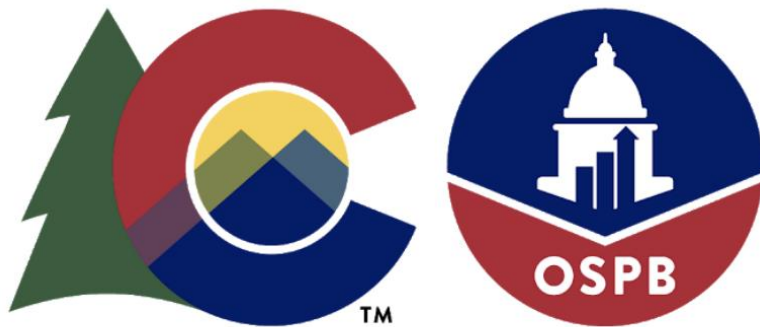


# Colorado Economic & Revenue Outlook

March 19, 2026



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



**COLORADO**  
Governor Jared Polis

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# Forecast in Brief

OSPB has revised up its economic growth forecast in 2026 given higher productivity gains, lower trade barriers, and further impacts from tax policy changes that are expected to sustain consumption and investments this year. However, the Iran war presents a major risk to this forecast in 2026, and OSPB anticipates labor market stagnation and weakening consumer demand will mute economic growth in 2027 and 2028. OSPB expects a 40 percent chance of recession in the next 12 months with primary economic risks including the war in Iran and its impacts on energy prices and supply chains, a cooling labor market, tightening household finances, and elevated uncertainty from federal trade and tariff policy.

Revenue subject to TABOR is expected to drop below the TABOR Referendum C cap in FY 2025-26, due to Colorado’s rolling conformity with federal tax policy changes in H.R. 1 but then return above the cap for the rest of the forecast period. After being turned off in Tax Year (TY) 2026, low revenue growth expectations are anticipated to turn off the Family Affordability Tax Credit (FATC) as well as the expansion of the Earned Income Tax Credit (EITC) in TY 2027 as well, which result in upward revisions to General Fund revenue despite downward revisions to economic assumptions. Currently, TABOR surpluses of \$711.1 million and \$515.6 million are projected in FY 2026-27 and FY 2027-28, respectively. Under this forecast and the Governor’s January budget submission, the General Fund ending balance is projected to be \$13.7 million above the proposed 13 percent statutory reserve level in FY 2025-26 and \$21.3 million below the proposed 13 percent reserve in FY 2026-27.

<p><b>General Fund</b></p>	<p>FY 2025-26 is revised up \$49.6 million largely due to higher actual income revenue collections with similar expectations to end the year compared to the last forecast. The revision in FY 2026-27 would have been negative before turning off the FATC and EITC, but with the TY2027 tax credits assumed off, revenue is revised up \$431.7 million. Currently, OSPB expects gross General Fund to decline 1.0 percent this year then grow 8.4 percent next fiscal year.</p>
<p><b>Cash Funds</b></p>	<p>Cash funds are expected to increase by 17.5 percent in FY 2025-26, largely due to sales of tax credits and the anticipated disqualification of an enterprise, with upward revisions from December driven by severance collections. In FY 2026-27, OSPB expects revenue to increase 0.5 percent, a \$28.3 million upward revision driven again by severance tax collections based on higher oil prices.</p>

# Economic Outlook

Economic growth continues exceeding prior expectations due to elevated productivity and sustained consumption and investments. However, the Iran war presents a major risk to this forecast in 2026, and OSPB anticipates labor market stagnation and weakening consumer demand will mute economic growth in 2027 and 2028. Colorado's primary economic risks include a cooling labor market, elevated uncertainty from federal trade and tariff policy, and rising geopolitical tension. Slowing population and labor force growth, rising insurance and energy costs, and persistent housing affordability challenges pose longer run headwinds, while a potential equity market correction or renewed trade shocks could weaken consumer spending and business investment, with concentrated impacts on construction, manufacturing, agriculture, and tourism exposed sectors.

Positive economic developments for the state include economic growth that has been supported by productivity gains from AI and ongoing capital investment that have increased output per worker faster than employment growth. Corporate profits and non-residential construction activity remain resilient, despite sticky interest rates and elevated uncertainty around global trade and geopolitical conflicts. Federal tax cuts from H.R. 1 and potential future interest rate declines could temporarily bolster corporate profits, investment, and consumer demand in 2026.

