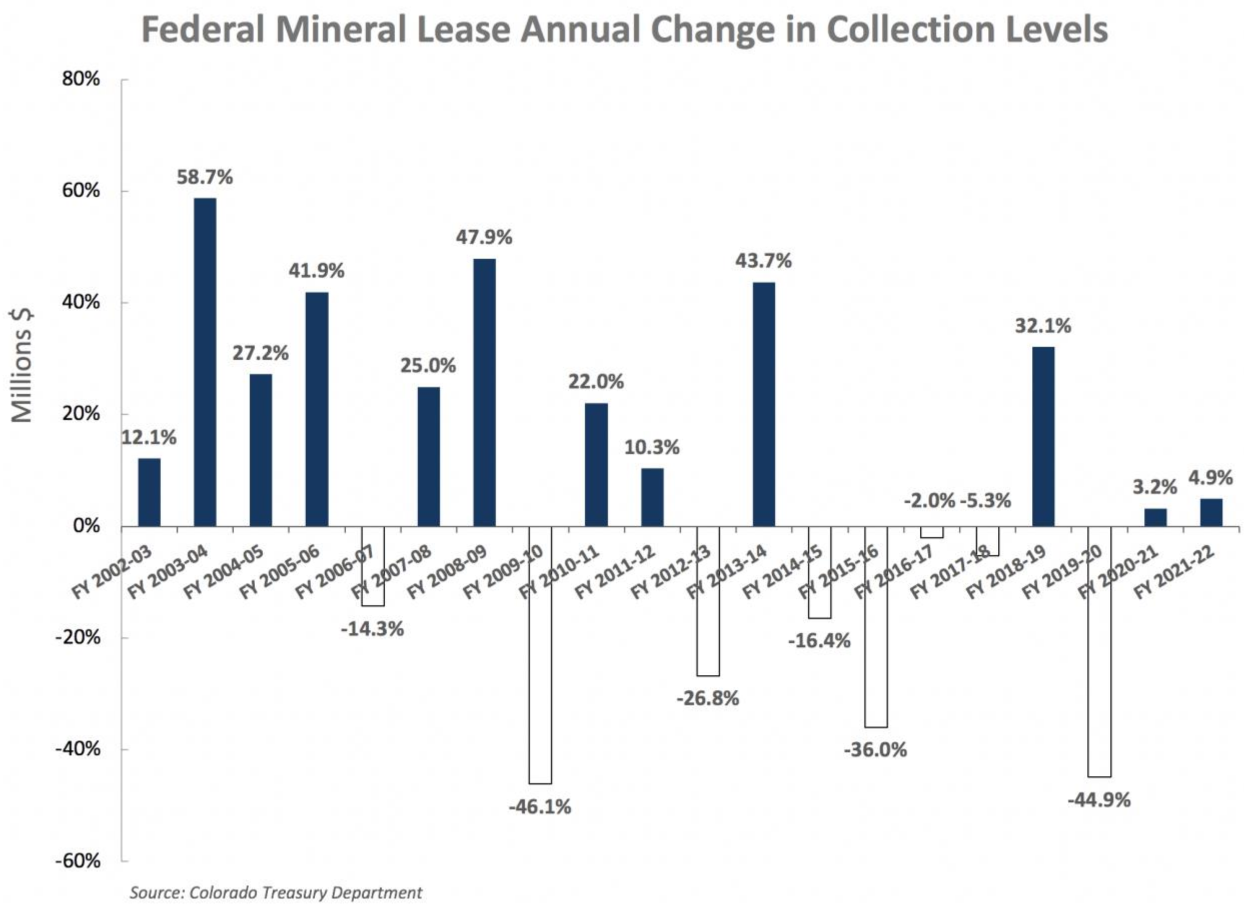
Fiscal Year	Total Marijuana Revenue	Local Share	General Fund	BEST School Capital Construction	Public School Permanent Fund	Public School Fund	Marijuana Tax Cash Fund
FY 2019-20 Preliminary	$347.3	$24.5	$34.4	$88.5	$0.0	$27.8	$172.1
FY 2020-21 Projected	$361.4	$26.5	$37.1	$40.0	$0.0	$74.1	$183.7
FY 2021-22 Projected	$388.8	$28.6	$40.1	$90.4	$0.0	$32.4	$197.2
FY 2022-23 Projected	$411.4	$30.6	$42.9	$93.1	$0.0	$34.7	$210.0

