Colorado Economic & Revenue Outlook

June 18, 2025

STATE OF COLORADO
Governor's Office of State Planning & Budgeting

COLORADO
Governor Jared Polis

Contents

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Forecast in Brief

The economy is expected to slow in 2025 after strong growth in 2023 and 2024. Over the course of this year, consumption and jobs growth are expected to stall while real estate markets and corporate profits are projected to stagnate. After volatile economic growth in the first half of 2025 as businesses react to uncertainty around tariff policy changes, OSPB expects a decline in GDP in the third quarter followed by flat growth to end the year. Inflation is expected to reaccelerate in the second half of the year, largely due to changes in tariff policies, but with Colorado impacted marginally less than the nation as a whole. Given that tariffs are more elevated than in March, with additional federal policy uncertainty dampening consumer and business demand, OSPB has revised the likelihood of a recession in the next 12 months up to 50 percent compared to 40 percent in the previous forecast. If tariffs had remained at the levels they reached in April, recession risk in this forecast would have been even higher.

Revenue subject to TABOR is expected to remain above the TABOR cap through the duration of the forecast period, but this is tied to the assumption that low revenue growth will turn off the family affordability tax credit (FATC) as well as the expansion of the earned income tax credit (EITC) in Tax Year (TY) 2026. If these tax credits were not dependent on revenue growth, OSPB would expect revenue below the TABOR cap in FY 2025-26. Furthermore, HB23-1272 tax credits are to be reduced in TY 2026, given that OSPB projects revenue grows by less than 4 percent in FY 2025-26. Currently, TABOR surpluses of $224.0 million, $289.0 million, and $536.4 million are projected in FY 2024-25, FY 2025-26, and FY 2026-27, respectively.

Under this forecast, the General Fund ending balance is projected to be $24.5 million below the statutory reserve level in FY 2024-25, followed by an ending balance in FY 2025-26 that is $40.9 million below the statutory reserve.

General Fund	• FY 2024-25 is revised down $113.5 million, largely due to higher income tax refunds more than offsetting healthier income collections when tax returns were filed. In FY 2025-26, revenue is revised down $177.7 million, as the economy is expected to slow. • In FY 2026-27, revenue is revised down $488.2 million, as OSPB's forecast assumes the FATC and EITC expansion would turn back on in TY 2027.
Cash Funds	• Cash funds are expected to decline by 1.9 percent in FY 2024-25 but then increase 3.1 percent in FY 2025-26. Compared with the March forecast, cash funds are revised up $32.3 million in FY 2024-25, largely on severance revenue, and down $184.9 million in FY 2025-26, largely from legislative actions.

Economic Outlook

Overview of Current Economic Conditions

U.S. GDP contracted by 0.2 percent in the first quarter of 2025, primarily due to a surge in imports ahead of new tariffs. The OSPB GDP forecast for 2025 has been revised down to 1.2 percent for 2025, reflecting expectations of slower consumer spending and restrained business investment amid elevated tariffs and policy uncertainty. Growth is expected to slow further to 1.0 percent in 2026, before normalizing to 1.9 percent in 2027 as business investment and trade flows settle into a new policy environment and increasingly neutral monetary policy.

The U.S. labor market has remained steady through May 2025 with an unemployment rate of 4.2 percent, while the latest April report for Colorado was 4.8 percent. Job growth forecasts have been revised downward with higher unemployment expected through 2027 due to economic uncertainty's impact on labor demand and anticipated federal job cuts. Wage and salary income growth slowed in early 2025, with further deceleration expected in a loosening labor market. Colorado's wage growth underperformed the nation for the first time in over a decade in 2024, but OSPB expects this to be temporary. Consumer spending growth is thought to be muted in 2025 due to slowing income growth, lower consumer confidence, and rising consumer debt. OSPB expects consumption to shift more towards essential expenditures as households—especially lower-income ones—tighten spending.

U.S. inflation was 2.4 percent year-over-year in May, largely due to low goods and energy prices. Denver-area inflation stabilized below previous forecasts at 2.2 percent in May, largely a result of low shelter inflation associated with an influx in housing supply. The inflation forecast for 2025 has been revised downward, reflecting a more delayed impact from tariffs compared to the March forecast due to new information on inventory backlogs and transit time for global shipping. Oil prices are down in 2025 and expected to fall further due to increased global supply and fears of slowing demand. New development in the housing and commercial real estate markets has slowed from peak levels in 2022 and 2023 as a result of the tight lending environment and economic uncertainty. The number of homes listed for sale and commercial vacancy rates (excluding retail) are also on the rise, indicating slow demand. As a result, home values in Colorado are flat, while multifamily rental rates are down.

Volatile federal trade policies have led to swings in imports, supply chain disruptions, eroding consumer and business confidence, and higher consumer prices. If trade tensions continue, the U.S. may see reduced exports and capital inflows, potentially harming GDP and confidence in U.S. debt while simultaneously slowing domestic economic activity.

Overview of Economic Indicators

Gross Domestic Product: The U.S. economy posted robust growth in 2023 and 2024 with GDP rising by 2.9 percent and 2.8 percent respectively, primarily fueled by strong consumer spending. However, in the first quarter of 2025, GDP contracted by 0.2 percent, largely due to a surge in imports as businesses accelerated purchases in response to new tariff announcements. Looking ahead, the GDP forecast for 2025 has been revised downward to 1.2 percent as consumer spending and business investment are expected to slow amid elevated tariffs and policy uncertainty. While high-income households are likely to sustain overall consumer spending, broader consumer confidence remains weak, and businesses are expected to restrain investment and hiring due to high interest rates and ongoing trade policy tumult. Inventory and trade fluctuations are expected to stabilize later in the year, and government spending is projected to have a neutral effect as reduced federal outlays are offset by steady state and local expenditures. In 2026, GDP growth is forecast to slow further to 1.0 percent before normalizing to 1.9 percent in 2027 as business investment recovers and trade flows adjust to new tariffs.

Labor Market: The U.S. labor market remained steady in May, with the unemployment rate holding at 4.2 percent, up 0.3 percentage points from a year earlier. Colorado added 8,400 jobs in April with unemployment at 4.8 percent, a year-over-year increase of 0.8 percentage points. OSPB has revised its labor market forecast downward for both Colorado and the U.S., projecting slower job growth and higher unemployment through 2027, largely due to heightened economic uncertainty and the impact that will likely have on labor demand. These projections are complicated by discrepancies in labor market data due to differing methodologies and underlying data for the Bureau of Labor Statistics (BLS) job growth figures and The Challenger Report job cuts estimates, particularly in the federal sector. Further labor market softening may be ahead as these cuts are realized in future reports.

Wages and Income: U.S. wage and salary growth slowed in the first quarter of 2025 to below-average rates as the labor market continued cooling after four consecutive years of above-average growth. Over 2025, U.S. wage and salary growth is expected to decelerate further due to labor market loosening. Colorado recorded average wage and salary growth in 2024, but the state underperformed national wage growth for the first time in over a decade. This underperformance in Colorado is expected to narrow in 2025, before the state rebounds and outperforms the U.S. over the remainder of the forecast period. Below average wage and salary growth is expected in the nation and state over the forecast period.

Consumer Spending: National consumer spending remained resilient in early 2025, with national retail trade growing 3.3 percent and Colorado growing 3.1 percent year-over-year through March. Despite the strong start to 2025, several headwinds including new federal tariffs, stricter immigration enforcement, the resumption of student loan repayments, and elevated consumer debt, are expected to slow spending growth in the latter half of the year. The ongoing threat of tariffs are already prompting some consumers to accelerate big-ticket purchases before anticipated price hikes, while supply chain disruptions and rising shipping costs could lead to shortages and further price increases, dampening demand. Rising consumer debt and delinquencies add further pressure, with lower-income households most at risk. Looking ahead, OSPB anticipates slower retail sales growth in late 2025 and early 2026, driven more by nominal price increases than real consumption, as many consumers shift focus toward essential spending and away from discretionary purchases.

Inflation: The U.S. Consumer Price Index (CPI) recorded year-over-year inflation of 2.4 percent in May, largely driven by low goods and negative energy price growth. The Denver-Aurora-Lakewood area saw inflation stabilize at 2.2 percent year-over-year in May, below previous forecasts, as local inflation slowed due to low energy inflation and the impacts of increased housing supply on shelter inflation. Recent increases in local food and goods prices are narrowing the inflationary gap between the U.S. and Denver metro area, as both converge toward the Federal Reserve's two percent inflation target. This is due to items like apparel and non-food related commodities having different timings locally than nationally, with Colorado disinflation occurring in advance of the U.S. Revised forecasts for 2025 reflect lower-than-expected inflation resulting from updated expectations on backlogs of existing inventories keeping inflation lower now, but with delayed impacts in the second half of the year due to anticipated supply chain issues which result in revisions up in 2026.

Energy: Oil prices have weakened significantly in early 2025 as a result of increased OPEC-Plus production and global demand fears associated with broad-based tariffs, pushing West Texas Intermediate (WTI) prices below long-term averages with further projected declines to below $60 per barrel into 2026. U.S. oil production reached record highs in 2024 and is expected to again this year, however, 2025 production growth is at risk as supply outpaces demand and downside price pressures mount. Colorado's oil output is also expected to grow modestly but remain below 2019 peak levels. In contrast, natural gas prices have rebounded to above-average levels due to strong winter demand, increased LNG export demand, and tightening inventories, with higher prices expected to support more natural gas production even as oil market sentiment turns increasingly pessimistic amid ongoing economic and policy uncertainty.

Housing: Colorado's housing market has experienced a significant expansion in supply with active listings reaching nearly 27,000 in April 2025, a 39.2 percent increase over the previous year. However, buyer demand remains subdued, with the number of homes sold remaining flat since late 2023. As a result, typical home values have remained relatively stable at around $555,000, while home values in the U.S. continues to grow. In the multifamily sector, a recent surge of 20,000 new units in Denver has pushed vacancy rates up and exerted downward pressure on rents, pushing average rent prices in Colorado closer towards national levels. Slowing population growth and economic uncertainty are dampening both new construction activity and buyer enthusiasm. Policymakers have responded with a suite of legislative initiatives and funding programs aimed at boosting housing supply, but their effects will take time to materialize. Looking ahead, annual permits are forecast to decline further in 2025 before rebounding in subsequent years, with ongoing risks tied to construction costs, labor shortages, and broader economic conditions.

Commercial Real Estate: Commercial real estate development in Colorado remains subdued after a two-year decline from early 2023 peaks. Industrial construction, previously buoyed by IIJA funding, has fallen the most sharply, but showed signs of recovery in March and April 2025. Office construction has stabilized at historical averages and demonstrated relative resilience, while retail construction is the only sector experiencing notable growth, increasing from $35 million in monthly starts in May 2024 to $56 million in April 2025. Rising office vacancy rates in Denver and modest increases in industrial vacancies highlight sector-specific risks, while retail vacancies have declined, reflecting stronger demand. The outlook for new development is tempered by elevated lending costs, economic uncertainty, and sector-specific demand challenges, particularly for office and industrial properties.

Federal Policy Tariff Impacts: The Trump administration’s stated trade policy intentions are to both reshore jobs and increase tax collections to offset tax cuts, while also reducing the trade deficit. The administration’s volatile approach of sweeping tariffs, rollbacks, and renegotiations has led to global market uncertainty, while also limiting the likelihood that there will be significant reshoring of manufacturing sector jobs. Tariff policy could further reduce U.S. exports and reduce capital inflows from other countries into the U.S., potentially harming GDP and eroding confidence in U.S. debt. Overall, current effective tariff rates remain elevated when compared to the time of the March forecast.

Anticipating Possible Federal Legislative Impacts: The House-passed version of the reconciliation bill, H.R. 1, is expected to add $3.0 trillion to the deficit through a combination of $3.75 trillion in tax breaks, combined with spending cuts to Medicaid and other social safety net programs such as SNAP. OSPB estimates $300-700 million in reduced state General Fund revenue as a result of federal tax policy changes, combined with a $400-600 million funding gap for Medicaid and SNAP funding absent changes to state law.

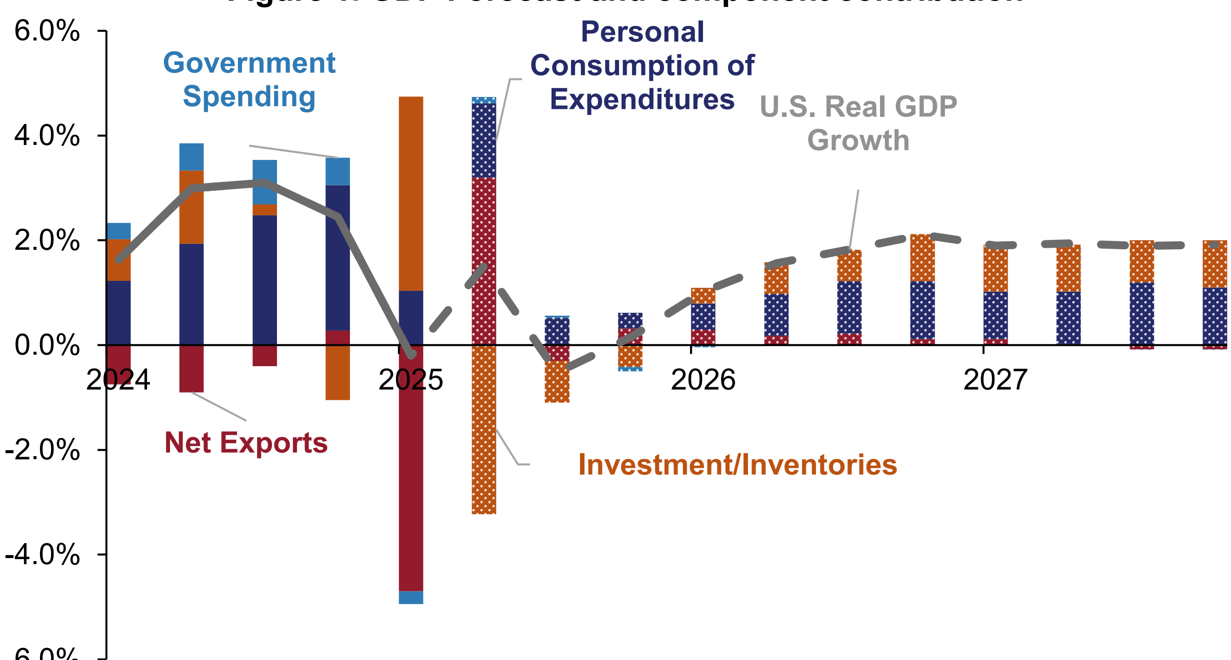
Forecast Risks

The primary risks to the economic and budget forecast stem from uncertainty in federal policy. Federal funding cuts will likely affect Medicaid and overall budget balancing. Ongoing tariff policy developments continue to stall business and consumer demand due to uncertainty. Additionally, geopolitical risks appear to be on the rise given recent events in the Middle East which are not captured in the baseline forecast. Currently, OSPB estimates a 50 percent likelihood of recession within the next year, rather than 40 percent in the March forecast. Compared to March, effective tariff rates are now higher with slightly elevated consumer inflation expectations relative to March. Over the long term, demographic shifts and an aging population will increasingly compound fiscal challenges through increasing social service costs and slowing income and sales tax revenues.

Gross Domestic Product

The U.S. economy grew at elevated rates of 2.9 percent and 2.8 percent in 2023 and 2024 respectively, largely driven by strong personal consumption. While U.S. GDP shrank 0.2 percent in the first quarter of 2025, it was largely a result of a drag from net exports as businesses responded to announced changes in trade policy with accelerated import purchases. Economic activity was aligned with OSPB's March forecast expectations, with similarly positive consumption components to the Bureau of Economic Analysis' reported GDP data, though the reported net exports drag and the offsetting inventories build up were more extreme than the March forecast anticipated. Figure 1 below depicts quarterly annualized growth in real GDP. The line represents GDP growth and the bars depict the four drivers of GDP growth/contraction: 1) personal consumption of expenditures (PCE), 2) inventories/investments, 3) net exports, and 4) government spending.

Figure 1. GDP Forecast and component contribution



Source: U.S. Bureau of Economic Analysis; OSPB Forecast.

In 2025, OSPB anticipates GDP growth of 1.2 percent, a 0.4 percentage point downward revision from the March forecast that is largely due to slower expected growth in consumer spending and business investments associated with overall uncertainty of future federal policy actions. Recent consumer confidence surveys suggest an expectation of an outright recession,[1] but OSPB currently expects that high income households are likely to keep real spending positive but muted. According to Moody's,[2] roughly half of all spending in the U.S. comes from

[1] University of Michigan Surveys of Consumers. https://data.sca.isr.umich.edu/

[2] Moody's Report [paywall] (Feb. 23, 2025). (link)

the wealthiest 10 percent of households. Given the current state of those households' savings and the recent rebound of asset income, which is largely held by that cohort, the top decile is likely able to buoy growth despite spending weakness for a majority of consumers. Meanwhile, business surveys are less pessimistic, but readings have also stalled with consecutive months below the National Federation of Independent Business (NFIB) index's historical average.[3] OSPB currently expects businesses to temporarily retreat from capital investments and have a limited appetite to expand their workforces, due to an elevated interest rate environment relative to previous expectations and continued uncertainty around federal policies impacting labor supply and supply chains. Inventories and net exports are expected to positively and negatively oscillate in the first half of the year as the tariff threats that led to increased imports and inventories in the first quarter are expected to reverse course in the second quarter. Finally, government expenditures are expected to largely have no net impact, as federal funding is expected to shrink over the forecast period, but slow state and local spending growth, which comprises about 75 percent of all government expenditures, is projected to offset federal funding declines. More discussion on trade policy and federal spending can be found in later sections later of this report.

In 2026, GDP growth is anticipated to be 1.0 percent, a 0.5 percentage point downward revision due to labor market weakness that is expected to limit consumer spending growth. However, after weighing on growth in 2025, business investment is expected to start contributing positively to economic growth in 2026 as the interest rate environment turns more neutral. Net exports are expected to have a limited positive contribution to GDP, due to an anticipated depreciation of the U.S. currency that favors exports slightly relative to imports. However, OSPB expects a reduction in both imports and exports as a result of sustained effective tariff rates above recent historical norms. In 2027, OSPB's forecast is unchanged from March, with GDP growth expected to normalize at 1.9 percent.

Labor Market

The labor market remains steady, with 139,000 U.S. jobs added in May, while Colorado added 8,400 in April.[4] The U.S. unemployment rate has remained relatively stable at 4.2 percent, a year-over-year increase of 0.3 percentage points. In Colorado, unemployment has risen more quickly to 4.8 percent, or 0.8 percentage points year-over-year, widening the gap with the U.S rate. The revised OSPB forecast is shown in Figure 2.

[3] NFIB Small Business Optimism Index. (link to source).

[4] State-level labor market data for May will not be released until after the June forecast is published.

Figure 2. Labor Market Annual Forecast

	2025	2026	2027
Jobs Growth			
Colorado	0.6%	0.5%	1.0%
United States	1.0%	0.5%	0.6%
Unemployment Rate			
Colorado	4.9%	5.1%	4.6%
United States	4.3%	4.7%	4.7%

These numbers reflect substantial negative revisions from the prior forecast, largely due to a significant increase in economic uncertainty from federal policies causing lowered employer hiring and expected weakening in economic fundamentals. Additionally, for Colorado, there were significant benchmark revisions published after the OSPB March forecast, representing the larger shift in current 2025 expectations.

Figure 3. Revisions from March 2025 Forecast

	2025	2026	2027
Jobs Growth			
Colorado	-0.4%	-0.2%	+0.2%
United States	+0.0%	-0.2%	-0.2%
Unemployment Rate			
Colorado	+0.4%	+0.5%	+0.1%
United States	+0.1%	+0.4%	+0.4%

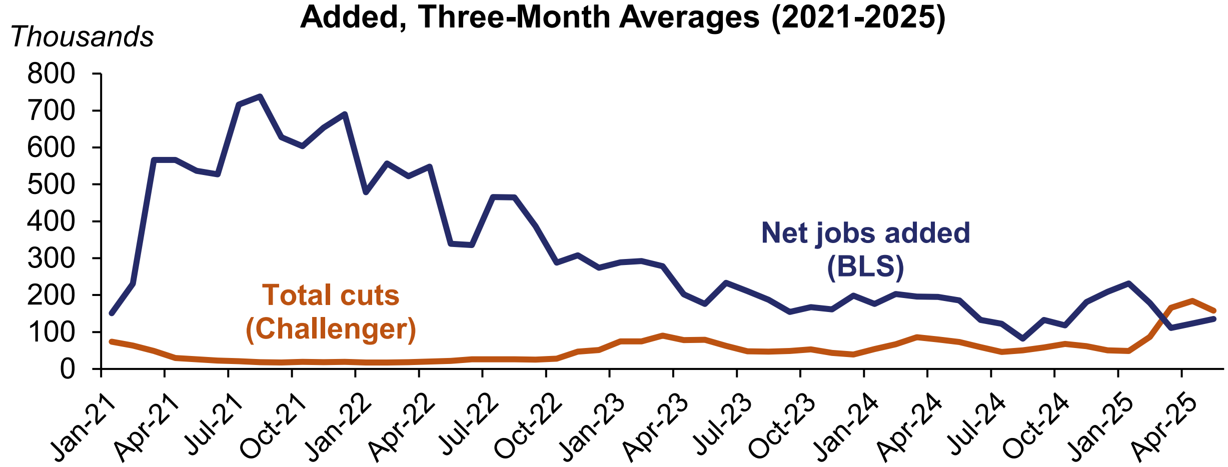
A compounding factor driving these revisions is the labor market developments that are not yet showing up in the data, such as the significant layoffs of federal workers. The Bureau of Labor Statistics (BLS) shows a net decrease of 37,000 federal jobs (-2.0 percent) between January and May at the national level. This is largely a result of the survey data not yet capturing layoffs that are tied up in the courts and will not reflect the buyouts until future jobs reports at the end of this federal fiscal year. However, anecdotal evidence suggests this number is much higher. Commentators like Tim Duy at SGH Macro Advisors have noted that Q4 2024 data from the Quarterly Census of Employment and Wages (QCEW) came in below the employer survey data published by BLS in those months, indicating that job growth in 2024 leading into 2025 may have been lower than current surveys report. In addition, the March Challenger Report found that 275,240 jobs were eliminated in March, of which 216,215 were government jobs largely attributable to cuts by the Department of Government Efficiency (DOGE).[5] In April and May, job cuts were still elevated, but government jobs were a much smaller share. Instead, the report

[5] Challenger, Gray, & Christmas, Inc., 2025, [“Federal Cuts Dominate March 2025 Total: 275,240 Announced Job Cuts, 216,670 from DOGE Actions” (link to source).]

cites economic uncertainty related to trade, the supply chain, and consumer spending as the primary reasons why employers are cutting jobs and slowing hiring.[6,7]

While the Challenger Report and the BLS use different methodology and measure labor market conditions in different ways, the discrepancy between their findings is larger than usual. In 2024, BLS reported a monthly average of 168,000 net jobs added, while Challenger reported 63,447 gross job losses each month, a ratio of 2.67 jobs gained on net for every job lost. In 2023, those numbers were 216,000 and 60,140, respectively; a ratio of 3.6 to 1.[8] Between 2012 and 2019, the ratio was even higher: on average, 4.5 jobs were created per job lost. The ratio of the 275,240 gross job losses Challenger reported in March 2025, compared to the 185,000 net job gains reported by BLS that month, is much higher than would be expected, given previous trends: this time, approximately 0.67 jobs gained for every job lost. Furthermore, data from the Jobs and Labor Turnover Survey (JOLTS) through April 2025 does not indicate a departure from trend for hires, openings, layoffs, or quits, even at the industry level.

Figure 4. Challenger Report Job Cuts Relative to BLS Net Jobs Added, Three-Month Averages (2021-2025)



Source: Challenger, Gray, & Christmas, Inc.; Bureau of Labor Statistics

OSPB theorizes that this discrepancy is occuring for a few reasons. First, as noted above, Challenger reports gross job losses, which does not account for jobs added. Furthermore, neither source accounts for individuals moving between jobs – the BLS would net this out to zero, while Challenger would simply count it as one job lost. Second, the Challenger Report tracks *announced* job cuts, not just those that have already been cut. As such, it is more of an indicator about what can be expected from future BLS reports as those cuts occur in real time. Third, the federal agency reductions-in-force (RIF) have been inconsistent across federal agencies, as several orders have been blocked in court and workers at agencies like the U.S.

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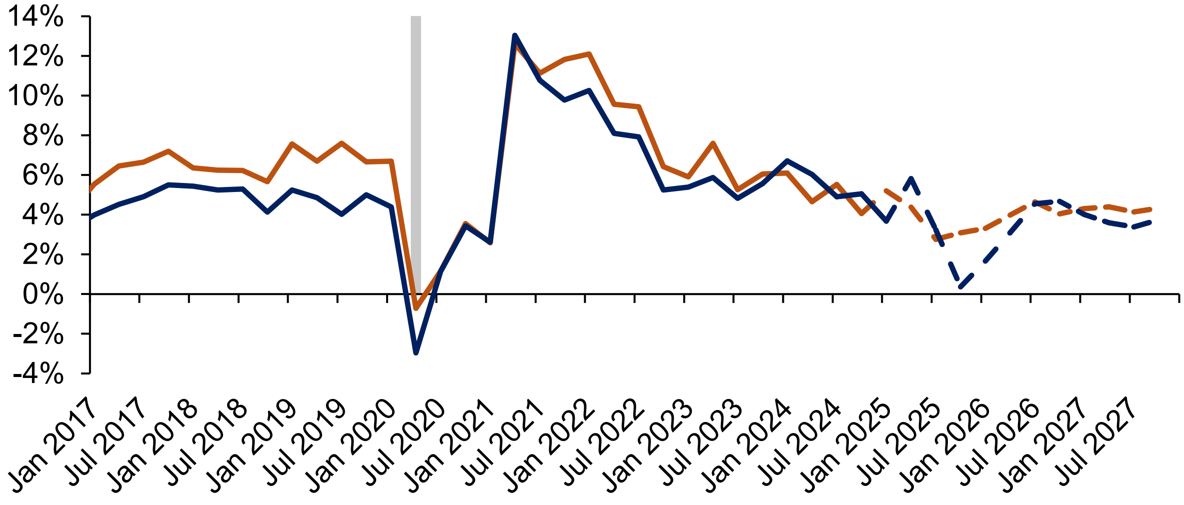
[6] Ibid., 2025, "April 2025 Job Cuts Plunge, But DOGE Drives 2025 Layoffs to Pandemic-Era Highs" (link to source).
[7] Ibid., 2025, "May 2025 Job Cuts Up 47% Over Same Month Last Year; Cuts Spread to Other Sectors Than Gov't for Other Reasons Than DOGE" (link to source).
[8] Ibid., 2025, "Job Cuts Rise 5.5% Over Last Year; 38,792 in December 2024" (link to source).

Department of Agriculture and the National Nuclear Security Administration were seemingly laid off mistakenly and were rehired. It is unclear how these phenomena are accounted for in the available data, if at all. Finally, the 75,000 individuals who took the federal Deferred Resignation Program offer are still on payroll through September,[9] and those jobs, while included in the Challenger Report's accounting of planned job cuts, will not be reflected in BLS data until these workers are removed from the payroll. These factors indicate that, while the upheaval in the federal workforce is not presently reflected in government data, it is likely a harbinger of labor force data that will be reported later in the year.

Wages and Income

U.S. wage and salary growth slowed in the first quarter of 2025 to below-average rates as the labor market continued cooling after four consecutive years of above-average growth. Over 2025, U.S. wage and salary growth is expected to decelerate further due to labor market loosening. For the remainder of the forecast period, growth is expected at below-average levels due to weak job growth expectations. Colorado recorded average wage and salary growth in 2024, but the state underperformed national wage growth for the first time in over a decade.

Figure 5. U.S. and Colorado Wage and Salary Growth



Source: Bureau of Economic Analysis; OSPB forecast.
Note: Shaded area denotes recession. Dotted line indicates OSPB forecast.

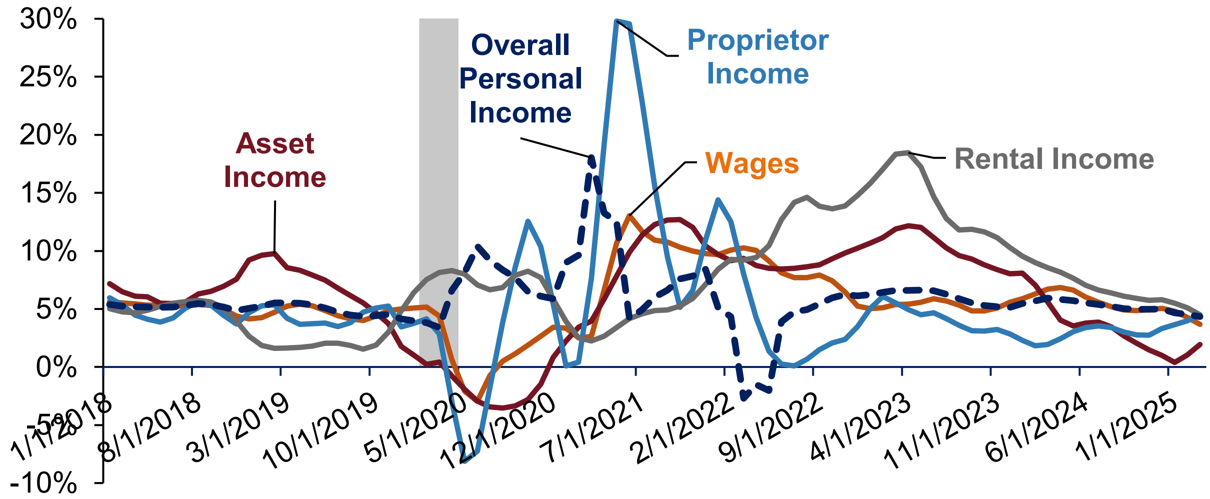
This underperformance in Colorado is expected to continue in 2025, before the state rebounds and outperforms the U.S. over the remainder of the forecast period. Below average wage and salary growth is expected in the state over the forecast period. Overall personal income remained above average at the national level in 2024, but it is also expected to fall to below-

[9] Karen Freifeld and Kanishka Singh, 2025, "About 75,000 U.S. federal workers accept Trump administration buyout program" (link to source).

average rates over the forecast period due to weakening wage growth and other components of personal income slowing, such as asset income.

Following a precipitous decline in wage and salary growth at the onset of the pandemic-induced recession, growth reached historic levels in 2021 in both the U.S. and Colorado as the economy re-opened and began recovering, boosted by unprecedented federal fiscal stimulus. Since then, wage and salary growth has decelerated as the economy has continued to normalize with slowing consumer spending, broad-based disinflation, and a cooling labor market following the Federal Reserve's interest rate hikes and quantitative tightening. Despite those dynamics, wage and salary growth generally exceeded expectations from 2022 through 2024 as the overall economy's resilience contributed to elevated wage growth. However, over the forecast period from 2025 through 2027, U.S. wage and salary growth is projected to fall below the 20-year average of 4.3 percent. In 2025, OSPB projects wage and salary growth of 4.1 percent before slowing to 3.5 percent in 2026 and 3.7 percent in 2027. Slowing wage growth is expected to coincide with weaker jobs growth and the unemployment rate ticking up as the labor market continues normalizing following elevated growth, but this slowdown is also due to weakening economic fundamentals from the threat of broad-based tariffs on the economy impacting consumer demand and business investment. Wage and salary growth expectations are revised down over the forecast period from the March forecast by 0.6 percentage points in 2025, 0.7 percentage points in 2026, and 0.6 percentage points in 2027. In Colorado, wage and salary growth was 4.8 percent in 2024, which was below the 5.7 percent recorded by the U.S. and below the 20-year average of 5.1 percent. Similar to the U.S., salary and wage growth in the state is expected to remain below that average over the forecast period, growing by 3.8 percent in 2025, 4.0 percent in 2026, and 4.3 percent in 2027.

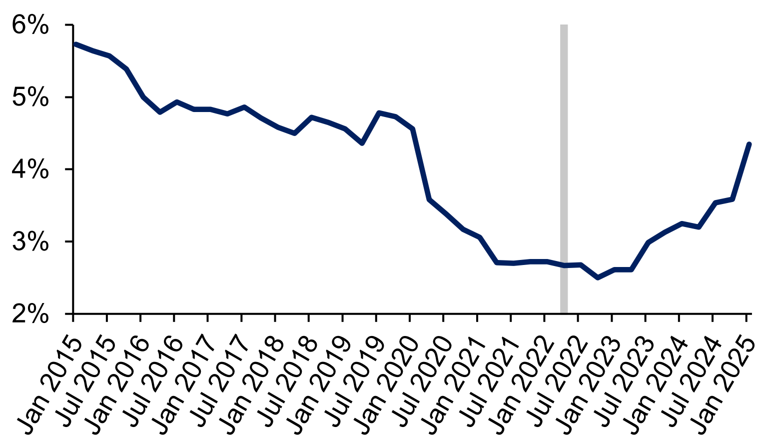
Figure 6. Year-over-Year Growth: Components of Personal Income



Source: Bureau of Economic Analysis.
Note: Shaded area indicates recession. Year-over-year growth reflected as three-month rolling average. Dotted line indicates overall personal income growth.

As wage and salary growth continues to slow, other components of personal income are decelerating, as well. In 2024, overall U.S. personal income grew at 5.4 percent. While salary and wage growth outpaced overall personal income growth, other components of personal income were strong, such as rental income which grew by 6.9 percent. Other income components underperformed overall personal income, such as asset income and proprietor income, which grew at 3.2 percent and 2.9 percent, respectively. Most subsets of personal income are normalizing following years of elevated growth and are generally projected to decelerate further in 2025. In 2025, U.S. personal income is forecast to grow by 3.8 percent before slowing to 3.7 percent in 2026 and increasing by 4.3 percent in 2027. The 20-year average for U.S. personal income growth is 4.7 percent. In Colorado, growth in personal income underperformed the U.S. in 2024, growing by 4.7 percent, compared to a 20-year average of 5.8 percent. Personal income growth is projected to remain below the average over the forecast period, growing by 3.8 percent in 2025, 4.2 percent in 2026, and 4.7 percent in 2027.

Figure 7. U.S. Household Delinquent Debt Balance



Source: Federal Reserve Bank of New York
Note: Shaded area indicates recession.

While household balance sheets in the U.S. maintain relative strength, they are softening compared to recent years. In the first quarter of 2025, 4.3 percent of U.S. households' debt balance was delinquent, which is the highest amount recorded since the first quarter of 2020. However, compared to historical standards, it remains healthy, as the 20-year average is 5.8 percent, but it is trending upward. In 2022, 2.6 percent of household debt balances were delinquent before increasing to 2.8 percent in 2023, and 3.4 percent in 2024. With personal income growth expected to slow to below-average rates and inflation expected to remain sticky, household balance sheets could face more pressure over the forecast period.

Consumer Spending

Following several years of significant growth in consumer spending in the aftermath of the pandemic, potential headwinds are emerging from federal policies related to tariffs, the reinstatement of student loan repayments, strained supply chains, declining consumer confidence, elevated consumer debt levels, and rising delinquency rates. While the first quarter of 2025 indicated continued growth over 2024, OSPB anticipates a slowdown in consumer spending growth for the second half of the year while avoiding an absolute decline. OSPB expects to avoid an outright decline in real terms largely due to continued spending by the wealthiest ten percent of households, who support nearly half of all nominal consumption, which more than offsets lower income households. The coming months are likely to indicate how the consumer economy will weather economic and federal policy uncertainty.