Colorado's labor market has cooled with slow job growth, falling labor force participation, and insufficient job openings for job seekers with some discouraged workers leaving the labor force. Job gains have been heavily concentrated in healthcare, while other sectors saw flat or negative employment. Colorado wage and salary growth has fallen below long-term averages, with U.S. earnings growth outpacing the state. Personal income has been padded by rising government transfers, particularly from Social Security enrollment growth, and consumer spending remained resilient in 2025 driven by higher income households. Growing concerns like tightening household balance sheets, weaker consumer sentiment, and increased dependence on high-income spending leaves the broader economy vulnerable to a stock market or confidence shock.

Inflation has moderated but remains above the Federal Reserve's target. The Denver area CPI was 2.6 percent in January and is expected to hover around that level over the next couple years, with higher local inflation expected for goods, food, and services than the nation. Broad tariff implementation in 2025 raised producer prices and stalled the pre-tariff disinflation trend, but research suggests U.S. importers and firms have absorbed much of the tariff costs so far, muting immediate consumer price impacts while creating more persistent, modestly higher inflation as consumer passthrough gradually increases. Oil prices recently spiked due to the war in Iran but are projected to ease back below

recent averages if the conflict is short-lived, while natural gas prices are expected to remain above historical norms.

Housing and commercial real estate are in an adjustment phase, with high for-sale inventory, slower construction, and weaker demand easing price and rent pressures but reflecting tighter financing conditions and economic uncertainty. Colorado home prices and multifamily rents have declined modestly since early 2023, and residential permitting is expected to grow slowly through 2028. Environmental and infrastructure strains are intensifying as wildfire, hail, and flood risks have driven an estimated of 60 percent increases in insurance premiums in Colorado since 2018. Federal reductions in IJIA and IRA funding threaten to further widen state and local funding gaps for roads, rail, climate-resilient infrastructure, and energy efficiency investments.

## Overview of Current Economic Conditions

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**GDP:** U.S. GDP growth reached an unexpectedly strong 4.4 percent in the third quarter of 2025 on sustained consumption and net export gains, before falling below expectations with 0.7 percent annualized growth in the fourth quarter due to a negative contribution from government expenditures and drags on consumption related to the government shutdown. OSPB significantly revised up GDP growth expectations in 2026 to 2.5 percent, based on the strength in consumption and investments, higher corporate profits that will further support investments, productivity, personal income, and fiscal stimulus provided from expected tax refunds. Output per worker productivity continues to improve from technological advancements like AI and investments in physical and human capital. OSPB expects volatility in net exports as a result of the Supreme Court ruling against the Trump Administration’s International Emergency Economic Powers Act (IEEPA) tariffs and the resulting new tariff actions. The 2027 GDP growth forecast is revised down to 1.2 percent as OSPB expects consumer and investment exhaustion and is expected to remain at 1.2 percent in 2028 despite higher net exports that are supported by a weaker dollar which are weighed against continued weakness of labor and consumer demand.

**Labor Market:** The labor market has continued to cool, with slow job growth and relatively stable unemployment nationally and locally. Colorado added 1,200 jobs last December and recorded 3.8 percent unemployment, nearly a full percentage point down from the beginning of 2025. The BLS annual revision process for the U.S. was published last month and found that significantly fewer jobs were created nationally in 2025 than previously reported, with a total non-farm employment revision of 861,000. Furthermore, the February jobs report published on March 6th had additional downward revisions for December 2025, which resulted in a net increase of 116,000 U.S. jobs for 2025 – which is less than 10,000 jobs added per month. The benchmarking process for Colorado occurs later in March, and OSPB expects a downward revision for the state as well, which is incorporated in this

forecast. Headline data suggests a “no fire, no hire” economy, but there are underlying concerns. The labor force participation rate has been falling, reaching its lowest level since October 2020 in Colorado, and the ratio of jobs per unemployed worker was also below 1 for most of year, meaning that there were not enough job openings for the number of job seekers. A majority of 2025 jobs growth was concentrated in the healthcare sector, reflecting narrow growth with limited labor demand elsewhere alongside the aforementioned weakness in labor supply.

**Wages and Income:** Personal income and wages saw resilient but slowing growth in 2025, primarily due to a slowing labor market. National average hourly earnings growth in the nation outpaced Colorado in 2025, with personal income growth outperforming wage and salary growth due to significant growth in government transfers related to higher Social Security enrollments. National and local wage and salary growth are projected to remain below average throughout the forecast period, in step with tepid jobs growth expectations. Corporate profits growth also maintained strength in 2025 but are expected to decelerate in 2026 before plateauing over 2027 and 2028. Despite strength in corporate profits, small businesses are experiencing more financial headwinds brought about by tariffs and rising economic uncertainty. The H.R. 1 fiscal stimulus and additional revenues will likely buoy corporate profits, particularly for large firms.