Federal Mineral Lease

Federal Mineral Lease (FML) revenue decreased by 44.9 percent to $62.7 million in FY 2019-20 due largely to the effects of lower natural gas prices. FML revenue is expected to increase by 3.2 percent in FY 2020-21 and 4.9 percent in FY 2021-22 as prices stabilize.

Fiscal Year	Bonus Payments	Non-Bonus Payments	Total FML	% Change
FY 2019-20 Final	$0.8	$61.9	$62.7	-44.9%
FY 2020-21 Projected	$1.9	$62.8	$64.7	3.2%
FY 2021-22 Projected	$2.0	$65.9	$67.9	4.9%
FY 2022-23 Projected	$0.8	$82.0	$82.8	21.9%

Oil and gas prices on average are anticipated to remain below producer breakeven points throughout the first quarter of FY 2020-21 before improving to levels that incentivize increased production activity by energy firms. This trend is expected to continue throughout the next two fiscal years, as oil and gas prices recover along with the national economy. 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.



Other Cash Funds

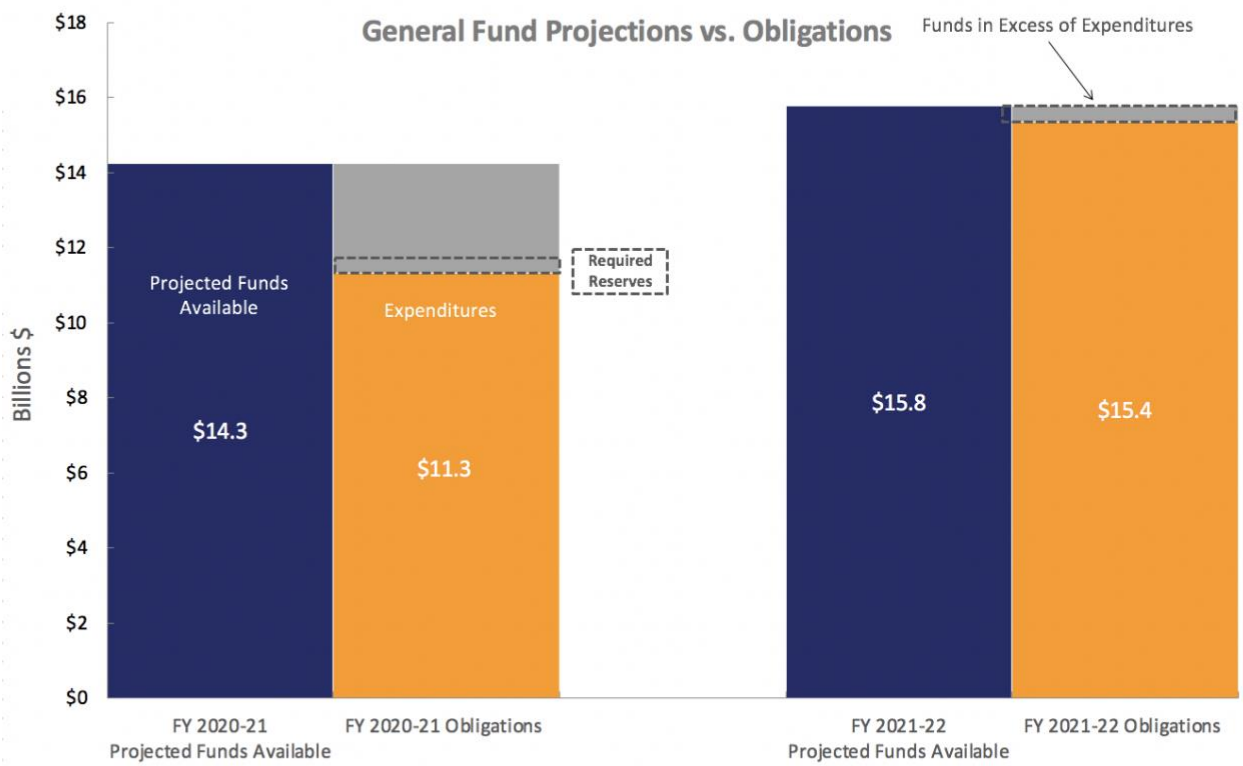
The State receives revenue from a variety of other cash funds as well. This includes cash fund revenue to the Department of Regulatory Agencies (DORA), which is projected to increase approximately 1.3 percent to $82.8 million. Insurance-related cash fund revenue is obtained largely from a surcharge on workers' compensation insurance and has been adjusted upward on expectations of a slight increase in the workers' compensation insurance industry. The forecasted revenue is $20.8 million in FY 2020-21, with a 2.2 percent increase in FY 2021-22 to $21.3 million.