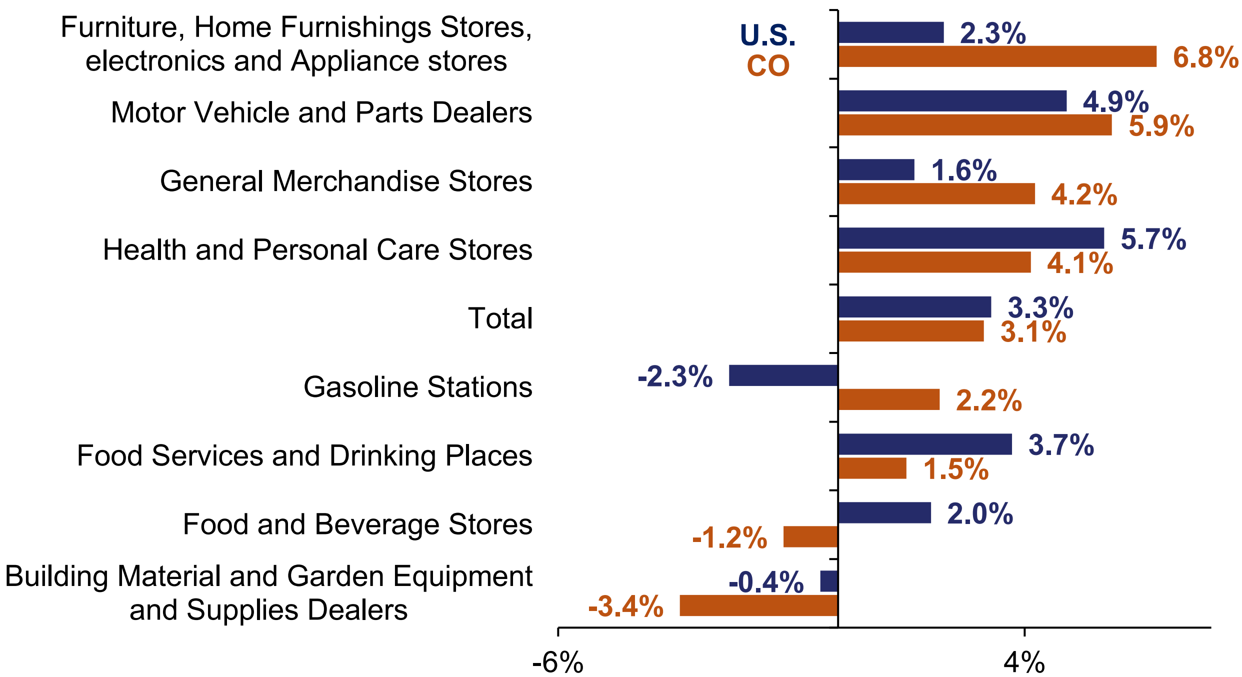
Through the first quarter of 2025, spending surged both locally and nationally as consumers raced to make major purchases ahead of potential tariff impacts. Overall, the U.S. has recorded 3.3 percent year-over-year retail trade growth through March, with an additional strong month of growth in April. Colorado also observed 3.1 percent year-over-year growth through March, particularly driven by a strong spending in March. Despite the strong start to the year, OSPB anticipates much of the early growth is a result of consumers pulling forward other planned or potential spending, which may lead to a lagging latter half of the year. Several factors may contribute to stalling consumer spending, primarily stemming from weakened consumer demand from federal tariff policy both directly and indirectly, including declining consumer confidence, potential supply chain disruptions associated with increased costs, delayed orders, and a weakening labor market.

More indirectly, stringent federal immigration policy may reduce the number of tourists and students coming from abroad. Often these visitors are wealthier and spend on hotels, restaurants, retail goods, and local tourism economy services. A significant reduction in their visitation could have significant economic impacts at the national and local levels, though it is not yet apparent in the data that a pullback in international visitors is widespread. Looking at U.S. Census Bureau data on international air travel, it appears that states like Florida and Nevada have shown weakness, but that Colorado tourism is yet to be impacted. OSPB anticipates that this is due to a greater share of international travel coming for outdoor activities as well as business and familial ties with Canadian travelers. Additionally, the top two Canadian airlines have begun to cut back routes to the U.S. but has kept flights to Denver International Airport unchanged. Currently, OSPB assumes minimal degradation of retail sales due to declines in tourism in the baseline forecast.

As noted, retail trade in the U.S. and Colorado has maintained a positive trajectory in 2025 with retail spending growing at rates of 3.3 percent and 3.1 percent in year-over-year growth for the first quarter, respectively. Figure 8 below illustrates year-over-year retail sales growth for 2025 over 2024 by sector. Vehicle and parts sales were a leading contributor to growth locally and nationally with growth around 5 or 6 percent, as well as health and personal care stores, and general merchandise stores. Colorado saw a surge in furnishings and appliance sales after a period of stagnancy. Spending growth at restaurants was strong nationally but saw modest growth in Colorado. Sales were weak in building materials with slight year over year declines.

OSPB interprets some of the early 2025 spending growth as a response to tariffs, with consumers pulling forward planned purchases to get ahead of tariff-based price increases. Evidence for this taking place includes growth in costly automobile and other durable good purchases, which are, or will be, subject to specific tariffs. As tariffs are implemented and consumers have already made these large purchases, future months are likely to see slower growth, or even declines in these categories, depending on the extent of price increases and shortages associated with tariffs. This noted consumer behavior will largely be dependent upon future actions from the Trump administration on tariff policy.

Figure 8. Retail Sales Growth by Selected Industry (Jan-March 2025 vs Jan-March 2024)



Note: Year over Year Percentage Change.
Source: U.S. Census Bureau, Colorado Department of Revenue.

The retail sales forecast is muddled by uncertainty around federal policy and concerns around tariff-induced inflation supply chain disruptions and decreased international tourism. OSPB anticipates lower levels of retail trade growth, with the June forecast for the U.S. revised down from March to 1.9 percent in 2025 and 2026, recovering to 3.8 percent in 2027. The Colorado forecast is 1.4 percent growth in 2025, with a quicker recovery than the U.S. to 2.8 percent in 2026 and 4.1 percent in 2027. Downside risks are most likely to emerge in late 2025 and early 2026, particularly for durable goods spending after the recent increase in purchases over the last several months. Spending growth projections are somewhat supported by nominal price increases tied to tariffs, rather than real growth in purchases by consumers, who are anticipated to reduce the pace of their consumption and shift focus to essential household expenditures, rather than discretionary purchases.

Tariffs and Impact on Supply Chains

In the wake of tariff announcements, many importers ceased or reduced new orders (particularly from China) as businesses navigate the new tariff regime and identify potential alternative suppliers. As a result, there have been significant declines in international shipping at major ports in the U.S.[10] The delays and reductions in imports could lead to product shortages when imported finished goods or raw material inputs become too expensive for U.S. businesses. Price increases resulting from direct tariff impacts or constrained supply could drive down consumer demand, which some major retailers have already begun to announce. [11]. As policy around tariff implementation fluctuates rapidly, shipping companies may also raise prices to accommodate both extended lulls and sudden surges in demand for shipping, adding to the inflationary pressures of the tariffs.[12] The direction of policy in this area is highly uncertain as described in the Federal Impacts section of this report, in particular the policy environment when the 90-day pauses on various tariffs expire in July and August, respectively. This increases the risk of inflationary pressures and the risk of product shortages over the forecast period. Additionally, declines in shipping volumes have potential for economic spillover impacts to employment in major industries like trucking across the nation.

International Workers, Tourists, and Students

The U.S. is also facing a reported decline in international visits,[13,14,15] likely related to tariff frustrations, an aggressive posture toward immigrants, tourists, and international students, and belligerent policy rhetoric towards Canada, Greenland, Panama, and others. While the full scope and duration of these behavioral shifts remain unclear after a relatively steady month of tourism in April, indicators such as hotel bookings and international airport traffic show softening in international visits to the U.S. The U.S. welcomed an estimated 72.4 million international visitors in 2024, who helped generate an estimated $2.9 trillion in economic output and supported 15 million jobs.[16,17] International tourists contribute significantly to consumer spending including at restaurants, retailers, and many services industries popular for visitors, and a reduction in tourism could contribute further to overall consumer spending, with Goldman Sachs estimating a potential worst case scenario loss of up to $90 billion in GDP.[18] Declining tourism may have broader implications for certain local economies that rely heavily on tourism spending. Additionally, major worldwide sporting events like the World Cup and the Olympics are at risk of having fewer international attendees in 2026 and 2028 respectively, depending on concerns of potential visitors about U.S. policies. In the longer term, there may

[10] LA Times, May 2025, "U.S. representatives sound alarm over slowing port activity" (link to article); Reuters, May 2025, "Tariff truce will not spark cargo boom at busiest U.S. seaport, executive director says" (link to article).

[11] AP News, May 2025, "Under a cloud of tariffs, Walmart is the latest retailer to announce price hikes" (link to article).

[12] Wall Street Journal, May 2025, "Shipping Rates Rise as U.S.-China Trade Truce Drives Import Surge" (link to article).

[13] PBS Newshour, March 2025, "U.S. Detention of European and Canadian Tourists creates fear over traveling to America" (link to article).

[14] NBC News, March 2025, "Denied, deported, detained: U.S. Border incidents have travelers thinking twice" (link to article).

[15] The Hill, May 2025, "Forecasted Foreign student drop catastrophic for U.S. colleges: Study" (link to article).

[16] International Trade Administration, March 2025 , "NTTO Forecast of International Visitation to the United States" (link to article).

[17] U.S. Travel Association, "U.S. Economic Impact of Travel 2024" (link to article).

[18] Financial Post, April 2025, "U.S. economy to lose billions as foreign tourists stay away" (link to article).

be implications for immigration, including international students at colleges and universities, and current or prospective employees in the U.S. labor supply.

Rising Consumer Debt

Separately from federal policy, elevated consumer debt levels present continued headwinds to consumer spending. Overall consumer debt continues to climb, though to start 2025 declines in credit card and auto loan debt offset by growth in mortgage debt and student loan debt.[19] Increasing delinquencies for all loan types has generally continued to increase in 2025, though begun to stabilize for credit cards and auto loans at elevated levels. Notably, student loan delinquencies increased substantially after the Department of Education resumed reporting student loan debt to credit agencies after a 5-year pause during and after pandemic. The end of this pause may cause additional strain on household finances. The proliferation of buy now, pay later arrangements for routine purchases such as groceries or takeout food and increasing rates of non-payment further indicate the strained credit environment.[20] While most consumer spending is driven by higher-income households, lower-income households are falling further behind on debt payments at scale that could create a growing financial risk for the economy.

A Worrying Consumer Trend: Buy Now Pay Later (BNPL)

An increasing number of consumers are turning to financing options for their purchases, with Buy Now, Pay Later (BNPL) services becoming a particularly popular choice. Initially, BNPL services were primarily used for non-essential purchases, such as experiences. For example, during the 2025 Coachella Music Festival, 60 percent of general admission ticket buyers opted for the Coachella payment plan, a significant increase from just 18 percent when the service was first introduced in 2009. This shift toward using BNPL for experiences made it an attractive alternative to traditional credit cards or personal loans, allowing consumers to divide costs into smaller, more manageable installments. However, this trend is now extending beyond discretionary spending to essential purchases—raising concerns about the potential for overspending and the accumulation of debt. A LendingTree survey of 2,000 adults conducted in early April found that 25 percent of BNPL users are now using these services to pay for groceries, marking a 14 percentage point increase from 2024. Additionally, 41 percent of respondents reported making a late payment on a BNPL loan in the past year, up from 34 percent the previous year.

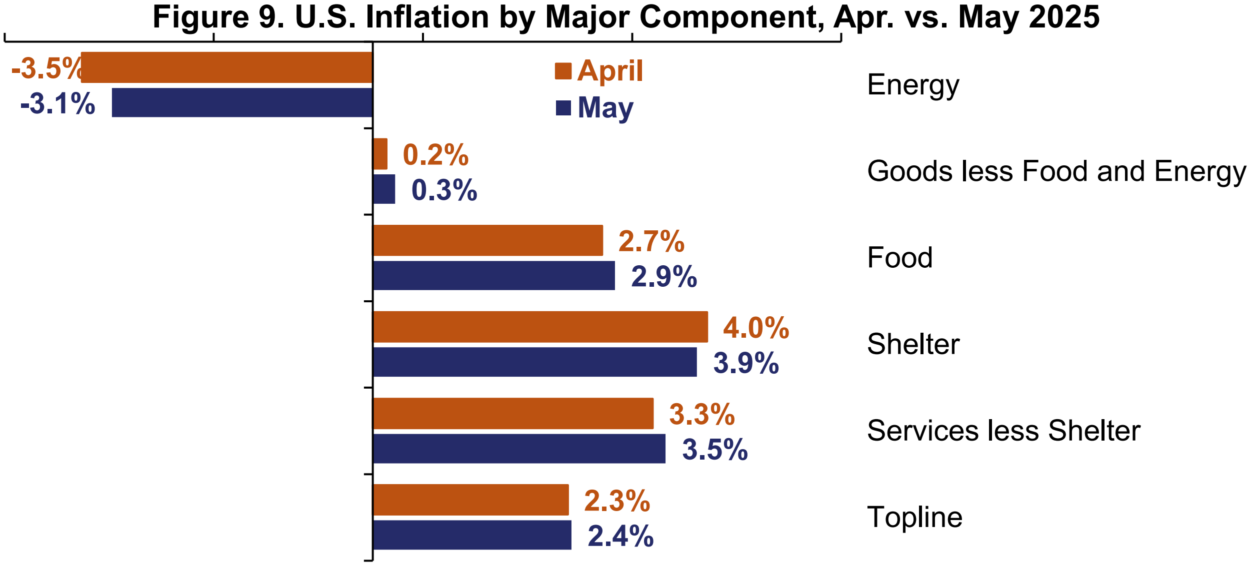
[19] Federal Reserve Bank of New York, May 2025, "Quarterly Report on Household Debt and Credit 2025: Q1" (link to PDF).

[20] NBC News, May 2025, "Buy Now, Pay Never? Some Klarna users struggle to repay loans as U.S. consumer debt rises" (link to article).

Inflation

The Consumer Price Index (CPI) for the U.S. and Denver-Aurora-Lakewood area show mixed results in the first quarter of 2025. In May, the U.S. year-over-year CPI inflation figure came in at 2.4 percent. U.S. inflation's main driver has been shelter, but low goods and negative energy inflation provided downward pressure and reduced net inflation. Local inflation in Denver-Aurora-Lakewood is beginning to stabilize after healthy disinflation in 2024, in part to low energy inflation and new housing supply coming online. Shelter inflation in the fourth quarter of 2024 and the first quarter of 2025 fell to near-zero quarter-over-quarter growth. May shelter data had a slick uptick to 1.1 percent over the last two months, but this is usual for summer months. Year-over-year shelter inflation remains below national figures.

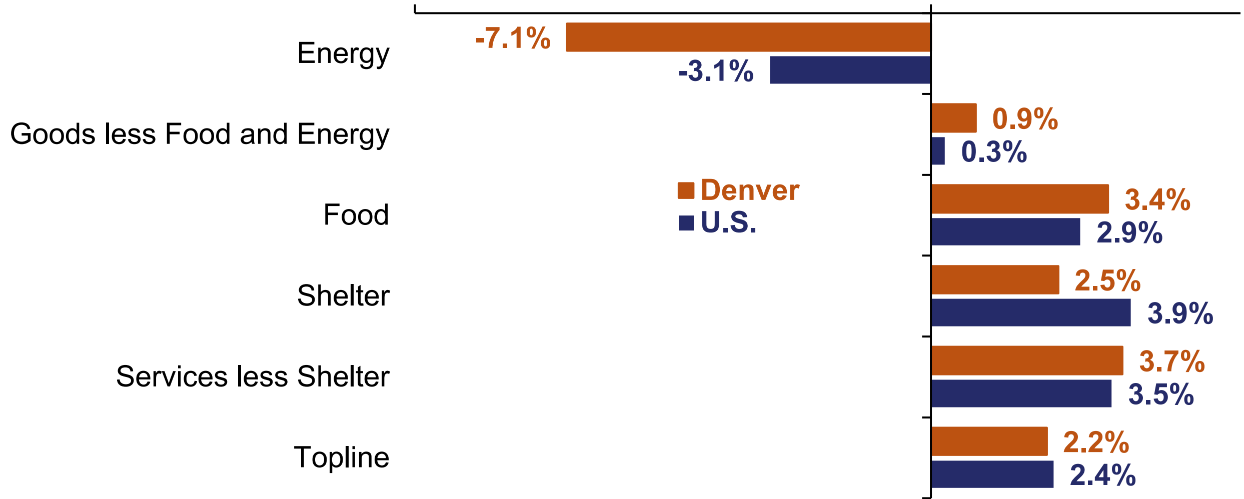
Figure 9. U.S. Inflation by Major Component, Apr. vs. May 2025



Source: Bureau of Labor Statistics; OSPB Calculations.

Shelter has a higher relative weight in the overall inflation rate for the Denver Metro than the nation with a 40.2 percent share in the Denver Metro CPI compared to 35.5 percent nationally. The difference in shelter inflation drove a widening gap in headline inflation rates between the U.S. and the Denver Metro in 2024 but higher 2025 food and goods inflation in the Denver Metro compared to the U.S. is converging topline inflation for the U.S. and Colorado back towards similar levels. Items in the goods category such as apparel and non-food commodities had different timing for disinflation and inflation. Local apparel inflation fell in mid-2024, whereas nationally it fell in late 2024 into early 2025. This drove large wedge in the category in early 2025 between the local and national figure. Overall year-over-year Denver Metro inflation was 2.2 percent in May. Shelter will likely continue to be the most important factor of Denver Metro inflation in 2025, with future inflationary pressures depending upon the evolving balance of housing supply and demand. Meanwhile, the year-over-year U.S. CPI growth was 2.4 percent in March and 2.3 percent in April.

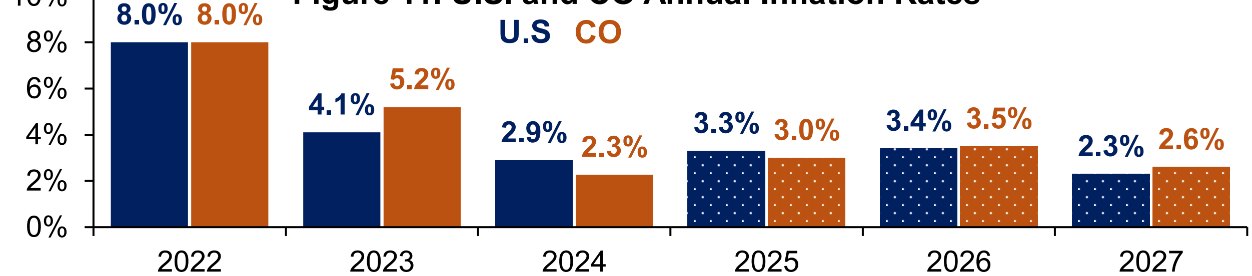
Figure 10. YoY Inflation by Major Component May 2025 Denver MSA vs. U.S.



Source: Bureau of Labor Statistics; OSPB Calculations.

Denver Metro and the U.S. inflation figures have been converging towards the Federal Reserve's inflation target of 2.0 percent in recent months, but for opposing reasons as the nation feels more pressure from shelter costs and the Denver Metro feels more pressure from food and goods. Expectations for U.S. and Colorado annual inflation rates are revised down in 2025 and up in 2026 from the March forecast as a result of recent reports and updated expectations, which are also discussed in the Federal Policy Tariff Impacts section. Briefly, OSPB expects reinflation to begin later as many businesses are currently still selling backlogged inventories that were built up last quarter. After those inventories are reduced and new orders are made, the time between goods leaving foreign ports and hitting Colorado's shelves is longer than expected in March with potential product shortages taking additional time to fully impact prices as well. Currently, OSPB anticipates that current tariff policy will pass through fully to prices by around Labor Day rather than Memorial Day (as anticipated in March). The forecast for U.S. CPI was revised down 0.4 percentage points to 3.3 percent for 2025, up 0.2 percentage points to 3.4 percent for 2026, and down 0.2 percentage points to 2.3 percent for 2027. Locally, Denver CPI expectations were revised down 0.5 percentage points to 3.0 percent in 2025, up 0.2 percent to 3.5 percent in 2026, and down 0.1 percent to 2.6 percent in 2027.

Figure 11. U.S. and CO Annual Inflation Rates



Source: U.S. Bureau of Labor Statistics; OSPB Estimates.

While consumer sentiment around inflation continues to deteriorate, with expectations of year-ahead inflation swelling to 6.6 percent in May[21], OSPB also considers business and institutional expectations. The Atlanta Federal Reserve's Business Inflation Expectations (BIE) survey for year-ahead inflation expectations fell to 2.5 percent in May from 2.8 percent in April, after reaching a four-year low in December of just 2.0 percent. According to the BIE survey, firms on average plan to pass just over 50 percent of their cost increases associated with tariffs on to consumers, with larger firms having a greater ability to pass on the entire cost increase. Based on recent tariff policy messaging from the federal government, OSPB now forecasts elevated month-over-month goods and food inflation in the second half of 2025. Given low month-over-month inflation in goods in the first half of 2025, combined with transportation lags, shipping costs, and future potential supply chain issues than were assumed in the March forecast, this led to new OSPB inflation estimates of 3.3 percent for the U.S. in 2025 and 3.4 percent in 2026.

The current inflation picture has also modified OSPB's assumptions on expected interest rate action by the Federal Reserve. Because of the rapid tariff policy changes, pauses, and general economic uncertainty, OSPB expects the Federal Reserve to take a "wait and see" approach, in which weaker labor market data or continued disinflation is reported before its next interest rate reduction. Present labor market and inflation data would not indicate that the Fed would cut rates in June. As of June 9th, the Federal Funds futures market currently expects the next interest rate cut to take place in September.

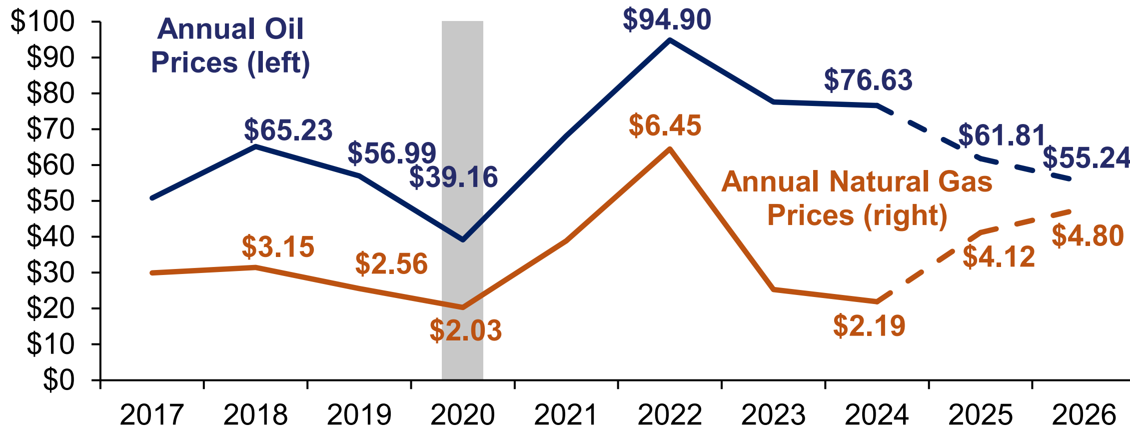
Energy

Oil markets have faced significant price weakness in the second quarter of 2025 following the Trump administration's announcement of broad-based tariffs causing global demand fears alongside OPEC-Plus increasing production at a more rapid pace than previously expected. West Texas Intermediate (WTI) oil prices fell below their long-term average levels in April and May, after remaining largely stable since the final quarter of 2022. Benchmark oil prices in the U.S. are projected to continue to decline below $60 per barrel over the remainder of the year and into 2026. U.S. oil production reached a new annual record in 2024 and is expected to reach record levels again in 2025, according to the U.S. Energy Information Administration (EIA). However, production uncertainty is heightened, though slow growth was still recorded in the first quarter of 2025 compared to 2024. Oil production in Colorado is expected to grow slowly as well, but remain below the peak annual levels reached in 2019. Oil prices face more downside risks due to global production increases and weaker global demand, with the tariff environment threatening demand further. The downside risks are related to geopolitical uncertainties and reduced production or supply interruptions. Natural gas prices, however, are ticking upwards, with more upside price risk due to inventory withdrawals tightening supply through the winter season, growth in electricity demand, and increased global demand and U.S.

[21] University of Michigan Surveys of Consumers, May Report (2025) (link to home page).

export capability for liquefied natural gas (LNG) as additional LNG export terminals come online and the Trump administration pursues LNG trade deals with other countries.

Figure 12. Annual Oil and Natural Gas Prices

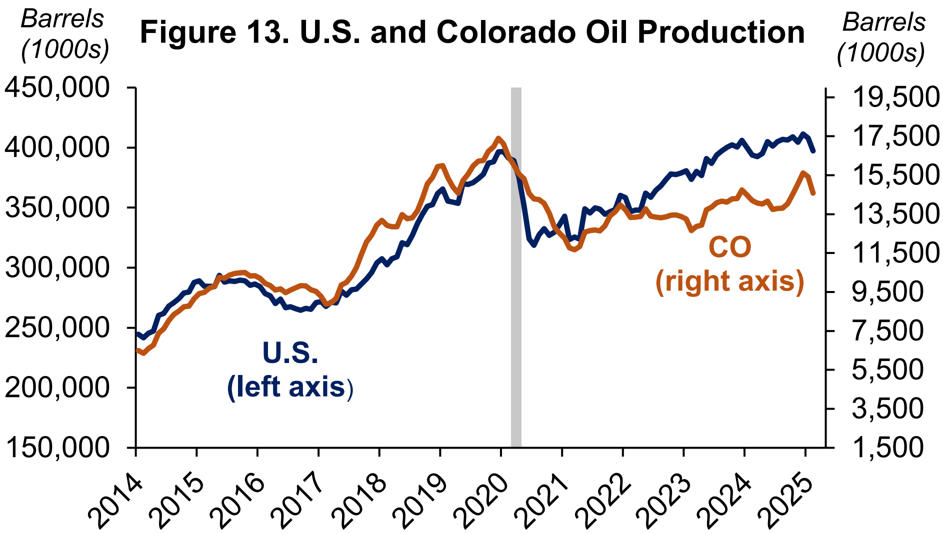


Note: Shaded area denotes recession. Dotted line indicates U.S. Energy Information Administration forecast. Henry Hub natural gas and West Texas Intermediate oil prices. Source: U.S. Energy Information Administration.

In 2024, the annual average WTI oil price per barrel was within one dollar of the year prior at $76.63 compared to $77.58 in 2023. This stability in price reflected a relatively steady market equilibrium following a period marked by supply and demand disruptions from 2020 through 2022. However, prices fell below or close to average historical levels following the broad-based and “reciprocal” tariff announcement by the Trump administration on April 2, and the OPEC-Plus announcement on April 3 to increase production by more than 400,000 barrels per day. On April 2, the WTI oil spot price was $72, above the 10-year average of approximately $62 per barrel. Since then, WTI prices averaged $63 over the remainder of April and $62 in May. According to the EIA, prices are forecast to decline further to $57 by the fourth quarter of 2025, before averaging $55 per barrel in 2026. Production growth is expected to outpace global demand as OPEC-Plus accelerates production and non-OPEC growth remains resilient, contributing to elevated inventories. Annual oil production in the U.S. is also projected to outpace the record set in 2024. Through the first quarter of the year, domestic production is 1.6 percent above the first quarter of 2024. In Colorado, oil production is also projected to grow slowly, but similar uncertainties are likely to weigh on growth. While U.S. production has recovered above the pre-pandemic high set in 2019 and set domestic production records in 2023 and 2024, Colorado production was still 10.3 percent below 2019’s record levels in 2024.

In contrast to the weakness in oil prices, natural gas prices have rebounded to above-average levels over the first five months of 2025 due to elevated demand from cold winter weather, strong international demand for LNG, and overall increased electricity demand. In the first quarter of 2025, Henry Hub prices averaged $4.14 per million BTU, compared to $2.15 in the first quarter of 2024. Through May, prices averaged $3.86 per million BTU compared to the 10-year average of $3.13. According to the EIA, Henry Hub prices are expected to average $4.12 in 2025 and $4.80 in 2026. Domestic natural gas production had positive but wavering growth in 2024 due to lower prices, but year-over-year declines were recorded in the first quarter of 2025, which will likely lead to below-average inventories this year due to elevated demand, thus increasing prices. The EIA expects that the U.S. will see production growth for the year as increased demand and price expectations provides a positive impulse to production. Natural gas production growth in Colorado is expected to remain relatively flat in 2025 as above-average prices provide a tailwind to exclusive natural gas producers but below-average oil prices weigh on associated gas produced as a by-product of oil drilling.

Figure 13. U.S. and Colorado Oil Production



Note: Shaded area denotes recession. Chart depicts 3-month average.
Source: Energy Information Administration.

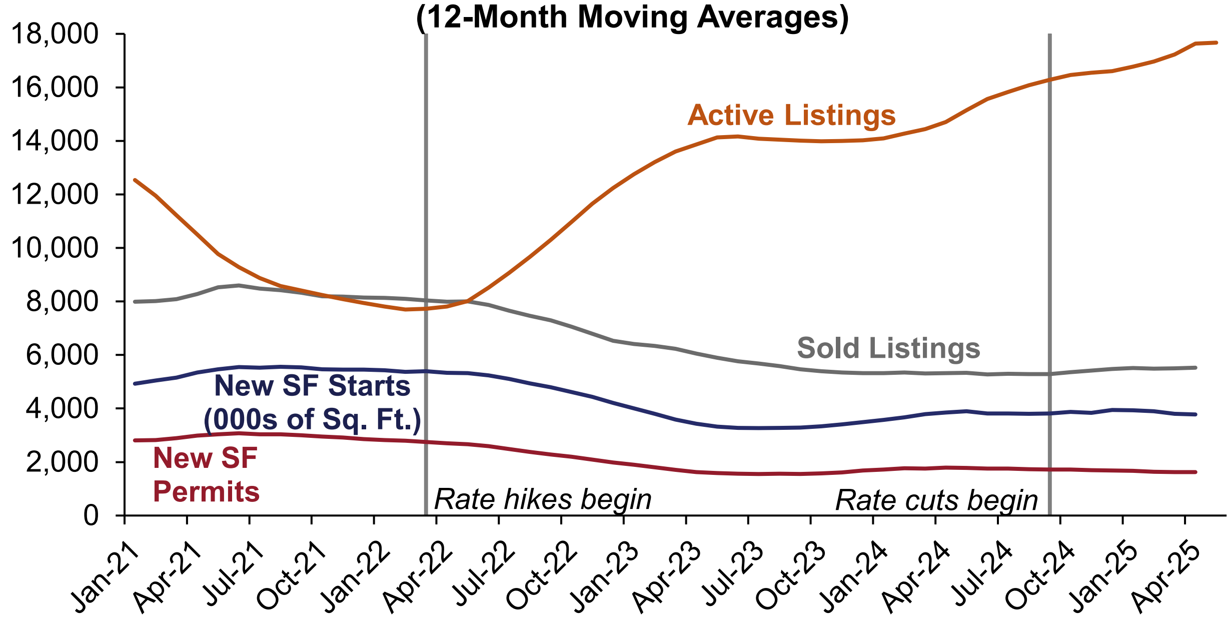
With the increasingly uncertain economic environment, oil and gas energy sentiment has largely turned pessimistic. In the Dallas Federal Reserve energy survey, with approximately 200 oil and gas firms as respondents, companies highlighted that tariff uncertainty and rising input costs from steel brought about by tariffs could weigh on production. They also stated that below-average oil prices would likely lead to reduced oil production. While the Dallas Federal Reserve district includes Texas, Louisiana, and New Mexico, the Kansas City Federal Reserve district includes Colorado. In the most recent Kansas City Federal Reserve energy survey, firms noted similar issues. In that survey, operators stated that the profitable price per barrel of oil was $65, while it would take $85 per barrel to substantially increase drilling. With prices expected to remain below $65 in 2025 and 2026, weaker production growth is expected. Operators stated that $3.80 per million BTU was the profitable price for natural gas, while prices at $5.10 or above would substantially increase drilling. With Henry Hub prices expected at the higher end of that range, there is more optimism surrounding natural gas production.

Although the Trump administration has made it a priority to substantially increase domestic oil and gas production, investment decisions made by energy firms will largely be market driven. With capital discipline remaining the prevailing industry sentiment alongside tariff uncertainty and increased production from OPEC-Plus, lower oil prices are likely to dampen oil production. However, natural gas production is expected to accelerate on higher prices.

Housing

The supply side of Colorado's single-family housing market continues to expand as the total inventory of active single-family listings rose to over 19,000 in April, 33.7 percent higher than in April 2024. In total, the number of year-to-date new listings has grown by 18.5 percent over 2024 levels. The growing supply of homes available has primarily been driven by existing homes for sale, rather than new builds hitting the market. In fact, new single-family construction starts have slowed, with April's year-to-date square footage levels down 12 percent from 2024. New one-unit residential building permits also show ongoing stagnation as the year-to-date number of new permits lag 2024 levels by 9.7 percent as of April, suggesting that residential developers may be planning for a slower construction season in the face of economic uncertainty and high interest rates. Even as the inventory of active listings has surged and price growth has plateaued, single-family buyer demand has not materialized as sold homes on a monthly basis have remained nearly flat since late 2023.

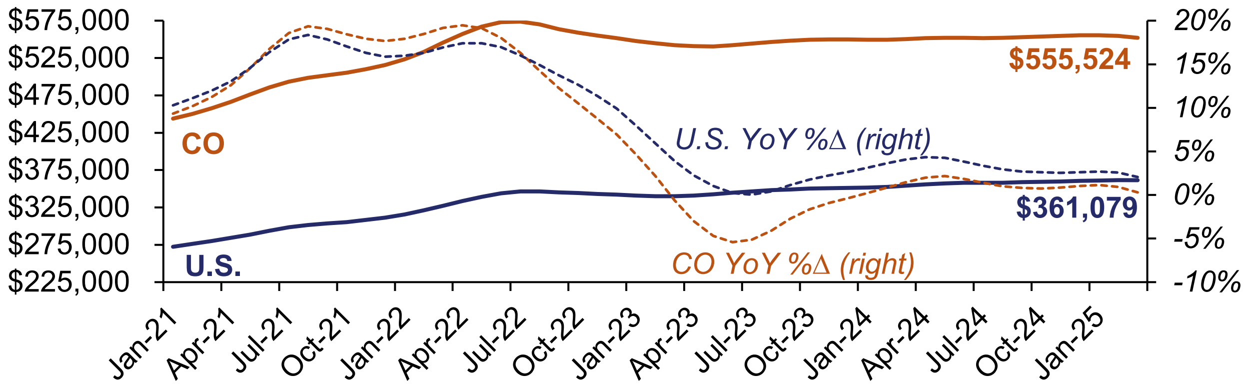
Figure 14. Colorado Single Family Housing Market Indicators (12-Month Moving Averages)



Source: Colorado Association of Realtors; U.S. Census Bureau; DODGE Data & Analytics.

As the imbalance of supply and demand has grown, home values in Colorado have remained flat compared to the U.S. as a whole. Figure 15 shows that the typical home value for all single-unit residences (including single-family homes, condos, and co-ops) has seen very little change since early 2023, consistently hovering around the current value of $555,524. The U.S. has a much lower typical home value at $361,079 but saw positive growth over the same period.

