

Supplemental Materials

General Fund Overview

The General Fund Overview shown in Table 4 of the Colorado Economic and Fiscal Outlook highlights the available funding, expenditures, and end-of-year-reserves for the current fiscal year and subsequent years. Below is a detailed discussion of the information presented in Table 4 as reflected in the June 2023 forecast.

REVENUE

Lines 1-4 of the General Fund Overview detail the total funding available for spending in a given fiscal year. In addition to those tax revenues itemized in Table 3 of the forecast document, the General Fund receives transfers from other State funds.

| Table 4 Line No. | | FY 2021-22 Actual | FY 2022-23 Estimate | FY 2023-24 Estimate |
|------------------|---------------------------------------|-------------------|---------------------|---------------------|
| 1 | Beginning Reserve | \$3,181.5 | \$3,201.9 | \$2,292.5 |
| 2 | Gross General Fund Revenue | \$17,697.9 | \$17,779.2 | \$16,516.8 |
| 3 | Transfers to the General Fund | \$71.3 | \$24.8 | \$44.1 |
| 4 | Total General Fund Available | \$20,950.8 | \$21,005.9 | \$18,853.4 |
| | <i>Dollar Change from Prior Year</i> | \$4,478.2 | \$55.1 | -\$2,152.5 |
| | <i>Percent Change from Prior Year</i> | 27.2% | 0.3% | -10.2% |

EXPENDITURES

Lines 5-18 of the General Fund overview detail General Fund expenditures in a given fiscal year. By statute, General Fund expenditures, with certain exceptions discussed further below, cannot exceed 5 percent of aggregate personal income received by Coloradans. In FY 2021-22, General Fund appropriations subject to this limit are \$12.0 billion.

| Table 4 Line No. | | FY 2021-22 Actual | FY 2022-23 Estimate | FY 2023-24 Estimate |
|------------------|---------------------------------------|-------------------|---------------------|---------------------|
| 5 | Appropriation Subject to Limit | \$12,031.2 | \$13,313.7 | \$14,885.8 |
| 6 | Dollar Change from Prior Year | \$1,052.1 | \$1,282.5 | \$1,572.0 |
| 7 | Percent Change from Prior Year | 9.6% | 10.7% | 11.8% |

The table on the next page itemizes those General Fund obligations that are not subject to the General Fund appropriations limit. A description of each line item is presented below the table.

| Table 4 Line No. | | FY 2021- 22 Actual | FY 2022- 23 Estimate | FY 2023- 24 Estimate |
|---------------------------|--|-----------------------|----------------------------|----------------------------|
| 8 | Total Spending Outside Limit | \$5,797.5 | \$5,551.0 | \$1,539.2 |
| | <i>Dollar Change from Prior Year</i> | \$3,447.9 | -\$246.5 | -\$4,011.8 |
| | <i>Percent Change from Prior Year</i> | 146.7% | -4.3% | -72.3% |
| 9 | TABOR Refund under Art. X, Section 20, (7) (d) | \$3,848.1 | \$3,527.0 | \$535.9 |
| 10 | <i>Homestead Exemption</i> | \$162.1 | \$161.3 | \$162.4 |
| | <i>TABOR Refund Portion of Homestead Exemption</i> | -\$162.1 | -\$161.3 | -\$162.4 |
| 11 | <i>Other Rebates and Expenditures</i> | \$149.6 | \$150.2 | \$154.5 |
| 12 | Transfers for Capital Construction | \$354.0 | \$493.2 | \$314.2 |
| 13 | Transfers for Transportation | \$512.9 | \$88.0 | \$0.0 |
| 14 | Transfers to State Education Fund | \$123.0 | \$290.0 | \$0.0 |
| 15 | Transfers to Other Funds | \$809.9 | \$1,002.6 | \$534.7 |
| 18 | Reversions and Accounting Adjustments | -\$79.8 | -\$151.4 | \$0.0 |

Line 9: Spending not subject to the appropriations limit includes any TABOR refunds funded by the General Fund. These refunds occur when State revenue exceeds the fiscal year spending cap as defined in Article X, Section 20 (7) of the Colorado Constitution (“TABOR”) and Section 24-77-103.6, C.R.S. (“Referendum C”). TABOR refunds are projected throughout the forecast period and are shown in line 9. Refunds are obligated in the fiscal year they are incurred, but are paid in the following fiscal year. According to the State Controller’s Office and audit findings after the release of the TABOR certification in September, TABOR revenue exceeded the cap by \$3,728.9 million in FY 2021-22. In addition, there are \$121.1 million in refunds still to go out from prior year surpluses, for a total of \$3,848.1 million. As a result of SB 22-233, which provided advanced rebate checks of \$750 to single filers and \$1,500 to joint filers, \$2.7 billion of these refunds have already been sent out. The additional refunds will be refunded under the normal mechanisms to taxpayers in FY 2022-23. Note, however, that \$151.4 million in additional TABOR refunds from FY 2021-22 are set to go out as part of the Six Tier Sales Tax Refund for FY 2022-23 due to the impact of Proposition 121 on the temporary income tax rate reduction. Under the June forecast, TABOR refunds will be owed in each fiscal year through FY 2024-25. In FY 2022-23 and FY 2023-24, the June forecast projects TABOR refunds of \$3,527.0 million and \$535.9 million, respectively.