Finally, the "Other Miscellaneous Cash Funds" category includes revenue from over 300 cash fund programs which collect revenue from fines, fees, and interest earnings. This broad category is less sensitive to general economic conditions than revenue sources like income and severance taxes. The miscellaneous cash fund forecast has been revised downward to $726.9 million in FY 2019-20, which is 6.7 percent lower than the June 2020 forecast. Revenue in FY 2020-21 is projected to be $717.8 million.

Budget Outlook

General Fund

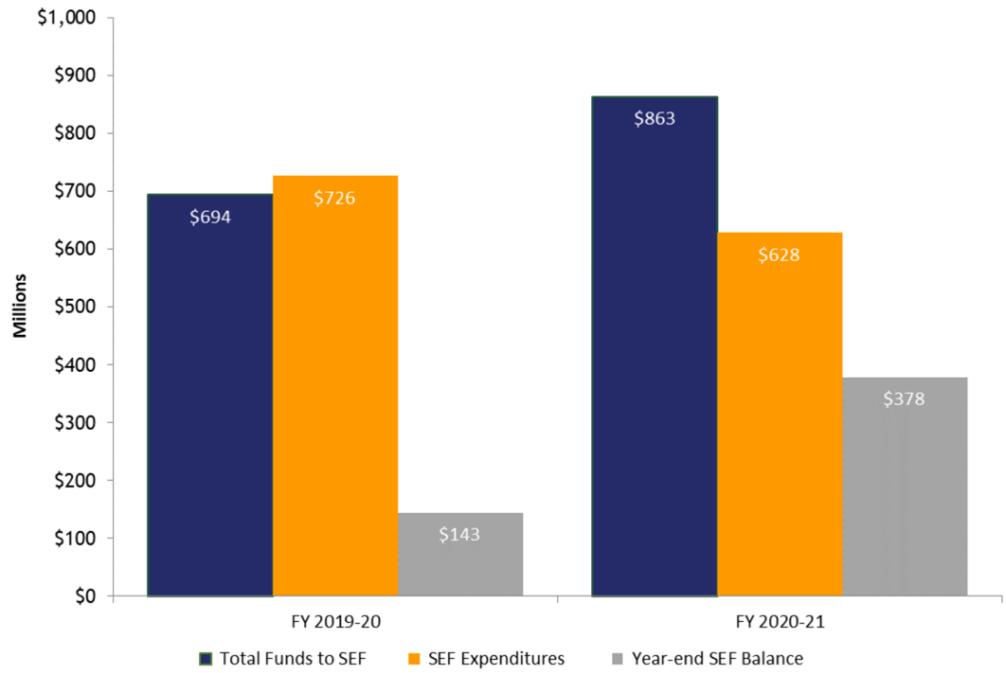
General Fund revenue increased 2.4 percent in FY 2019-20 and is projected to decrease 4.6 percent in FY 2020-21 before growing 4.7 percent in FY 2021-22 and 5.5 percent in FY 2022-23. General Fund revenue for FY 2019-20 is $895.6 million, or 7.6 percent higher than was estimated in June, largely because of higher than anticipated tax collections in July 2020 after the deferral of income tax filing deadlines from April into July. The forecast for FY 2020-21 is $1,532.8 million, or 14.6 percent higher than estimated in June.