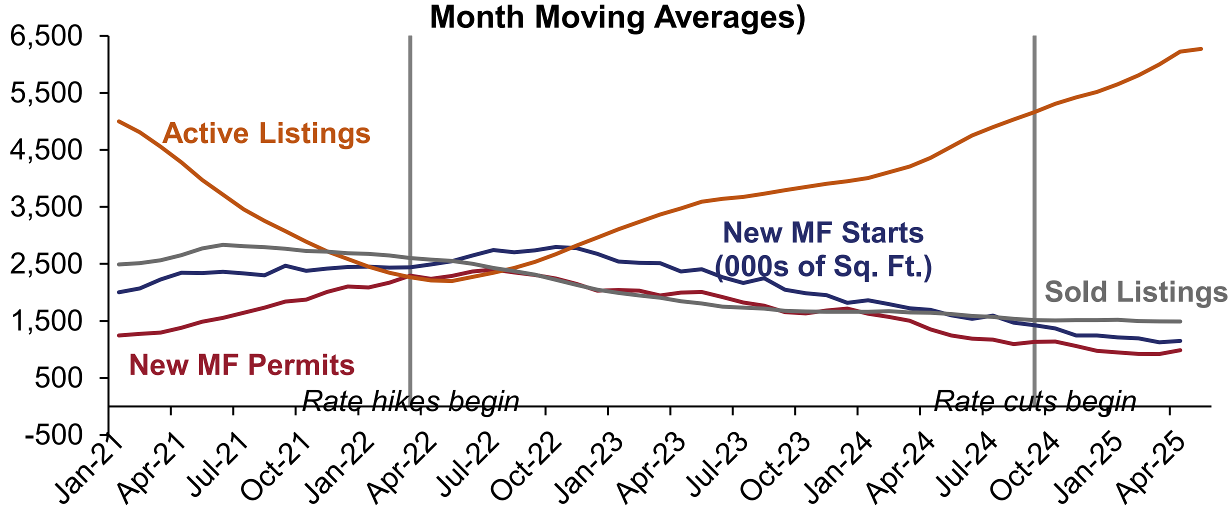
Figure 15. U.S. vs CO Typical Home Values



Source: Zillow - Typical value for all homes (SF & Condo/Co-op) in the 35th to 65th percentile.

Supply and demand dynamics have also impacted multifamily construction and rent prices. An influx of 20,000 multifamily units were added to the Denver market in late 2024 (following a peak in permitting and construction starts in late 2022), driving vacancy rates to 7 percent (up from 5.8 percent in 2024)[22] and putting downward pressure on rent prices and new multifamily construction, shown in Figure 16. Similar to single family homes, the number of active condo and townhouse listings continues to rise, while sales are flat.

Figure 16. Colorado Multifamily Housing Market Indicators (12-Month Moving Averages)



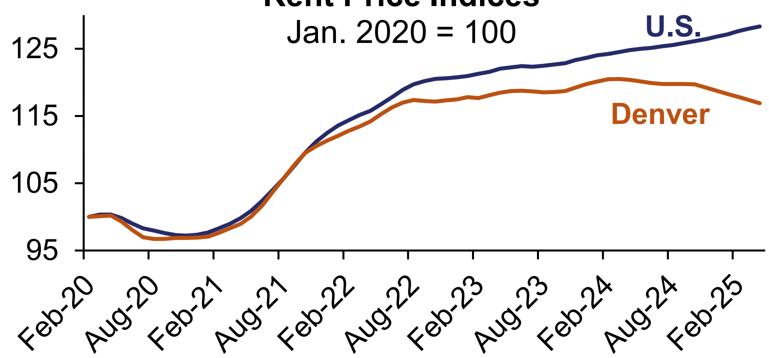
Source: U.S. Census Bureau; DODGE Data & Analytics; Zillow.

[22] The Colorado Sun (2025). ["What's Working: Why rents in Denver and other parts of Colorado are dropping". (link to article)](#).

The influx of multifamily units has had a direct and near-immediate impact on multifamily rent prices in the metro area. Figure 17 below shows how rent prices for multifamily units in Denver have turned downward since late 2024 while U.S. rents continue to increase.

The future of Colorado's housing and rental markets depends on the ongoing evolution of supply and demand dynamics. Population growth, including immigration, has been slowing in recent years, limiting demand growth. At the same time, developers are breaking ground on fewer projects and pursuing fewer construction permits, perhaps due to expectations around housing demand, the impact of tariffs on input prices, and/or construction labor supply.

Figure 17. U.S. vs Denver Multifamily Rent Price Indices



Source: Zillow.

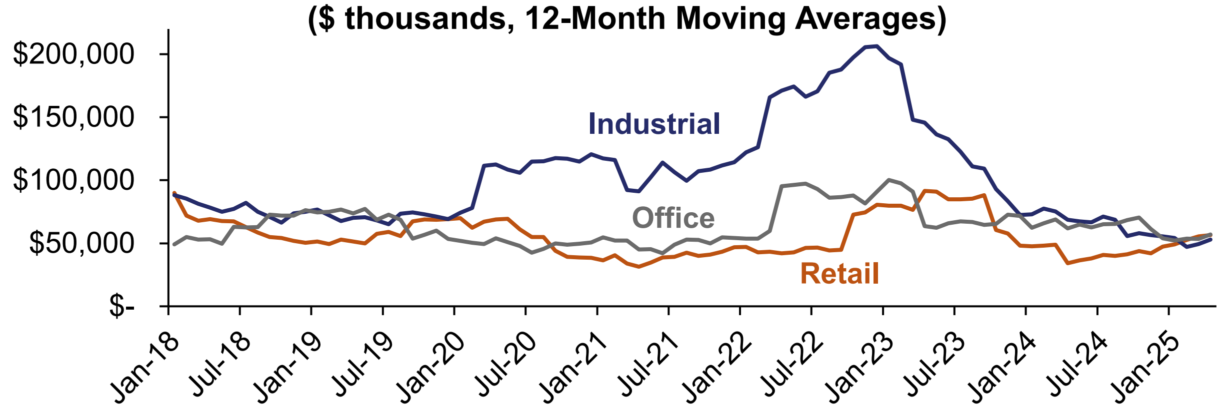
A number of recent legislative and policy items have been put forth with the intent of reducing barriers and creating incentives for developers and local governments to grow Colorado's housing supply, including an Executive Order from Governor Polis to support local governments' strategic housing growth, SB25-002 *Regional Building Codes for Factory-Built Structures* streamlines the building of modular homes, up to $50 million from SB25-006 *Investment Authority of State Treasurer for Affordable Housing* to invest in financing new affordable housing, HB25-1272 *Construction Defects & Middle Market Housing* creates a multifamily construction incentive program, and HB25-1273 *Residential Building Stair Modernization* relaxes construction rules, lowers costs, and allows extra space for additional housing units. There were also significant FY 2024-25 investments in housing development, including $8 million for HB25-1152 *Accessory Dwelling Units*, and $35 million for HB24-1313 *Housing in Transit-Oriented Communities*. While these various policies and programs provide direct support and incentives for housing development, it will take time to realize their impacts and effectiveness.

Due to near-term economic uncertainty (which can dampen buyer and developer activity in and of itself), OSPB forecasts a continued statewide decline in annual permits of -7.9 percent for 2025, before recovering to 3.1 percent in 2026 and 10.2 percent in 2027. Meanwhile, for the U.S., OSPB expects permitting to decline less in the current year, at -3.0 percent, but also bounce back by less in 2026 and 2027, with forecasted growth rates of 1.0 and 3.5 percent respectively. The primary risks to housing supply are input price inflation associated with tariff costs and reduced supply imports, construction labor shortages and increasing costs associated with federal immigration and deportation policies, and developers' risk tolerance in the face of economic uncertainty and a tight lending environment. The main risks to buyer demand are also focused on economic uncertainty associated with the job market, asset values, home insurance rates, and interest rates.

Commercial Real Estate

Commercial real estate development remains subdued following a two-year decline since peak activity in early 2023. Industrial construction has since fallen the farthest, from nearly $200 million in 12-month average monthly starts in late-2022 to around $50 million in early 2025. March and April showed a notable rebound in industrial starts, although year-to-date levels are still down 12 percent from 2024. Office construction has since returned to its typical historical trend of $50-70 million in average monthly starts and continues to show resilience compared to other sectors since late 2023, especially considering rising vacancy rates shown below in Figure 18. Retail construction is the only sector with notable recent growth, from around $35 million in May 2024 to $56 million in April 2025.

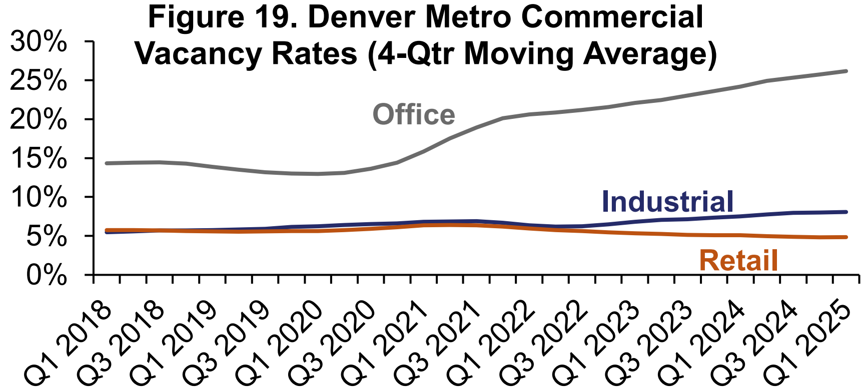
Figure 18. Commercial Real Estate Construction Starts ($ thousands, 12-Month Moving Averages)



Source: DODGE Data & Analytics.

Commercial real estate development appears to be broadly returning to pre-pandemic levels after a period of intense building. Future construction will be influenced by many factors, including the restrictiveness of the lending environment, demand and vacancies, and expectations around the broader economy. Figure 19 below shows that Office vacancy rates have risen sharply in the past three years in the Denver metro area, while new Office construction

Figure 19. Denver Metro Commercial Vacancy Rates (4-Qtr Moving Average)



Source: CBRE.

has stayed surprisingly consistent. This could potentially be explained by a focus on higher-end offices that are more expensive to build, and/or new renovation projects to upgrade existing office space. The slight increase in vacancy rates for Industrial space since mid-2022 has been accompanied by decreased new construction, and increasing Retail construction corresponds to falling vacancies. Accordingly, there are continued risks to the Office sector from ongoing work-from-home policies, rising vacancy rates, and financing and solvency concerns. Industrial development faces headwinds following the recent surge in construction and increasing vacancies. Retail development faces economic pressures from slowing consumer spending in the face of growing economic uncertainty.

Federal Policy Impacts – Trade and Tariffs

The Trump administration indicated that one of the main goals of its trade policy is to reshore jobs and increase tax collections to offset tax cuts. However, given recent concessions after "Liberation Day" and announcements of a trade deal pending with the U.K. and significant reductions in tariffs facing Chinese goods, it appears that the administration is more likely to use the tariff policy tool as a dial to support preferential trade agreements rather than an on-off switch to be used until manufacturing jobs have been reshored. It is still unclear whether and what impacts these negotiations will have net exports and the trade deficit. That being said, economists have generally expressed concern with the administration's focus on bilateral goods-only trade deficits, and tend to agree that even overall global trade deficits can naturally occur in a healthy, mature economy. That is because an overall trade balance is only part of the balance of payments of a country with the other side of the ledger being the U.S.' capital surplus. That is, other countries borrow U.S. consumer, business, and government debt obligations, which provides a benefit to the U.S.' investment portfolio and can boost GDP. It is unlikely that the administration can restrict imports without also restricting exports, which will have limited impacts on reducing trade deficits, while also reducing capital inflows, further eroding confidence in U.S. debt, and putting upward pressure on U.S. fixed income yields.

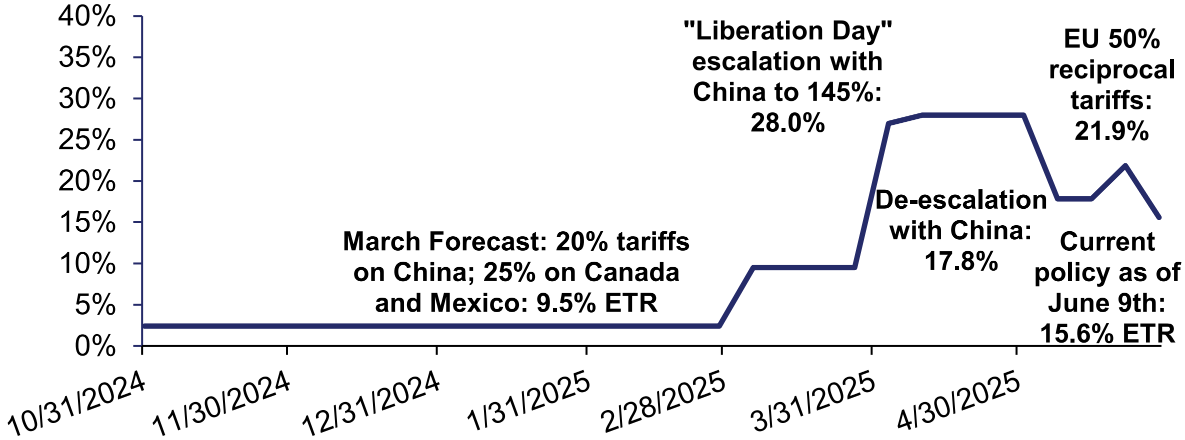
Since the March forecast, trade policy has remained volatile with tariffs announcements, roll backs, and postponements. Most significant were the April 2 "Liberation Day" tariffs, which imposed a minimum of 10 percent tariffs on nearly every country.[23] Additional tariffs above 10 percent were imposed on 60 trading partners, which the Trump administration referred to as "reciprocal tariffs," incorrectly characterizing the trade deficit as tariffs charged to the U.S. and "currency manipulation and trade barriers."

In reality, tariff rates were calculated as half the trade deficit the U.S. has with each country, resulting in the largest tariffs on the countries with the highest export-to-import ratios with the U.S. For example, the highest tariff (50 percent) was levied against Lesotho, a poorer country where the majority cannot afford U.S. goods, and whose economy is heavily reliant on textiles

[23] Erica York & Alex Durante, 2025, "Trump Tariffs: Tracking the Economic Impact of the Trump Trade War" (link to source).

and diamonds exports.[24] As a result, the bilateral trade flow between the U.S. and Lesotho is almost entirely one-directional. Though the reciprocal tariffs were paused until July 9 (for every country besides China), the announcement sent world markets into a tailspin, with partners scrambling to renegotiate trade deals in hopes of avoiding massive tariff hikes. For instance, Vietnam, on whom 46 percent tariffs were imposed, immediately attempted to appease the Trump administration by offering to reduce its tariffs on U.S. goods to zero. Failing that, the country has been communicating frequently with the Trump administration to repair trade relations. If they are unsuccessful, it would be devastating for the country: about one-quarter of its economic activity is related to exporting goods to the U.S.

Figure 20. Effective Tariff Rates (ETR) on U.S. Importers



Source: Yale Budget Lab.

Several other trade developments are also worth noting. First, the Trump administration announced the first new trade agreement, with the UK, on May 9 to keep the same tariff rate on most British goods, but with carve-outs for cars, plane parts, steel, aluminum, beef, and other agricultural products. This deal is not expected to have significant impacts on American consumers and small businesses, as the UK accounts for only 3 percent of U.S. trade.[25] Second, China has been additionally targeted, instituting their own retaliatory tariffs, which gradually increased until April 11, when the U.S. instituted 145 percent tariffs on China, who then responded with 125 percent tariffs. They remained at this level until May 12, when both countries agreed to drastically reduce tariffs to 30 percent on Chinese goods, 10 percent on U.S. goods, and reevaluate after 90 days.[26] Also, in late May, the administration announced 50 percent tariffs on the EU, but quickly suspended any action until July 9th. Finally, the whole tariff scheme is now in limbo following two federal court rulings that invalidated the tariffs that were instituted under the International Emergency Economic Powers Act (IEEPA), finding that

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[24] CBS News, 2025, "Trump's biggest tariff was on tiny Lesotho. Here's what to know about the African kingdom" (link to source).

[25] Allison Morrow, 2025, "Trump's first trade 'deal' doesn't bode well for the rest of the world" (link to source).

[26] Lou Robinson, Rosa de Acosta, Elisabeth Buchenwald, & Soph Warnes, 2025, "Timeline: All the twists and turns in the US-China trade war" (link to source).

he overstepped his constitutional authority and that only Congress may institute tariffs. The Trump administration appealed and the rulings have been stayed, keeping the tariffs in effect while the appeal goes through.[27] If the Trump administration loses the appeal, it is still possible that other sections of the IEEPA are used, such as section 122 which would allow the administration to again temporarily increase tariffs on nations. In figure 20 below, the U.S. effective tariff rates are illustrated over time as quite elevated and volatile this year after remaining below 3.0 percent between 1995 (after the North American Free Trade Agreement was implemented) and 2024.

Because of the volatility in tariff levels and timing, U.S. businesses made a dramatic surge in imports in Q4 2024 and Q1 2025 as they attempted to get ahead of tariff-related price increases. These tariff-based import decisions have caused whipsaw effects in the transportation industry. Recently, ports saw a huge reduction in traffic after the initial surge in imports. In fact, the number of cargo ships bound for West Coast ports has fallen drastically, indicating that shortages of consumer goods may be imminent.[28] Therefore, once inventories run out, the disruption to supply chains could have long-lasting economic and trade impacts for the U.S. In normal conditions, it takes about 40 days for goods shipped from China to hit a U.S. port, but additional pressure would likely extend that time and put upward pressure on prices as well. Severe supply chain impacts would create additional inflationary risks.

Up until this point, however, inflation is still ticking down and consumers have likely not yet noticed the impacts of new tariff policies on inflation. That is for a number of reasons. First, as mentioned earlier in this section, the largest increases in tariffs are on pause with the full retaliatory tariffs announced in early April not going into effect until July 9th, while the full retaliatory tariffs with China are on pause until August 14th. Second, it can take over a month for goods to reach U.S. ports for ocean freight shipping. Third, businesses accumulated larger than normal inventories before tariffs were implemented, and therefore those goods do not have higher costs to pass on to consumers. Fourth, half of firms surveyed by the Dallas Federal Reserve Branch said that one those companies felt costs increase, they'd still wait longer than a month before raising prices. Fifth, according to the Atlanta Federal Reserve Branch, typically larger businesses will pass along those costs while smaller firms are more likely to attempt to absorb the higher input costs. Therefore, depending on an individual's consumption patterns, the inflation impacts they experience will be different. Sixth, as a new wave of imports resumes later this year, ocean freight rates are expected to immediately increase with domestic trucking rates increasing as well once goods arrive in domestic ports.[29]

However, assuming the current tariff policy landscape remains, these impacts are likely to impact prices more broadly this fall, at which time OSPB anticipates that it will lead to re-

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[27] Dietrich Knauth & Sarah Marsh, 2025, "Trump's tariffs to remain in effect after appeals court grants stay" (link to source).

[28] Vanessa Yurkevich, 2025, "For 12 hours, zero ships left China bound for California's top ports. That hasn't happened since the pandemic" (link to source).

[29] Craig Fuller, 2025, "Transportation rates likely to surge during tariff pause" (link to source).

inflation nationally and locally. This is because, according to the Atlanta Federal Reserve Branch's Business Inflation Expectations survey, nearly 90 percent of businesses will pass along some portion of the costs and approximately one-third of all businesses are likely to pass along 80 percent or more of all tariff-related costs. In addition to price increases experienced at stores, consumers also face price increases due to the removal of the de minimis exemption, which had previously exempted purchases under $800 from tariffs.

Federal Policy Impacts – Tax Policy

The House passed its version of the reconciliation bill, the One Big Beautiful Bill Act (H.R.1), to advance President Trump's agenda, including tax policy on May 22nd. As expected, the House of Representatives proposed to extend key expiring provisions of the Tax Cuts and Jobs Act (TCJA), while also expanding certain provisions including the additions of a higher standard deduction, lower marginal rates on individual income, more generous passthrough entity deductions, an extension of SALT deduction caps, and certain changes to the expensing or calculation of depreciation on capital investments. Additionally, the bill would temporarily authorize exempting federal income taxes on tips and overtime for certain employees, an elevated standard deduction for seniors, and a deduction for auto loan interest payments for some vehicles. The bill would also repeal or sunset many of the climate-related tax credits and make changes to Health Savings Accounts eligibility.

The Congressional Budget Office scored the package as a whole, and the tax provisions more specifically as adding $3 trillion, and $3.75 trillion, respectively, to the national debt over ten years. It may have a modest impact on economic growth, particularly in creating incentives for companies to invest in new factories, research, and other capital development.

Many of the tax provisions would impact the definition of federal taxable income, and with Colorado income tax pegged to federal taxable income and largely conformed to the IRS code, OSPB estimates the bill as passed by the House of Representatives could result in a reduction in state income tax revenue of $500 million from the change to deductions and taxable income proposed. However, some of those revenue losses are contingent on business behavior and subject to fluctuation, leading to a broader range of $300-700 million in estimated impacts at this stage. Alternatively, the specific revenue stream for the Healthy School Meals for All program may benefit from the increased deductions proposed in the bill. OSPB will continue to refine these estimates by the time of the next publication.

As of June 9th, at which point OSPB finalized its forecast projections, the Senate had not begun work on its version of the bill, though numerous Senators have gone public with some of their objections to the House proposals. Potential Senate changes include adjustments to SALT and permanent tax breaks to businesses for research and development, business equipment, and interest on debt. OSPB will continue monitoring this legislation to understand its impact on state tax revenue.

Federal Policy Impacts – Medicaid and SNAP

Medicaid

The reconciliation bill H.R. 1 passed by the House aims to reduce federal Medicaid funding by $800 billion over the next ten years through a number of mechanisms that will impact Colorado's Medicaid funding and 1.31 million enrollees.[30] The bill creates new administrative requirements including mandatory work requirements for the Medicaid expansion population and more frequent eligibility checks. These requirements will increase states' and locals' administrative workload costs in an effort to reduce enrollment, and could cost Colorado an estimated $57 million per year to administer (including hiring up to 3,700 new case managers), as well as put up to 377,000 Coloradans at risk of losing coverage.

States that provide coverage for undocumented immigrants with state funds would also lose federal funding under the proposed law, with federal coverage for the Medicaid expansion population cut from 90 percent to 80 percent in states that continue to provide this coverage. Current General Funded programs that would be implicated include: the Cover All Coloradans program serves nearly 15,000 children at a cost of $31.2 million in FY 2025-26, and the Reproductive Health Care Program created by SB21-009, which serves around 1,000 families at a cost of $2.6 million in FY 2025-26. Absent changes to state programs to comply with H.R. 1, the state would face an estimated $300 million cut in Medicaid expansion funding.

The potential secondary impacts of the proposed Medicaid policies include reduced service provision and/or quality, increased uninsured rates, higher non-Medicaid health insurance costs, strained rural hospital solvency due to increased uncompensated care costs, and budget balancing impacts across other state programs.

Supplemental Nutrition Assistance Program (SNAP)

The proposed reconciliation bill includes policies to cut federal funding for the Supplemental Nutrition Assistance Program. The first would increase the states' share of SNAP costs to at least 5 percent and up to 25 percent (based on payment errors), which could cost up to $240 million for Colorado. States would also be required to cover 75 percent of the costs of administering SNAP, an increase from the current 50 percent, which could cost up to $50 million. The bill also proposes expanded work requirements, increases the age limit for work requirements from 54 to 64, and restricts current exemptions for parents who care for their children. These would require significant increased administration and associated costs, while further restricting access to food assistance for Colorado's most vulnerable populations, especially in rural areas where SNAP is critical for many families.

As of June 9th, at which point OSPB locked down its forecast, the Senate had not begun work on its version of the bill, though numerous Senators have gone public with their objections to the House proposals. Potential Senate changes include reducing funding cuts to Medicaid while

[30] Colorado Department of Health Care Policy and Financing (HCPF) (2025). "CO Medicaid Insights & Potential Federal Medicaid Reduction Impact Estimates" (link to source).

still supporting anti-fraud efforts and reducing maximum state share of SNAP costs to 15 percent. OSPB will continue monitoring this legislation.

Federal Policy Impacts - Other

Bond Markets

Medium- and long-term U.S. Treasury bond yields rose in recent months following federal tariff announcements and the introduction of the 119th Congress' H.R. 1, causing concerns among bondholders around inflation and the increasing federal debt burden. While long-term bond yields have also risen internationally, such as in Germany following a significant fiscal package announcement and in Japan amid fiscal concerns and central bank interest rate hikes, the majority of recent U.S. bond movement is likely from federal policy changes and proposals.

On April 1, prior to President Trump's announcement of broad-based, "reciprocal" tariffs and a baseline 10 percent tariff on nearly all countries, the U.S. 10-year Treasury bond yield was 4.17 percent. By April 11, the 10-year bond yield increased by 31 basis points to 4.48 percent and averaged 4.28 percent in April overall. This upward yield curve movement was likely due to inflationary concerns from the tariff announcement. Following this market volatility, the 10-year bond yield was 4.37 percent on May 9th prior to the introduction of the tax provisions within H.R. 1 the following Monday on May 12th. Since then, yields have increased, peaking 21 basis points higher at 4.58 percent on May 21st as investors pull back due to increasing U.S. deficit and debt concerns and higher inflation expectations from expansionary fiscal policies in the bill. The 30-year Treasury yield has also been elevated, hovering at or above 5 percent.

Elevated medium and long-term bond yields have various negative effects on the economy and federal budget. Higher interest rates will increase borrowing costs, leading to lower consumer spending for homes and automobiles which typically require debt financing, while also leading to lower business investment due to higher capital financing costs. Higher interest rates will also lead to increased costs for federal debt financing, which will cause increasing fiscal pressures. Federal net interest outlays are projected to be $952 billion in federal FY 2024-25, comprising 13.5 percent of the total federal budget, and increase above $1 trillion next fiscal year. In federal FY 2019-20, net interest outlays were only $345 billion - or nearly one-third of the current cost - due to lower interest rates and lower overall debt. This combination of increasing inflation expectations, debt concerns from increased deficit spending, and the impact on bond markets will need to be closely monitored in the coming years.

Infrastructure, Energy and Environment

Environmental and energy funding continues to be threatened and rolled back under the Trump administration. Recent rollbacks in programs administered by the Environmental Protection Agency and the Department of Energy will continue removing Inflation Reduction Act provisions, including significant grant funding, which is intended to save Americans money on energy, environmental, and infrastructure spending.[31] In addition, the Supreme Court has made numerous recent decisions which limit the scope of various environmental laws and curtail the ability of federal agencies to create and enforce regulations. Combined with this administration's stated intent to overturn a range of environmental regulations, these federal changes will entail hidden costs federally and locally, both in increased costs to projects aimed at preventing risk of disaster through work like flood mitigation, and projected future costs to health as American's risk of illness increases with unregulated pollution exposure. For example, regulations at risk, such as those under the Clean Air Act, are estimated to save at least $200 billion annually through reduced health risks to Americans. According to the Associated Press, a conservative estimate of further rollbacks proposed by the Trump administration may put $275 billion a year in savings at risk.[32]

Continued uncertainty for grant funding and the future of existing tax credits under the Infrastructure and Investments Job Act (2021) has also started to impact both infrastructure investments in the state and investments to mitigate wildfire and flood risk. This shift has forced communities to fundraise directly, like Chaffee County, as well as caused direct investment from the state, including $7 million in wildfire mitigation grants dispersed through Colorado's Forest Restoration and Wildfire Risk Mitigation (FRWRM) grant program.[33] However these funds are still far below the need anticipated by Colorado for wildfire mitigation efforts.

Immigration, Education, and the Workforce

International students make up about 6 percent of U.S. college students, and typically these students pay two-to-three times the tuition compared to domestic students. In 2024, the number of international students at U.S. colleges and universities reached a record high of over 1.1 million—a 7 percent increase from the previous academic year. According to an analysis by NAFSA: Association of International Educators, these students contributed $43.8 billion to the U.S. economy and supported 378,175 jobs during the 2023–24 academic year. In addition to contributing billions to the U.S. economy each year and serving as a crucial source of funding for higher education, international students enrich campus life with cultural diversity, global perspectives, and intellectual vitality. Recent federal actions, including stricter visa requirements, increased scrutiny of applicants, and limitations on work opportunities, have raised concerns about the attractiveness of the United States as a destination for international students. In March 2025, the U.S. government canceled over 1,500 student visas, a decision that was reversed within a few weeks. More recently, the Trump administration attempted to revoke Harvard University's ability to enroll international students, although this decision was temporarily blocked by a federal judge through a preliminary injunction. The most significant development occurred on May 26, when the U.S. paused new student and exchange visitor visa interviews while expanding the screening process to include the review of applicants' social

[31] Matthew Daly, March 12, 2025, "EPA head says he'll roll back dozens of environmental regulations, including rules on climate change" (link to source).

[32] Associated Press, 2025, "Trump EPA Rollbacks Would Weaken Rules Projected to Save Billions of Dollars and Thousands of Lives" (link to source).

[33] April 1, 2025, "Governor Polis, State Forest Service Announce 37 Wildfire Mitigation Grants" (link to source).

media activity. These unpredictable policy shifts, along with reductions in research funding, have created a climate of uncertainty and concern among international students, discouraging many from choosing the United States for higher education. These policies could have both direct and downstream effects on the U.S. and Colorado economies.

These impacts have compounding effects beyond students, impacting staff and faculty at institutions of higher education (IHEs) as well as researchers and the labor force more generally. Cuts in research funding have not only discouraged foreign researchers from seeking positions in the U.S., but also led to foreign governments and universities attempting to recruit American scientists to reverse long-standing "brain drain." Universities in France and Portugal, for example, have reported a spike in inquiries from American researchers seeking new positions abroad, and a survey from the academic journal *Nature* found that 75 percent of respondents are considering leaving the U.S. due to the Trump administration's policies. [34,35] Though the proportion varies across discipline, nearly half of all doctoral-level scientists and researchers in the U.S. are foreign-born, including 58 percent of computer scientists.[36] Furthermore, high-profile cases of researchers being detained by immigration authorities when attempting to enter the U.S. for academic conferences or simply returning from a trip abroad have contributed to a chilling effect on academia at the global level, with international researchers afraid to enter the country and domestic ones afraid to leave.[30] If the academic environment remains in this uncertain state, the U.S. risks experiencing a brain drain of its own as scientists choose to move to Canada, China, or Europe instead, potentially decimating the educational and scientific industry that has been a world leader since the 1950s.

Data Quality

One concern with respect to federal policy, particularly due to staffing reductions, is a decrease in data quality from decreased investment. This could mean less frequent reports, publishing only the data deemed most necessary, less rigorous review, lower survey outreach and response rates, or any combination of these and other issues. The U.S. federal government operates 16 statistical agencies across 12 departments, each of which produces data that is used to inform a variety of areas from the stock market to policy debates to economic forecasts to name a few. OSPB, for example, relies heavily on federal data to produce its executive budget and quarterly economic and revenue forecast. However, following the dissolution of the Federal Economic Statistics Advisory Committee (FESAC) at the end of February, many economists and statisticians have expressed concerns about what the lack of oversight will do to data quality. Over 90 percent of economists who responded to a FT-Chicago Booth poll in March said they were either 'a little worried' or 'very worried' about decreased data quality as a result. In addition to terminating FESAC, the federal government has reduced funding and staffing for many agencies that directly or indirectly contribute to collecting data, such as the National Center for Education Statistics, the National Science Foundation, and the National

[34] Patricia Cohen, 2025, "The World Is Wooing U.S. Researchers Shunned by Trump" (link to source).
[35] Kate Zernike, 2025, "U.S. Scientists Warn That Trump's Cuts Will Set Off a Brain Drain" (link to source).
[36] Allison Snyder, 2025, "Foreign-born STEM talent remains key to U.S. research" (link to source).

Institutes for Health. As such, there are significant concerns for the downstream impacts of less complete, less rigorous, and less accurate research going forward.

Forecast Risks

Short-Term Risks

The short-term forecast risks are weighted to the downside. The most immediate risk to the forecast is uncertainty around federal policies, particularly federal funding cuts, tariffs, and sweeping federal workforce reductions that could directly impact Colorado's economy and state budget. Federal funding makes up about 30 percent of Colorado's budget, primarily supporting Medicaid and other safety net programs. A reduction could significantly impact state services and the overall budget balance.

Slowing economic growth and job creation also pose significant short-term risks. After years of leading the U.S., Colorado's job market is now experiencing more moderate expansion. Slower net migration, increasing retirements, and rising unemployment all contribute to softening consumer spending, which could further slow economic growth and reduce income and sales tax revenues. Additionally, geopolitical risks appear to be on the rise given recent events in the Middle East which are not captured in the baseline forecast.

OSPB expects the likelihood of either a technical or broader recession in the next 12 months to be 50 percent, up from 40 percent in March. The Budget section of this document explores the impacts to state revenues from a mild recession comparable to the Global Financial Crisis of 2008, but with unwinding of the labor market that represents a worse outcome than a technical recession. OSPB anticipates the likelihood of a similar or worse recession at 25 percent.

Long-Term Risks

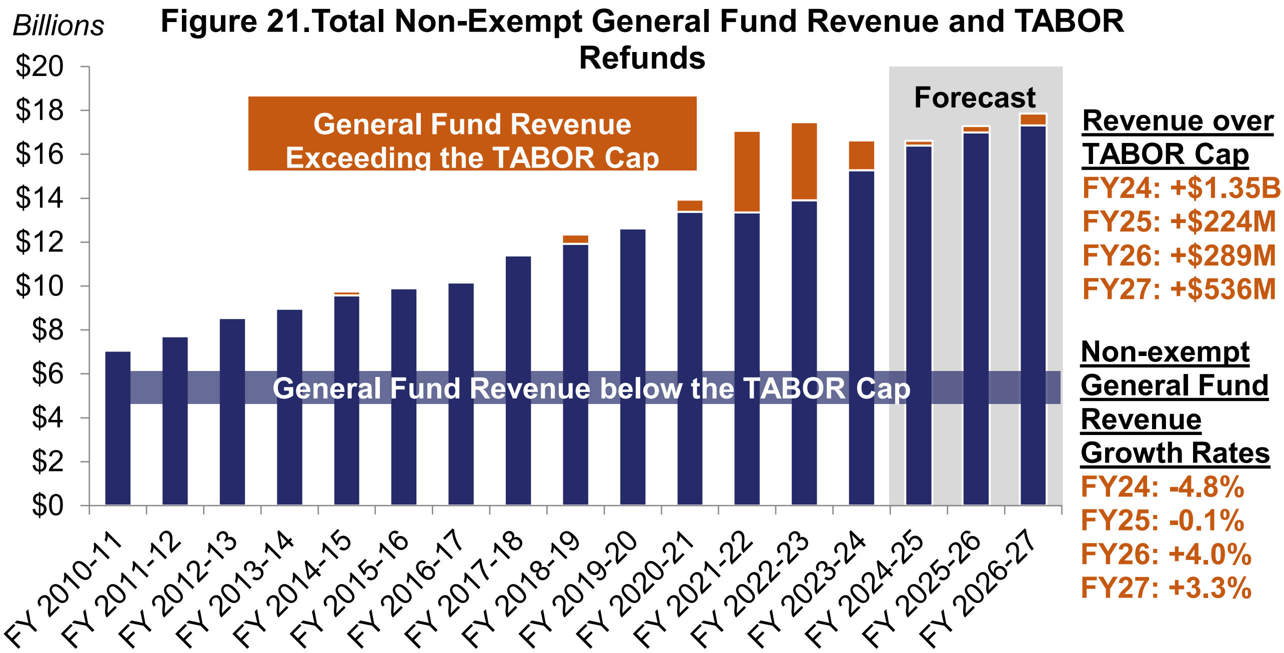
Colorado's economic and budget outlook is also linked to demographics, fiscal constraints, and environmental risks. The aging population will increasingly strain the state budget. By 2027, nearly 20 percent of Colorado's population will be over 65, which will increase demand for Medicaid while simultaneously slowing income and sales tax revenue growth.