**Consumer Spending:** Consumer spending was strong throughout 2025, supported largely by higher-income households. Retail spending grew by 3.7 percent in the U.S. and 3.2 percent in Colorado in 2025, despite disruptions caused by tariffs. However, growing signs of distress have emerged among lower- and middle-income earners, including increasing loan defaults and credit card balances. In 2026, the impact of federal tax cuts could provide stimulus for consumer spending, but growing downside risks include a weak jobs market, sticky inflation, increasing health insurance premiums, persistent high interest rates, and eroded consumer confidence. Continued growth will largely depend on the higher-income tiers, with a risk that a negative shock to them, like a stock market downturn, could trigger a decline in overall consumer activity.

**Inflation:** Annual inflation was 2.6 percent nationally and 2.3 percent for the Denver-Aurora-Lakewood area in 2025. This forecast incorporates previously delayed or missing CPI data resulting from the federal government shutdown and reexamines assumptions around tariff-induced inflation, shifting inflation expectations downward in 2026 to 3.0 percent for the U.S. and 2.9 percent for the Denver area. Research indicates that the U.S. bore 86 to 94 percent of the price impact of the new tariffs, but that the costs have been more heavily borne by businesses than consumers, with only 24 percent of the tariff costs that retail businesses face being passed along to consumers by fall of last year. As a result, there was not a sharp jump in 2025 inflation as OSPB previously expected, but OSPB anticipates that inflation will likely exceed the Federal Reserve’s 2 percent target in 2027 and 2028 as the passthrough of tariff costs move more slowly to a new equilibrium. In the January CPI inflation report, U.S. inflation fell to 2.4 percent and Denver-Aurora-Lakewood inflation increased to 2.6

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percent, with both impacted favorably by energy deflation. Locally, Colorado saw greater inflation recently for goods, food, and services than the nation as a whole. The war between the U.S. and Iran is expected to put temporary upward pressure on headline inflation in 2026.

**Energy:** Since the beginning of 2026, West Texas Intermediate (WTI) oil prices have spiked over 50 percent from the upper \$50s per barrel to over \$90, due to the war between the U.S. and Iran. Further upside risk remains present if sustained supply disruptions take place from decreased shipping in the Strait of Hormuz. Despite these risks, the EIA projects oil prices to decline later in 2026 to average levels on growing global inventories. OSPB forecasts WTI prices to average \$74.08 in 2026, rising 13 percent on an annual basis. This forecast assumes that supply disruptions caused by the Iran war last three to six months, resulting in lower prices towards the end of the year. Natural gas prices also recorded increases from seasonal demand due to cold weather throughout the U.S. and international demand, and are projected to reach above-average levels on strong demand. OSPB forecasts that annual Henry Hub prices will remain at above-average levels throughout the forecast period, while natural gas production is projected to grow with a higher price floor.

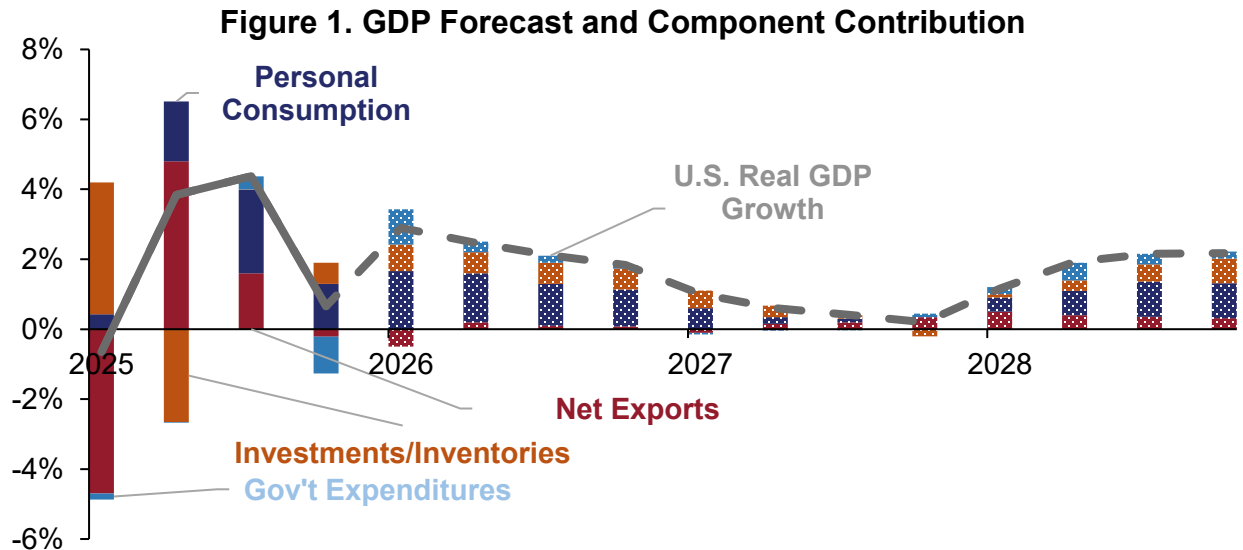
**Housing and Commercial Real Estate:** Residential construction remains slow, weighed down by high interest rates, more expensive construction material costs, weaker demand, and economic uncertainty. The dynamic of high supply and moderate demand has alleviated housing cost pressures in Colorado with home prices down 1.1 percent and Denver multifamily rent down 2.9 percent since January 2023. Commercial real estate development saw strong growth in 2025, driven by a large hotel development and manufacturing projects. OSPB expects Colorado's nonresidential construction to remain subdued under sticky interest rates and economic uncertainty stemming from trade policy and global conflicts.