The General Fund reserve was above the required statutory reserve amount of 3.1 percent of appropriations in FY 2019-20. The General Assembly modified the statutory reserve requirement in HB 20-1383. Under that law, the statutory reserve requirement is 3.07 percent of appropriations in FY 2019-20, 2.86 percent of appropriations in FY 2020-21 and FY 2021-22, and 7.25 percent of appropriations in FY 2022-23. Under this forecast, the General Fund reserve is projected to also be above the statutory reserve amount in FY 2020-21. The chart above summarizes total projected General Fund revenue available, total obligations, and reserve levels for FY 2020-21 and FY 2021-22.

State Education Fund

The State Education Fund's year-end balance was $143.3 million in FY 2019-20 and is projected to increase to $378.1 million in FY 2020-21, including transfers. The figure below summarizes total State Education Fund revenue, expenditures, and ending balances for FY 2019-20 and FY 2020-21.



Forecast Risks

This budget outlook is based on OSPB's economic forecast as detailed in Tables 1 and 2 of the Reference Tables at the end of this document. This economic forecast is subject to elevated risks associated with the COVID-19 pandemic and recession.

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 economic recovery are highly uncertain. Although economic conditions could be more negative than described in this forecast, the risks to the budget outlook are balanced to the upside.

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 but did not exceed the cap in FY 2019-20 and is not projected to be above the cap for the duration of the forecast period.

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.

An estimated $270.5 million of the $428.5 million refund obligation from FY 2018-19 is being distributed as an income tax rate reduction, while $151.2 million is being 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.

No refunds are projected for FY 2020-21 or the duration of the forecast period.

Reference Tables

Table 1: Colorado Economic Variables – History and Forecast

Line No.		Actual						September 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	$353.1	$371.1	$370.7	$385.6
2	Change	8.8%	4.8%	1.9%	7.3%	7.1%	6.1%	5.1%	-0.1%	4.0%
3	Wage and Salary Income (Billions) /A	$138.6	$146.5	$151.0	$160.7	$170.1	$182.1	$178.1	$187.9	$195.0
4	Change	7.0%	5.7%	3.1%	6.4%	5.8%	7.1%	-2.2%	5.5%	3.8%
5	Per-Capita Income ($/person) /A	$50,711	$52,147	$52,278	$55,374	$58,500	$61,314	$63,834	$63,322	$65,236
6	Change	7.2%	2.8%	0.3%	5.9%	5.6%	4.8%	4.1%	-0.8%	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	5,813.4	5,854.6	5,910.1
8	Change	1.5%	1.9%	1.6%	1.3%	1.4%	1.2%	1.0%	0.7%	0.9%
9	Net Migration (Thousands)	48.4	69.7	58.4	44.8	53.2	41.9	30.0	20.0	35.0
10	Unemployment Rate	5.0%	3.9%	3.3%	2.8%	3.2%	2.8%	7.1%	6.3%	5.4%
11	Total Nonagricultural Employment (Thousands)	2,463.7	2,541.0	2,601.8	2,660.3	2,727.3	2,785.6	2,651.9	2,712.9	2,764.4
12	Change	3.5%	3.1%	2.4%	2.2%	2.5%	2.1%	-4.8%	2.3%	1.9%
	Construction Variables									
13	Total Housing Permits Issued (Thousands)	28.7	31.9	39.0	40.7	42.6	38.6	34.6	37.9	40.3
14	Change	4.3%	11.1%	22.3%	4.4%	4.8%	-9.4%	-10.4%	9.5%	6.3%
15	Nonresidential Construction Value (Millions) /B	$4,350.9	$4,990.8	$5,989.0	$6,159.6	$8,140.4	$5,038.3	$4,675.5	$5,063.6	$5,347.2
16	Change	20.1%	14.7%	20.0%	2.8%	32.2%	-38.1%	-7.2%	8.3%	5.6%
	Prices									
17	Denver-Aurora-Lakewood Consumer Price Index (1982-84=100) /C	237.2	240.0	246.6	255.0	262.0	267.0	273.7	280.0	286.1
18	Change	2.8%	1.2%	2.8%	3.4%	2.7%	1.9%	2.5%	2.3%	2.2%