The Taxpayer's Bill of Rights (TABOR) imposes an ongoing challenge to the budget by limiting the state's ability to raise revenue to meet spending needs or save during times of economic strength. Around 30 percent of the state budget is comprised of federal funds, presenting significant risk exposure to long-term federal funding policies. Climate change and resource scarcity pose further economics risks where droughts and wildfires impose ongoing threats to the agriculture and energy production industries. Declining water levels could require costly infrastructure investments and/or reduce agricultural output, while wildfires can create huge budgetary emergencies.

General Fund Outlook

After total General Fund revenue, which includes both exempt and non-exempt sources, declined by 4.1 percent to $17,251.4 million ($17.25 billion) in FY 2023-24, revenue growth is projected to slowly decline again by 0.8 percent in FY 2024-25 to $17,113.9 million. This relatively flat revenue growth is primarily due to higher-than-expected tax credit usage leading to increased refunds alongside declines in corporate income tax revenue and slow sales tax growth. In FY 2024-25, this reflects a downward revision of $113.5 million in total General Fund revenue compared to the March forecast largely due to elevated individual income taxpayer refunds. In FY 2025-26, total General Fund revenue is projected to grow by 4.0 percent to $17,797.0 million from growth in individual income tax revenue with an expected decrease in refunds, though sales tax collections are still expected to be weak and corporate income growth is expected to remain negative. This is a downward revision from the March forecast of $177.7 million largely due to expectations of lower wages and salaries, continued sales tax weakness, and weaker fundamental economic expectations. General Fund revenue growth in FY 2026-27 is projected to grow by 3.2 percent to $18,374.2 million. This is a downward revision of $488.2 million from the March forecast.

Figure 21.Total Non-Exempt General Fund Revenue and TABOR Refunds



General Fund revenue exceeded the TABOR cap by $1,354.5 million in FY 2023-24 and is projected to exceed the TABOR cap throughout the forecast period, although it is expected to narrow considerably in FY 2024-25. A $224.0 million TABOR surplus is projected in FY 2024-25, which is a downward revision of $77.5 million from March and would be the smallest TABOR surplus since FY 2019-20, when there was no surplus. There is a possibility that revenue falls below the TABOR cap in FY 2024-25, or below the estimated homestead exemption requirement of $217.5 million, depending upon actual tax receipts in the final month of the fiscal year. The TABOR surplus is expected to grow slightly in FY 2025-26 to $289.0 million and $536.4 million in FY 2026-27.

Overview of General Fund Revenue

Individual Income Tax: After declining revenue in FY 2023-24 due to elevated refunds and tax policy changes, growth is projected to decline again by 0.2 percent in FY 2024-25 to $10,026.3 million. The decrease comes from elevated taxpayer refunds due to higher-than-expected tax credit usage offsetting withholdings revenue growth. In FY 2025-26, revenue is projected to grow by 9.6 percent to $10,991.5 million on the assumption that FATC and EITC will not be available in Tax Year 2026 due to low TABOR revenue growth, then grow by 4.7 percent in FY 2026-27 to $11,502.9 million.

Corporate Income Tax: Following four consecutive years of elevated growth, corporate income tax revenue is projected to decline by 5.5 percent to $2,642.1 million in FY 2024-25 from the peak reached in FY 2023-24 of $2,796.6 million. Revenue is expected to fall in FY 2024-25 on slowing corporate profits growth and a reversion to trend, though a shift in how the Colorado Department of Revenue accounts for cash with returns and estimated payments has resulted in higher cash with returns than previously expected, leading to an upward revenue revision. Another decline of 14.3 percent is expected in FY 2025-26 to $2,264.9 million. Growth of 5.0 percent is projected in FY 2026-27.

Sales and Use Tax: After tepid sales and use tax growth of 0.9 percent in FY 2023-24, revenue growth of 1.4 percent is projected in FY 2024-25 to $4,661.4 million. Revenue growth is projected to continue on that trajectory in FY 2025-26 by 1.4 percent to $4,727.5 million before increasing by 4.4 percent in FY 2026-27 to $4,936.9 million. Sales and use tax revenue is revised up from the prior forecast in the current year on recently strong collections but is revised down due to weaker statewide retail demand expectations for the remainder of the forecast period.

Proposition EE Tax and Other Excise Tax: Proposition EE revenue is expected to increase 16.7 percent in FY 2024-25 to $242.6 million as tax rates increase before declining in FY 2025-26 by 2.4 percent to $236.7 million. Revenue is projected to decline in FY 2026-27 to $231.9 million.

Proposition KK: Passed by voters in November 2024, this proposition creates an additional sales tax on firearms and ammunitions sold in the state. Revenue is expected to increase over the forecast period, but following the passage of SB25-003, it is no longer expected to exceed the maximum $39 million stated in the ballot language over the forecast period.

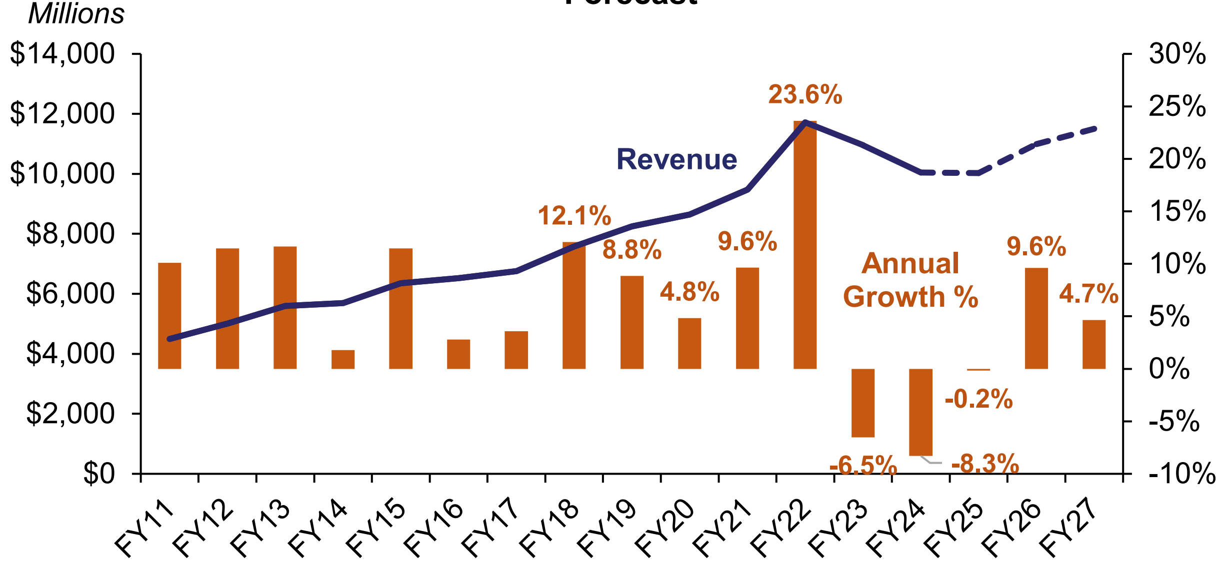
Other General Fund Revenue: Other General Fund revenue is projected to decline by 3.0 percent to $824.2 million in FY 2024-25 due to lower interest revenue. In FY 2025-26, revenue is projected to rebound and grow by 7.1 percent to $882.6 million, then slow to 1.9 percent growth in FY 2026-27.

State Education Fund Revenue: In FY 2024-25, the State Education Fund Amendment 23 revenue diversion is expected to fall 8.3 percent to $1,108.5 million primarily due to base effects from a one-time correction in FY 2023-24. Growth of 4.3 percent to $1,156.6 million in FY 2025-26 is projected before growth accelerates slightly in FY 2026-27 to 4.4 percent and $1,207.5 million.

Individual Income Tax

Following an individual income tax revenue decline in FY 2023-24 of 8.3 percent due to tax policy impacts and elevated taxpayer refunds, revenue is projected to decline again by 0.2 percent in FY 2024-25 from higher than expected tax credit usage leading to increased refunds. After historic growth of 23.6 percent in FY 2021-22, individual income tax revenue is projected to decline for a third consecutive year, normalizing back to trend levels on decelerating salaries and wages, slower small business activity, and tax policy changes which have weighed on revenue. With a decline of 0.2 percent expected in FY 2024-25, revenue is projected to decrease to $10,026.3 million ($10.03 billion). This is a downward revenue revision of $435.2 million from the March forecast due to elevated taxpayer refunds and lower estimated payments outweighing increased cash with returns expectations. While estimated payment and cash with return collections over the past quarter have largely aligned with forecast expectations on net, a shift in how the Colorado Department of Revenue accounts for cash with returns and estimated payments has resulted in higher cash with returns than previously expected. This change results in additional revenue accrued to FY 2024-25 from Tax Year (TY) 2025 that will be remitted to the state on a cash basis in calendar year 2026.

Figure 22. Individual Income Tax Historical Revenue and Forecast



Note: Dotted line indicates forecast.
Source: Colorado Department of Revenue, OSPB Forecast.

In FY 2025-26, individual income tax revenue is forecast to grow by 9.6 percent to $10,991.5 million largely due to an expected decline in taxpayer refunds of 23.1 percent to $3,426.8 million. This significant decrease in refund expectations largely comes from an assumption that the Family Affordability Tax Credit (FATC) and expanded Earned Income Tax Credit (EITC) are not available in TY 2026. These tax credits are not available when compound annual TABOR revenue growth is lower than 3 percent relative to the FY 2024-25 TABOR revenue estimate in the OSPB March 2024 forecast. This forecast projects compound annual TABOR revenue to grow by 2.8 percent relative to that FY 2024-25 forecast estimate, thus turning the credits off. This change results in lower taxpayer refunds and higher cash with returns in FY 2025-26 and FY 2026-27 (half-year impact for both fiscal years). Despite the FATC and EITC being assumed off for TY 2026, which results in additional realized revenue in FY 2025-26, this forecast still projects a downward revision of $151.4 million in that fiscal year due to weakened economic expectations weighing on withholdings and estimated payments revenue.

Finally, in FY 2026-27, revenue is forecast to increase 4.7 percent based on better economic expectations and normalizing trends across individual income tax components. However, this is a downward revision of $194.2 million from the March forecast due to lower withholdings revenue from weaker wage and salary expectations. Combined over the three forecast years, revenue is revised down $780.8 million largely from increased refunds from FATC and EITC alongside weaker withholdings revenue.

In FY 2024-25, taxpayer refunds are revised up $844.5 million, which results in a corresponding decrease in overall individual income tax revenue. This significant upward revision is due to higher-than-expected usage of the FATC from taxpayers during tax filing season in February, March, and April. In Tax Year 2024, OSPB now projects $810 million in claimed FATC costs compared to the original estimate of $654 million. Updated EITC projections are largely aligned with prior expectations.

Figure 23. Family Affordability Tax Credit Costs (millions)

Original OSPB Estimate Tax Year 2024	Updated OSPB Estimate Tax Year 2024	Fiscal Note Upper Bound Estimate for 100% utilization
$654.0	$810.0	$880.0

Figure 24. Expanded Earned Income Tax Credit Costs (millions)

Original OSPB Estimate Tax Year 2024	Updated OSPB Estimate Tax Year 2024	Fiscal Note Estimate
$93.6	$95.0	$88.0

Information regarding income tax revenue derived from Proposition FF (Healthy School Meals for All) can be found in the Cash Fund section.

Impact from Tax Policy Changes

During the 2025 legislative session, the Colorado General Assembly enacted modest tax policy changes that impact the individual income tax revenue stream. The legislature extended several tax expenditures set to expire, including the Employee Ownership Conversion Credit in HB25-1021 and the Advanced Industry Tax Credit in HB25-1157, which are anticipated to reduce revenue by around $3 million and $2.5 million combined beginning in TY 2027. Further, HB25-1021 also created additional income subtractions for certain revenue earned by employee-owned firms beginning in TY 2028 which could reduce revenues by another $1 million, though it is difficult to project the precise impact. In HB25-1296 *Tax Expenditure Adjustment*, changes were made to the Enterprise Zone Investment Credit, including instituting a cap on the credit of $2 million (to be claimed over 3 tax years), and restricting certain investment types from eligibility. These changes are anticipated to increase revenues gradually over the next several years, reaching around $5 million of increased revenue by TY 2030. The bill also sunset the Business Personal Property Income Tax Credit, returning about $200,000 of revenue, while extending the Childcare Facility Investment credit, which is anticipated to reduce revenues by around $200,000. Lastly, the bill clarified eligibility for the Careworker Tax Credit established in HB24-1312 last session, increasing the cost of the credit by around $1 to $1.5 million per year. SB25-302 *Achieving a Better Life Experience Tax Deduction* extended the subtraction for contributions to these accounts for disabled individuals, which was scheduled to expire at the end of 2025. This change reduces revenues by around $1 million per year through 2030.

Tax Credit Triggers

In recent legislative sessions, the General Assembly has adopted an approach whereby the amount of certain tax credits available are contingent on forecasted revenue growth. This includes HB24-1311 *Family Affordability Tax Credit* and HB24-1134 *Adjustments to Tax*

Expenditure to Reduce Burden, which are determined at the December forecast; HB24-1365 *Workforce Shortage Tax Credit*, which is determined at the September forecast; and HB23-1272 *Policy that Advances Decarbonization*, which is determined with this published June forecast.

HB23-1272 created or modified several tax credits promoting electrification and energy efficiency improvements, including the innovative motor vehicle and innovative truck credit, the electric bicycle tax credit, and the heat pump tax credit. The trigger included indicates that if the June Legislative Council Staff or OSPB forecast projects that the following year's TABOR revenue does not exceed 4 percent growth, the credit amounts are cut in half; or, for some credits if the resulting credit amount is below $250, entirely turned off.

This OPSB forecast publication projects 3.9 percent growth in TABOR revenue from FY 2024-25 to FY 2025-26, resulting in the credit amounts decreasing for TY 2026 only. In effect, the Innovative Motor Vehicle base credit will decline from $1,500 to $750, while the low MSRP addition is not reduced and remains at $2,500. The Innovative Truck base credit is reduced for light-duty trucks by the same amount, but credits for medium- and heavy- duty trucks are unaffected. The electric bicycle credit is reduced from $500 to $250. And lastly, the amount of Heat Pump credit is also reduced by half, though the amounts for this credit vary. The result of this trigger is an estimated revenue gain of around $50 million, versus if they were available at their full levels. However, OSPB lacks clarity on the degree these credits have been utilized thus far due to the lag time in finalizing tax data for distribution. Preliminary data from the Colorado Department of Revenue and auto sales data indicate that the IMV credit in particular has exceeded the fiscal note projections, resulting in $70 million in claimed credits in TY 2023, well above the projections of around $36-40 million. Extrapolating vehicle sales data suggest TY 2024 could exceed $170 million in revenue impact, and TY 2025 could range from $150-$250 million, before declining in TY 2026 to a full value estimate of around $70 million. Given the trigger to reduce the tax credit in TY 2026, that is now estimated at around $35 million, assuming vehicle sales rates are not impacted by the reduction in incentive. There has not been data made available regarding the electric bicycle or heat pump credit, so OSPB is utilizing the original fiscal note estimates at this time. OSPB will continue to work with the Department of Revenue and Colorado Energy Office to improve estimates in future forecasts ahead of TY 2026.

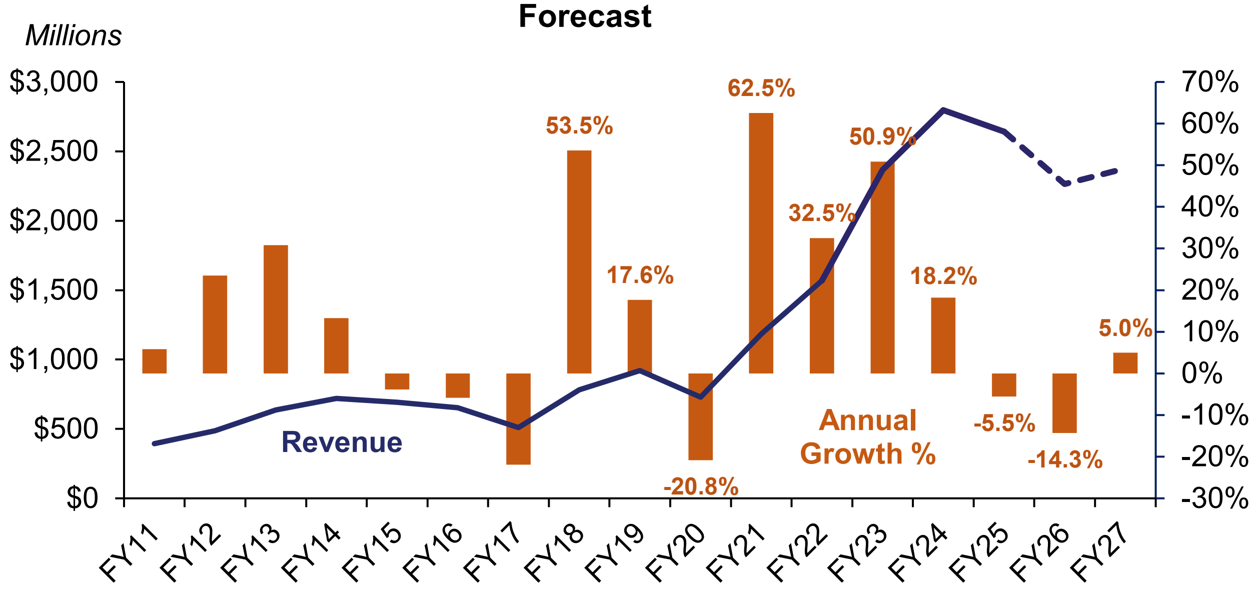
The June forecast only determines the amounts for the clean energy tax credits; however, OSPB notes that this forecast would also reduce the workforce shortage tax credits and turn off family affordability and earned income tax credits would be turned fully off for TY 2026. The true availability of these credits will be determined in future forecasts.

Another significant potential change to tax policy that would impact individual income tax revenue is currently in discussion at the federal level through the reconciliation bill (H.R. 1), which includes numerous changes to federal tax policy which could impact the state. As the bill has not been passed and signed into law, it is not incorporated in the forecast for individual income. For more details on the potential changes stemming from this legislation see the Federal Policy Impacts subsection within the Economic Outlook section of this publication.

Corporate Income Tax

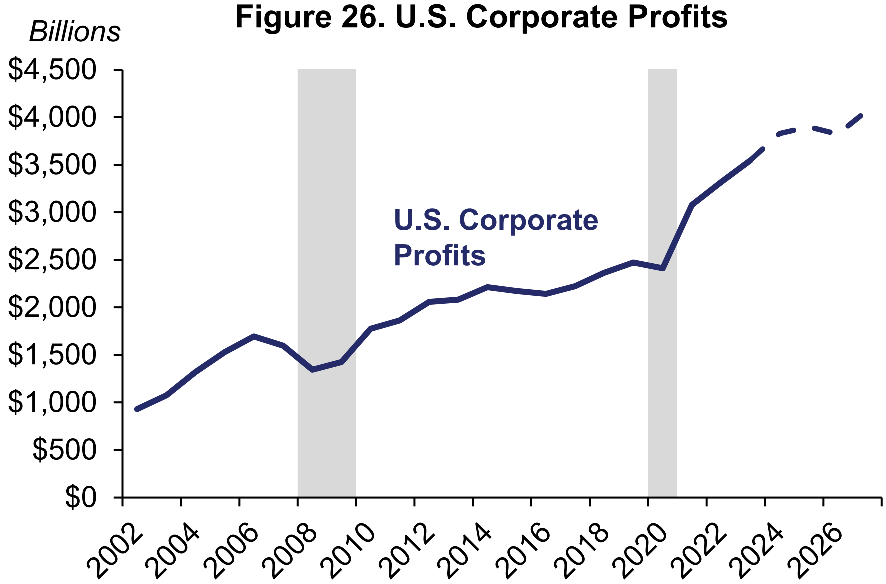
Following four consecutive years of corporate income tax revenue recording elevated growth rates and reaching record levels, revenue is expected to decline by 5.5 percent to $2,642.1 million ($2.64 billion) in FY 2024-25. Compared to the March forecast, corporate income tax revenue in FY 2024-25 is revised up by $234.1 million. While revenue collections over the past quarter have largely aligned with forecast expectations, a shift in how the Colorado Department of Revenue accounts for cash with returns and estimated payments has resulted in higher cash with returns than previously expected. This change results in additional revenue accrued to FY 2024-25 from TY 2025 that will be remitted to the state on a cash basis in calendar year 2026. Corporate income tax revenue is forecast to decline further by 14.3 percent to $2,264.9 million in FY 2025-26, which is a downward revision of $46.3 million, due to weaker corporate profit expectations and increased taxpayer refunds. Positive growth of 5.0 percent is projected in FY 2026-27 with revenue collections of $2,377.0 million. Tax policy adjustments from the 2025 regular legislative session and prior legislative sessions are included within this forecast and result in revenue reductions over the forecast period.

Figure 25. Corporate Income Tax Historical Revenue and Forecast



Source: Colorado Department of Revenue, OSPB Forecast.
Note: Dotted line indicates forecast.

Figure 26. U.S. Corporate Profits



Note: Shaded area denotes recession. Dotted line indicates forecast.
Source: Bureau of Economic Analysis, OSPB Forecast

The growth in corporate income tax revenue in the past four fiscal years is largely due to U.S. corporate profits growing to record levels. From 2020 to 2024, U.S. corporate profits grew from $2.4 trillion to $3.8 trillion at a compound annual growth rate of 12.2 percent. Subsequently, elevated profits and record corporate income tax revenue have been recorded at the state level. During 2021 and 2022, expansionary fiscal and monetary policy helped promote a healthy business environment with high profits, resulting in pre-tax U.S. corporate profits growing by, respectively, 27.6 percent and 7.8 percent to record levels in those years. With surprising strength in the economy over 2023, corporate profits continued to grow by an additional 6.9 percent to a new record annual level of $3.5 trillion. In 2024, corporate profits grew again by 7.9 percent, as businesses continued navigating a restrictive monetary environment over the year. Corporate profits are projected to grow slowly by 1.9 percent in 2025 from a strong first half buffeted by a slower second half due to weaker economic expectations. A 2.0 percent decline in corporate profits is projected in 2026 before growing 6.5 percent in 2027 and eclipse $4 trillion as the economy is expected to positively respond to an increasingly neutral monetary policy environment and stabilizing economy by that time.

Impact from Tax Policy Changes

During the 2025 legislative session, the Colorado General Assembly enacted modest tax policy changes that impact corporate income tax revenue. The legislature extended several tax expenditures set to expire, including the Employee Ownership Conversion Credit in HB25-1021, which is anticipated to reduce revenue by around $3 million beginning in TY 2027. Further, HB25-1021 also created additional income subtractions for certain revenue earned by employee-owned firms beginning in TY 2028 which could reduce revenues by another $1 million, though it is difficult to project the precise impact. In HB25-1296 *Tax Expenditure Adjustment,* changes were made to the Enterprise Zone Investment Credit, including instituting a cap on the credit of $2 million (to be claimed over three tax years), and restricting certain investment types from eligibility. These changes are anticipated to increase revenue gradually over the next several years, reaching around $5 million of increased revenue by TY 2030. The bill also sunset the Business Personal Property Income Tax Credit, which will result in an estimated $200,000 in additional tax revenue. Lastly, HB25-1005 *Tax Incentive for Film Festivals* established a new income tax credit for film festivals, incentivizing the Sundance Film Festival to relocate to Boulder beginning in 2027. This credit will reduce corporate income tax revenue by $3 to $5 million through 2036, but it is anticipated to increase sales tax revenue through increased visitation and tourist spending in Colorado. Additionally, prior legislation, including HB23-1272 *Tax Policy That Advances Decarbonization*, adjusted the amount of certain energy tax credits available based on revenue benchmarks. These impacts from the forecast are outlined in the individual income section.

Sales and Use Taxes

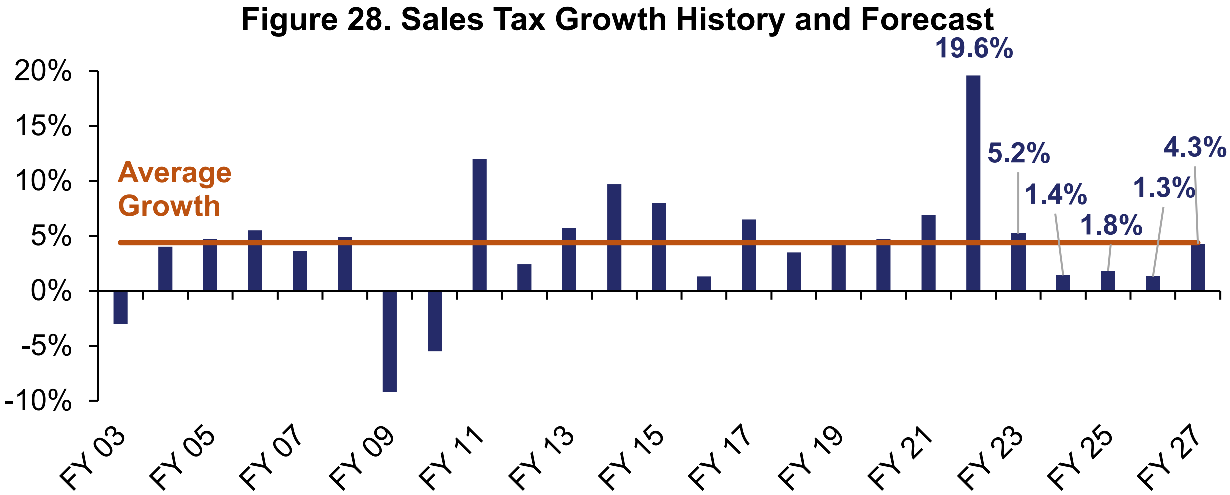
Sales Tax

Sales tax revenue in FY 2023-24 recorded 1.4 percent growth, reaching $4,362.6 million following 5.2 percent growth in FY 2022-23. Through May, FY 2024-25 sales tax revenue growth has picked up in recent months, as referenced in the Consumer Spending section, and is now trending around 2 percent above year-to-date collections. However, the significant uncertainty in economic conditions and consumer sentiment tied to fluctuating federal tariff policy still poses risks to this revenue stream throughout the forecast period, mostly aligning with FY 2025-26, before an anticipated rebound in growth in FY 2026-27.

Figure 27. Sales and Use Tax Revenue Forecast

Fiscal Year	Sales Revenue (millions)	Growth	Use Revenue (millions)	Growth	Total Revenue (millions)	Growth
FY 2023-24	$4,362.6	1.4%	$233.2	-7.2%	$4,595.8	0.9%
FY 2024-25	$4,441.6	1.8%	$219.8	-5.7%	$4,661.4	1.4%
FY 2025-26	$4,498.8	1.3%	$228.7	4.1%	$4,727.5	1.4%
FY 2026-27	$4,691.5	4.3%	$245.4	7.3%	$4,936.9	4.4%

While an uptick in growth is expected during the forecast period, statewide retail sales have continued to largely fall below expectations, with the exception of the last few months of data. As a result, sales tax revenue for FY 2024-25 is revised up by $83.1 million, largely on the basis of strong March and April collections, as well as a technical correction to OSPB calculations accounting for a change in the allocation of vendor fees under HB24-1434. However, concerns remain about medium-term spending patterns, and FY 2025-26 and FY 2026-27 are both revised down by nearly $50 million from March. After a projected sales tax collection of $4,441.6 million in FY 2024-25, OSPB projects 1.3 percent growth to reach $4,498.8 million in FY 2025-26. In line with the consumer spending forecast, growth is projected to increase to 4.3 percent, generating $4,691.5 million in FY 2026-27.



Source: Colorado Department of Revenue; OSPB June 2025 forecast

This forecast also takes into account policy adjustments due to recent legislative action that are not fully incorporated into the broader sales tax base trend. In the 2025 legislative session, only marginal changes were made to sales tax policy. In HB25-1296 *Tax Expenditure Adjustment,* the General Assembly sunset an exemption for interstate phone services, meaning calls or texts in which one node of the channels was based out of Colorado, were not subject to sales or use tax, which is expected to increase revenues by around $2.5 million per year beginning in July 2025. Additionally, marginal reductions are anticipated from HB25-1296 through the expansion of the indigent program for medical marijuana patients, which waives the sales tax on purchases by those eligible customers and additionally expands eligibility for the agricultural exemption for pesticides, fertilizers, and spray adjuvants to marijuana growers. These policies are anticipated to reduce revenue by around $1 million per year combined. SB25-272 *Regional Transit Authority Sales and Use Tax Exemption* waives the sales and use tax on purchases made by RTAs to develop or maintain workforce housing, with an expected cost of less than $100,000 per year. SB25-026 *Adjusting Certain Tax Expenditures* expands the Agricultural Wholesale Sales Tax Exemption, which as noted in the bills fiscal note is anticipated to have minimal revenue impact and largely aligns the law with current practices on the ground. Finally, SB25-320 *Commercial Motor Vehicle Transportation* reinstates a sales tax exemption for low-emitting heavy-duty trucks and parts that had expired at the start of 2025 from prior legislation, which is expected to reduce revenue by around $500,000 per year through TY 2028.

Additionally, HB25-1005 *Tax Credit for Film Festivals* created income tax credits for film festivals, incentivizing the Sundance Film Festival to relocate to Boulder. The first Boulder Sundance Film Festival will occur in January 2027. This event brings in significant tourism and is expected to boost sales tax figures in the winter of 2027 and beyond, while slightly reducing individual income.

Vendor Fees

In accordance with HB19-1245 *Affordable Housing Funding from Vendor Fee Changes*, the total net revenue gain from changes related to vendor fees was deposited into the Housing Development Grant Cash Fund (HDGF) for affordable housing initiatives starting in FY 2021-22. The vendor fee is an amount that a retailer is permitted to retain for expenses incurred in collecting and remitting the state sales tax. Under current law, a retailer with monthly taxable sales of $1.0 million or less is able to retain a vendor fee of 4 percent, subject to a $1,000 monthly limit. Collections of this fee in FY 2024-25 are forecast to be $39.0 million, which is a $1.2 million upward revision from March, tied to the better consumer activity and sales tax collection, as well as an improvement in the ratio of vendor fee collections to overall sales tax. FY 2025-26 collections are projected at $39.7 million, and FY 2026-27 collections are projected to be $42.6 million. The significant year-over-year revenue decline in FY 2024-25 is due to HB24-1434 *Expand Affordable Housing Tax Credit* which reduced vendor fees allocated to the HDGF by $35 million and replaced them with an annual allocation of tax credits.

Figure 29. Vendor Fee Forecast

	FY 2023-24 Actual	FY 2024-25 Forecast	FY 2025-26 Forecast	FY 2026-27 Forecast
Vendor Fee Revenue (millions)	**$71.3**	**$39.0**	**$39.7**	**$42.6**
Change	*0.4%*	*-45.3%*	*1.7%*	*7.2%*

Use Fees

In FY 2024-25, use tax revenue is expected to fall by 5.7 percent to $219.8 million. For FY 2025-26, use tax collections are revised down by $2.3 million from the previous forecast, similar to the decline in sales tax, resulting in total expected revenue of $228.7 million; however, OSPB projects that use revenue in FY 2025-26 will see its first year-over-year increase since FY 2022-23. In FY 2026-27, OSPB projects an increase of 7.3 percent over the previous fiscal year, rising to $245.4 million in total collections. Use tax revenue growth in the out-years of the forecast is tied to an expected increase in home and other construction in the state, which is a large driver of use tax collections for materials purchased out-of-state but transferred within for building. Continued expectations of a longer-term restrictive monetary policy environment due to sticky inflation along with industry-specific tariffs, including on steel, lumber, and other input materials have led OSPB to further delay and decrease the expectation of increased activity construction activity, leading to the slight revision down from March.

Marijuana Sales

The 15 percent special sales tax on marijuana retail sales declined by 11.3 percent to $195.0 million in FY 2023-24. Revenue is expected to decline in FY 2024-25 by 3.8 percent to $187.5 million and decline again in FY 2025-26 by 1.4 percent to $184.9 million. In FY 2026-27, revenue growth is projected to turn positive by 3.3 percent. Further analysis of marijuana tax collections can be found in the Revenue Outlook – Cash Funds section of this report.

Proposition EE and Other Excise Taxes

Proposition EE, approved by voters in 2020 and effective in 2021, imposes additional taxes on cigarettes and tobacco products and charges a new tax on other nicotine products such as e-cigarettes. Beginning in FY 2023-24, revenue is transferred almost entirely into the Preschool Programs Cash Fund on an ongoing basis, aside from relatively small transfers of $10.95 million and $4.1 million to the Tobacco Tax Cash Fund and General Fund, respectively. Beginning in FY 2024-25 there is an additional off-the-top transfer to the Tobacco Education Programs Fund of $20.0 million, which then rises to $30.0 million in FY 2026-27.

Figure 30. Proposition EE Tax Rates

	2021	2022	2023	Jan. 2024- June 2024	July 2024 - June 2027	July 2027 Onward
Cigarettes (Per Pack)	$1.94	$1.94	$1.94	$1.94	$2.24	$2.64
Tobacco	50%	50%	50%	50%	56%	62%
Nicotine	30%	35%	50%	50%	56%	62%

The March forecast has been revised up by $2.6 million to $242.6 million in FY 2024-25, up $0.2 million to $236.7 million in FY 2025-26, and up by $0.6 million to $231.9 million in FY 2026-27. As shown in Figure 30, taxes on all three types of products increased on July 1, 2024, and will increase to their maximum rate on July 1, 2027. The specific distributions are summarized below in Figure 31.

Figure 31. Proposition EE Revenue and Distributions

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Total Revenue	**$207.8**	**$242.6**	**$236.7**	**$231.9**
Other Transfers	$15.0	$35.0	$35.0	$35.0
Preschool Programs Cash Fund	$192.8	$207.6	$201.7	$196.9

The bulk of Proposition EE revenue (57.6 percent in FY 2023-24) currently comes from taxes on cigarettes, for which long-term consumption trends are negative. Cigarette sales dropped from FY 2021-22 to FY 2023-24 and are expected to decline long-term. The percentage of revenue coming from cigarette taxes will average 54.8 percent during the forecast period, while the percentage stemming from nicotine will simultaneously increase considerably to approximately match the drop from cigarettes. Nicotine consumption is estimated to increase over time, and OSPB estimates an increase in revenue in FY 2024-25 before leveling off in FY 2025-26 and FY 2026-27 for three reasons:

- Tax rate increases in 2024 occurring on July 1, rather than January 1 like other years, means year-over-year growth from FY 2023-24 to FY 2024-25 is more pronounced

- Cigarette consumption continues to fall, and electronic cigarette (nicotine) consumption continues to climb amongst all age groups[37]. This trend is particularly strong amongst the 18-34 age demographic, which from 2019 to 2023 saw cigarette consumption drop from 13.8 percent to 6.7 percent and electronic cigarette (nicotine) consumption increase from 8.1 percent to 13.8 percent. There was a dip in electronic cigarette usage in Q1 and Q2 of 2024, but the latest reported data from Q3 2024 is 7.1 of all adults aged 18 and over[38].
- The City and County of Denver recently passed 24-1765, which is a city-wide ban on the sale of flavored tobacco products that went into effect March 18, 2025. OSPB has estimated this will decrease long-run growth of Proposition EE Nicotine taxes by 1.5 to 2.5 percent.