**Federal Policy Impacts – Environment and Transportation:** Insurance premiums in Colorado are estimated to have increased by almost 60 percent since 2018, well above national averages, due to a unique combination of risks from fire, hail, and flooding, as well as inflation in construction material costs. Federal policy changes have impacted Colorado's ability to harden infrastructure for environmental changes through reductions to the Infrastructure and Investment Jobs Act (IIJA) and the Inflation Reduction Act (IRA) funding. Since the end of 2025, the federal government has passed policies blocking the State's access to federal funding for a variety of programs, including over \$100 million in IIJA federal matching opportunities for transportation infrastructure needs.

**Federal Tariff Policy:** In 2025, the U.S. effective tariff rate was 8.3 percent. OSPB has significantly adjusted the effective tariff rate forecast downward for 2026-2028 due to major developments from the Supreme Court striking down the IEEPA tariffs and the Trump Administration responding with new percent Section 122 tariffs. Ongoing tariff policy risks include pending Section 301 investigations.

## Gross Domestic Product

The U.S. economy grew 2.2 percent in 2025, slower than the 2.8 percent in 2024, but still stronger than potential GDP. 2025 growth was driven by sustained strength in consumption and investments, despite federal tariff policy volatility that impacted net exports and inventories. Third quarter GDP growth of 4.4 percent surprised to the upside, largely a result of sustained consumption and exports outpacing imports. In the fourth quarter, GDP growth came in below expectations at 0.7 percent, largely due to the significant negative contribution of government expenditures and drags on consumption related to the government shutdown that took place last fall, which was the longest in history. Overall, the unforeseen strength in the third quarter led to higher overall 2025 GDP growth of 2.1 percent when compared with OSPB’s December forecast of 1.9 percent.



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

Figure 1 depicts quarterly annualized growth in real GDP and its components. The line represents overall 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.

For 2026, OSPB significantly revised up GDP growth expectations from 1.2 percent to 2.5 percent, based on the strength in consumption and investments to date. In the first quarter of 2026, OSPB expects 2.9 percent quarter-over-quarter annualized growth, buoyed by a backlog of government expenditures such as paychecks, contracts, and SNAP benefits from the federal shutdown, and a catch-up in spending by the federal government workforce as they return to normal spending habits. The rest of 2026 is expected to sustain stronger consumption and investments than previously expected, along with higher corporate profits that will support additional reinvestment into

productivity gains and higher personal income. Consumer spending durability looks to be stronger than expected due to wage growth in higher-income households and positive fiscal stimulus impacts from 2025 household tax returns. Finally, OSPB expects some volatility in net exports due to the Supreme Court ruling against the Trump Administration’s IEEPA tariffs and the resulting new tariff actions, which have rekindled uncertainty.