/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 2020 Forecast		
		2014	2015	2016	2017	2018	2019	2020	2021	2022
	Inflation-Adjusted & Current Dollar Income Accounts									
1	Inflation-Adjusted Gross Domestic Product (Billions) /A	$16,912.0	$17,432.2	$17,730.5	$18,144.1	$18,687.8	$19,091.7	$18,156.2	$18,827.9	$19,486.9
2	Change	2.5%	3.1%	1.7%	2.3%	3.0%	2.2%	-4.9%	3.7%	3.5%
3	Personal Income (Billions) /B	$14,991.7	$15,724.2	$16,160.7	$16,948.6	$17,851.8	$18,551.5	$19,571.8	$19,454.4	$20,135.3
4	Change	5.7%	4.9%	2.8%	4.9%	5.3%	3.9%	5.5%	-0.6%	3.5%
5	Per-Capita Income ($/person)	$47,099	$49,041	$50,042	$52,152	$54,645	$56,518	$59,330	$58,681	$60,432
6	Change	5.0%	4.1%	2.0%	4.2%	4.8%	3.4%	5.0%	-1.1%	3.0%
7	Wage and Salary Income (Billions) /B	$7,475.2	$7,859.5	$8,089.1	$8,471.5	$8,894.2	$9,309.3	$9,085.9	$9,567.5	$9,892.8
8	Change	5.1%	5.1%	2.9%	4.7%	5.0%	4.7%	-2.4%	5.3%	3.4%
	Population & Employment									
9	Population (Millions)	318.3	320.6	322.9	325.0	326.7	328.2	329.9	331.5	333.2
10	Change	0.7%	0.7%	0.7%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%
11	Unemployment Rate	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%	8.4%	7.4%	6.5%
12	Total Nonagricultural Employment (Millions)	138.9	141.8	144.3	146.6	148.9	150.9	142.2	145.5	147.9
13	Change	1.9%	2.1%	1.8%	1.6%	1.6%	1.4%	-5.8%	2.3%	1.7%
	Other Key Indicators									
14	Consumer Price Index (1982-84=100)	236.7	237.0	240.0	245.1	251.1	255.7	259.0	264.4	269.7
15	Change	1.6%	0.1%	1.3%	2.1%	2.4%	1.8%	1.3%	2.1%	2.0%
16	Pre-Tax Corporate Profits (Billions)	$2,120.2	$2,060.5	$2,023.7	$2,114.5	$2,243.0	$2,250.5	$2,012.0	$2,396.2	$2,611.9
17	Change	5.4%	-2.8%	-1.8%	4.5%	6.1%	0.8%	-10.6%	19.1%	9.0%
18	Housing Permits (Millions)	1.052	1.183	1.207	1.282	1.329	1.386	1.278	1.447	1.547
19	Change	6.2%	12.4%	2.0%	6.3%	3.6%	4.3%	-7.8%	13.2%	6.9%
20	Retail Trade (Billions)	$5,215.7	$5,349.5	$5,510.2	$5,744.8	$6,001.6	$6,218.0	$6,019.0	$6,536.7	$6,798.1
21	Change	4.3%	2.6%	3.0%	4.3%	4.5%	3.6%	-3.2%	8.6%	4.0%

