

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 September 2024 forecast. For further detail and overview of the budget, please refer to the Budget Outlook section on page 63 of the Office of State Planning and Budgeting (OSPB) September 2024 Economic 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 2023-24 Preliminary	FY 2024-25 Estimate	FY 2025-26 Estimate	FY 2026-27 Estimate
1	Beginning Reserve	\$2,427.4	\$3,097.4	\$2,001.0	\$2,374.5
2	Gross General Fund Revenue	\$17,251.4	\$17,202.6	\$17,588.1	\$18,883.5
3	Transfers to the General Fund	\$95.1	\$165.1	\$58.4	\$29.8
4	Total General Fund Available	\$19,773.9	\$20,465.1	\$19,647.5	\$21,287.8
	<i>Dollar Change from Prior Year</i>	-\$1,480.9	\$691.2	-\$817.6	\$1,640.3
	<i>Percent Change from Prior Year</i>	-7.0%	3.5%	-4.0%	8.3%

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 2023-24, General Fund appropriations subject to this limit were \$14.1 billion.

Table 4 Line No.		FY 2023-24 Preliminary	FY 2024-25 Estimate	FY 2025-26 Estimate	FY 2026-27 Estimate
5	Appropriation Subject to Limit	\$14,087.7	\$15,330.2	\$16,105.0	\$17,016.7
6	Dollar Change from Prior Year	\$779.6	\$1,242.5	\$774.9	\$911.6
7	Percent Change from Prior Year	5.9%	8.8%	5.1%	5.7%

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 2023-24 Preliminary	FY 2024- 25 Estimate	FY 2025- 26 Estimate	FY 2026- 27 Estimate
8	Total Spending Outside Limit	\$2,843.7	\$3,133.9	\$1,168.0	\$1,759.9
9	TABOR Refund under Art. X, Section 20, (7) (d)	\$1,660.3	\$520.3	\$381.6	\$968.3
10	<i>Homestead Exemption, including SB24-111</i>	\$161.2	\$165.1	\$193.1	\$213.8
	<i>TABOR Refund Portion</i>	-\$161.2	-\$165.1	-\$193.1	-\$213.8
11	<i>Other Rebates and Expenditures</i>	\$241.9	\$194.8	\$191.1	\$188.9
12	Transfers for Capital Construction	\$392.6	\$254.1	\$50.0	\$50.0
13	Transfers for Transportation	\$5.0	\$117.5	\$117.5	\$117.5
14	Transfers to State Education Fund	\$0.0	\$146.0	\$0.0	\$0.0
15	Transfers to Other Funds	\$543.9	\$1,901.2	\$427.8	\$435.2
18	Reversions and Accounting Adjustments	-\$254.9	\$0.0	\$0.0	\$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 \$1.37 billion in FY 2023-24. In addition, there are \$288.8 million in additional refunds still to go out from prior year surpluses, for a total of \$1.66 billion. Under the September forecast, TABOR refunds will be owed in each fiscal year through FY 2026-27. The September forecast projects TABOR refunds to decline in FY 2024-25 to \$520.3 million and even further to \$381.6 million in FY2025-26, before increasing in FY 2026-27 to \$968.3 million.

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 2023-24 through FY 2026-27, the Homestead Property Tax Exemption is covered by the TABOR refund. Additionally, note that S.B. 24-111 creates an additional portable homestead exemption, captured in Table 9 of the September 2024 OSPB Forecast and covered by the TABOR refund exemption. However, portability for the homestead exemption will expire in tax year 2026.

Line 11: “Rebates and Expenditures” account for a large portion of General Fund obligations not subject to the appropriations limit. Primary programs under rebates and expenditures include: (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, however these funds are now treated as exempt per H.B. 24-1469; (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; (5) the State’s financing costs for providing interest-free loans to school districts to help them with cash flow within the fiscal year; (6) a warrant to backfill local governments from additional property tax cuts in S.B. 23B-001; (7) Fire and Police Pensions; (8) Amendment 35 General Fund expenditures to CDPHE and HCPF from a portion of cigarette collections; and (9) Property Tax Exemption Reimbursement to local governments as a result of additional business personal property tax exemptions in H.B. 21-1312.