Line 10: The Homestead Property Tax Exemption, which reduces property-tax liabilities for qualifying seniors and disabled veterans, serves as the State’s first TABOR refund mechanism. The amount on Line 10 is the estimated Homestead Exemption expenditure, which is then reduced in the line below by the TABOR refund due in that fiscal year. For each of fiscal year FY 2021-22 through FY 2024-25, the Homestead Property Tax Exemption is fully covered by the TABOR refund.

Line 11: “Rebates and Expenditures” account for a large portion of General Fund obligations not subject to the appropriations limit. The primary programs under rebates and expenditures are: (1) the Cigarette Rebate, which distributes money from a portion of State cigarette tax collections to local governments that do not impose their own taxes or fees on cigarettes; (2) the Marijuana Rebate, which distributes 10 percent of the retail marijuana sales tax to local governments based on the percentage of retail marijuana sales in local areas; (3) the Old-Age Pension program,

which provides assistance to low-income elderly individuals who meet certain eligibility requirements; (4) the Aged Property Tax, Heat, and Rent Credit, which provides property tax, heating bill, and rent assistance to qualifying low-income, disabled, or elderly individuals; and (5) the State’s financing costs for providing interest-free loans to school districts to help them with cash flow within the fiscal year.

Line 12: Transfers to capital construction in FY 2021-22 total \$354.0 million, comprised of \$20 million from HB15-1344, \$0.1 million from SB21-064, \$328.8 million from SB21-224, and \$5.1 million from HB 22-1195. FY 2022-23 transfers total \$493.2 million, including \$20.0 million from HB15-1344, \$462.2 million from HB22-1340, and \$11.0 million in supplemental funding from SB 23-141. Finally, FY 2023-24 transfers include legislation through the 2023 session.

Line 13: Transfers to transportation funds in FY 2021-22 total \$512.9 million as a result of S.B. 21-260, S.B. 21-265, S.B. 22-176, S.B. 22-180, H.B. 22-1411. FY 2022-23 totals \$88.0 million from S.B. 21-260, HB 22-1351, and SB 22-176.

Line 14: HB 20-1420 transferred \$23 million to the State Education Fund in FY 2021-22. The FY 2021-22 transfer also includes \$100 million from SB21-208, for a total of \$123.0 million. Finally, the FY 2022-23 includes \$290 million from HB 22-1390.

Line 15: State law requires transfers of General Fund to various state cash funds. Generally, the largest transfer relates to the special sales tax on retail marijuana, portions of which are transferred from the General Fund to the Marijuana Tax Cash Fund and to the Public School Fund. In addition, the line includes transfers to other funds as defined by the most recent legislative session.

Line 18: This line includes any General Fund money not expended out of appropriations each fiscal year that was “reverted” back to the General Fund. It also includes various accounting adjustments made by the State Controller’s office each year as well as TABOR refunds not sent out through the income tax rate reduction mechanism due to the passage of Proposition 121.

RESERVES

Lines 19-23 of the General Fund Overview highlight the year-end balance in the General Fund as well as the statutorily determined reserve requirement and any amount above or below this requirement. The ending balance is the difference between total funds available and total expenditures.

| Table 4 Line No. | | FY 2021- 22 Actual | FY 2022- 23 Estimate | FY 2023- 24 Estimate |
|---------------------|---|-----------------------|----------------------------|----------------------------|
| 19 | Year-End General Fund Balance | \$3,201.9 | \$2,292.5 | \$2,428.4 |
| 20 | Year-End General Fund as a % of Appropriations | 26.61% | 17.22% | 16.31% |
| 21 | General Fund Statutory Reserve | \$1,612.2 | \$1,997.1 | \$2,215.6 |
| 22 | Statutory Reserve % | 13.4% | 15.0% | 15.0% |
| 23 | Above/Below Statutory Reserve | \$1,589.7 | \$295.5 | \$212.8 |

The required reserve was increased to 13.4 percent in FY 2021-22 and 15.0 percent for each fiscal year thereafter. If the ending balance is projected to be less than half of the required reserve, then the Governor is required to take budget-balancing actions.

State Education Fund Overview

Table 5 of the Colorado Outlook details revenue, expenditures, and fund-balance information for the State Education Fund and General Fund combined.

The table below summarizes revenue, expenditures, and the ending balance for the State Education Fund. The State Education Fund plays an important role in the State’s General Fund budget. Under the state constitution, K-12 education spending must grow at the rate of student population growth plus inflation. Changes in expenditures from the State Education Fund affect General Fund appropriations, which must shift accordingly to meet the targeted level of school funding.

| State Education Fund (\$ in Millions) | FY 2021-22 Actual | FY 2022-23 Estimate | FY 2023-24 Estimate |
|--|----------------------|------------------------|------------------------|
| Beginning Balance | \$553.7 | \$955.9 | \$1,309.5 |
| <i>One-third of 1% of State Taxable</i> | | | |
| <i>Income</i> | \$993.5 | \$951.7 | \$936.0 |
| <i>Transfers to SEF</i> | \$123.0 | \$290.0 | \$0.0 |
| <i>Other</i> | \$151.9 | \$141.7 | \$9.4 |
| Total Funds to State Education Fund | \$1,268.4 | \$1,383.4 | \$945.4 |
| State Education Fund Expenditures | \$888.0 | \$1,029.8 | \$1,010.7 |
| Reversions and Accounting Adjustments | -\$21.9 | \$0.0 | \$0.0 |
| Year-end Balance | \$955.9 | \$1,309.5 | \$1,244.2 |