/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 2019-20	% Chg	September 2020 Estimate by Fiscal Year FY 2020-21	% Chg	FY 2021-22	% Chg	FY 2022-23	% Chg
	Excise Taxes:								
1	Sales	$3,196.0	4.7%	$3,404.2	6.5%	$3,562.9	4.7%	$3,724.9	4.5%
2	Use	$210.5	-39.1%	$191.7	-8.9%	$186.5	-2.7%	$190.3	2.0%
3	Retail Marijuana Sales - Special Sales Tax	$245.5	27.4%	$265.1	8.0%	$286.3	8.0%	$306.3	7.0%
4	Cigarette	$32.5	-0.1%	$31.8	-2.4%	$30.9	-2.8%	$30.1	-2.6%
5	Tobacco Products	$24.4	9.5%	$30.3	24.4%	$26.2	-13.5%	$26.9	2.3%
6	Liquor	$50.1	3.7%	$51.7	3.2%	$52.8	2.2%	$54.0	2.2%
7	**Total Excise**	**$3,759.0**	**1.7%**	**$3,974.8**	**5.7%**	**$4,145.7**	**4.3%**	**$4,332.4**	**4.5%**
	Income Taxes:								
8	Net Individual Income	$8,645.5	4.8%	$7,942.4	-8.1%	$8,208.8	3.4%	$8,724.7	6.3%
9	Net Corporate Income	$728.3	-20.8%	$655.1	-10.0%	$755.9	15.4%	$778.4	3.0%
10	**Total Income**	**$9,373.8**	**2.3%**	**$8,597.5**	**-8.3%**	**$8,964.6**	**4.3%**	**$9,503.1**	**6.0%**
11	*Less: State Education Fund Diversion*	*$646.7*	*-6.7%*	*$699.4*	*8.2%*	*$672.3*	*-3.9%*	*$712.7*	*6.0%*
12	**Total Income to General Fund**	**$8,727.1**	**3.0%**	**$7,898.1**	**-9.5%**	**$8,292.3**	**5.0%**	**$8,790.4**	**6.0%**
	Other Revenue:								
13	Insurance	$337.4	7.2%	$330.7	-2.0%	$347.6	5.1%	$368.9	6.1%
14	Interest Income	$31.1	17.2%	$29.4	-5.5%	$27.5	-6.4%	$29.1	5.8%
15	Pari-Mutuel	$0.4	-23.7%	$0.4	-2.0%	$0.4	-2.0%	$0.4	-2.0%
16	Court Receipts	$3.9	-6.7%	$3.9	-0.5%	$3.9	0.0%	$3.9	0.0%
17	Other Income	$9.7	-80.2%	$25.2	160.1%	$22.9	-9.0%	$24.1	5.2%
18	**Total Other**	**$382.5**	**-3.1%**	**$389.5**	**1.8%**	**$402.3**	**3.3%**	**$426.3**	**6.0%**
19	**GROSS GENERAL FUND**	**$12,868.5**	**2.4%**	**$12,262.4**	**-4.7%**	**$12,840.3**	**4.7%**	**$13,549.1**	**5.5%**

/A Dollars in millions.