Line 12: FY 2023-24 transfers include legislation through the 2024 session and currently total \$392.6 million. FY 2024-25 transfers to capital construction are lower than the previous year with \$254.1 million being transferred. The following two fiscal years have \$50 million in transfers to capital construction, which includes a \$30 million placeholder for Controlled Maintenance and \$20 million for H.B. 15-1344 Fund National Western Center and Capital Projects annually.

Line 13: Per statute, transfers for the forecast years are \$5.0 million in FY 2023-24 and \$117.5 million beginning in FY 2024-25 and until fiscal year 2028-29, where the transfer amounts to Transportation are reduced until FY 2031-32 and are discontinued. According to S.B. 21-260 Sustainability of the Transportation System, \$10.5 million goes to the Multimodal Options Fund, \$7.0 million goes to the State Highway Fund for the Revitalizing Main Streets Program, and \$100 million to the State Highway Fund. Of the \$100 million transferred into the State Highway Fund, \$10 million must be used annually to fund projects to reduce Vehicle Miles Traveled (VMT’s) or air pollution.

Line 14: Transfers to the State Education Fund total \$146.0 million in FY 2024-25 exists as a result of S.B. 23b-001. There are currently no other General Fund transfers into the SEF within statute for this time horizon.

Line 15: State law requires transfers of General Fund to various state cash funds. Generally, the largest transfer relates to Proposition EE and the 2020 Tax Holding Fund where further transfers occur to various other funds as a result of H.B. 20-1427. Another substantial transfer is 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, such as H.B. 24-1396 which continued a Bioscience Income Tax Transfer to OEDIT.

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. Note that currently, the reversions and accounting adjustments from the State Controller only include the amount of TABOR refunds from prior fiscal years not already distributed.

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 2023-24 Preliminary	FY 2024-25 Estimate	FY 2025-26 Estimate	FY 2026-27 Estimate
19	Year-End General Fund Balance	\$3,097.4	\$2,001.0	\$2,374.5	\$2,511.2
20	Year-End General Fund as a % of Appropriations	22.2%	13.1%	14.7%	14.8%
21	General Fund Statutory Reserve	\$2,054.6	\$2,314.8	\$2,374.5	\$2,511.3
22	Statutory Reserve %	14.7%	15.1%	14.7%	14.8%
23	Above/Below Statutory Reserve	\$1,042.8	-\$313.7	\$0.0	\$0.0

The required reserve was increased to 15.0 percent in FY 2022-23. For FY 2024-25 through FY 2026-27, the statutory GF reserve is adjusted slightly by H.B. 24-1231 and H.B. 24-1466, as discussed in the Budget Section of the September 2024 OSPB Forecast Document. In Fiscal Year 2023-24, the year-end General Fund as a percentage of appropriations was elevated because of swapping GF for ARPA dollars as required by H.B. 24-1466, Refinance Federal Coronavirus Recovery Funds. Note that 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. Recent legislation will place additional pressure on the fund, and the fund projections throughout the forecast period described in this section take into account all SEF appropriations and legislative changes enacted in the 2024 regular and special legislative session, including bills with the highest fiscal impact, which include HB24-1448 New Public School Finance Formula, SB24-233 Property Tax, and HB24B-1001 Property Tax.

State Education Fund (\$ in Millions)	FY 2023-24 Preliminary	FY 2024-25 Estimate	FY 2025-26 Estimate	FY 2026-27 Estimate
Beginning Balance	\$1,454.1	\$1,674.1	\$1,256.1	\$926.8
<i>One-third of 1% of State Taxable</i>				
<i>Income</i>	\$1,209.0	\$1,103.7	\$1,112.6	\$1,204.9
<i>Transfers to SEF</i>	\$0.0	\$146.0	\$0.0	\$0.0
<i>Other</i>	\$55.2	\$35.9	\$25.1	\$15.0
Total Funds to State Education Fund	\$1,264.2	\$1,139.6	\$1,137.6	\$1,220.0
State Education Fund Expenditures	\$1,057.1	\$1,703.7	\$1,466.9	\$1,662.3
Reversions and Accounting Adjustments	-\$12.9	\$0.0	\$0.0	\$0.0
Year-end Balance	\$1,674.1	\$1,256.1	\$926.8	\$484.4