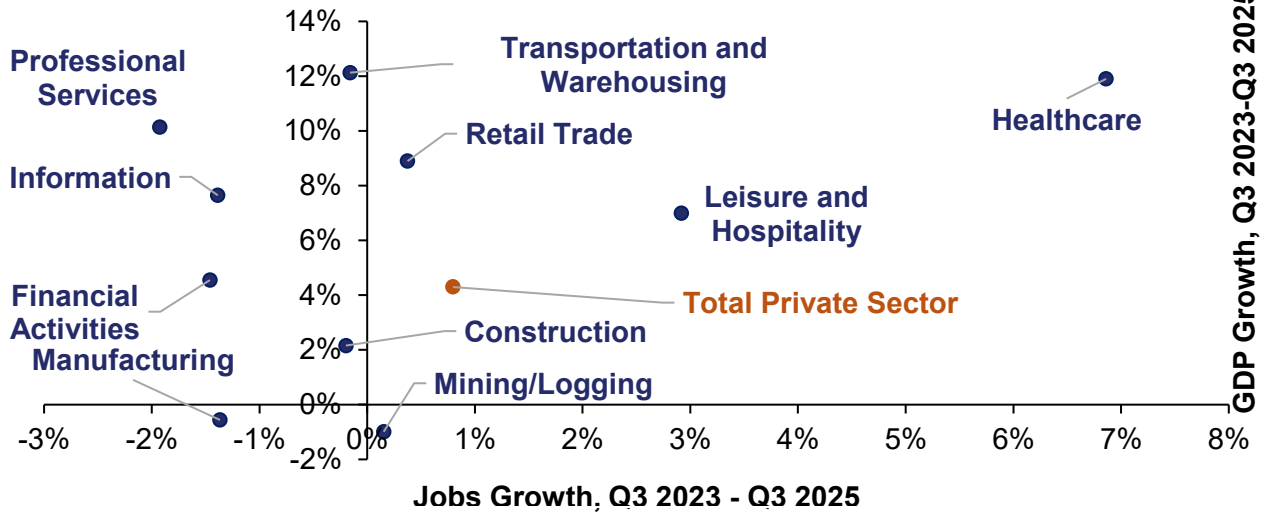
By 2027, OSPB expects consumer and investment exhaustion, resulting in weak quarter-over-quarter annualized growth by the last quarter of next year, resulting in a revision down in annual GDP growth from 1.4 to 1.2 percent. Stronger quarterly growth is expected to return in 2028, though it is largely driven by an anticipated weaker dollar that increases exports alongside anticipated muted fiscal and monetary stimulus in response to weakening labor and consumer demand. When reported in average annual growth terms, GDP is revised from 2.1 to 1.2 percent in 2028, largely a result of the flatter growth in levels to finish 2027 and begin 2028.

OSPB’s process of forecasting GDP is based on the components in Figure 1, but that is not the only way to think about what drives economic growth. Another framework is that GDP growth is the combination of growth in the workforce, human capital, physical capital, and technology. Improved productivity gains from technological advancements like artificial intelligence (AI), combined with continued investments in physical and human capital, have allowed output per worker to improve, as shown in Figures 2 and 3. The result is productivity gains where GDP has grown across all private industries in aggregate by 5.5 percent and 4.3 percent in the U.S. and Colorado over the last two years<sup>1</sup>, respectively, despite minimal increases in the workforce (1.2 percent in the U.S. and 0.8 percent in Colorado). The breakdown by industry for both the state and the nation generally have the same trends, as well. Note, the Bureau of Labor Statistics also reports productivity gains, with reports in the third and fourth quarter of last year coming in at 5.2 and 2.8 percent respectively, higher than GDP growth (Q3=4.4%; Q4=0.7%) for both prints, again suggesting that productivity gains are driving economic growth.

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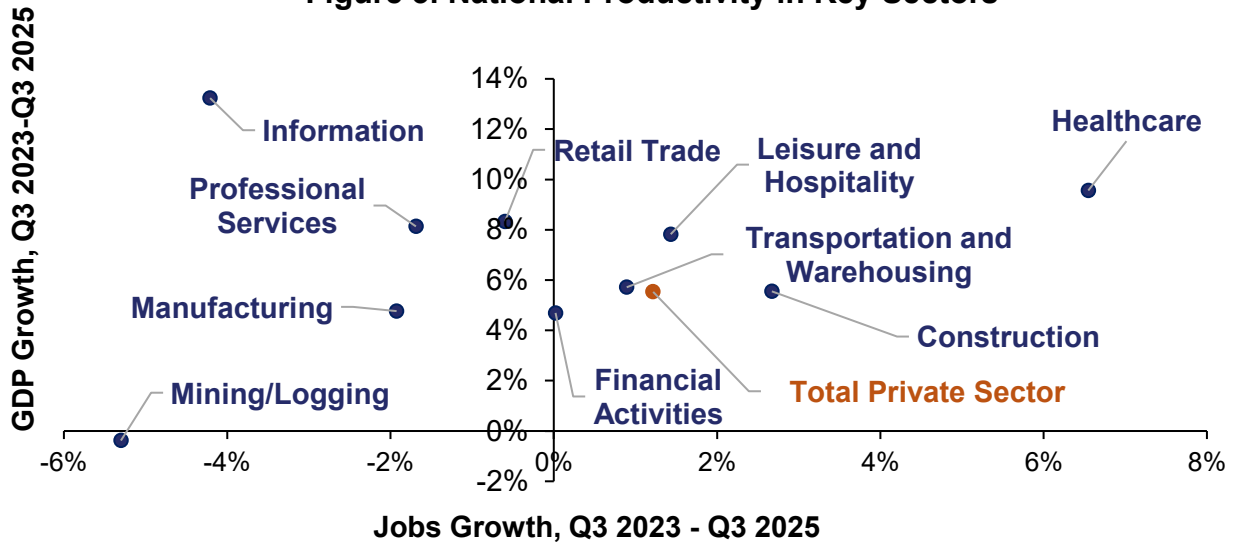
<sup>1</sup> The last two years of available data on economic growth for Colorado from the U.S. Bureau of Economic Analysis ends for the third quarter of 2025. Thus the two year period considered below for the U.S. and Colorado for economic and jobs growth is for the period between the third quarter of 2023 through the third quarter of 2025.