Table 4: General Fund Overview /A

Line No.		Preliminary FY 2019-20	September 2020 Estimate by Fiscal Year FY 2020-21	FY 2021-22	FY 2022-23
Revenue					
1	**Beginning Reserve**	**$1,262.6**	**$1,664.1**	**$2,933.9**	**$421.7**
2	**Gross General Fund Revenue**	**$12,868.5**	**$12,262.4**	**$12,840.3**	**$13,549.1**
3	*Transfers to the General Fund*	$248.7	$323.5	$12.2	$16.4
4	**TOTAL GENERAL FUND AVAILABLE**	**$14,379.8**	**$14,250.1**	**$15,786.4**	**$13,987.2**
Expenditures					
5	**Appropriation Subject to Limit**	**$11,805.2**	**$10,658.5**	**$14,743.4**	**$12,370.1**
6	*Dollar Change (from prior year)*	$546.4	-$1,146.7	$4,085.0	-$2,373.3
7	*Percent Change (from prior year)*	4.9%	-9.7%	38.3%	-16.1%
8	**Spending Outside Limit**	**$910.5**	**$657.7**	**$621.3**	**$720.3**
9	*TABOR Refund under Art. X, Section 20, (7) (d)*	$0.0	$0.0	$0.0	$0.0
10	*Homestead Exemption (Net of TABOR Refund)*	$0.0	$164.2	$174.9	$189.0
11	*Other Rebates and Expenditures*	$145.7	$142.5	$149.7	$152.8
12	*Transfers for Capital Construction*	$213.6	$23.0	$20.0	$50.0
13	*Transfers for Transportation*	$300.0	$0.0	$0.0	$50.0
14	*Transfers to State Education Fund*	$40.3	$113.0	$23.0	$0.0
15	*Transfers to Other Funds*	$210.9	$214.9	$253.6	$278.4
16	*Other Expenditures Exempt from General Fund Appropriations Limit*	$0.0	$0.0	$0.0	$0.0
17	**TOTAL GENERAL FUND OBLIGATIONS**	**$12,715.6**	**$11,316.1**	**$15,364.7**	**$13,090.4**
18	*Percent Change (from prior year)*	-1.1%	-11.0%	35.8%	-14.8%
19	Reversions and Accounting Adjustments	$0.0	$0.0	$0.0	$0.0
Reserves					
20	**Year-End General Fund Balance**	**$1,664.1**	**$2,933.9**	**$421.7**	**$896.8**
21	*Year-End General Fund as a % of Appropriations*	14.1%	27.5%	2.9%	7.2%
22	*General Fund Statutory Reserve*	$362.4	$304.8	$421.7	$896.8
23	*Above/Below Statutory Reserve*	$1,301.7	$2,629.1	$0.0	$0.0

/A FY 2020-21 expenditures based on preliminary analysis of legislation passed by the General Assembly in 2020. 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 /A

Line No.		Preliminary	September 2020 Estimate by Fiscal Year		
		FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Revenue					
1	**Beginning Reserves**	**$1,438.6**	**$1,807.5**	**$3,312.0**	**$621.7**
2	*State Education Fund*	$176.0	$143.3	$378.1	$200.0
3	*General Fund*	$1,262.6	$1,664.1	$2,933.9	$421.7
4	**Gross State Education Fund Revenue**	**$693.7**	**$862.6**	**$702.3**	**$718.9**
5	**Gross General Fund Revenue /B**	**$13,117.2**	**$12,585.9**	**$12,852.4**	**$13,565.6**
6	**TOTAL FUNDS AVAILABLE FOR EXPENDITURE**	**$15,249.5**	**$15,256.1**	**$16,866.8**	**$14,906.2**
Expenditures					
7	General Fund Expenditures /C	$12,715.6	$11,316.1	$15,364.7	$13,090.4
8	State Education Fund Expenditures	$726.4	$627.9	$880.4	$718.9
9	**TOTAL OBLIGATIONS**	**$13,442.0**	**$11,944.0**	**$16,245.1**	**$13,809.3**
10	*Percent Change (from prior year)*	0.0%	-11.1%	36.0%	-15.0%
11	*Reversions and Accounting Adjustments*	$0.0	$0.0	$0.0	$0.0
Reserves					
12	**Year-End Balance**	**$1,807.5**	**$3,312.0**	**$621.7**	**$1,096.8**
13	State Education Fund	$143.3	$378.1	$200.0	$200.0
14	General Fund	$1,664.1	$2,933.9	$421.7	$896.8
15	*General Fund Above/Below Statutory Reserve*	$1,301.7	$2,629.1	$0.0	$0.0