In addition to Proposition EE, which is largely not subject to TABOR and is transferred out to other funds, the state collects other excise taxes that are credited directly to the General Fund. These other excise taxes include the initial statutory taxes on cigarettes and tobacco, as well as revenue from liquor taxes. Liquor and tobacco taxes are each charged as a percentage rate while cigarette taxes are charged at a flat per pack amount. Liquor revenues have largely increased slowly over time, but tobacco revenues have fallen in line with cigarette revenue, which has been slowly decreasing over time. Across the forecast period, OSPB is expecting continued weakness across the other excise tax category, as general usage trends of such products are starting to plateau or decrease. Revenue for liquor fell 0.6 percent in FY 2023-24 to $56.0 million and is forecast to fall by 1.3 percent to $55.3 million in FY 2024-25, then grow by 2.6 percent to $56.8 million in FY 2025-26, and grow by 1.4 percent to $57.6 million in FY 2026-27. Tobacco revenue dropped 8.9 percent to $21.6 million in FY 2023-24, then is forecast to increase by 9.5 percent to $23.6 million in FY 2024-25, decrease 4.2 percent to $22.6 million in FY 2025-26, and fall 1.5 percent to $22.3 million in FY 2026-27. Cigarette revenue declined 14.4 percent to $20.5 million in FY 2023-24 and is forecast to decrease by 5.3 percent to $19.4 million in FY 2024-25, decline by 5.9 percent to $18.3 million in FY 2025-26, and drop 5.6 percent to $17.2 million in FY 2026-27.

Proposition KK

Tax collections on firearms, parts, and ammunition under Proposition KK began in April 2025 with slower-than-expected initial revenues. Assuming a slower and longer ramp-up period for remittances, OSPB revised down FY 2024-25 revenues from $9.0 million to $5.2 million. Out-years have also been revised down in response to the passage of SB25-003, which prohibits the manufacture, distribution, transfer, sale, and purchase of certain semiautomatic firearms. According to estimates, up to 10 percent of handgun[39] and 40 percent of long gun[40] sales could

[37] National Center for Health Statistics, 2025, "National Health Interview Survey (link to site)"
[38] National Center for Health Statistics, 2025. "National Health Interview Survey (link to site)".
[39] Colorado House Democrats (2025). House Passes SB25-003 (link to source).
[40] Berrigan, Azrael, and Miller (2023). The Number and Type of Private Firearms in the United States (link to source).

be prohibited under the new law, significantly reducing total firearm sales and associated tax revenues. Figure 32 below shows the June excise tax revenue forecast by category.

Figure 32. Firearms and Ammunition Excise Tax Revenue Forecast

Revenue ($ millions)	Forecast FY 2024-25[41]	Forecast FY 2025-26	Forecast FY 2026-27
Guns/Parts Excise Taxes	$3.4	$19.6	$20.6
Ammunition Excise Taxes	$1.8	$10.4	$10.9
Total Revenue	**$5.2**	**$29.9**	**$31.5**

A minor revision to the distribution of Proposition KK revenues was implemented with the passage of SB25-295, which redirects the original $8 million distribution to the DMVA behavioral and mental health cash fund to the BHA behavioral and mental health excise tax cash fund. This does not impact any revenue or distribution estimates. The distribution of Proposition KK revenues under the revised forecast is shown in Figure 33 below.

Figure 33. Firearms and Ammunition Excise Tax Cash Fund Distributions

Cash Fund Distributions ($ millions)	Forecast FY 24-25	Forecast FY 25-26	Forecast FY 26-27
Administrative Costs (DOR)	$0.4	$0.2	$0.2
Colorado Crime Victim Services Fund (DPS; inflation-adjusted)	$4.8	$29.7	$30.9
Veteran's Mental Health Services (BHA)	$0.0	$0.0	$0.4
Children & Youth Behavioral Health Crisis Response System (CDHS)	$0.0	$0.0	$0.0
School Security Disbursement Grant Program (DPS)	$0.0	$0.0	$0.0
Collections in Excess of $39M	$0.0	$0.0	$0.0
Total FAETC Distributions	**$5.2**	**$29.9**	**$31.5**

The slow initial collections and expected impacts of SB25-003 on gun sales have significantly lowered Proposition KK revenue expectations. As a result, current and out-year revenue estimates now fall short of the $39 million revenue limit during the forecast window, and downstream distributions are reduced or do not receive a distribution.

[41] The excise tax became effective in April 2025. The forecast accounts for three months of estimated accrual-basis revenues for FY 2024-25. The first full fiscal year of collections will be FY 2025-26.

Other General Fund Revenue

Other General Fund revenue includes insurance premium tax revenue, interest and investment income, and court receipts. In FY 2023-24, Other General Fund revenue continued previous strong gains in recent years with 7.2 percent growth to $850.1 million total. This growth in FY 2023-24 was impacted by changes to insurance tax policy becoming fully integrated, interest income continuing its strong growth, while the category of other income declined after a one-time jump. For FY 2024-25, projections are revised down by $3.3 million, primarily driven by insurance and interest income. For FY 2025-26 and FY 2026-27, OSPB has revised up expected revenue by $62.6 million and $75.3 million, respectively, largely due to expected increases in insurance revenue as well as mixed impacts to interest income and other income from newly enacted 2025 legislation.

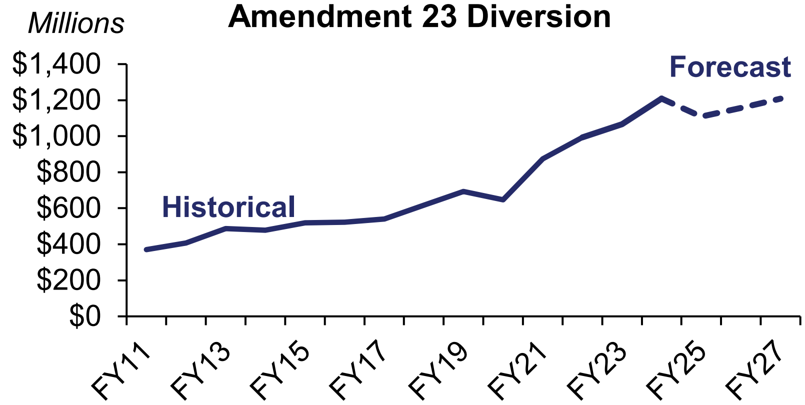
Investment yield percentage and record TABOR surpluses have driven record revenues in interest income with an increase of 33.5 percent to $251.6 million in FY 2023-24. The investment yield of over 3.7 percent last year is likely to not be sustained; however, interest rates have remained fairly constant over FY 2024-25 as there were three rate cuts totaling 100 basis points from the Federal Reserve from the recent peak. That said, OSPB does not anticipate revenue to exceed FY 2023-24 levels, as in addition to rate cuts overall, General Fund revenue is expected to decline slightly in FY 2024-25. OSPB projects there will be year-over-year declines for interest revenue over the forecast period as the federal funds rate is gradually reduced. For FY 2024-25, interest income is revised down by $1.3 million and is expected to decrease 38.1 percent year-over-year. Interest income in FY 2025-26 is impacted with upward pressure from SB25-262 and SB25-317, which diverts cash fund interest revenue to the General Fund, and is impacted by downward pressure from SB25-310, which diverts $500 million from the General Fund to PERA for the implementation of Proposition 130. On net, FY 2025-26 is revised up $14.6 million and is expected to decrease 11.6 percent year-over-year. FY 2026-27 declines will be buoyed by increasing expectations for non-exempt General Fund and continued interest diversions to the General Fund from SB25-317 and SB25-262.

During FY 2023-24, insurance revenue grew by 4.9 percent from the prior year, strengthening its pace during the second half of the year. OSPB is forecasting 12.6 percent growth in FY 2024-25 to $610.0 million with this growth being driven by new fiscal impacts from numerous bills passed in the 2024 legislative session, with the largest impact coming from HB24-1470 *Eliminate Premium Tax to Health Insurance Affordability Fund*. The bill ends the annual diversion from the General Fund to the Health Insurance Affordability Enterprise and instead diverts the fund to insurance premium revenues within the General Fund. The June forecast for insurance revenue has been revised down $2.5 million in FY 2024-25, revised up $45.2 million in FY 2025-26, and revised up $67.5 million in FY 2026-27. Colorado has experienced large year-over-year growth in insurance costs and is expected to continue that into FY 2025-26 before moderating in FY 2026-27. In FY 2025-26 and FY 2026-27, insurance revenue is forecast to grow 11.5 percent and 3.6 percent respectively, with revenue of $680.2 million and $705.0 million.

For other miscellaneous income within other General Fund revenues, projections have tracked with prior expectations, leading to minimal revisions. Other income is forecast to grow by 3.3 percent in FY 2024-25 and 11.4 percent in FY 2025-26, then fall 6.2 percent in FY 2026-27.

State Education Fund

Figure 34. State Education Fund: Amendment 23 Diversion



Source: Colorado Department of Revenue, OSPB Forecast

In FY 2023-24, revenue to the State Education Fund (SEF) from income taxes reached $1,209.0 million (or $1.2 billion), reflecting 13.3 percent growth from the previous year. In FY 2024-25, income tax revenue to the SEF is expected to decrease by $100.5 million, or 8.3 percent, to $1,108.5 million. In FY 2023-24, Legislative Council Staff corrected prior-year diversions, leading to a $135.1 million upward adjustment to comply with constitutional requirements. Consequently, the magnitude of the revenue decrease observed in FY 2024-25 is largely due to this one-time adjustment. However, this is a downward revision from the March forecast, where OSPB expected revenue to the SEF to be $1,126.1 million. In FY 2025-26, growth of 4.3 percent is projected, leading to SEF revenue of $1,156.6 million. This is a downward revision of $17.2 million from the March forecast, primarily because of expectations of lower income and corporate tax collections in FY 2025-26. Finally, in FY 2026-27 OSPB forecasts SEF revenue to be $1,207.5 million, a 4.4 percent increase from the previous year. This is a downward revision of $26.1 million from the March forecast, again due to lower income and corporate tax collections expectations. The Colorado Constitution requires that one-third of one percent of Colorado taxable income is credited to the SEF. As SEF revenue is derived from taxable income, it generally follows the trends in individual income and corporate income tax revenue collections. Tax credits do not impact taxable income, and thus, do not impact the SEF diversion.

Kids Matter Account

HB25-1320 created the Kids Matter Account within the State Education Fund and requires that, beginning July 1, 2026, state revenues collected from an existing tax on 65 percent of one-tenth of one percent of federal taxable income is required to be deposited into this account. OSPB forecasts the Kids Matter transfer into the SEF to be $235.7 million in FY 2026-27, which leads to the combined revenue to be diverted into the SEF to be $1,443.3 million in that year. This money in the SEF is required to be used for total program funding and categorical programs subject to appropriation.

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 section highlights those cash fund revenues that are subject to TABOR or that have significant fiscal implications. Note that in this section, all forecasts reported here reflect current law and contain adjustments from legislation that has passed, including new laws from the 2025 Colorado legislative session.

In FY 2023-24, cash fund revenue increased by 1.5 percent to $2.80 billion, and in FY 2024-25, cash fund revenue is projected to decrease by 1.9 percent to $2.74 billion. This is an upward revision from the March forecast of $32.3 million, driven by upward revisions in severance tax and miscellaneous cash fund revenue partially offset by lower transportation revenue. Cash fund revenue is expected to rebound in the following fiscal year with 3.1 percent growth to $2.83 billion total, which is a downward revision from March of $184.9 million largely due to policy adjustments from the 2025 legislative session, described in more detail below. FY 2025-26 is expected to be followed by much higher growth in FY 2026-27 of 14.4 percent to $3.24 billion in cash fund revenue due to the addition of a projected $235.7 million for the Kids Matter Account, as provided for in HB25-1320. FY 2026-27 is revised up $140.0 million from March, as the increase from the Kids Matter Account is partially offset by lower transportation and miscellaneous cash fund revenue.

Overview of Cash Funds

Transportation: Transportation-related revenue is coming off a strong year of double-digit year-over-year percentage growth in FY 2023-24. The growth of this revenue is expected to stabilize with more modest growth through the forecast window. In FY 2024-25, OSPB forecasts 4.2 percent growth for total transportation revenue, a revision down from March, largely due to prolonged weakness in motor and special fuel taxes. Legislative fee reductions will also limit registration revenue in the out-years. Motor and special fuel taxes, which is the largest contributor to transportation revenue, is anticipated to again decline slightly in FY 2024-25, with the drag largely coming from diesel tax revenue. Revenue collections of $1,484.4 million are anticipated in FY 2024-25, which is 4.2 percent growth from the prior year. Growth is expected to slow to 2.7 percent in FY 2025-26, then rebound in FY 2026-27 at 4.0 percent.

Limited Gaming: Limited gaming revenue has been revised up slightly from March due to positive but slowing growth in gaming taxes. Revenue for gaming has been consistent after settling from post-pandemic growth. The revenue has stabilized, and the amount of Adjusted Gross Proceeds (AGP) has been slightly above the previous fiscal year's collection into the final quarter of the year. OSPB anticipates limited gaming revenue to have marginal growth in the coming years as it returns to pre-pandemic trend growth. Revenue in FY 2024-25 is projected at $95.6 million in limited gaming revenue subject to TABOR, followed by $96.3 million in FY 2025-26, and $96.2 million in FY 2026-27.

Severance: Severance tax revenue in FY 2024-25 is revised up in this forecast following a historic net-negative revenue collection of $94.6 million in February, then a rebound in revenue in March, April, and May. Severance tax revenue of $58.8 million is projected to be collected in FY 2024-25, an upward revision of $27.0 million since the March forecast. In FY 2025-26, severance tax revenue is projected to normalize to average levels at $162.9 million, which is a downward revision of $36.8 million from March due to lower oil price expectations.

Other Cash Funds Subject to TABOR: Miscellaneous Cash Funds are being revised up in FY 2024-25 and down in FY 2025-26 and FY 2026-27. Revisions are largely tied to legislative changes from the 2025 session, such as adjusting enterprises and creating interest income diversions to the general fund, as well as elevated revenues to the Adult Dental Fund and higher indirect cost recoveries assessed to IHEs. Miscellaneous cash fund revenue is forecast to grow by 3.8 percent in FY 2024-25 to $973.5 million, followed by a decline of 6.0 percent in FY 2025-26 before increasing to 10.6 percent growth in FY 2026-27.

Notable Cash Funds Not Subject to TABOR: Proposition FF revenue was revised up following higher than anticipated number of filers and amounts owed on average per filer during current Tax Year 2024 collections. Changing federal tax policy and ballot measures could have impacts on this revenue stream over the forecast period. Marijuana revenue has been revised down once again, but a change in the Special Sales Tax distribution will result in higher allocations to the Marijuana Tax Cash Fund (MTCF) moving forward. Federal Mineral Lease (FML) is revised up following a stronger third quarter offsetting some of the weakness experienced in the first half of the year. Sports betting wagers remain strong, and Colorado operators' hold percentage has increased in recent months, trending upwards towards the national average. Strong sports betting tax revenues are anticipated in the coming years, with increasing hold and declining free bets for state tax liability exemptions. Lottery is a relatively new addition to the OSPB Quarterly Economic Forecast. Scratch sales are expected to grow again after a slight decline last fiscal year, but Jackpot game sales have struggled with lower prize pools. The Statutory Distribution is not expected to receive funds in FY 2024-25, though $0.3 million and $2.7 million are projected to go through the statutory distribution in FY 2025-26 and FY 2026-27.

Transportation

Transportation-related cash funds include the Highway Users Tax Fund (HUTF), the State Highway Fund (SHF), and a handful of smaller cash funds. In FY 2023-24, total transportation-related revenue grew by 12.5 percent to more than $1.4 billion. The revenue stream is anticipated to stabilize with slower growth through the forecast window, beginning with 4.2 percent growth in FY 2024-25. FY 2025-26 is anticipated to have more muted growth of 2.7 percent growth before rebounding to 4.0 percent growth in FY 2026-27. OSPB has revised down transportation revenue estimates by $10.3 million in FY 2024-25, $31.4 million in FY 2025-26, and $34.1 million in FY 2026-27. These revisions down from the March 2025 forecast are driven by prolonged weakness in motor and special fuel taxes. Legislative fee reductions will limit registration revenue in the out-years, accounting for the downward revenue revisions.

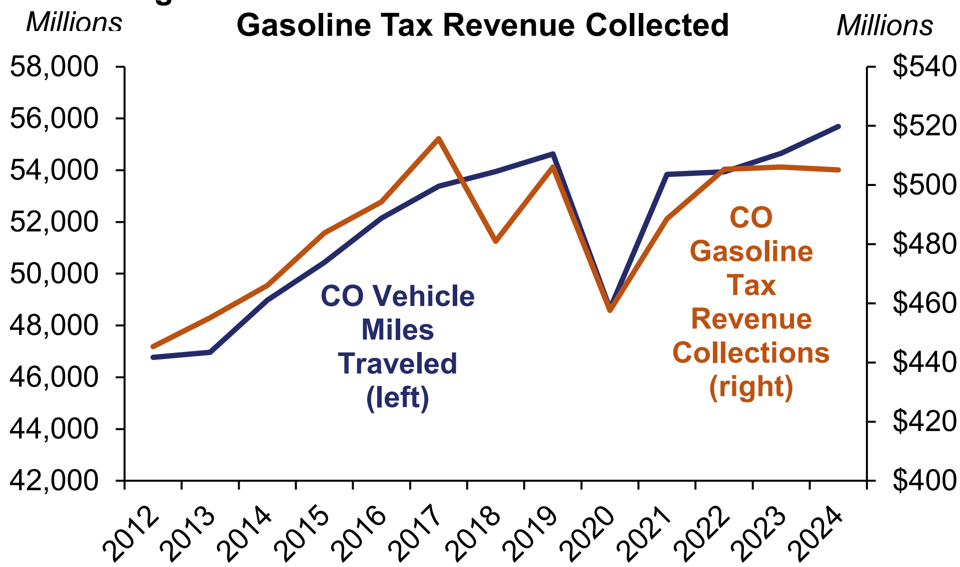
Figure 35. Detailed Transportation Cash Fund Forecast

Highway Users Tax Fund (HUTF)	Actual FY 23-24	Forecast FY 24-25	Forecast FY 25-26	Forecast FY 26-27
Motor and Special Fuel Taxes	$648.9	$631.3	$642.7	$655.1
Percent Change	*-0.5%*	*-2.7%*	*1.8%*	*1.9%*
Road Usage Fees	$92.9	$117.1	$149.2	$182.8
Percent Change	*631.5%*	*26.0%*	*27.4%*	*22.5%*
Total Registrations	**$389.6**	**$432.6**	**$419.8**	**$421.0**
Percent Change	*18.6%*	*11.0%*	*-3.0%*	*0.3%*
Registrations	$242.1	$243.0	$245.2	$247.7
Road Safety Surcharge	$104.0	$145.9	$130.1	$127.7
Late Registration Fees	$43.5	$43.7	$44.5	$45.6
Other HUTF	$86.5	$92.3	$94.6	$97.9
Percent Change	*19.5%*	*6.7%*	*2.5%*	*3.5%*
Total HUTF	**$1,218.0**	**$1,273.3**	**$1,306.3**	**$1,356.8**
Percent Change	*14.3%*	*4.5%*	*2.6%*	*3.9%*
Non-HUTF	**Actual FY 23-24**	**Forecast FY 24-25**	**Forecast FY 25-26**	**Forecast FY 26-27**
State Highway Fund	$27.8	$31.0	$30.2	$28.8
Percent Change	*1.1%*	11.5%	-2.6%	-4.6%
Other Transportation Funds	$179.3	$180.1	$187.6	$199.7
Percent Change	*3.5%*	*0.5%*	*4.2%*	*6.4%*
Total Transportation Revenue	**Actual FY 23-24**	**Forecast FY 24-25**	**Forecast FY 25-26**	**Forecast FY 26-27**
Total Transportation	**$1,425.1**	**$1,484.4**	**$1,524.1**	**$1,585.3**
Percent Change	*12.5%*	*4.2%*	*2.7%*	*4.0%*

The HUTF is the largest transportation-related cash fund, with revenue primarily coming from motor fuel taxes and motor vehicle registrations. Motor fuel taxes make up over half of the HUTF and comprise both gas and diesel tax revenue. Gasoline revenue hit a peak of $528.4

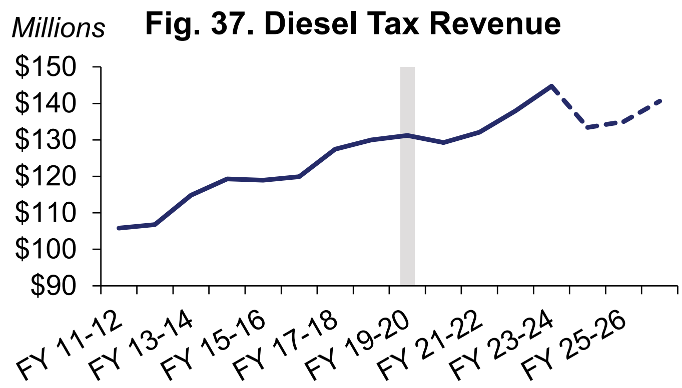
million in FY 2017-18, which was followed by years of decline driven by the pandemic reducing commuting and travel. In FY 2023-24, gasoline tax revenue continued to decline by 2.0 percent. OSPB previously anticipated a recovery for gasoline revenues in FY 2024-25; however, through 10 months of received revenue, FY 2024-25 is down 2.0 percent when compared to the same period in the prior fiscal year. As shown in Figure 36, vehicle miles traveled (VMT) trends continue to grow moderately in Colorado while gasoline tax revenue has declined slightly when compared to 2023. As electric and hybrid vehicles increase as a share of the vehicle market in Colorado, there is expected to be downward pressure on gasoline revenue in the future. Special fuel tax revenue (primarily from diesel sales) is also experiencing year-over-year declines of 8.6 percent over the first 10 periods of revenue collection when compared to the prior fiscal year. Special fuel revenue had previously been extremely healthy, growing steadily in recent fiscal years, these declines could indicate some underlying weakness in consumer spending and shipping prior to any tariff news. Looking ahead, OSPB expects consumers reduce goods spending, and freight shipping and special fuel revenue collections are likely to continue to suffer as a result. FY 2024-25 is anticipated to experience a decline in special fuel revenue before stabilizing in the out-years. Revisions down in the HUTF are largely driven by those declines in both motor and special fuel expectations. Fuel trends also impact the Road Usage Fee, which is similarly tied to gasoline and special fuel consumption. However, there are statutorily planned increases to this fee, which will be raised until it hits 8 cents per gallon in FY 2028-

Figure 36. Colorado Vehicle Miles Traveled and Gasoline Tax Revenue Collected



Source: U.S. Department of Transportation Bureau of Transportation

Fig. 37. Diesel Tax Revenue



Note: Dotted line indicates forecast; shading denotes recession.
Source: Colorado Department of Revenue.

29 then begins growing again in FY 2031-32 and thereafter at the pace of inflation. The scheduled increases in the Road Usage Fee is expected to drive revenue growth in the total HUTF in the near term. Registration revenue is expected to have short term upward pressure as car sales have increased in recent months, likely to avoid expected price increases from tariffs. However, in this forecast, OSPB assumes tariff policy remains in line with existing policy, which targets the sector. The upward pressure of recent sales is slightly more than offset by lower collections to date this fiscal year, leading to a $1.3 million downward revision, while OSPB expects larger downward revisions in the out-years as consumer demand is thought to weaken. FY 2024-25 was the first year to have the completely restored Road Safety Surcharge following years of a reduced rate; however, SB25-258 reduced the Road Safety Surcharge again for another 24-month period by $3.70 to all weight tiers. This legislation is anticipated to have a negative impact to registration revenue and is a significant reason for the HUTF downward revision. SB25-258 also updated the FASTER Distribution formula, which included a hold-harmless for local governments, and this update is reflected in Figure 38 below. The “Other HUTF” category is anticipated to maintain steady growth which can be largely attributed to the Retail Delivery Fee and the Daily Rental Fee, as well as miscellaneous fines, charges, and fees.

Figure 38. HUTF Distributions

HUTF Distributions	Actual FY 23-24	Forecast FY 24-25	Forecast FY 25-26	Forecast FY 26-27
Off-the-Top Deductions	$200.0	$210.6	$223.0	$236.3
State Highway Fund (CDOT)	$625.6	$651.7	$655.0	$677.0
Counties	$235.8	$245.1	$253.8	$261.7
Cities	$156.7	$166.0	$174.5	$181.8
Total HUTF	**$1,218.0**	**$1,273.3**	**$1,306.3**	**$1,356.8**

Other transportation-related funds include the State Highway Fund (SHF) and other miscellaneous revenue. Revenue to the SHF is made up of various smaller revenue streams including sales of state property, special transport permits, and earned interest. OSPB anticipates the SHF will continue to increase into FY 2024-25 with 11.5 percent growth largely driven by interest, before declining based on lower interest expectations and further spend-down of the balance of the SHF. Not including interest, the other components of the SHF are down 4.3 percent year-to-date compared to the prior fiscal year revenue through April.

The majority of other miscellaneous transportation revenue is from the Aviation Fund and the Colorado DRIVES Fund, with other smaller funds making up the remainder. The Aviation Fund has been turbulent in recent years, but recent collections have exceeded expectations. The out-years are anticipated to align closer with historical norms. The other registration-related funds have remained largely consistent with prior-year revenues. However, several of these funds are implicated in SB25-317, which will transfer or credit some of the interest earnings from the DRIVES Account, AIR Account, and Emergency Medical Services Account to the General Fund. There are also transfers from the License Plate Cash Fund provided for in SB25-293, with 40 percent of the fund balance being transferred to the General Fund and 40 percent being transferred to the DRIVES fund. OSPB currently forecasts the transfer into the General Fund to be $4.0 million, as shown in Table 8. The Multimodal Cash Fund has revenue derived from the Retail Delivery Fee, which has planned fee increases and is forecast to grow continuously through the next three years. Despite legislative changes, OSPB forecasts growth for Other Transportation Funds throughout the forecast window.

Limited Gaming

In an update to the Gaming forecast methodology, OSPB now forecasts individual revenue streams at a more granular level, allowing the published forecast to illustrate the steady secular growth in Gaming Taxes, Licenses, and Other, while aligning interest income with OSPB's broader economic assumptions around interest rates. The resulting forecast is revised slightly down from the March forecast due to positive but slowing growth in gaming taxes, while interest income declines over the next two years, in accordance with expected monetary policy interest rate cuts. Figure 39 below shows the Total Gaming revenue by category. OSPB does not anticipate Gaming Tax revenues will increase by enough to reach the trigger to make the Electronic Player Credit Refund Rule permanent. This rule would have required that operators receive a refund had Gaming Tax Revenues, starting from FY 2021-22, met a 10.87 compound annual growth rate after FY 2024-25. OSPB had previously anticipated that operators would meet this threshold due to the incentive of possibly triggering ongoing refunds.

Figure 39. Total Gaming Revenues, by Category

Gaming Revenues & Refunds	Actual FY 23-24	Forecast FY 24-25	Forecast FY 25-26	Forecast FY 26-27
Gaming Tax Revenues	$175.4	$176.9	$178.0	$178.9
Interest Revenue	$3.0	$2.9	$2.7	$2.5
Fines, Fees, Licensing	$0.9	$0.8	$0.8	$0.9
Electronic Player Credit Refunds (Excess of 3.5% Cap)	($1.8)	$0.0	*N/A*	*N/A*
A. Total Gaming Revenues	**$177.5**	**$180.6**	**$181.5**	**$182.3**
Annual Percent Change	*1.9%*	*1.8%*	*0.5%*	*0.4%*
A1. Total Revenue Attributed to Limited Gaming	**$124.9**	**$127.0**	**$127.5**	**$128.0**
A2. Total Revenue Attributed to Extended Gaming	**$52.6**	**$53.7**	**$54.0**	**$54.3**

Figure 40. Limited Gaming Distributions

Limited Gaming Distributions	Actual FY 23-24	Forecast FY 24-25	Forecast FY 25-26	Forecast FY 26-27
Total Gaming Revenues	**$177.5**	**$180.6**	**$181.5**	**$182.3**
Less Non-Limited Gaming Distributions	($63.0)	($67.1)	($68.3)	($67.1)
Total Limited Gaming Revenue for Distribution	**$114.6**	**$113.5**	**$113.1**	**$115.2**
Amount to State Historical Society (28%)	$32.1	$31.8	$31.7	$32.3
History Colorado (80% of 28%)	*$25.7*	*$25.4*	*$25.3*	*$25.8*
Grants to Cities for Historical Preservation (20% of 28%)	*$6.4*	*$6.4*	*$6.3*	*$6.5*
Amount to Counties (12%)	$13.7	$13.6	$13.6	$13.8
Amount to Cities (10%)	$11.5	$11.4	$11.3	$11.5
Amount to Distribute to Remaining Programs (State Share) (50%)	$57.3	$56.8	$56.6	$57.6
Local Government Impact Fund	$6.0	$6.2	$6.4	$6.7
Colorado Tourism Promotion Fund	*$15.0*	*$15.0*	*$15.0*	*$15.0*
Creative Industries Cash Fund	*$2.0*	*$2.0*	*$2.0*	*$2.0*
Film, Television, and Media Operational Account	*$0.5*	*$0.5*	*$0.5*	*$0.5*
Advanced Industries Acceleration Fund	*$5.5*	*$5.5*	*$1.8*	*$5.5*
Innovative Higher Education Research Fund	*$2.1*	*$2.1*	*$2.1*	*$2.1*
Responsible Gaming Fund	$2.5	$2.5	$2.5	$2.5
Transfer to the General Fund	$23.6	$23.0	$26.3	$23.3

Figure 41. Extended Gaming Distributions

Extended Gaming Distributions	Actual FY 23-24	Forecast FY 24-25	Forecast FY 25-26	Forecast FY 26-27
Total Gaming Revenues	**$177.5**	**$180.6**	**$181.5**	**$182.3**
Less Limited Gaming Distributions and Adjustments	($131.1)	($132.0)	($132.0)	($132.6)
Total Extended Gaming Revenue for Distribution	**$46.4**	**$48.6**	**$49.5**	**$49.6**
Community Colleges, Mesa and Adams State (78%)	$36.2	$37.9	$38.6	$38.7
Counties (12%)	$5.6	$5.8	$5.9	$6.0
Cities (10%)	$4.6	$4.9	$5.0	$5.0

Gaming revenues in Colorado follow a unique formula to classify revenue subject to TABOR and revenue exempt from TABOR. Originally, Limited Gaming revenue would have been the TABOR non-exempt revenues; however, HB24-1469 clarified that distributions to local governments should be classified as exempt revenues. In Figure 42 below, Limited Gaming is reduced by the distributions to Cities, Counties, and Grants to Cities for Historical Preservation to calculate the TABOR impact of gaming-related revenues. Other legislation that impacted this revenue stream are SB25-225, which will reduce the transfer to the Advanced Industries Acceleration Fund in FY 2025-26, and SB25-317, which will transfer some Limited Gaming Revenue non-exempt interest earnings to the General Fund.

Figure 42. TABOR Impacts of Gaming Revenue

TABOR Impacts of Gaming Revenue	Actual FY 23-24	Forecast FY 24-25	Forecast FY 25-26	Forecast FY 26-27
A. Total Gaming Revenues	**$177.5**	**$180.6**	**$181.5**	**$182.3**
Total Limited Gaming Revenues	$124.9	$127.0	$127.5	$128.0
Less HB24-1469 Revenue Reclassification of Limited Gaming Distributions	($31.6)	($31.3)	($31.2)	($31.8)
Amount to Cities	*($11.5)*	*($11.4)*	*($11.3)*	*($11.5)*
Amount to Counties	*($13.7)*	*($13.6)*	*($13.6)*	*($13.8)*
Grants to Cities for Historical Preservation	*($6.4)*	*($6.4)*	*($6.3)*	*($6.5)*
Total TABOR Non-Exempt Revenue	**$93.3**	**$95.6**	**$96.3**	**$96.2**
Total TABOR Exempt Revenue	**$84.2**	**$85.0**	**$85.2**	**$86.1**

Severance

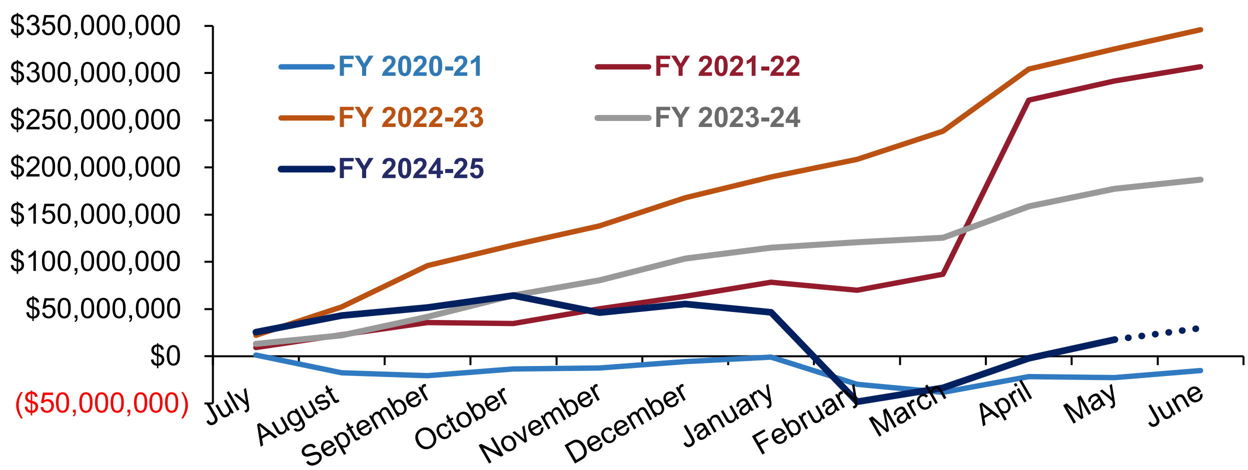
Negative year-to-date collections in severance tax revenue turned positive in FY 2024-25 following May revenue collections, with total annual severance tax revenue projected at $58.8 million in this forecast. After a record negative monthly collection in February of -$94.6 million, due to refunds outstripping tax remittances, overall severance tax revenue for the year was in a negative position. Since then, revenue has rebounded over the most recent three months, leading to an upward revision of $27.0 million from the March forecast. In FY 2025-26, severance tax revenue is projected to normalize to average levels of $162.9 million despite projected declining oil prices, as elevated refunds are not expected in that fiscal year to the same extent. In FY 2026-27, revenue is forecast to grow by 5.5 percent to $171.8 million on higher oil price expectations, although there is a drag on that fiscal year's revenue from the sunset of the reduced ad valorem credit beginning in Tax Year 2027. More information related to the ad valorem credit is provided below. For both FY 2025-26 and FY 2026-27, these changes reflect downward revenue revisions from the March forecast of $36.8 million and $6.5 million, respectively, due to lower oil price expectations over those fiscal years. Economic assumptions underpinning this revenue forecast can be found in the Energy section of this document.