**Figure 2. Productivity Sustains Economic Growth in Key Colorado Service and Goods Sectors**



Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, OSPB calculations.

**Figure 3. National Productivity in Key Sectors**



Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, OSPB calculations.

Similar to the nation, Colorado healthcare jobs growth is 6.9 percent over the last two years while healthcare GDP growth is 11.9 percent. This would suggest jobs growth is playing a significant role in economic expansion in that sector. However, the professional and business services industry in Colorado has a larger share of the workforce and one of the highest economic growth rates of any sector at 10.1 percent, despite a 1.9 percent contraction in the workforce. This suggests that productivity from technologies and capital investments are likely responsible for economic gains.

Another example is the national information sector, which has the highest economic growth of any sector at 13.2 percent over the last two years, despite a 4.2 percent contraction in the workforce, again suggesting that technological advancements such as AI are playing a particularly large role. OSPB conversations with industry experts indicate that many small businesses are leveraging AI to improve productivity instead of hiring additional people. These decisions are due in part to increased input costs due to federal trade policies.

## Labor Market

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The labor market has continued to cool, with slow jobs growth and relatively stable unemployment in both the U.S. and Colorado. While the U.S. added 126,000 jobs in January, the Bureau of Labor Statistics’ (BLS) annual benchmarking process revised down non-seasonally adjusted total nonfarm employment by 861,000 in 2025, or -0.5 percent, as a result of the annual benchmarking process<sup>2</sup> reported in 2025 than previously expected. When combined with additional revisions in the most recent data release, the U.S. added only 116,000 jobs in 2025, averaging less than 10,000 jobs per month. While there were job gains to start 2025, since the April 2025 jobs report (corresponding with President Trump’s “Liberation Day” announcement), the U.S. has lost 19,000 jobs. While jobs growth has been weak, the U.S. unemployment rate fluctuated between 4.0 and 4.5 percent in 2025 and was 4.4 percent in February. OSPB expects that lower labor force participation has resulted in lower jobs growth required to maintain relatively stable employment, as discussed in more detail later. Meanwhile, Colorado added 1,200 jobs in December (the most recent month for which data is available) and recorded 3.8 percent unemployment. Unemployment in Colorado declined by nearly a full percentage point throughout the year, leading to downward revisions in OSPB’s forecasted unemployment rate.

**Figure 4. Labor Market Forecast, 2025-2027**

	2025	2026	2027	2028
<i>Unemployment Rate</i>				
U.S.	4.3%	4.5%	4.7%	4.8%
Colorado	4.5%	4.1%	4.3%	4.5%
<i>Jobs Growth</i>				
U.S.	0.5%	0.2%	0.2%	0.1%
Colorado	-0.2%	0.5%	0.3%	0.1%

The results of Colorado’s annual benchmarking process have not been released as of this forecast publication, but OSPB expects a downward revision for the state as well. The forecasted Colorado jobs growth rates above incorporate OSPB estimates related to the 2025 benchmarking process. Given that