/A FY 2020-21 expenditures based on preliminary analysis of legislation passed by the General Assembly in 2020. 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 2019-20	September 2020 Estimate by Fiscal Year FY 2020-21	FY 2021-22	FY 2022-23
1	**Transportation-Related /A**	**$1,198.2**	**$1,212.3**	**$1,263.6**	**$1,289.4**
2	Change	-6.1%	1.2%	4.2%	2.0%
3	**Limited Gaming Fund /B**	**$69.1**	**$75.4**	**$93.0**	**$108.5**
4	Change	-35.4%	9.0%	23.3%	16.7%
5	**Capital Construction - Interest**	**$6.3**	**$6.1**	**$6.2**	**$6.3**
6	Change	33.6%	-3.2%	1.6%	0.8%
7	**Regulatory Agencies**	**$81.1**	**$89.2**	**$91.1**	**$91.4**
8	Change	2.9%	10.0%	2.2%	0.3%
9	**Insurance-Related**	**$24.9**	**$20.8**	**$21.3**	**$23.1**
10	Change	10.5%	-16.5%	2.2%	8.5%
11	**Severance Tax**	**$131.7**	**$20.0**	**$39.9**	**$61.0**
12	Change	-48.4%	-84.8%	99.5%	52.9%
13	**Other Miscellaneous Cash Funds**	**$725.3**	**$717.8**	**$733.1**	**$749.3**
14	Change	4.5%	-1.0%	2.1%	2.2%
15	**TOTAL CASH FUND REVENUE**	***$2,236.8***	***$2,141.6***	***$2,248.3***	***$2,328.9***
16	Change	-8.3%	-4.3%	5.0%	3.6%

/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 2019-20	September 2020 Estimate by Fiscal Year FY 2020-21	FY 2021-22	FY 2022-23
	TABOR Revenues:				
1	General Fund /A	$12,629.5	$11,997.3	$12,554.0	$13,242.8
	Percent Change from Prior Year	2.3%	-5.0%	4.6%	5.5%
2	Cash Funds /A	$2,236.8	$2,141.6	$2,248.3	$2,328.9
	Percent Change from Prior Year	-8.3%	-4.3%	5.0%	3.6%
3	**Total TABOR Revenues**	**$14,866.3**	**$14,138.9**	**$14,802.2**	**$15,571.7**
	Percent Change from Prior Year	0.5%	-4.9%	4.7%	5.2%
	Revenue Limit Calculation:				
4	Previous calendar year population growth	1.4%	1.2%	1.0%	0.7%
5	Previous calendar year inflation	2.7%	1.9%	2.5%	2.3%
6	**Allowable TABOR Growth Rate**	**4.1%**	**3.1%**	**3.5%**	**3.0%**
7	TABOR Limit /B	$12,241.5	$12,621.0	$13,062.7	$13,454.6
8	General Fund Exempt Revenue Under Ref. C /C	$2,624.8	$1,517.9	$1,739.5	$2,117.1
9	**Revenue Cap Under Ref. C /B /D**	**$14,948.8**	**$15,412.3**	**$15,951.7**	**$16,430.2**
10	***Amount Above/Below Cap***	**-$82.5**	**-$1,273.4**	**-$1,149.5**	**-$858.6**
11	***Revenue to be Refunded including Adjustments from Prior Years /E***	**$0.0**	**$0.0**	**$0.0**	**$0.0**
12	TABOR Reserve Requirement	$446.0	$424.2	$444.1	$467.2

/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.