Figure 43. Severance Tax Forecast (millions)

	Actual FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27
Oil & Gas	$178.1	$21.0	$139.0	$143.8
Coal	$6.6	$6.9	$6.7	$6.5
Metals	$1.7	$1.9	$1.8	$1.8
Interest	$32.0	$29.1	$15.3	$19.7
Total	**$218.4**	**$58.8**	**$162.9**	**$171.8**
YoY Change	*-41.7%*	*-73.1%*	*176.9%*	*5.5%*

At the time of the March forecast, year-to-date severance tax revenue for FY 2024-25 was in a negative position of -$48.2 million (through February collections). This revenue weakness resulted in annual revenue expectations of $31.8 million for FY 2024-25, which was primarily from interest earnings, and projected oil and gas revenue of only $0.3 million. Since that forecast, the past three months of revenue collections have outpaced expectations, with a cumulative $65.9 million collected from March through May. Severance tax collections year-to-date are now $17.7 million through May alongside $23.7 million from interest earnings on severance tax funds, for a total of $41.4 million attributed to overall severance tax revenue. Revenue collections and earnings of $17.4 million are projected to end the fiscal year. Figure 44 illustrates the negatively volatile nature of this year's severance tax revenue collections in the context of prior years.

Figure 44. Cumulative Severance Tax Revenue by Month: Past Five Fiscal Years



Note: Dotted line indicates FY 2024-25 revenue forecast for the final month of the fiscal year. Illustrated data excludes interest earnings.

The significant negative revenue collection experienced in February was likely due to taxpayers claiming ad valorem credits. Ad valorem credit claims, which are based on local property tax assessments of the value of oil and gas production, allow oil and gas taxpayers to reduce their severance tax liability of the real property taxes they most recently paid to their local governments, school districts, and special districts. Currently, taxpayers can reduce their severance tax liability by 75 percent of the property taxes paid as an ad valorem credit. However, there is an inherent lag built into this tax structure, as the property taxes that are applied to taxpayers' severance tax liability are based upon property taxes paid one or two years ago, depending on if the taxpayer pays taxes on an accrual basis or cash basis. The record refund levels in February were likely due to ad valorem credit claims based upon property taxes paid in 2023, which were assessed on 2022 oil and gas prices. In 2022, West Texas Intermediate oil prices averaged nearly $95 per barrel and Henry Hub natural gas prices averaged $6.45 per million BTU, which were approximately 50 percent higher than the ten-year average for oil and double the ten-year average for natural gas prices. These elevated prices led to high property tax assessments for oil and gas taxpayers, which are now being applied as ad valorem credit claims against their severance tax liability.

This severance tax forecast also takes into account policy adjustments with revenue impacts from the 2025 legislative session, which include SB25-040, SB25-307, and SB25-317. In FY 2025-26, SB25-317, *Transfer Cash Fund Investment Earnings to the Gen Fund*, diverts severance tax interest earnings that would otherwise be credited to the Local Government Severance Tax Fund and Just Transition Cash Fund to the General Fund. This action results in reduced interest earnings from severance tax revenue of an estimated $9.4 million in FY 2025-26 and $0.7 million in FY 2026-27. In FY 2026-27 and ongoing, only interest earnings from the Just Transition Cash Fund are diverted. This reduction in severance tax revenue is offset by a corresponding increase in General Fund interest revenue. This forecast also considers impacts from SB25-040, *Future of Severance Taxes and Water Funding Task Force*, which delays a change to the ad valorem credit calculation from Tax Year 2026 to Tax Year 2028. Finally, this forecast also takes into account SB25-307, which limits the distribution of oil and gas severance tax revenue to the Decarbonization Tax Credits Administration (DTCA) Fund to the net total of oil and gas severance tax revenue in years in which earnings from the reduced ad valorem credit result in higher revenue that overall oil and gas revenue. This applies in FY 2024-25 under the OSPB forecast and is shown in the distribution table below. Without this policy change, the distribution to the DTCA Fund in FY 2024-25 would have been $25.6 million instead of the actual estimate of $21.0 million.

In January 2024, the distribution for severance tax revenue changed due to provisions within HB23-1272, *Tax Policy that Advances Decarbonization*, which reduced the ad valorem credit for oil and gas taxpayers from 87.5 percent to 75 percent in Tax Years 2024 and 2025 and allocates the additional revenue from this tax change to the Decarbonization Tax Credits Administration Cash Fund for costs associated with the administration of decarbonization tax credits provided for within the bill. Tax Year 2026 will continue the reduced ad valorem credit under the current calculation at 75 percent as provided for within SB25-040. In Tax Year 2027, the reduced level of the ad valorem credit ends and is increased back to 87.5 percent. Any funds above $300,000 remaining in the Decarbonization Tax Credits Administration Cash Fund at the end of FY 2023-24, FY 2024-25, and FY 2025-26 are transferred to the General Fund.

By statute, the remaining 50 percent of severance tax revenue is distributed to the Department of Natural Resources (DNR) and the other 50 percent is allocated to the Department of Local Affairs (DOLA). Of the amount distributed to DNR, 50 percent is allocated toward water projects and loans while the other 50 percent is used for departmental programs, including natural resource and energy-related programs. For DOLA, 70 percent of their share is allocated toward local impact grants and loans for local governments socially or economically impacted by mineral extraction, while 30 percent is distributed to local governments based on measures related to oil, gas, and mining activities. That distribution is reflected in Figure 45.

Figure 45. Severance Tax Forecast Distribution Table

	Actual FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27
Total Severance Tax Revenue (excluding interest, in millions)	**$186.4**	**$29.7**	**$147.5**	**$152.1**
Distribution				
Decarbonization Tax Credits Administration	$13.7	$21.0	$32.5	$19.6
Department of Natural Resources	$86.4	$4.4	$57.5	$66.3
Department of Local Affairs	$86.4	$4.4	$57.5	$66.3

Other Cash Funds Subject to TABOR

The State receives revenue from a variety of other, smaller cash funds. This includes non-exempt cash fund revenue to the Department of Regulatory Agencies (DORA), which is made up of revenue from professional and occupational licensing, the Public Utilities Commission, and other sources. New 2025 Legislation impacting DORA's cash funds primarily have an impact on FY 2026-27 and ongoing with continuations of existing revenue sources and various fee modifications in the Division of Insurance and Division of Professional Occupations. The main fiscal impact from new legislation comes from HB25-1154, *Communication Services People with Disabilities Enterprise*, which starting in FY 2025-26 directs an estimated $4.9 million in annual revenue from the Telephone Users with Disabilities Fund to a new TABOR-exempt fund for the Communication Services for People with Disabilities Enterprise. The revenue forecast for DORA's cash funds are expected to grow by 9.0 percent to $104.8 million in FY 2024-25, followed by near-zero growth in FY 2025-26 to $104.9 million, and continuing at 2.7 percent for $107.6 million FY 2026-27.

The category of "Other Miscellaneous Cash Funds" includes revenue from over 400 cash fund programs that collect revenue from fees, fines, and interest earnings. OSPB distills this forecast into a list of 25 funds that had the most revenue in FY 2023-24 and separates out the rest of the smaller cash funds. That list of 25 funds, or the "Top 25", accounted for 67.2 percent of revenue in the Miscellaneous Cash Fund forecast in FY 2023-24 and is expected to comprise, on average, 61.5 percent across the forecast period. Enacted bills from the 2025 legislative session are the cause for large revisions to this forecast stream. In FY 2025-26 Miscellaneous Cash Fund revenue is reduced by $149.8 million because of new legislation, stemming from:

- -$65.2 million per SB25-270 *Enterprise Nursing Facility Provider Fees*
- -$31.4 million per SB25-316 *Auraria Higher Education Center Appropriations*
- -$30.9 million per SB25-317 *Transfer Cash Fund Investment Earnings to General Fund* and SB25-262 *Changes to Money in the Capital Construction Fund*
- -$25.0 million per SB25-242 *Division Unemployment Insurance Funding Mechanism*
- SB25-228 *Enterprise Disability Buy-in Premiums*, which prevented an increase of revenue by $6.7 million
- +$1.6 million per SB25-241 *Deposit Bond Forfeitures in Judicial Fund*
- +$1.1 million net increase per various 2025 legislative actions with de minimis modifications in revenue

Outside of legislative impacts, the Adult Dental Fund was revised up by $2.2 million in FY 2024-25 and $5.7 million in FY 2025-26 based on elevated year-to-date actuals, the General Fund portion of Cash Fund Revenue was revised up $5.8 million in FY 2024-25 and $3.2 million in FY 2025-26 because of elevated indirect cost recoveries assessed to IHEs, and various Judicial Funds are revised up due to a return to trend that aligns more with December forecast expectations after revisions in March.

Compared to the March OSPB Forecast, FY 2024-25 revised up 1.6 percent and $15.6 million, FY 2025-26 has been revised down by 10.9 percent and $111.4 million, and FY 2026-27 has been revised down 4.6 percent and $49.2 million. The below table details the forecasted revenue through FY 2026-27.

Figure 46. Miscellaneous Cash Funds Revenue Estimates (Millions)

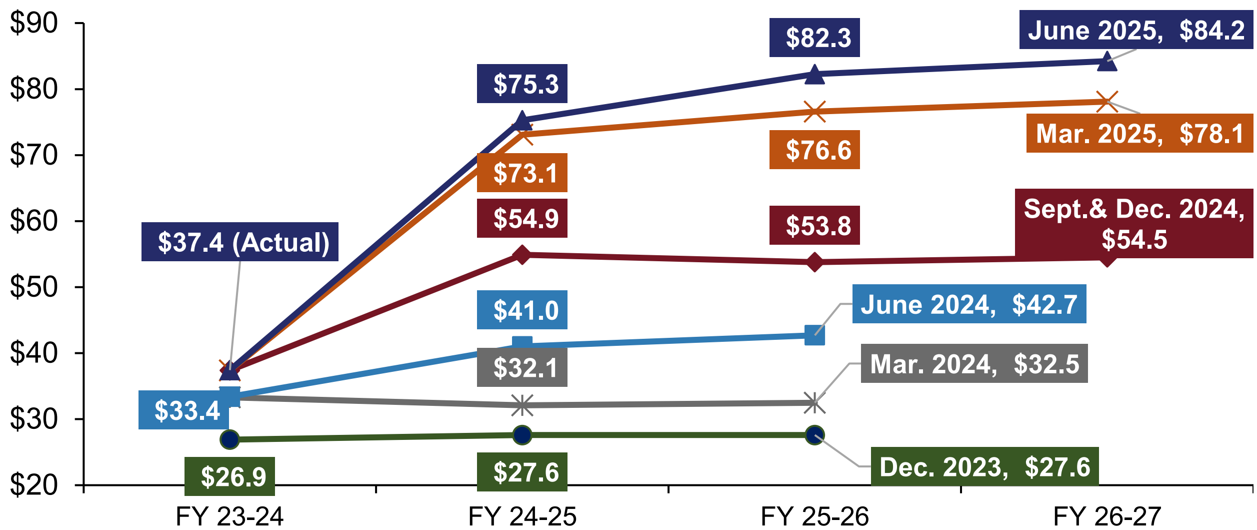
	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Top 25	$610.6	$629.8	$644.0	$548.8	$591.4
Other	$267.8	$308.0	$329.5	$366.0	$420.5
Total	$878.4	$937.8	$973.5	$914.8	$1,011.9

Figure 47. Miscellaneous Cash Funds Revenue Estimates (Growth)

	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Top 25	5.0%	3.2%	2.2%	-14.8%	7.8%
Other	-7.0%	15.0%	7.0%	11.1%	14.9%
Total	1.0%	6.8%	3.8%	-6.0%	10.6%

An important note about the legislatively driven forecast revisions tied to SB25-262 *Changes to Money in the Capital Construction Fund* and SB25-317 *Transfer Cash Fund Investment Earnings to General Fund* is that any decrease in interest revenue in any cash fund revenue stream has a corresponding increase in interest revenue in the General Fund interest revenue, which is detailed in the "Other General Fund Revenue" section. Therefore, while the interest revenue impacts from SB25-262 and SB25-317 don't change the amount of revenue subject to TABOR, they do increase General Fund availability dollar-for-dollar.

Figure 48. Adult Dental Fund, by Quarterly Forecast ($ millions)



Source: Office of the State Controller, OSPB Forecast.

A particular fund to highlight within Miscellaneous Cash Fund is the Adult Dental Fund, which is forecast to be the largest individual cash fund within the category for FY 2024-25, FY 2025-26, and FY 2026-27. This fund is unique within all cash fund revenue subject to TABOR, because the revenue is directly related to Adult Dental Medicaid benefits expenditures, which as of 2023, has no cap on dental services provided through Medicaid. In order to fully implement the Adult Dental Medicaid benefit, necessary funds are transferred from the Unclaimed Property Trust Fund (UPTF) to the Adult Dental Fund. The transfer is billed as revenue subject to TABOR because the UPTF is outside of the State's TABOR district, and bringing UPTF dollars into that district falls under the definition of revenue subject to TABOR limit. The Adult Dental Fund revenue forecast has undergone upward revisions every quarter since the December 2023 OSPB forecast. The Adult Dental Medicaid benefit had previously been limited to $1,500 per person annually, but that limit was removed in 2023. At the time it was not known how much the increased usage of the Adult Dental Benefit would increase expenditures and revenue subject to TABOR. OSPB's June revenue forecast, along with previous forecast estimates and revisions over time, are shown below in Figure 50. The Adult Dental Fund is forecast to receive $75.3 million in FY 2024-25, $82.3 million in FY 2025-26, and $84.2 million in FY 2026-27.

TABOR Exempt Funds with Significant Fiscal Implications

Outside of the cash funds subject to TABOR discussed above, OSPB also forecasts Healthy School Meals for All (HSMA), marijuana, federal mineral lease (FML), sports betting, and lottery revenue because of their significant budgetary implications. In particular, these revenues impact the General Fund, Marijuana Tax Cash Fund (MTCF), distributions to local governments, BEST funding for school capital construction, the Public School Fund, the Water Plan Implementation Cash Fund, Conservation Trust Fund, CO Parks and Wildlife, Great Outdoors Colorado (GOCO), the Wildlife Cash Fund, the Outdoor Equity Fund, and the Parks and Recreation Cash Fund. Each of these funds and their revenue impacts are shown below.

Healthy School Meals for All Cash Fund

Proposition FF created the Healthy School Meals for All (HSMA) Program to provide access to free meals for all public school students in Colorado. Proposition FF funds the HSMA program by limiting the amount of tax deductions on tax filers earning over $300,000 beginning in Tax Year (TY) 2023 and by securing additional federal funding for school meals. For Tax Year 2023 there were 187,231 state tax returns impacted by Proposition FF tax provisions contributing to $109.2 million in revenue for that year. Based on the most recent taxpayer data for Tax Year 2024, as of June 1st, 2025, about 131,483 state tax returns with a HSMA revenue impact have been filed, where the average HSMA revenue per qualifying return is $692.

In the March forecast, OSPB revised the FY 2023–24 revenue projection to align with final Tax Year 2023 data reported by the Department of Revenue (DOR). This revision resulted in a final HSMA revenue figure of $112.0 million in FY 2023–24. Because the final revenue exceeded the estimate published in the 2022 Blue Book for Proposition FF, HB25-1274 referred a retention measure to the ballot. If approved, this measure would allow the state to retain and spend the excess revenue collected in FY 2023–24 and ongoing. If the measure is not approved, Proposition FF tax policy is required to change to lower revenue collected to align with the Blue Book estimates. This would result in downward revenue revisions for all fiscal years shown in Figure 49. For FY 2024-25, revenue is projected to increase by 18.2%, reaching $132.4 million, a $15.3 million upward revision from the previous forecast. This increase is primarily driven by higher-than-expected revenue projections for Tax Year 2024. In the March forecast, OSPB anticipated a 0.3 percent increase in the number of taxpayers contributing to HSMA revenue from Tax Year 2023 to 2024. However, based on the latest data, OSPB now expects a 1.3 percent increase year over year. Due to the revenue actuals coming in higher than previously expected, FY 2025-26 and FY 2026-27 are also revised upwards in this forecast. FY 2025-26 is revised up by $6.8 million to $114.9 million whereas revenue for FY 2026-27 is revised up by $3.4 million to $87.6 million. The adjustments to these two fiscal years are not as big when compared to the revision for FY 2024-25 due to changes in personal income expectations for these fiscal years. All of these revenue numbers expect the Tax Cuts and Jobs Acts (TCJA) will sunset in December of 2025.

Figure 49. HSMA Revenue Actuals and Forecast

($ millions)	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Forecast	FY 2025-26 Forecast	FY 2026-27 Forecast
Baseline Revenue	$42.7	$112.0	$132.4	$114.8	$87.7
Growth	*N/A*	*162.4%*	*18.2%*	*-13.3%*	*-23.6%*
Possible H.R. 1 Impacts	$0	$0	$0	$36.3	$73.0
Expansion Measure	$0	$0	$0	$57.0	$117.8

Recent policy developments at both the federal and state level are expected to significantly impact the Proposition FF revenue stream in the upcoming months. At the federal level, the reconciliation bill H.R. 1 introduces a range of tax provisions that affect state and local tax collections, with direct implications for Colorado's income tax base. The House-passed version of the bill raises the state and local tax (SALT) deduction cap from $10,000 per household to $40,000 for married couples with income at or below $500,000, gradually phasing down to $10,000 for higher income levels. In effect, H.R. 1 strengthens the federal SALT deduction cap by curtailing widely used pass-through entity tax (PTET) workarounds—especially for high-income owners of specified service trades or businesses (SSTBs). By making it more difficult for high-earners to reduce their federal AGI through entity-level state tax deductions, H.R. 1 increases the likelihood that these taxpayers will exceed Colorado's income threshold and face larger add-backs of disallowed deductions. Additionally, H.R. 1 also extends the Tax Cuts and Jobs Act of 2017 (TCJA), which increased the federal standard deduction from $6,350 to $12,000 for single filers and $12,700 to $24,000 for joint filers, with the amounts growing by inflation. H.R. 1 not only extends this TCJA provision but also provides a temporary increase to the standard deduction amounts for Tax Years 2025 through 2028. For these years, the amounts will increase an additional $2,000 for married couples filing jointly, $1,500 for heads of households and $1,000 for single filers. OSPB had previously projected that extending the original TCJA provisions could generate approximately $50 million in additional HSMA revenue in FY 2026-27. In addition, the two new provisions introduced under H.R. 1 (the expanded SALT deduction cap and the enhanced standard deduction) are estimated to contribute an additional $23 million to HSMA revenue in the same fiscal year. If enacted as proposed, these changes would also produce a partial-year impact in FY 2025-26.

At the state level, HB25-1274 *Healthy School Meals for All Program*, passed during the 2025 legislative session, refers two ballot measures to voters at the November 2025 statewide election. The first ballot would allow the state to retain and spend revenue collected in FY

2023-24 in excess of the revenue estimate provided to voters in the 2022 Blue Book. The second ballot measure is an "expansion" measure, that if approved would reduce the Proposition FF addback thresholds from $12,000 to $1,000 for single taxpayers and from $16,000 to $2,000 for joint taxpayers. If approved, OSPB estimates this expansion measure will bring in additional revenue of approximately $57 million in FY 2025-26 and $117.8 million in FY 2026-27, all of which would be available to support the Healthy School Meals for All (HSMA) program. In conclusion, although various policy scenarios have the potential to affect Proposition FF revenue either positively or negatively before the end of calendar year 2025, the OSPB June forecast, as presented in the first row of Figure 49, is based on current law and does not incorporate any of these potential policy changes. Therefore, OSPB's baseline forecast projects revenue reaching $132.4 million in FY 2024-25, then decline 13.3 and 23.6 percent respectively in FY 2025-26 and FY 2026-27.

Marijuana

Total marijuana revenue came in slightly below expectations from the March forecast, as sales of all main revenue sources continue to decline. The biggest drags come from medical and wholesale, and while retail actuals are less dramatic compared to expectations, a notable change is the difference in sales between flower and concentrate. Concentrate has made up an increasing share of retail sales over the last several years, even encroaching on flower's market share: in 2024, concentrate was 39.5 percent of sales, and flower was 40.2 percent. However, new data from the Colorado Marijuana Enforcement Division (MED) shows a larger gap between the two product types than has been observed since 2020, with flower up to 50.3 percent and concentrate down to 32.4 percent. This shift away from shelf-stable products may indicate higher prices and revenue for wholesale, as suppliers will need to restock their fresher products more often; however, given that the average market rate (AMR) has fallen for the fifth consecutive quarter and wholesale volume has remained fairly stable, it is too early to draw conclusions. OSPB forecasts a 5.6 percent decline in FY 2024-25, followed by a decline of 1.4 percent in FY 2025-26, and 3.1 percent growth in FY 2026-27.

Figure 50. Marijuana Tax Revenue through FY 2026-27

Marijuana Tax Revenue	Actual FY 23-24	Forecast FY 24-25	Forecast FY 25-26	Forecast FY 26-27
Proposition AA Taxes (Not Subject to TABOR)				
Retail Marijuana 15% Special Sales Tax	$195.0	$187.5	$184.9	$191.0
Retail Marijuana 15% Excise Tax	$47.9	$41.6	$41.2	$43.3
Interest Earnings	$4.1	$4.0	$3.5	$3.0
Total Proposition AA Taxes	**$247.0**	**$233.1**	**$229.6**	**$237.3**
2.9% Sales Tax & Interest (Subject to TABOR)				
Medical Marijuana 2.9% State Sales Tax	$3.9	$3.6	$3.9	$3.7
Retail Marijuana 2.9% State Sales Tax	$1.2	$1.3	$1.1	$1.1
Interest Earnings	$0.4	$0.4	$0.4	$0.4
Total 2.9% Sales Taxes & Interest	**$5.5**	**$5.3**	**$5.4**	**$5.1**
Total Marijuana Taxes	**$252.5**	**$238.5**	**$235.0**	**$242.4**

Marijuana revenue goes to a number of different sources once collected, the largest being (1) the Marijuana Tax Cash Fund from the retail special sales tax and (2) BEST School Capital Construction from the excise tax on wholesale purchases.

Figure 51. Forecast-Over-Forecast Revisions by Fund (New Formula)

Marijuana Tax Revenue (June)	Total Revenue	Local Share	General Fund	BEST	Public School Fund	Marijuana Tax Cash Fund	Marijuana Cash Fund
Actual FY 2023-24	$252.3	$19.5	$27.3	$47.9	$22.1	$135.5	$0.0
Forecast FY 2024-25	$238.2	$18.8	$26.3	$41.6	$21.2	$130.4	$0.0
Forecast FY 2025-26	$234.8	$6.5	$25.9	$41.2	$20.9	$137.5	$2.8
Forecast FY 2026-27	$242.2	$6.7	$26.7	$43.3	$21.6	$141.0	$2.9

Change from March	Total Revenue	Local Share	General Fund	BEST	Public School Fund	Marijuana Tax Cash Fund
Actual FY 2023-24	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Forecast FY 2024-25	-$3.9	-$0.3	-$0.4	-$0.9	-$0.3	-$2.0
Forecast FY 2025-26	-$3.6	-$12.3	-$0.4	-$0.5	-$0.3	$7.1
Forecast FY 2026-27	-$4.7	-$12.7	-$0.5	-$0.7	-$0.4	$6.7

During the most recent legislative session, SB25-268 *Changes to Money in the Marijuana Tax Cash Fund* was passed, changing the allocation formula for revenue from the special sales tax. Starting in FY 2025-26, distribution to local governments will fall to 3.5 percent (currently 10 percent), and distribution to the General Fund will increase from 90 percent to 96.5 percent, of which 14.51 percent will be retained, 11.74 percent will go to the State Public School Fund, 1.55 percent will go to the Marijuana Cash Fund, and 72.2 percent will go to the Marijuana Tax Cash

Fund. This change keeps the retained General Fund and State Public School Fund allocations at the same levels, while increasing funding to the MTCF and decreasing the distribution to local governments. Allocations to each of these funds per the new formula are shown in Figure 51.

The revisions for the local share and the MTCF are, predictably, much larger in the out-years compared to the other streams due to the new distribution formula. For comparison, OSPB used the same values to forecast using the old formula in order to show the revisions in real terms (i.e., if the formula did not change in the out-years, how the forecast would have changed instead). This is shown in Figure 52.

Figure 52. Forecast-Over-Forecast Revisions by Fund (Old Formula)

Marijuana Tax Revenue (June)	Total Revenue	Local Share	General Fund	BEST School Capital Construction	Public School Fund	Marijuana Tax Cash Fund
Actual FY 2023-24	$252.3	$19.5	$27.3	$47.9	$22.1	$135.5
Forecast FY 2024-25	$238.2	$18.8	$26.3	$41.6	$21.2	$130.4
Forecast FY 2025-26	$234.8	$18.5	$25.9	$41.2	$20.9	$128.3
Forecast FY 2026-27	$242.2	$19.1	$26.7	$43.3	$21.6	$131.4

Change from March	Total Revenue	Local Share	General Fund	BEST School Capital Construction	Public School Fund	Marijuana Tax Cash Fund
Actual FY 2023-24	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Forecast FY 2024-25	-$3.9	-$0.3	-$0.4	-$0.9	-$0.3	-$2.0
Forecast FY 2025-26	-$3.6	-$0.3	-$0.4	-$0.5	-$0.3	-$2.2
Forecast FY 2026-27	-$4.7	-$0.3	-$0.5	-$0.7	-$0.4	-$2.8

Using the old formula, the local share and the MTCF both are revised down from March, but by a much smaller margin. All other fund streams maintain the same allocation (and same revision) between the two formulas.

Federal Mineral Lease

Federal mineral lease (FML) revenue is projected to decline in FY 2024-25 after a weak first half of the fiscal year was buoyed by stronger collections in the third quarter due to recovering natural gas prices. If revenue trends hold, this will be the second consecutive year of below-average collections, following a weak FY 2023-24. Through the first half of FY 2024-25, Henry Hub prices averaged $2.28 per million BTU compared to the 10-year average of $3.13, leading to revenue weakness early in the fiscal year. However, prices increased over the third quarter of the fiscal year to an average of $4.14 and remained healthy in the final quarter. These price increases led to third quarter collections of $26.4 million, following $13.9 million and $22.4 million in the first and second quarter, respectively. Collections in the final quarter of FY 2024-

25 are estimated at $23.8 million. Royalty revenue from natural gas production on federal leases accounts for half of total FML revenue in a typical year, while oil comprises 20 percent and carbon dioxide and coal make up the remaining 30 percent. This means that natural gas price fluctuations impact FML revenue collections more than severance tax revenue, which is reliant on oil production and price. The U.S. Energy Information Administration forecasts natural gas prices will remain above long-term average levels through 2025 and 2026. Energy price assumptions are discussed in more detail in the energy section of the economic outlook.

FML revenue is estimated to decline by 10.5 percent in FY 2024-25 to $86.7 million, a $3.8 million upward revision after a strong third quarter. In FY 2025-26, FML revenue is estimated to grow by 29.0 percent to $111.8 million with natural gas prices expected to remain above average. This represents a downward revision of $2.0 million from March, based on expected strength in natural gas prices outweighed to some degree by declining oil prices. Finally, revenue is projected to slowly increase by 1.7 percent to $113.7 million in FY 2026-27, reflecting a steady sector from the year prior. Since FY 2016-17, annual FML revenue collections averaged $103.9 million. FML revenue and distribution forecasts are shown in Figure 53 below.

Figure 53. Federal Mineral Lease Forecast Distribution Table

	Actual FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27
Total FML Revenue	**$96.9**	**$86.7**	**$111.8**	**$113.7**
Change	*-44.2%*	*-10.5%*	*29.0%*	*1.7%*
Bonus Payments (portion of total FML revenue)	$0.4	$0.2	$0.4	$0.4
Local Government Perm Fund	$0.2	$0.1	$0.2	$0.2
Higher Ed FML Revenues Fund	$0.2	$0.1	$0.2	$0.2
Non-Bonus FML Revenue	$96.5	$86.5	$111.4	$113.3
State Public School Fund	$46.6	$41.8	$53.8	$54.7
Colorado Water Conservation Board	$9.6	$8.6	$11.1	$11.3
DOLA Grants	$19.3	$17.3	$22.3	$22.7
DOLA Direct Distribution	$19.3	$17.3	$22.3	$22.7
School Districts	$1.6	$1.5	$1.9	$1.9

Sports Betting

The sports betting industry has become increasingly popular throughout the country and in Colorado. Legalization has occurred in a majority of states, with the over half of U.S. adults having access to retail or sports betting sites[42]. Sports betting was legalized in Colorado in 2019 through the passage of Proposition DD and officially began in May of 2020. In 2023 over $121 billion was wagered in the U.S. and in 2024 that number grew to $148.7 billion[43], an increase of

[42] Legal Sports Report (2025). US Sports Betting Revenue and Handle (link to source).
[43] Sportsbook Review (2025) (link to source).

22.8 percent. During that same period, Colorado wagers grew 11.3 percent. Wager growth in the United States is likely attributable to new states legalizing sports betting and new bettors participating in the industry for the first time. While historical wagers have been relatively strong, including 16.2 percent growth in FY 2023-24, OSPB anticipates moderating growth in the years ahead as the industry in Colorado is likely to have difficulty acquiring new users or increase the amount bet by their existing customer base. In FY 2024-25 and FY 2025-26, growth of wagers is anticipated to be 4.0 percent and 2.8 percent respectively.

Sports betting tax revenue is expected to continue growing in Colorado, but this will largely not be driven by wagers; instead, handle and effective tax rate are expected to drive growth. A handle or hold percentage is how much sports betting operators retain after distributing payments to players. A low hold percentage indicates a successful month for users, while a high hold percentage indicates a successful month for sports betting operators. Historically, Colorado has been one of the leading states in terms of hold for bettors, only coming in second to Nevada which carries a reputation for more experienced bettors as it is the state in which sports betting has been legal the longest. In recent months, Colorado's hold percentage for operators has been trending upwards, as the state's average hold has moved from 6.9 percent prior to 2024 to 8.0 percent since January of 2024. Hold percentage can be impacted by trends in sports, especially some of the more popular sports in Colorado to bet on such as professional basketball and football. One trend that may be playing into the fluctuating hold percentage in recent months is that wins in the most recent season of professional football was heavily skewed toward the favorites, with the favorite winning 72.1 percent of the time in the 2024 season which was up from the 66.2 percent average in the preceding three seasons, resulting in a better season for bettors[44]. Despite favorable outcomes for bettors, hold percentages continue to increase in Colorado. OSPB has significantly revised up the hold percentage expectations due to recent months of elevated hold percentage and as Colorado trends toward the national average of 8.6 percent[45].

Additionally, HB25-1311 *Deductions for Net Sports Betting Proceeds* has updated the tax base of sports betting revenues for operators. Colorado taxes sports betting by taxing Net Sports Betting Proceeds (NSBP) by 10 percent. This entails that sports betting operators can deduct federal excise tax and a portion of free bets offered to bettors from their state tax liability. The updated legislation limits these free bet deductions to 1 percent of all wagers beginning in January 2026 and then eliminates these deductions beginning in FY 2026-27. This legislation will boost Colorado NSBP and the amount of sports betting tax revenue that Colorado receives. This will apply upward pressure to this revenue stream, and OSPB has revised the sports betting tax forecast upward in the forecast years accordingly. One long-term downside risk to this revenue

[44] Sports Odds History (2025) (link to source)
[45] Legal Sports Report (December 2024) (link to source).

would be prediction markets expanding into sports. These markets, which are not subject to Colorado sports betting statutes and taxation could take away market share from current sports betting operators, decreasing future tax revenues.

Figure 54. Colorado Sports Betting Taxation Revenue Distribution

	Actual FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27
Total Sports Betting Tax Revenue	$30.4	$35.0	$41.6	$51.2
Year-Over-Year Change	*19.0%*	*14.8%*	*19.0%*	*23.1%*
Hold-Harmless Fund (6%)	$1.8	$2.1	$2.5	$3.1
Behavioral Health Administration	$0.1	$0.0	$0.0	$0.0
Water Plan Implementation Cash Fund	$28.2	$32.2	$38.6	$47.5

As shown in Figure 54 above, sports betting revenues are distributed by a formula. Following the passage of Proposition JJ on the Colorado ballot this past November, the state is allowed to retain all revenues in excess of $29 million. Six percent of sports betting revenue goes to the Wagering Revenue Recipients Hold-Harmless Fund to offset any demonstrated loss of revenue attributable to sports betting. Additionally, $130,000 goes to the Behavioral Health Administration in the Department of Human Services to operate a crisis hotline for gamblers and to assist the prevention, education, and treatment of gambling disorders, as well as workforce development for counselors certified in the treatment of gambling disorders. The large majority of the funds (minus administration costs) are disbursed to the Water Plan Implementation Cash Fund.

Lottery

Lottery sales have risen significantly in recent years, though are projected to decline in the current fiscal year, with proceeds divided according to both constitutional and statutory formulas. The latter of these has undergone changes during the 2025 legislative session and is discussed in Figure 56 at the end of this section. Between FY 2018-19 and FY 2023-24, the largest portion of lottery sales came from scratch cards, which have made up, on average, approximately 69 percent of total sales. After scratch, jackpot games Powerball and MegaMillions make up 19 percent of. The remaining 12 percent is made up of four games: Lotto, Lucky for Life, Cash 5, and Pick 3. Figure 55 shows projections of lottery sales broken down by lottery game.

Figure 55: Lottery Revenues, in Millions of Dollars

	Actual FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27
Scratch	$588.6	$597.2	$632.7	$673.3
Powerball	$135.5	$68.7	$89.0	$95.0
MegaMillions	$74.6	$59.1	$63.3	$65.6
Lotto	$46.4	$47.3	$46.8	$48.0
Lucky for Life	$23.9	$23.1	$23.3	$23.8
Cash 5	$15.7	$14.6	$13.7	$12.9
Pick 3	$16.0	$15.5	$14.2	$14.4
Total	**$900.8**	**$825.6**	**$883.0**	**$933.1**

In FY 2022-23, lottery sales increased by 7.6 percent, then slowed to 1.2 percent in FY 2023-24. In the current fiscal year, OSPB is projecting an 8.3 percent decline in sales. This is seen most acutely in Powerball and MegaMillions, which are anticipated to decline by 49.3 percent and 20.7 percent respectively. Scratch sales are expected to grow by 1.5 percent, which offsets those impacts due to the relative size of those sales but not enough to avoid an outright decline. Other revenue streams are expected to remain steady. The drop in sales revenues is partially explained by a lower quantity of jackpots that reach a prize exceeding $1 billion this year, which impacts Powerball and MegaMillions. When jackpot games reach $1 billion, ticket sales increase as consumers are drawn to the larger prize amount. Thus far in FY 2024-25, only one jackpot has hit this threshold, which occurred in January. It takes at least 12 weeks for jackpots to grow to $1 billion, and OSPB does not anticipate another jackpot game to pass a $1 billion prize in the remaining fiscal year. Therefore, OSPB expects total revenue growth to remain muted in the current fiscal year.