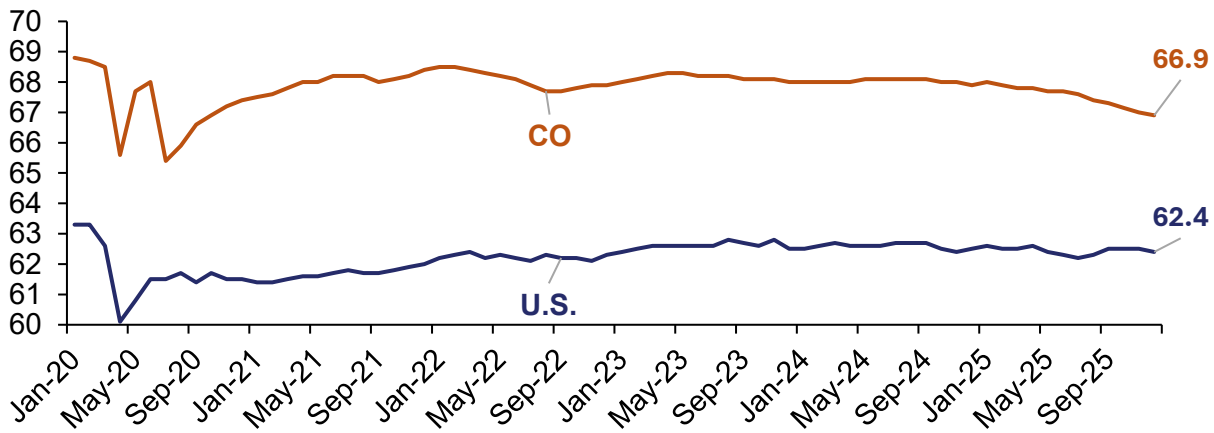
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<sup>2</sup> Battista and Khan. Bureau of Labor Statistics’ [Current Employment Statistics National Benchmark Article](#)

the preliminary revision completed in August was proportionally much larger for Colorado than for the nation, actual 2025 jobs growth is expected to be negative relative to 2024 levels.

The topline labor market data suggests a largely frozen, “no fire, no hire” economy, but the aggregation obscures worrying underlying trends. First, the labor force participation rate (LFPR) has been falling, particularly in Colorado – though Colorado remains the 9<sup>th</sup> ranked state in the nation in this metric in the most recent data release. Neither the U.S. nor Colorado has seen a total recovery to pre-pandemic LFPR, but while the U.S. has largely stabilized, Colorado is at its lowest level since October 2020. Because the unemployment rate is based on the number of people in the labor force, people who leave the labor force are not counted as unemployed. While there is no detailed data on job flows at the state level, the Job Openings and Labor Turnover Survey (JOLTS) shows that job openings in Colorado dropped throughout 2025, from 153,000 in January to 114,000 in November, the lowest since December 2020 (113,000). The ratio of jobs per unemployed worker was also below 1 for nearly the entire year for the first time since 2021, meaning that there were not enough job openings for the number of people looking for them. As such, it is likely that some of the decline in the unemployment rate in the state over the course of the year can be attributed to discouraged workers dropping out of the labor force after being unable to find jobs. Also, despite skewing younger, Colorado has a more rapidly aging population than the nation as a whole and has the 20<sup>th</sup> largest immigrant share of its state’s total population. These demographic factors may also contribute to a falling LFRP.