In FY 2025-26, sales from scratch are forecasted to continue to increase, Powerball and MegaMillions sales are expected to partially recover from their dip in FY 2024-25, and the remaining lottery games are forecasted to remain steady. Overall, OSPB is projecting 6.9 percent sales growth in FY 2025-26 and continued growth of 5.7 percent in FY 2026-27 based on stable demand. The amount available for distribution to lottery beneficiaries is overall sales minus costs to support vendors, retailer commissions and bonuses, prize expenses, marketing and communications, and other expenses. Between FY 2018-19 and FY 2024-25, the lowest percentage of sales directed to the distribution in any year was 21.3 percent. However, based on possible increased cost pressures, OSPB assumes that 20 percent of total lottery sales will be available for distribution during the forecast period. Of the funds that enter the distribution, the Colorado constitution stipulates that 40 percent is sent to the Conservation Trust Fund to support municipalities and counties, whereas 10 percent of revenues are directed towards the Parks and Outdoor Recreation Cash Fund for the acquisition, development, and improvement of state parks and recreation areas. Of the remaining funds, Great Outdoors Colorado (GOCO) receives an amount up to the inflation-adjusted GOCO cap, which in FY 2024-25 is $86.0 million.

Any funds that remain after the constitutional disbursements have been made are then distributed according to a statutory formula. This statutory formula has been revised per HB25-1215 *Redistribution of Lottery Fund*. Accordingly, the first $4 million is sent to the Outdoor Equity Grant Program, the subsequent $3 million is sent to the public school capital construction assistance (BEST) program, and the next $750,000 is sent to the Outdoor Recreation Economic Development Cash Fund. Any remaining funds are then divided on a percentage basis, whereby the Outdoor Equity Cash Fund receives 10 percent, the BEST program receives 50 percent, the Wildlife Cash Fund receives 20 percent, and the Parks and Outdoor Recreation Cash Fund receives the final 20 percent. In the event that the total amount of funds for the statutory distribution exceeds $20 million, the percentage-basis distribution of remaining funds is slightly altered. In line with the constitutional distribution formula, a total amount of $165.1 million would yield $66.0 million (40 percent) to the Conservation Trust Fund and $16.5 million (10 percent) to the Parks and Outdoor Recreation Cash Fund. Distributions to GOCO would then receive $82.5 million, which is $3.5 million below the GOCO cap in FY 2024-25. This results in no funds being available for the statutory spillover. Figure 56 breaks down anticipated lottery distributions. In FY 2025-26, OSPB expects distributions to spill over to the statutory distribution slightly ($0.3 million) into the Outdoor Equity Cash Fund portion as sales are expected to increase faster than the growth of the GOCO cap. Then, in FY 2026-27, bolstered by continued strong sales growth, a total of $2.7 million is expected to be made available for statutory distribution to the Outdoor Equity Cash Fund.

Figure 56. Lottery Distributions, in Millions of Dollars

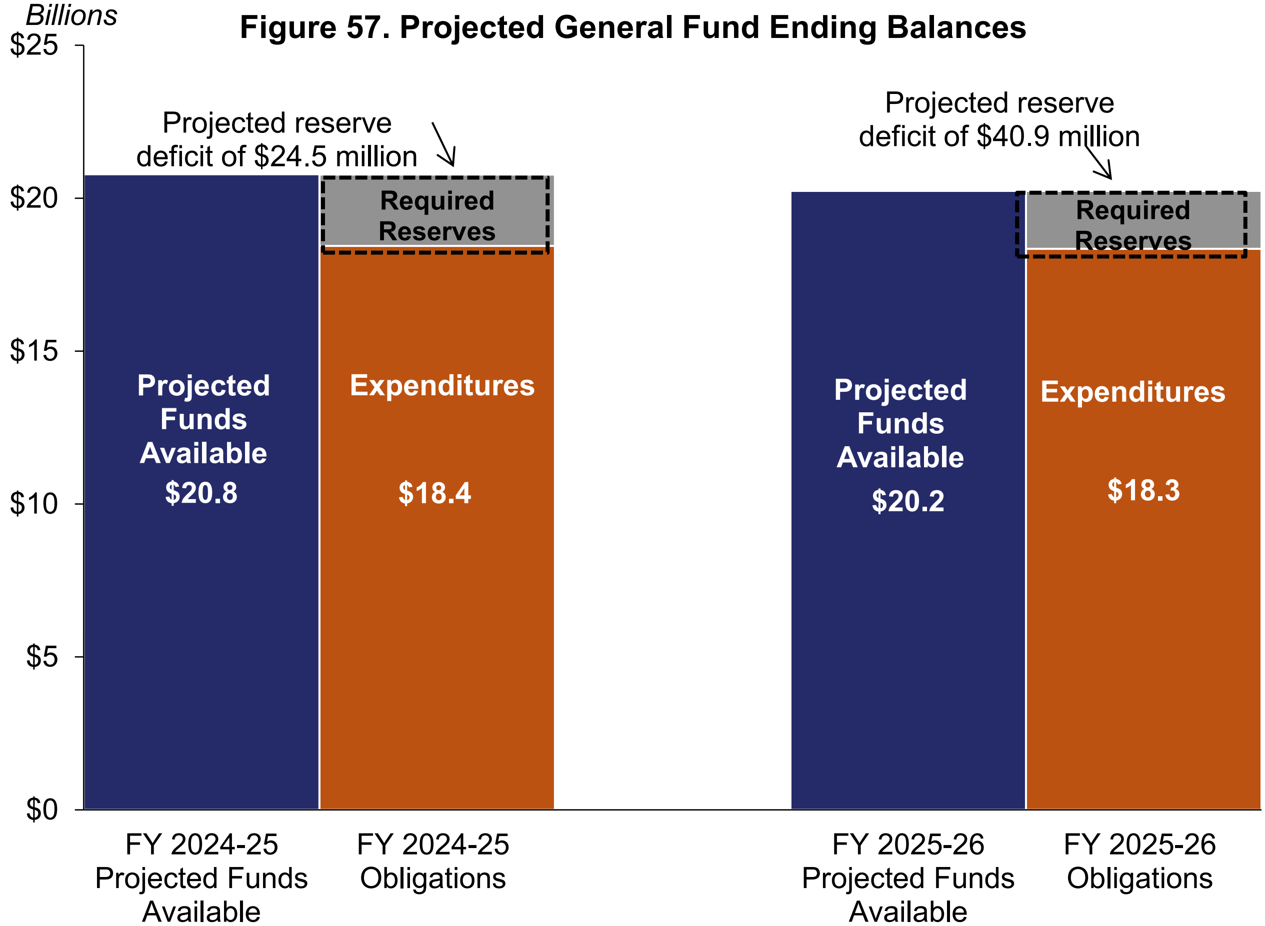
	Actual FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27
Total distribution	**$196.4**	**$165.1**	**$176.6**	**$186.6**
Constitutional distribution	$180.0	$165.1	$176.3	$183.9
Conservation Trust Fund	$78.6	$66.0	$70.6	$74.6
GOCO	$81.8	$82.5	$88.0	$90.6
CPW	$19.6	$16.5	$17.7	$18.7
Statutory distribution	$16.4	$0.0	$0.3	$2.7
Outdoor Equity Fund	$3.0	$0.0	$0.3	$2.7
BEST	$3.0	$0.0	$0.0	$0.0
OREC Economic Development	N/A	N/A	$0.0	$0.0
Park/Outdoor Rec CF	$0.0	$0.0	$0.0	$0.0
Wildlife CF	$0.0	$0.0	$0.0	$0.0
Strategic OREC Management	N/A	N/A	$0.0	$0.0

Budget Outlook

General Fund

In FY 2024-25, total General Fund revenue is expected to fall 0.8 percent, a downward revision of $113.5 million as increased tax credit utilization lowers income revenue while slowing consumption dampens expected sales tax revenue. In FY 2025-26, gross General Fund revenue is expected to again grow moderately at 4.0 percent, a downward revision of $177.7 million, though pausing revenue-triggered tax credits in Tax Year 2026, as discussed in the General Fund Individual and Corporate Income sections, partially offsets large reductions in anticipated income revenue tied to a loosening labor market.

Figure 57. Projected General Fund Ending Balances



In Figure 57, the gray bar represents the amount of total reserves relative to the dashed box representing the statutory reserve requirement. OSPB presents the budgetary outcomes resulting from the revenue projections included in this forecast combined with all bills passed in the 2025 state legislative session.

SB25-310 implements Proposition 130, which requires the state to provide $350 million in additional funding to local law enforcement agencies after the passage on the November 2024 statewide ballot. The bill does so by issuing a $500 million warrant to the Public Employees' Retirement Association (PERA), and reduce future direct distributions thereby creating budget availability to transfer General Fund into state accounts to improve recruitment, training, and retention of local law enforcement, and also fund death benefits to the family of first responders killed in the line of duty. Statute also considers this $500 million a part of the state's 15 percent reserve, and thus OSPB represents the reserve in two parts: first, the General Fund as reported in the Annual Comprehensive Financial Report (ACFR) for the state, and two the share in PERA (which the Office of the State Controller will not include in the ACFR).

In the current forecast, OSPB expects the state to be $24.5 million below the statutory reserve for FY 2024-25. This is largely due to an increase in appropriations that were offset by legislative action to increase transfers into the General Fund. In FY 2025-26, the forecasted reserve is now $40.9 million below the statutory requirement. The significant downward revision is primarily due to large increases in total appropriations and Rebates and Expenditures. For the FY 2025-26 ending balance, General Fund reversions in a normal year would be sufficient to resolve this shortfall, as could swings in forecasted expenditures, transfers, and cash fund revenue. However, if it appears that such dynamics would be insufficient to cover the shortfall, it could be addressed in the next supplemental budget submission.

Figure 58 shows that legislative actions related to increased appropriations and transfers into the General Fund accounted for the largest impacts FY 2024-25. Changes in the forecast since March translate to a small statutory reserve deficit of $24.5 million. Note that the combined forecast impacts resulted in a $24.1 million reduction in General Fund availability, meaning that without these changes, the FY 2024-25 budget would be approximately balanced with a 15 percent reserve. In FY 2025-26, a combination of legislative spending across several categories reduced the previously forecasted reserve of $628 million down to a $40.9 million deficit. Note that the $628 million excess reserve in March only assumed the base budget after technical adjustments, which does not include caseload and other budgetary pressures. In FY 2025-26, budget availability improved by $10.7 million from direct forecast impacts not related to legislative items in FY 2025-26. The $24.5 million lower beginning balance was also a contributing factor to the estimated $40.9 million forecasted reserve deficit.

Figure 58: Crosswalk between March and June Ending Balances

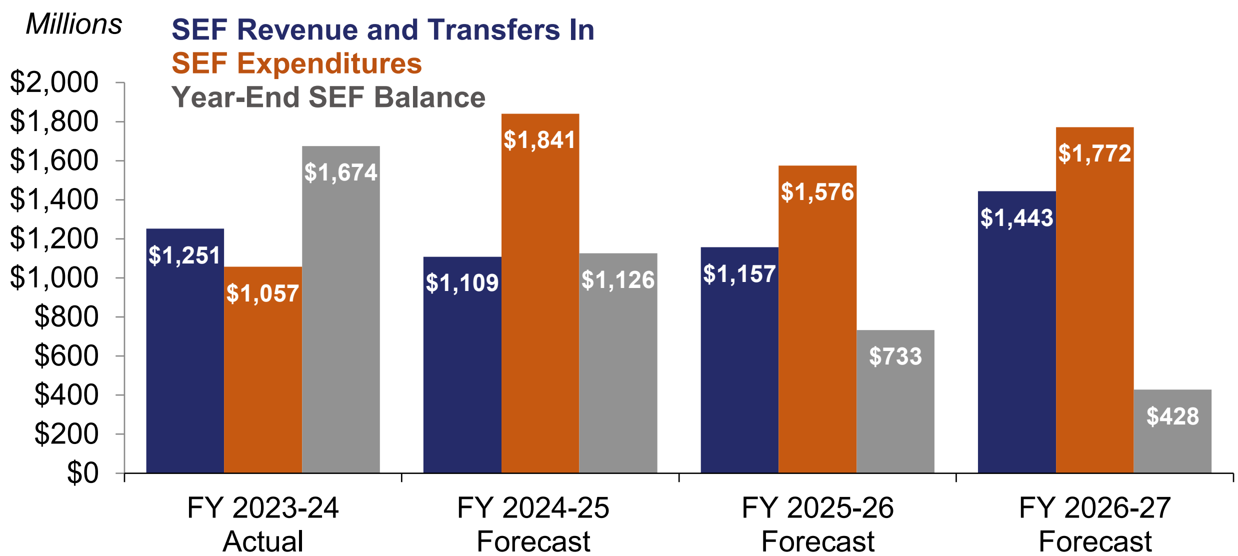
FY25 Budget Impacts of March-to-June Forecast Changes (Millions)	
Mar Forecast FY25 Ending Balance Above/Below Reserve	**($111.4)**
(-) Exempt GF Revenue	($3.7)
(+) Cash Fund Revenue (Legislative Impacts)	$13.2
(-) Cash Fund Revenue (Forecast Impacts)	($45.5)
(+) Transfers into GF Revision (Legislative Impacts)	$339.4
(+) Transfers into GF Revision (Forecast Impacts)	$19.9
(-) Approps Revision	($207.1)
(-) 15% Reserve on Add'l Approps	($31.1)
(\) R&E Revision (Legislative Impacts)	$0.0
(+) R&E Revision (Forecast Impacts)	$5.0
(\) Transfers from GF to Other Funds Revision (Legislative Impacts)	$0.0
(-) Transfers from GF to Other Funds Revision (Forecast Impacts)	($3.4)
(+) Reversions and Accounting Adjustments	$0.2
June Forecast FY25 Ending Balance Above/Below Reserve	**($24.5)**

FY26 Budget Impacts of March-to-June Forecast Changes (Millions)	
Mar Forecast FY26 Ending Balance Above/Below Reserve	**$628.0**
(+) Beginning Balance (from FY25)	$118.0
(-) Exempt GF Revenue	($9.0)
(+) Cash Fund Revenue (Legislative Impacts)	$181.3
(+) Cash Fund Revenue (Forecast Impacts)	$3.6
(+) Transfers into GF Revision (Legislative Impacts)	$53.9
(+) Transfers into GF Revision (Forecast Impacts)	$3.0
(-) Approps Revision	($696.5)
(-) 15% Reserve on Add'l Approps	($104.5)
(+) Portion of GF Held at PERA	$500.0
(-) Transfers for Capital Construction	($120.5)
(+) Transfers for Transportation	$74.8
(-) R&E Revision (Legislative Impacts)	($664.6)
(+) R&E Revision (Forecast Impacts)	$17.1
(-) Transfers from GF to Other Funds Revision (Legislative Impacts)	($21.4)
(-) Transfers from GF to Other Funds Revision (Forecast Impacts)	($4.0)
June Forecast FY26 Ending Balance Above/Below Reserve	**($40.9)**

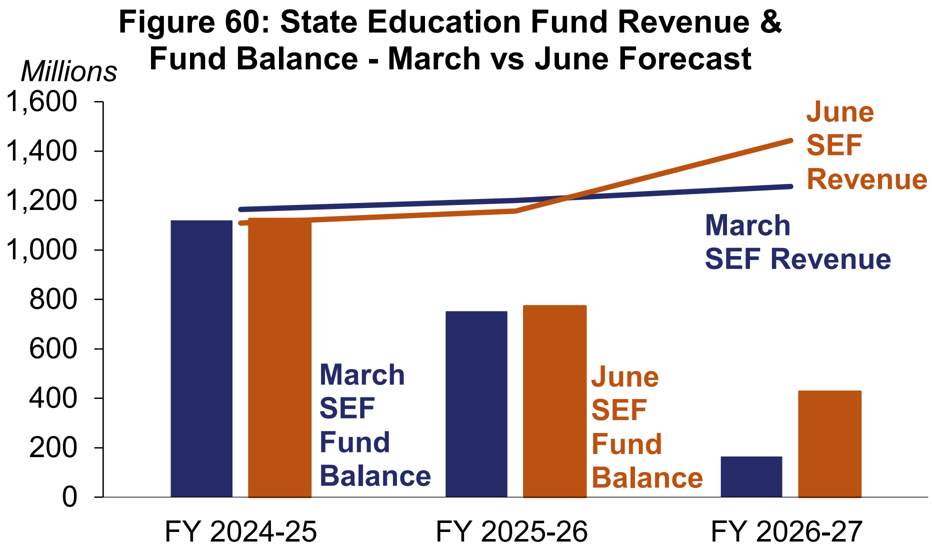
State Education Fund

The State Education Fund (SEF) ended FY 2023-24 with a robust balance of $1,674.1 million ($1.67 billion), placing the fund in a strong fiscal position moving into FY 2024-25. However, subsequent legislation passed during the 2024 and 2025 legislative session has placed increased pressure on the fund. The fund projections outlined in this section reflect all SEF appropriations and legislative changes enacted during the legislative sessions of 2024 and 2025. From the 2024 legislative session, this includes bills with the most significant fiscal impact, such as HB24-1448 *New Public School Finance Formula*, SB24-233 *Property Tax*, and HB24B-1001 *Property Tax*. From the 2025 legislative session, this includes SB25-113 *Mid-Year Adjustment to Funding* and HB25-1320 *School Finance Act*.

Figure 59: State Education Fund Forecast



In FY 2024-25, the SEF balance is forecast to decrease to $1,126.2 million, a drop of $548 million from the previous year. This is a slight upward revision of $6 million from the March forecast, after incorporating the mid-year adjustments made to total program funding in SB25-113. In FY 2025-26, the SEF balance is projected to decrease to $733.4 million and further decline to $427.7 million in FY 2026-27 based on current law. For FY 2025-26, this is a downward revision of $21 million from the March forecast, driven by slower SEF revenue expectations and higher total program expectations.



During the 2024 legislative session, in addition to property tax legislation, House Bill 24-1448 established a new school finance formula. This policy change is projected to increase the cumulative Total Program requirement by approximately $284 million in FY 2025-26 and FY 2026-27 alone. In the 2025 legislative session, House Bill 25-1320 modified certain provisions of HB24-1448 while initiating implementation of the new formula. Taken together, the policy changes enacted in the 2024 and 2025 sessions are expected to increase state share requirements for school finance by approximately $800 million over a three-year period. To address growing financial pressures on the State Education Fund (SEF), the General Assembly established the Kids Matter Account within the SEF through HB25-1320. Beginning July 1st, 2026, the bill requires that state revenues collected from an existing tax on 65 percent of one-tenth of federal taxable income must be deposited into the account. OSPB estimates this policy change will divert $235.7 million to the SEF in FY 2026-27 that would have otherwise remained in the General Fund. As seen in Figure 60, this revenue diversion into the SEF has significantly increased SEF revenue expectations in FY 2026-27 compared to the OSPB March forecast. Additionally, HB25-1320 caps the amount of revenue deposited in the Public School Capital Construction Assistance Fund (PSCCAF) at $150 million. Any revenue collected above this cap is redirected to the State Public School Fund to support Total Program expenditures. This additional funding helps alleviate some of the pressure on the State Education Fund (SEF) in FY 2025-26 and FY 2026-27.

In the March forecast, OSPB projected the SEF ending balance to be $164 million in FY 2026-27, based on current law at that time. Following the passage of HB25-1320, OSPB has revised its projection, now estimating the SEF ending balance at $428 million in FY 2026-27. The creation of the Kids Matter Account has strengthened the SEF's short-term outlook as implementation of the new school finance formula begins. However, the additional funding provided through this mechanism offers essentially a one-time increase outside of annual growth. As a result, financial pressures on the SEF are expected to grow in subsequent fiscal years as the new school finance formula continues to be implemented.

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 publication. This economic forecast is subject to both upside and downside risks, though risks are weighted more to the downside than the previous forecast. The state budget faces near-term risks resulting from cumulative inflationary impacts and uncertain future federal fiscal and monetary policy. Longer-term risks include the tax revenue and state expenditure impacts of a growing retirement-age population combined with slowing in-migration among working age adults and climate change risks that increase the frequency and costs of drought and wildfire. In the next section, OSPB creates an alternative economic outlook and its impacts on the statewide budget, with the goal of better understanding what a moderate downside scenario could look like.

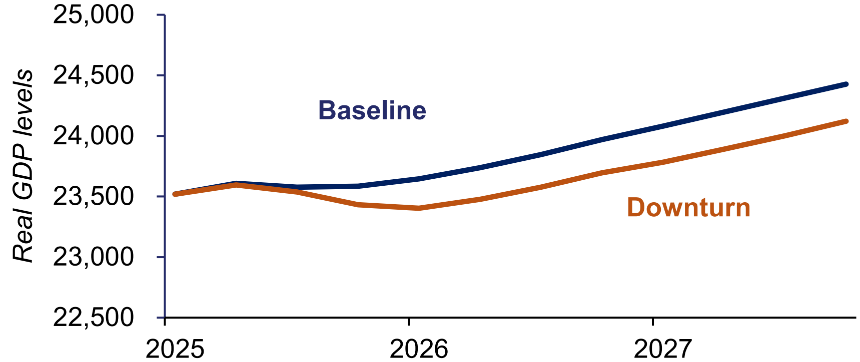
Budget Stress Test

In recent months, economists have broadly raised their risk of a recession in the U.S. over the next year. OSPB currently assesses the chances of either a technical or more sustained recession at 50 percent. A technical recession is when there are two quarters of negative GDP growth, and those can occur in an environment where the National Bureau of Economic Research (NBER), the organization responsible for calling a recession, may not call an outright recession. One such instance this recently occurred was in the first half of 2022, when supply chain issues resulted in what was initially reported as two quarters of negative growth. The NBER did not identify this period as an official recession though, because labor markets remained very healthy during that time. While an estimate of 50 percent chance of either type of recession in the next 12 months is near the top of the range of forecasters, OSPB currently expects to narrowly avoid a technical recession in the baseline forecast as there are not two quarters of negative GDP growth anticipated.

In addition to the baseline forecast, OSPB has prepared a bespoke alternative scenario that would qualify as a recession by NBER, given the real declines in spending and labor market weakness. The economic downturn scenario assumes a pullback in spending due to a re-emergence of inflation beyond the OSPB baseline, with second order effects to business investment and layoffs that ripple through the state and nationwide economy. In short, OSPB considers this a "stagflation" event.

Figure 61 illustrates the baseline OSPB real GDP growth forecast in comparison to this bespoke stagflation recession. This is considered to be a moderate downturn scenario and much shallower than the Global Financial Crisis, when the unemployment rate was at or above 8 percent between 2009 and 2012 in Colorado and would likely have much greater revenue impacts on individual income revenue than this scenario. OSPB estimates that there is a 25 percent chance of a recession that is as bad, or worse, than this scenario.

Figure 61. Baseline and Downturn U.S. GDP Scenarios



Source: Bureau of Economic Analysis, OSPB calculations.

Figure 62. Colorado Unemployment Scenarios

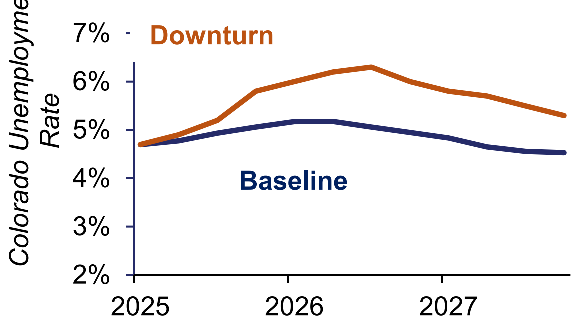
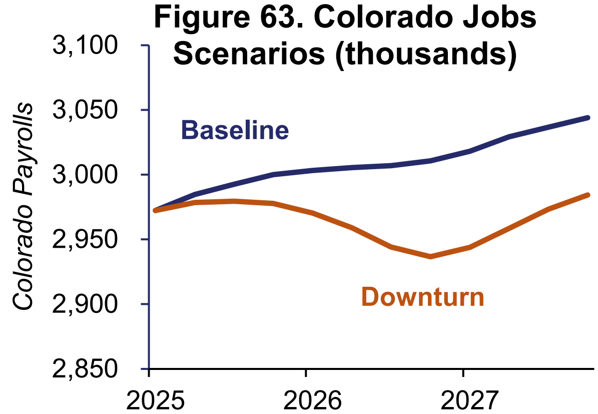


Figure 63. Colorado Jobs Scenarios (thousands)



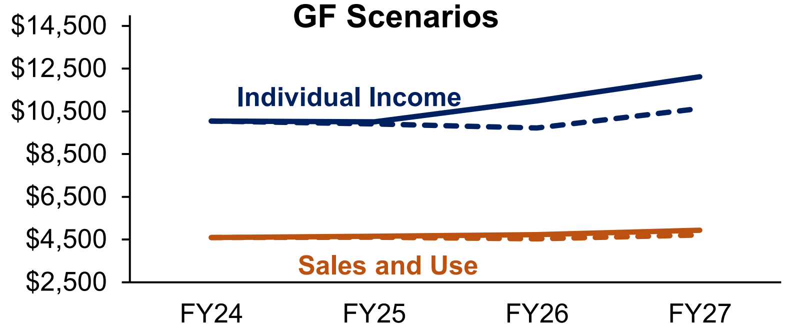
Source: Bureau of Labor Statistics; OSPB calculations.

Figure 62 and Figure 63 illustrate the relative separation of the Colorado labor market between the baseline and moderate downside scenarios. As jobs growth turns negative in the downturn scenario, the largest General Fund revenue stream, individual income revenue would be expected to drop 5.3 percent in FY 2025-26 due to weakened withholdings revenue before stabilizing to a smaller -0.5 percent decline as the labor market starts recovering towards the end of FY 2026-27. Additionally, job losses and high inflation lead to a downturn in consumer demand in this scenario, which have negative impacts on non-wage income for individual filers, reducing cash owed when filing taxes by nearly 10 percent in FY 2025-26. Consumer behavior is also thought to have a significant impact on corporate profits, thereby leading to a drop of 29.3 percent in FY 2025-26 but an 18.2 rebound in FY 2026-27 as spending picks up. With consumer demand pulling back in real terms at the end of 2025 and into 2026, there are also anticipated declines in sales and use tax revenue of 1.8 percent in FY 2025-26 but 4.0 percent growth in FY

2026-27. As a forecasting note, OSPB is assuming that the baseline revenue accruals are still used to close out FY 2025-26, and therefore the impacts to FY 2024-25 are limited.

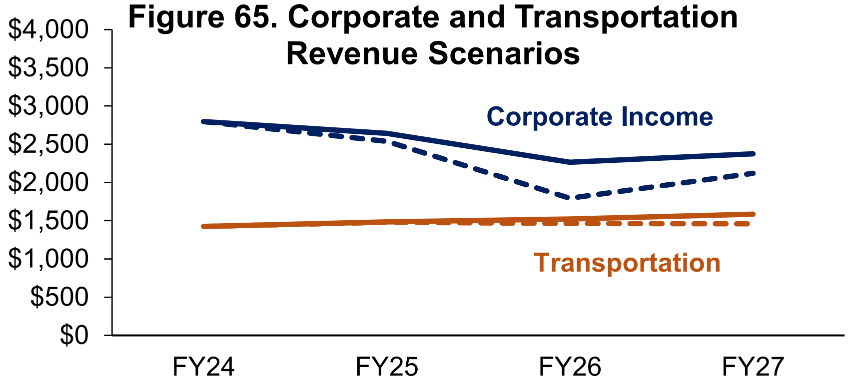
In addition to considering impacts on major General Fund streams, OSPB also considered the impacts on other revenue streams. Both General Fund and Cash Fund interest revenue will decline relative to the baseline as the Federal Reserve is anticipated to cut rates. OSPB believes such rate cuts will occur under the framing of temporary inflation concerns being less of a focus to monetary policymakers than the more immediate spending and investment declines that are negatively impacting the economy. Additional General Fund impacts to insurance and other revenue streams are expected to be minimal but with slower growth than the baseline. Similar assumptions are made for miscellaneous cash funds, insurance-related cash funds, limited gaming revenue, and fee collections for regulatory agencies. However, economic impacts are expected to have a more significant impact on severance tax revenue and transportation related revenue. Severance tax revenue is expected to rebound lower in FY 2025-26 due to softer global demand for oil while transportation revenue is thought to decline by 1.0 percent as vehicle miles travelled and new car purchases may weaken, thereby impacting gas and registration revenue. Additionally, anticipated retail spending declines impact diesel revenue and reduced travel impacts aviation revenue. See Figures 64 and 65 for how these revenues compare to the baseline scenario. The figures are particularly helpful in illustrating the relative volatility of income revenue during an economic downturn relative to sales-based revenue streams. In FY 2024-25 through FY 2026-27, there are no TABOR refunds under the alternative downside scenario.

Figure 64. Individual and Sales & Use GF Scenarios



Note: Solid lines are baseline scenario; dashed lines are downside scenario.
Source: OSPB calculations, OSC.

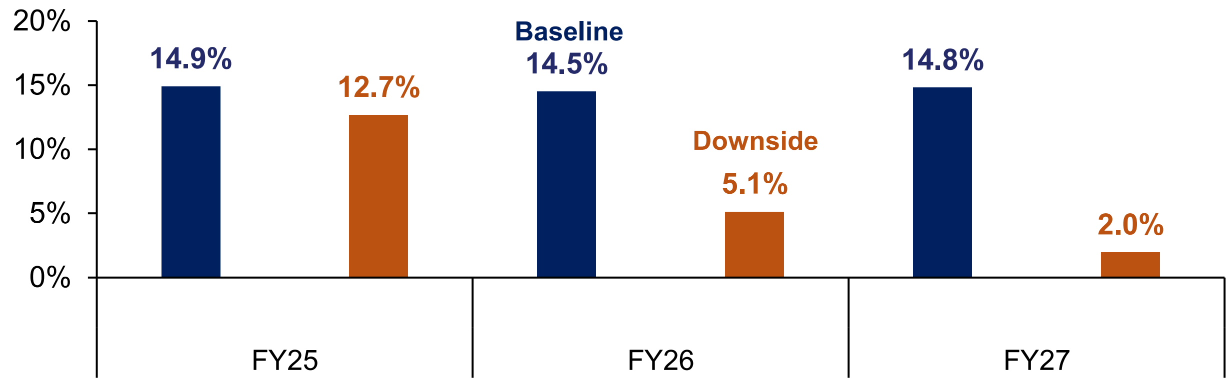
Figure 65. Corporate and Transportation Revenue Scenarios



Note: Solid lines are baseline scenario; dashed lines are downside scenario.
Source: OSPB Calculations, OSC reports for historical data.

Given a total TABOR revenue decline of 4.4 percent in FY 2025-26, the anticipated budget shortfall based on the 2025 legislative session in $1,589.8 million which leaves $849.7 million or 5.1 percent of the reserve remaining. This would likely require a special session to address the shortfall, which would require a combination of reductions to both General Fund and tax expenditures, as well as temporarily lowering the reserve until revenue rebounds. See Figure 66 for the overall budget balancing picture in FY 2024-25 through FY 2026-27 prior to action to address the budget shortfall.

Figure 66. Reserve as a Share of GF Appropriations in each scenario



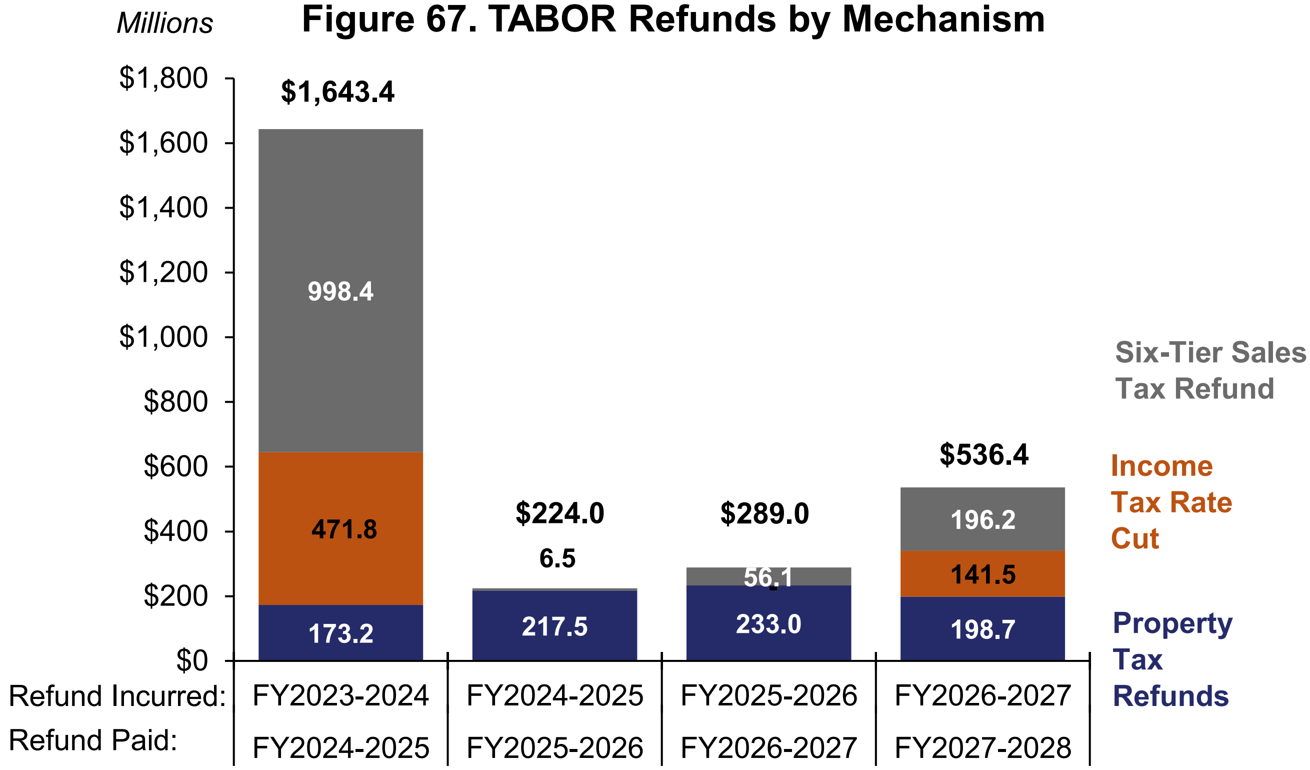
Supplemental Materials

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 is expected to exceed the cap in each of the forecast years.

Figure 67. TABOR Refunds by Mechanism



In FY 2024-25, the revenue above the cap is revised down to $224.0 million, a $77.5 million decrease from the March forecast, largely tied to lowered expectations in individual and corporate income. In FY 2025-26, refunds are expected to increase slightly to $289.0 million, a $353.7 million revision down from March, similarly due to declines in expectations for income and sales tax. In FY 2026-27 TABOR refunds are revised down to $536.4 million as OSPB expects a rebound in the business and spending environment as monetary policy loosens and tariff impacts stabilize. While OSPB does not forecast the State to fall below the TABOR cap, surpluses are declining significantly from their recent highs, and modest forecast error could put the State below the TABOR cap over the next several years, with particular risk in the current year and next year.

During the 2024 legislative session, the General Assembly reformed the TABOR refund mechanisms through SB24-228. This bill expanded the refund mechanisms from the dual mechanisms of the Senior Homestead Exemption and the Six Tier Sales Tax refund, to a structure of up to 4 mechanisms, which are activated or not depending on the amount of refunds. Now, in addition to the established mechanisms above, refund mechanisms may now include an income tax cut of between .04 percent to .15 percent, beginning if refunds are expected to exceed at least $300 million after the Senior and Disabled Veteran Homestead Exemption is accounted for, and a sales tax rate cut of .13 percent if refunds exceed $1.5 billion, again after accounting for Homestead expenditures.

OSPB expects the value of the Senior Homestead and Disabled Veteran property tax exemption to grow steadily over the forecast period, but with spikes for Property Tax Year (PTY) 2025 and PTY 2026 when portability is allowed under SB24-111. The cost of Homestead is revised up slightly for TY24 and beyond based on updated property tax data from the Department of Local Affairs. However, with the current law expiration of the portability provision, the value of the Homestead exemption declines in FY 2027-28, which are repaid with TABOR refunds incurred in FY 2026-27.

TABOR refunds incurred in FY 2023-24 are unchanged from the March forecast indicating refunds will be $1,643.4 million. Compared to the March forecast, the Homestead exemption is revised up by $4 million to $173.2 million. OSPBs the remaining surplus to be distributed as $998.4 million to be refunded million via the six-tier sales tax refund and $471.8 million be refunded through an income tax rate cut of .15 percent to 4.25 percent, per SB24-228. DOR has certified the amount to be refunded to filers through the 6-tier sales tax mechanism, as indicated in the table below, while individual filers will see additional refunds through the income tax which will vary based on each filer's income.

Figure 68. TY 2024 Six-Tier TABOR Refund Amounts

Tiers	Lower Income Bound	Upper Income Bound	Refund to Single Filers	Refund to Joint Filers
Tier 1	$0	$53,000	$177	$354
Tier 2	$53,001	$105,000	$240	$480
Tier 3	$105,001	$166,000	$277	$554
Tier 4	$166,001	$233,000	$323	$646
Tier 5	$233,001	$302,000	$350	$700
Tier 6	$302,001	and up	$565	$1,130

Source: Colorado Department of Revenue.

In FY 2024-25, with economic growth cooling and the forecasted revenue reductions outlined in this report, total refunds are expected to decline to $224.0 million, providing sufficient surplus to fully refund the estimated $217.5 million required for the Homestead exemption and portability, with a small amount of around $6.5 million remaining for six-tier sales tax refunds. The income tax rate reduction is not expected to be triggered.

In FY 2025-26, OSPB projects a continuation of economic stagnation and TABOR refunds recover to remain low at around $289.0 million. After accounting for the combined $233.0 million of projected Homestead refunds, OSPB projects $56.1 million to be refunded through the six-tier sales tax mechanism and no cut to the income tax rate. The TABOR cap in this fiscal year is anticipated to be shifted as a result of SB24-123 Waste Tire Management Enterprise, which establishes a new enterprise and folds an existing cash fund and fee revenue into the enterprise. This action requires a commensurate downward adjustment to the cap, which OSPB projects at around $1.7 million.

OSPB forecasts a further increase in TABOR refunds in FY 2026-27, rising to $536.4 million. Homestead refunds are projected to decrease to $198.7 million as the portability provision expires under current law, and the remaining $337.7 million are to be split between the six-tier sales tax mechanism and the income tax mechanism. The income tax rate cut is expected to be 0.04 percent which is estimated to refund $141.5 million, while the remaining $196.2 million are distributed via the six-tier sales tax mechanism.

Reference Tables

Table 1: Colorado Economic Variables – History and Forecast

	Income	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Forecast 2025	Forecast 2026	Forecast 2027
1	Personal Income (Billions) /A	$351.5	$374.3	$416.7	$447.9	$470.6	$492.7	$511.4	$532.9	$558.0
2	Change	7.1%	6.5%	11.3%	7.5%	5.1%	4.7%	3.8%	4.2%	4.7%
3	Wage and Salary Income (Billions)	$183.0	$187.8	$205.6	$224.8	$238.7	$250.2	$259.7	$270.1	$281.7
4	Change	7.1%	2.7%	9.5%	9.3%	6.2%	4.8%	3.8%	4.0%	4.3%
5	Per-Capita Income ($/person) /A	$61,287.0	$64,700.0	$71,676.0	$76,548.0	$79,752.0	$82,708.0	$85,222.0	$88,228.0	$91,823.0
6	Change	6.0%	5.6%	10.8%	6.8%	4.2%	3.7%	3.0%	3.5%	4.1%
	Population & Employment	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
7	Population (Thousands)	5,734.9	5,784.6	5,814.0	5,850.6	5,900.9	5,957.2	6,001.2	6,040.2	6,076.5
8	Change	1.0%	0.9%	0.5%	0.6%	0.9%	1.0%	0.7%	0.6%	0.6%
9	Net Migration (Thousands)	34.2	29.4	13.6	23.8	33.4	38.9	25.0	20.0	20.0
10	Unemployment Rate	2.7%	6.8%	5.5%	3.1%	3.3%	4.3%	4.9%	5.1%	4.6%
11	Total Nonagricultural Employment (Thousands)	2,790.1	2,652.7	2,750.9	2,869.7	2,937.5	2,971.0	2,988.8	3,003.8	3,033.8
12	Change	2.3%	-4.9%	3.7%	4.3%	2.4%	1.1%	0.6%	0.5%	1.0%
	Construction Variables	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
13	Total Housing Permits Issued (Thousands)	38.6	40.5	56.5	48.8	39.4	32.2	29.6	30.6	33.7
14	Change	-9.4%	4.8%	39.7%	-13.6%	-19.3%	-18.3%	-7.9%	3.1%	10.2%
15	Nonresidential Construction Value (Millions) /B	$5,161.5	$5,607.5	$5,681.0	$6,634.6	$6,691.6	$4,701.3	$4,879.9	$4,972.6	$5,450.0
16	Change	-36.5%	8.6%	1.3%	16.8%	0.9%	-29.7%	3.8%	1.9%	9.6%
	Price Variables	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
17	Retail Trade (Billions) /C	$224.6	$228.8	$268.3	$299.9	$302.6	$306.5	$311.4	$320.8	$333.8
18	Change	9.0%	1.9%	17.3%	11.8%	0.9%	1.3%	1.6%	3.0%	4.1%
19	Denver-Aurora-Lakewood Consumer Price Index (1982-84=100)	267.0	272.2	281.8	304.4	320.3	327.6	337.4	349.2	358.3
20	Change	1.9%	2.0%	3.5%	8.0%	5.2%	2.3%	3.0%	3.5%	2.6%

/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, medical and government buildings. Nonresidential does not include non-building projects (such as streets, highways)

/C Retail Trade includes motor vehicles and automobile parts, furniture and home furnishings, electronics and appliances, building materials, sales at food and beverage stores, health and personal care, sales at convenience stores and service stations, clothing, sporting goods / books / music, and general merchandise found at warehouse stores and internet purchases.

Table 2: National Economic Variables – History and Forecast

Line	Income	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Forecast 2025	Forecast 2026	Forecast 2027
1	Inflation-Adjusted Gross Domestic Product (Billions) /A	$20,715.7	$20,267.6	$21,494.8	$22,034.8	$22,671.1	$23,305.0	$23,584.7	$23,820.5	$24,273.1
2	Change	2.6%	-2.2%	6.1%	2.5%	2.9%	2.8%	1.2%	1.0%	1.9%
3	Personal Income (Billions) /B	$18,363.2	$19,620.1	$21,419.5	$22,088.9	$23,402.5	$24,658.3	$25,595.4	$26,542.4	$27,683.7
4	Change	4.8%	6.8%	9.2%	3.1%	5.9%	5.4%	3.8%	3.7%	4.3%
5	Per-Capita Income ($/person) /B	$55,929	$59,172	$64,497	$66,131	$69,484	$72,501	$74,807	$77,189	$80,108
6	Change	4.3%	5.8%	9.0%	2.5%	5.1%	4.3%	3.2%	3.2%	3.8%
7	Wage and Salary Income (Billions)	$9,325.1	$9,465.7	$10,315.6	$11,123.1	$11,725.2	$12,389.3	$12,872.5	$13,323.1	$13,816.0
8	Change	4.8%	1.5%	9.0%	7.8%	5.4%	5.7%	3.9%	3.5%	3.7%
	Population & Employment	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
9	Population (Millions)	328.3	331.6	332.1	334.0	336.8	340.1	342.2	343.9	345.6
10	Change	0.5%	1.0%	0.2%	0.6%	0.8%	1.0%	0.6%	0.5%	0.5%
11	Unemployment Rate	3.7%	8.1%	5.4%	3.7%	3.6%	4.0%	4.3%	4.7%	4.7%
12	Total Nonagricultural Employment (Millions)	150.9	142.2	146.3	152.5	155.9	158.0	159.5	160.3	161.3
13	Change	1.3%	-5.8%	2.9%	4.3%	2.2%	1.3%	1.0%	0.5%	0.6%
	Other Key Indicators	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
14	Consumer Price Index (1982-84=100)	255.7	258.8	271.0	292.7	304.7	313.7	324.0	335.1	342.8
15	Change	1.8%	1.2%	4.7%	8.0%	4.1%	2.9%	3.3%	3.4%	2.3%
16	Corporate Profits (Billions)	$2,471.3	$2,411.3	$3,077.6	$3,316.7	$3,546.5	$3,827.8	$3,900.5	$3,822.5	$4,071.0
17	Change	4.5%	-3.5%	27.6%	7.8%	6.9%	7.9%	1.9%	-2.0%	6.5%
18	Housing Permits (Millions)	1.39	1.47	1.74	1.68	1.51	1.47	1.42	1.44	1.49
19	Change	4.3%	6.1%	18.1%	-3.3%	-10.1%	-3.0%	-3.0%	1.0%	3.5%
20	Retail Trade (Billions)	$6,064.7	$6,107.8	$7,225.4	$7,873.5	$8,139.5	$8,386.0	$8,595.6	$8,784.7	$9,114.1
21	Change	3.2%	0.7%	18.3%	9.0%	3.4%	3.0%	2.5%	2.2%	3.8%

/A U.S. Bureau of Economic Analysis, National Income and Product Accounts

/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	Excise Taxes	Final FY 2023-24	Percent Change	Forecast FY 2024-25	Percent Change	Forecast FY 2025-26	Percent Change	Forecast FY 2026-27	Percent Change
1	Sales	$4,362.6	1.4%	$4,441.6	1.8%	$4,498.8	1.3%	$4,691.5	4.3%
2	Use	$233.2	-7.2%	$219.8	-5.7%	$228.7	4.1%	$245.4	7.3%
3	Retail Marijuana Sales - Special Sales Tax	$195.0	-11.3%	$187.5	-3.8%	$184.9	-1.4%	$191.0	3.3%
4	Cigarette	$20.5	-14.4%	$19.4	-5.3%	$18.3	-5.9%	$17.2	-5.6%
5	Tobacco Products	$21.6	-8.9%	$23.6	9.5%	$22.6	-4.2%	$22.3	-1.5%
6	Liquor	$56.0	-0.6%	$55.3	-1.3%	$56.8	2.8%	$57.6	1.4%
7	Total Proposition EE	$207.8	-11.6%	$242.6	16.7%	$236.7	-2.4%	$231.9	-2.1%
8	Proposition KK	$0.0	NA	$5.2	NA	$29.9	471.5%	$31.5	5.4%
9	**Total Excise**	**$5,096.7**	**-0.3%**	**$5,195.1**	**1.9%**	**$5,276.8**	**1.6%**	**$5,488.5**	**4.0%**
	Income Taxes	**FY 2023-24**	**% chg.**	**FY 2024-25**	**% chg.**	**FY 2025-26**	**% chg.**	**FY 2026-27**	**% chg.**
10	Net Individual Income	$10,044.2	-8.3%	$10,026.3	-0.2%	$10,991.5	9.6%	$11,502.9	4.7%
11	Net Corporate Income	$2,796.6	18.2%	$2,642.1	-5.5%	$2,264.9	-14.3%	$2,377.0	5.0%
12	**Total Income**	**$12,840.8**	**-3.6%**	**$12,668.4**	**-1.3%**	**$13,256.4**	**4.6%**	**$13,879.9**	**4.7%**
13	*Less: State Education Fund Diversion*	*$1,209.0*	*13.4%*	*$1,108.5*	*-8.3%*	*$1,156.6*	*4.3%*	*$1,207.5*	*4.4%*
14	*Less: Kids Matter Account Diversion*	*$0.0*	*NA*	*$0.0*	*NA*	*$0.0*	*NA*	*$235.7*	*NA*
15	*Less: Proposition 123 Diversion*	*$327.0*	*104.4%*	*$332.9*	*1.8%*	*$347.3*	*4.3%*	*$362.6*	*4.4%*
16	*Less: Healthy School Meals*	*$0.0*	*NA*	*$132.3*	*NA*	*$114.9*	*-13.2%*	*$87.6*	*-23.7%*
17	**Total Income to General Fund**	**$11,304.7**	**-6.5%**	**$11,094.7**	**-1.9%**	**$11,637.6**	**4.9%**	**$11,986.3**	**3.0%**
	Other Revenue	**FY 2023-24**	**% chg.**	**FY 2024-25**	**% chg.**	**FY 2025-26**	**% chg.**	**FY 2026-27**	**% chg.**
18	Insurance	$541.9	4.9%	$610.0	12.6%	$680.2	11.5%	$705.0	3.6%
19	Interest Income	$251.6	33.5%	$155.7	-38.1%	$137.7	-11.6%	$125.8	-8.6%
20	Pari-Mutuel	$0.3	4.9%	$0.3	-13.8%	$0.3	16.5%	$0.3	-2.1%
21	Court Receipts	$3.2	1.4%	$3.3	4.8%	$3.4	1.9%	$3.4	1.4%
22	Other Income	$53.1	-37.4%	$54.8	3.3%	$61.0	11.4%	$64.8	6.2%
23	**Total Other**	**$850.1**	**7.2%**	**$824.2**	**-3.0%**	**$882.6**	**7.1%**	**$899.4**	**1.9%**
24	**GROSS GENERAL FUND**	**$17,251.4**	**-4.1%**	**$17,113.9**	**-0.8%**	**$17,797.0**	**4.0%**	**$18,374.2**	**3.2%**

/A Dollars in Millions

Table 4: General Fund Overview /A

Line	Revenue	Final FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27
1	**Beginning Reserve**	**$2,427.4**	**$3,153.5**	**$2,334.0**	**$2,398.6**
2	**Gross General Fund Revenue**	**$17,251.4**	**$17,113.9**	**$17,797.0**	**$18,374.2**
3	*Transfers to the General Fund*	$93.3	$517.2	$112.9	$28.0
4	**TOTAL GENERAL FUND AVAILABLE**	**$19,772.2**	**$20,784.7**	**$20,244.0**	**$20,800.7**
	Expenditures	**FY 2023-24**	**FY 2024-25**	**FY 2025-26**	**FY 2026-27**
5	**Appropriation Subject to Limit**	**$13,818.6**	**$15,621.8**	**$16,538.1**	**$16,886.4**
6	*Healthy School Meals for All General Fund Appropriation*	$115.3	$0.0	$0.0	$0.0
7	*Overexpenditures from the General Fund*	$153.8	$0.0	$0.0	$0.0
8	*Dollar Change (from prior year)*	$510.5	$1,803.2	$916.2	$348.3
9	*Percent Change (from prior year)*	3.8%	13.0%	5.9%	2.1%
10	**Spending Outside Limit**	**$2,785.6**	**$2,814.1**	**$1,807.4**	**$1,422.7**
11	*TABOR Refund under Art. X, Section 20, (7) (d)*	$1,643.4	$224.0	$289.0	$536.4
12	*Homestead Exemption (Net of TABOR Refund)*	$0.0	$0.0	$0.0	$0.0
13	*Other Rebates and Expenditures*	$241.9	$186.0	$843.5	$343.7
14	*Transfers for Capital Construction*	$351.4	$254.1	$170.5	$20.0
15	*Transfers for Transportation*	$5.0	$117.5	$42.7	$61.0
16	*Transfers to State Education Fund*	$0.0	$146.0	$0.0	$0.0
17	*Transfers to Other Funds*	$543.9	$1,886.5	$461.6	$461.6
18	**TOTAL GENERAL FUND OBLIGATIONS**	**$16,873.3**	**$18,435.9**	**$18,345.4**	**$18,309.0**
19	*Percent Change (from prior year)*	-11.3%	9.3%	-0.5%	-0.2%
20	Reversions and Accounting Adjustments	($254.7)	$14.7	$0.0	$0.0
	Reserves	**FY 2023-24**	**FY 2024-25**	**FY 2025-26**	**FY 2026-27**
21	**Year-End General Fund Balance**	**$3,153.5**	**$2,334.0**	**$2,398.6**	**$2,491.7**
22	Portion of the GF Reserve Held at Treasury	$3,153.5	$2,334.0	$1,898.6	$1,991.7
23	Portion of the GF Reserve Held at PERA	$0.0	$0.0	$500.0	$500.0
24	*Year-End General Fund as a % of Appropriations*	23.1%	14.9%	14.5%	14.8%
25	*General Fund Statutory Reserve /B*	$2,031.5	$2,358.5	$2,439.5	$2,491.7
26	*Statutory Reserve %*	14.9%	15.1%	14.8%	14.8%
27	***Above/Below Statutory Reserve***	**$1,122.0**	**($24.5)**	**($40.9)**	**$0.0**

/A. FY 2024-25 and FY 2025-26 expenditures and transfers reflect all bills signed by the Governor through the end of the 2025 legislative session. Reversions and accounting adjustments for FY 2023-24 reflect figures published in the ACFR. FY 2026-27 expenditures and fund balance projections are intended to be illustrative. The statutory reserve is no longer simply 15 percent of General Fund appropriations, but is adjusted for SB25-310, HB24-1231, and HB24-1466. Dollars in millions.

Table 5: General Fund and State Education Fund Overview /A

Line	Revenue	Final FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27
1	**Beginning Reserves**	**$3,881.5**	**$4,827.7**	**$3,460.2**	**$2,631.9**
2	*State Education Fund*	$1,454.1	$1,674.1	$1,126.2	$733.4
3	*General Fund*	$2,427.4	$3,153.5	$2,334.0	$1,898.6
4	**Gross State Education Fund Revenue**	**$1,251.3**	**$1,146.8**	**$1,182.6**	**$1,466.2**
5	Transfer to State Education Fund	$0.0	$146.0	$0.0	$0.0
6	**Gross General Fund Revenue /B**	**$17,344.8**	**$17,631.2**	**$17,910.0**	**$18,402.2**
7	**TOTAL FUNDS AVAILABLE FOR EXPENDITURE**	**$22,477.6**	**$23,605.6**	**$22,552.8**	**$22,500.3**
	Expenditures	**FY 2023-24**	**FY 2024-25**	**FY 2025-26**	**FY 2026-27**
8	General Fund Expenditures /C	$16,604.2	$18,435.9	$18,345.4	$18,309.0
9	State Education Fund Expenditures	$1,057.1	$1,840.7	$1,575.5	$1,771.8
10	**TOTAL OBLIGATIONS**	**$17,661.3**	**$20,276.6**	**$19,920.9**	**$20,080.9**
11	*Percent Change (from prior year)*	-12.0%	14.8%	-1.8%	0.8%
12	*Reversions and Accounting Adjustments*	($280.5)	$14.7	$0.0	$0.0
	Reserves	**FY 2023-24**	**FY 2024-25**	**FY 2025-26**	**FY 2026-27**
13	**Year-End Balance**	**$5,096.8**	**$3,460.2**	**$2,631.9**	**$2,419.4**
14	State Education Fund	$1,674.1	$1,126.2	$733.4	$427.7
15	General Fund	$3,422.6	$2,334.0	$1,898.6	$1,991.7

/A See the General Fund and Budget sections discussing the State Education Fund for information on the figures in this table.
/B This amount includes transfers to the General Fund shown in line 3 in Table 4.
/C General Fund expenditures include appropriations subject to the limit of 5.0% of Colorado personal income shown in line 5 in Table 4 as well as all spending outside the limit shown in line 8 in Table 4. Combined Reserves include GF in excess of the 15% GF appropriations reserve.

Table 6: Cash Fund Revenue Subject to TABOR

Line	Category	Final FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27
1	**Transportation-Related /A**	**$1,425.1**	**$1,484.4**	**$1,524.1**	**$1,585.3**
2	Change	12.5%	4.2%	2.7%	4.0%
3	**Limited Gaming Fund /B**	**$92.9**	**$95.6**	**$96.3**	**$96.2**
4	Change	-23.4%	2.9%	0.7%	0.0%
5	**Regulatory Agencies**	**$96.1**	**$104.8**	**$104.9**	**$107.6**
6	Change	7.5%	9.0%	0.0%	2.7%
7	**Insurance-Related**	**$26.9**	**$27.7**	**$26.1**	**$28.9**
8	Change	1.4%	3.0%	-5.8%	10.7%
9	**Severance Tax**	**$218.4**	**$58.8**	**$162.9**	**$171.8**
10	Change	-41.7%	-73.1%	176.9%	5.5%
11	**Kids Matter Account**	**$0.0**	**$0.0**	**$0.0**	**$235.7**
12	Change	N/A	N/A	N/A	N/A
13	**Other Miscellaneous Cash Funds**	**$937.8**	**$973.5**	**$914.8**	**$1,011.9**
14	Change	6.8%	3.8%	-6.0%	10.6%
15	**TOTAL CASH FUND REVENUE**	**$2,797.2**	**$2,744.8**	**$2,829.0**	**$3,237.5**
16	Change	1.5%	-1.9%	3.1%	14.4%

/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. Additionally, includes the impact of SB21-260, which dedicates funding and creates new state enterprises to enable the planning, funding, development, construction, maintenance, and supervision of a sustainable transportation system.

Table 7: TABOR and the Referendum C Revenue Limit/A

Line	TABOR Revenues	Final FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27
1	General Fund /A	$16,630.5	$16,618.7	$17,286.8	$17,859.2
2	Cash Funds /A	$2,797.2	$2,744.8	$2,829.0	$3,237.5
3	**Total TABOR Revenues**	**$19,427.7**	**$19,363.5**	**$20,115.8**	**$21,096.7**
	Revenue Limit Calculation	**FY 2023-24**	**FY 2024-25**	**FY 2025-26**	**FY 2026-27**
4	Previous calendar year population growth	0.5%	0.6%	1.4%	0.7%
5	Previous calendar year inflation	8.0%	5.2%	2.3%	3.0%
6	**Allowable TABOR Growth Rate**	**8.5%**	**5.9%**	**3.6%**	**3.7%**
7	TABOR Limit /B	$14,588.1	$15,448.7	$16,003.1	$16,595.3
8	General Fund Exempt Revenue Under Ref. C /C	$3,485.1	$3,690.7	$3,823.6	$3,965.1
9	**Revenue Cap Under Ref. C /B /D**	**$18,073.2**	**$19,139.5**	**$19,826.7**	**$20,560.3**
10	***Amount Above/Below Cap***	**$1,354.5**	**$224.0**	**$289.0**	**$536.4**
11	***Revenue to be Refunded including Adjustments from Prior Years /E***	**$1,643.4**	**$224.0**	**$289.0**	**$536.4**
12	TABOR State Emergency Reserve Requirement	$542.2	$574.2	$594.8	$616.8

/A Amounts differ from the General Fund and Cash Fund revenues reported in Table 3 and Table 6 due to accounting adjustments and because some General Fund revenue is exempt from TABOR.
/B The TABOR limit and Referendum C Cap is 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 voter-approval of Referendum C.
/D The revenue limit is calculated by applying the "Allowable TABOR Growth Rate" to either "Total TABOR Revenues" 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.
/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 the total refund amount distributed to taxpayers is adjusted.

Table 8: List of Transfers to/from General Fund

Transfers from Other Funds (Bill Number and Description)	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
12-47.1-701 (d) Ltd. Gaming Revenue Transfer to the General Fund	$23.635	$22.979	$26.258	$23.322
HB92-1126 Land and Water Management Fund	$0.078	-	-	-
HB05-1262 A35 Tobacco Tax 24-22-117 (1)(c)(I)	$0.619	$0.590	$0.586	$0.563
HB08-1216 Consumer Outreach and Education Program	$0.005	-	-	-
HB20-1427 (Prop EE) - 2020 Tax Holding Fund	$4.050	$4.050	$4.050	$4.050
SB21-213 Use Of Increased Medicaid Match	$8.808	$7.312	$1.163	-
HB23-1041 Prohibit Wagering On Simulcast Greyhound Races	-	-	-	$0.038
HB23-1272 Tax Policy That Advances Decarbonization	$12.917	$20.664	$27.010	-
Proposition II Passage Return Funds to General Fund	$5.624	-	-	-
HB23-1304 Affordable Housing Financing Fund	$0.029	-	-	-
SB23-215 State Employee Reserve Fund General Fund Transfer	$4.914	-	-	-
HB24-1413 Severance Tax Transfers	-	$69.346	-	-
HB24-1414 Repeal COVID Heroes Collaboration Fund	-	$3.430	-	-
HB24-1415 State Employee Reserve Fund	$31.160	-	-	-
HB24-1424 College Opportunity Fund Transfer to General Fund	$1.496	-	-	-
HB24-1426 Controlled Maintenance Trust Fund Transfer	-	$48.883	-	-
SB25-114 Repeal of the FLEX Program	-	$0.625	-	-
SB25-260 Repeal Colorado Household Financial Recovery Pilot Program	-	$5.098	-	-
SB25-264 Cash Fund Transfers to the General Fund	-	$171.350	$53.876	-
SB25-293 Transfers from License Plate Cash Fund	-	$4.000	-	-
SB25-312 American Rescue Plan Act Funds	-	$96.812	-	-
SB25-317 Transfer Cash Fund Investment Earnings to General Fund	-	$62.098	-	-
Transfers to Other Funds (Bill Number and Description)	**FY 2023-24**	**FY 2024-25**	**FY 2025-26**	**FY 2026-27**
SB11-047/HB24-1396 Bioscience Income Tax Transfer to OEDIT	-$14.439	-$22.023	-$19.630	-$18.988
HB13-1318/SB 17-267 Transfers of Special Sales Tax to MTCF	-$126.083	-$121.251	-$128.814	-$133.060
SB17-267 Sustainability of Rural CO (Transfer MJ Special Sales Tax to Public School Fund)	-$22.093	-$21.246	-$20.946	-$21.636
HB20-1116/HB24-1398 Procurement Technical Assistance Program Extension	-$0.220	-$0.220	-$0.220	-$0.220
HB20-1427 (Prop EE) - 2020 Tax Holding Fund	-$207.823	-$242.576	-$236.716	-$231.855
HB24-1349 (Prop KK) - Firearms and Ammunition Excise Tax Cash Fund	-	-$4.855	-$29.753	-$31.356
SB22-195 Modifications To Conservation District Grant Fund	-$0.148	-$0.148	-$0.148	-$0.148
HB23-1041 Prohibit Wagering On Simulcast Greyhound Races	-	-$0.025	-$0.050	-
HB23-1107 Crime Victim Services Funding	-$3.000	-	-	-
HB23-1273 Creation of Wildfire Resilient Homes Grant Program	-$0.100	-	-	-
HB23-1290 Proposition EE Funding Retention Rate Reduction	-$5.624	-	-	-
HB23-1305 Continue Health Benefits in Work-related Death	-$0.150	-$0.150	-$0.150	-
SB23-001 Authority Of Public-private Collaboration Unit For Housing	-$5.000	-	-	-

Transfers to Other Funds (Bill Number and Description), continued	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
SB23-005 Forestry And Wildfire Mitigation Workforce	-$1.000	-$1.000	-$1.000	-$1.000
SB23-044 Veterinary Education Loan Repayment Program	-$0.540	-	-	-
SB23-056 Compensatory Direct Distribution to PERA	-$10.000	-	-	-
SB23-166 Establishment of a Wildfire Resiliency Code Board	-$0.250	-	-	-
SB23-199 Marijuana License Applications and Renewals	-$4.095	-	-	-
SB23-205 Universal High School Scholarship Program	-$25.000	-	-	-
SB23-255 Wolf Depredation Compensation Fund	-$0.175	-$0.350	-$0.350	-$0.350
SB23-257 Auto Theft Prevention Cash Fund	-$5.000	-	-	-
SB23-283 Mechanisms For Federal Infrastructure Funding	-$84.000	-	-	-
HB23B-1001: ERA Transfer	-$15.100	-	-	-
HB24-1043 State Contribution to FPPA Death & Disability Fund	-	-	-$2.050	-$2.050
HB24-1152 Accessory Dwelling Units	-$5.000	-$8.000	-	-
HB24-1176 Behavioral Health Grant for Capital Project	-	-$4.000	-	-
HB24-1211 State Funding for Senior Services Contingency Fund	-$2.000	-	-	-
HB24-1213 Gen Fund Transfer Judicial Collection Enhancement	-$2.500	-	-	-
HB24-1214 Community Crime Victims Funding	-$4.000	-	-	-
HB24-1237 Programs for the Development of Child Care Facilities	-	-$0.250	-	-
HB24-1280 Welcome, Reception, & Integration Grant Program	-	-$2.500	-	-
HB24-1313 Housing in Transit-Oriented Communities	-	-$35.000	-	-
HB24-1364 Education-Based Workforce Readiness	-	-$5.000		
HB24-1365 Opportunity Now Grants & Tax Credit	-	-$4.000	-	-
HB24-1379 Regulate Dredge & Fill Activities in State Waters	-	-	-	-$0.248
HB24-1386 Broadband Infrastructure Cash Fund for DOC	-	-$4.571	-	-
HB24-1390 School Food Programs	-	-	-	-
HB24-1397 Creative Industries Cash Fund Transfer	-	-$0.500	-	-
HB24-1420 Transfer to Colorado Crime Victim Services Fund	-	-$4.000	-	-
HB24-1421 Modifying Public Safety Program Funding	-	-$3.000	-	-
HB24-1439 Financial Incentives Expand Apprenticeship Programs	-	-$4.000	-	-
HB 24-1465 Program Changes Refinance Coronavirus Recovery Funds	-$0.400	-	-	-
HB 24-1466 Refinance Federal Coronavirus Recovery Funds	-	-$1,394.624	-	-
SB 24-170 America 250 - Colorado 150 Commission	-	-$0.250	-	-
SB24-214 Implement State Climate Goals	-$0.125	-$0.400	-$0.400	-$0.400
SB24-218 Modernize Energy Distribution Systems	-	-$0.800	-	-
SB24-221 Funding for Rural Health Care	-	-$1.740	-	-
HB25-1209 Marijuana Regulation Streamline	-	-	-$0.300	-$0.300
SB25-007 Increase Prescribed Burns	-	-	-$0.250	-
SB25-213 Broadband Infrastructure Cash Fund Transfer	-	-	-$0.842	-
SB25-254 Transfer Stationary Sources Control Fund	-	-	-$5.000	-

Transfers to Other Funds (Bill Number and Description), continued	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
SB25-255 Transfer to Hazardous Substance Response Fund	-	-	-$6.000	-
SB25-269 Transfer to Infrastructure Investment & Jobs Act Cash Fund	-	-	-$4.000	-
SB25-310 Proposition 130 Implementation (Death Benefit Fund)	-	-	-$5.000	-$5.000
SB25-310 Proposition 130 Implementation (Peace Officer Training and Support Fund)	-	-	-	-$15.000

Transfers for Capital Construction (Bill Number and Description)	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
HB15-1344 Fund National Western Center and Capital Projects	-$20.000	-$20.000	-$20.000	-$20.000
SB23-243 General Fund Transfers to Capital Construction Fund	-$294.170	-	-	-
SB23-294 Increase General Fund Transfers to Capital Construction Fund	-$18.213	-	-	-
HB24-1215 Transfers to the Capital Construction Fund	-$18.971	-	-	-
HB24-1425 Transfers for Capital Construction	-	-$232.156	-	-
SB24-222 State Funding to Relocate Two State Entities	-	-$1.900	-	-
SB25-262 Changes to Money in the Capital Construction Fund	-	-	-$150.479	-
Transfers for Transportation (Bill Number and Description)	**FY 2023-24**	**FY 2024-25**	**FY 2025-26**	**FY 2026-27**
SB21-260/SB25-257 Sustainability of the Transportation System	-	-$117.500	-$42.700	-$61.000
SB23-283 Mechanisms for Federal Infrastructure Funding	-$5.000	-	-	-
Transfers to the State Education Fund (Bill Number and Description)	**FY 2023-24**	**FY 2024-25**	**FY 2025-26**	**FY 2026-27**
SB23B-001 SEF Transfer	-	-$146.000	-	-
Transfers Subtotals	**FY 2023-24**	**FY 2024-25**	**FY 2025-26**	**FY 2026-27**
Total transfers into General Fund	**$93.335**	**$517.237**	**$112.943**	**$27.972**
Total transfers out of General Fund	**-$900.218**	**-$2,404.034**	**-$674.796**	**-$542.611**
(Subtotal) Transfers to Other Funds	**-$543.865**	**-$1,886.479**	**-$461.618**	**-$461.611**
(Subtotal) Transfers for Capital Construction	**-$351.353**	**-$254.056**	**-$170.479**	**-$20.000**
(Subtotal) Transfers for Transportation	**-$5.000**	**-$117.500**	**-$42.700**	**-$61.000**
(Subtotal) Transfers to the State Education Fund	**-**	**-$146.000**	**-**	**-**
Total Net Transfers	**-$806.883**	**-$1,886.797**	**-$561.853**	**-$514.639**

Table 9: Rebates and Expenditures

Line	Rebates & Expenditures	Final FY 2023-24	Percent Change	Forecast FY 2024-25	Percent Change	Forecast FY 2025-26	Percent Change	Forecast FY 2026-27	Percent Change
1	Cigarette Rebate to Local Governments	$6.8	-10.9%	$6.0	-11.8%	$6.0	0.4%	$5.7	-5.5%
2	Marijuana Rebate to Local Governments	$19.5	-11.0%	$18.8	-3.8%	$6.5	-65.5%	$6.7	3.3%
3	Old-Age Pension Fund/Older Coloradans Fund	$102.9	8.4%	$99.2	-3.6%	$105.9	6.8%	$108.0	2.0%
4	Aged Property Tax & Heating Credit	$12.1	1.0%	$13.4	10.2%	$13.0	-3.1%	$14.0	8.2%
5	Homestead Exemption	$161.2	-1.5%	$173.2	7.4%	$185.6	7.2%	$191.2	3.0%
6	TABOR Refund Portion of Homestead Exemption	($161.2)		($173.2)		($185.6)		($191.2)	
7	Property Tax Assessed Value Reductions from SB22-238, SB23b-001	$291.8	N/A	$0.0	-100.0%	$0.0	N/A	$0.0	N/A
8	TABOR Refund Portion of Homestead Exemption	($238.6)		$0.0		$0.0		$0.0	
9	Portable Homestead Exemption Expansion (SB24-111)	$0.0	N/A	$0.0	N/A	$31.8	N/A	$41.7	31.2%
10	TABOR Refund Portion of Homestead Exemption	$0.0		$0.0		($31.8)		($41.7)	
11	Debt Payment on Bonds for School Loans	$26.2	148.9%	$24.4	-7.0%	$23.0	-5.6%	$21.3	-7.6%
12	Fire/Police Pensions	$4.1	-3.5%	$4.0	-4.0%	$4.3	8.1%	$4.2	-2.9%
13	Amendment 35 General Fund Expenditure	$0.6	-8.7%	$0.6	-4.7%	$0.6	-0.7%	$0.6	-4.0%
14	Property Tax Exemption Reimbursement to Local Governments	$16.4	-1.2%	$19.8	20.4%	$19.6	-0.8%	$18.6	-5.1%
15	Transfer to PERA DD	$0.0	0.0%	$0.0	0.0%	$164.6	0.0%	$164.6	0.0%
16	Proposition 130/SB25-310 transfer	$0.0	0.0%	$0.0	0.0%	$500.0	N/A	$0.0	-100.0%
17	**Total Rebates & Expenditures (Excluding TABOR Refund)**	**$241.9**	**43.4%**	**$186.0**	**-23.1%**	**$843.5**	**353.4%**	**$343.7**	**-59.3%**