**Figure 5. Labor Force Participation Rate, 2020-2025**

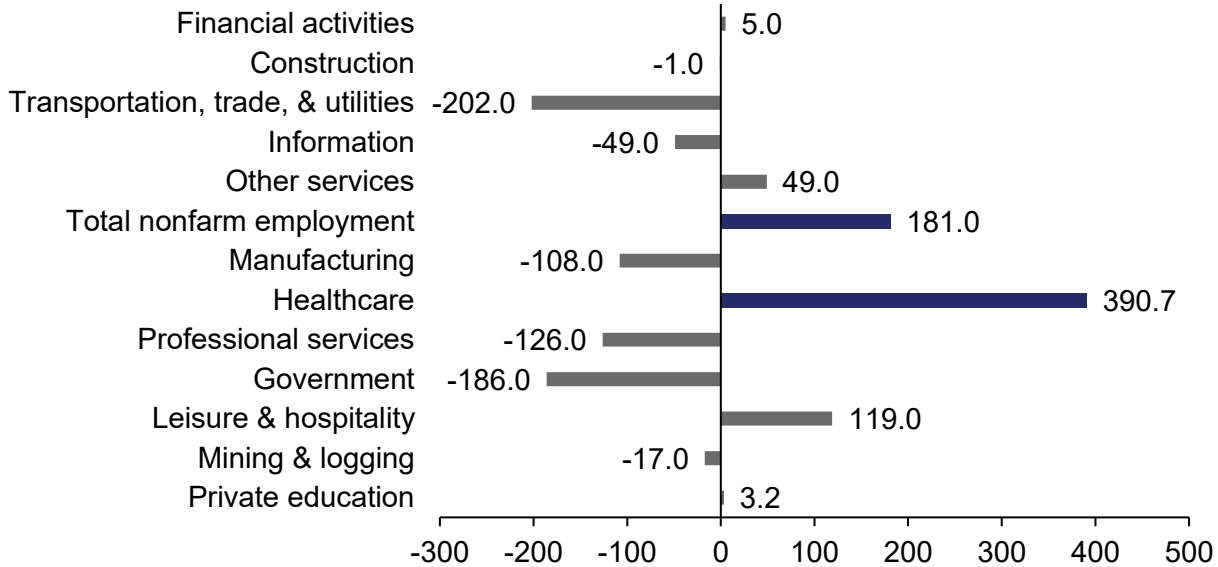


Source: Bureau of Labor Statistics, Colorado Department of Labor and Employment.

Another concerning trend pertains to industry-level job creation. In both the U.S. and Colorado, a majority of all 2025 job growth was concentrated in the healthcare sector, reflecting significantly unbalanced growth. Historically speaking, the largest sectors of the labor market are transportation, trade, and utilities (TTU), professional and business services, and government. However, as shown in Figure 6, nearly every sector saw negative jobs growth with TTU and government both losing about

200,000 jobs each in 2025. At the same time, healthcare grew from 10 percent of all jobs to 11.6 percent in January with twice as many healthcare jobs added (390,700) than total nonfarm gains (181,000). If not for the healthcare industry, the country would have had netted job losses in 2025.

**Figure 6. U.S. Year-Over-Year Jobs Growth by Sector**  
*In Thousands*

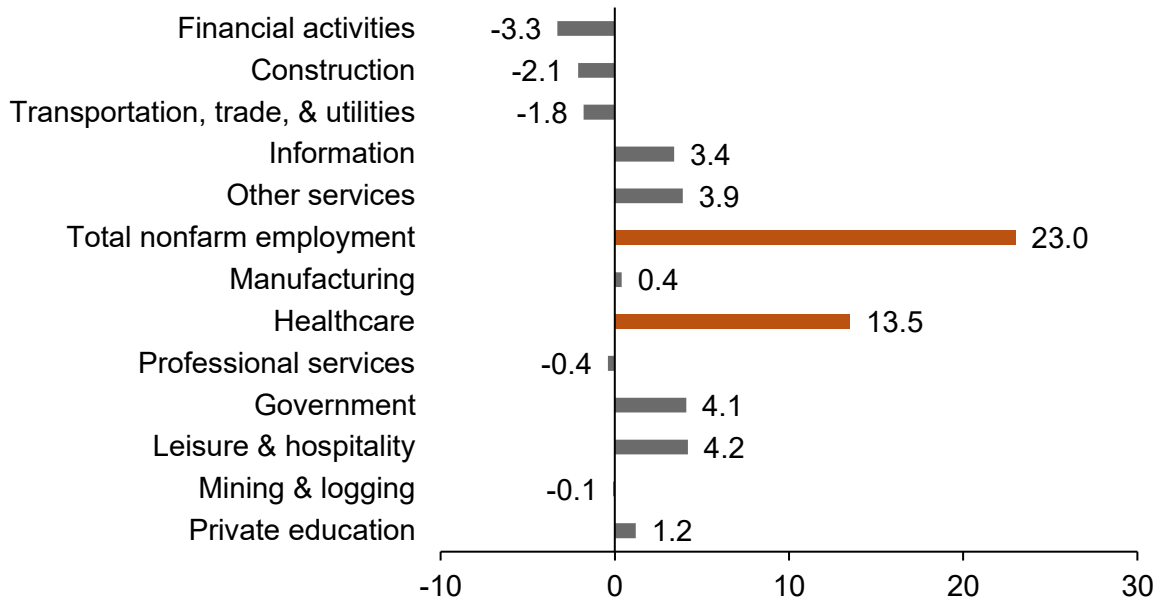


Source: Bureau of Labor Statistics.

Data reflects net job gains from December 2024 to December 2025.

As noted above, the Colorado data above has not yet undergone the annual benchmarking process. However, the preliminary data shows that the sectoral trend is much less dramatic in Colorado. While there was similarly unbalanced growth with healthcare accounting for over half the net job gains in the state, it is not solely responsible for all annual jobs growth like in the U.S.

**Figure 7. Colorado Year-Over-Year Jobs Growth by Sector**  
*In Thousands*



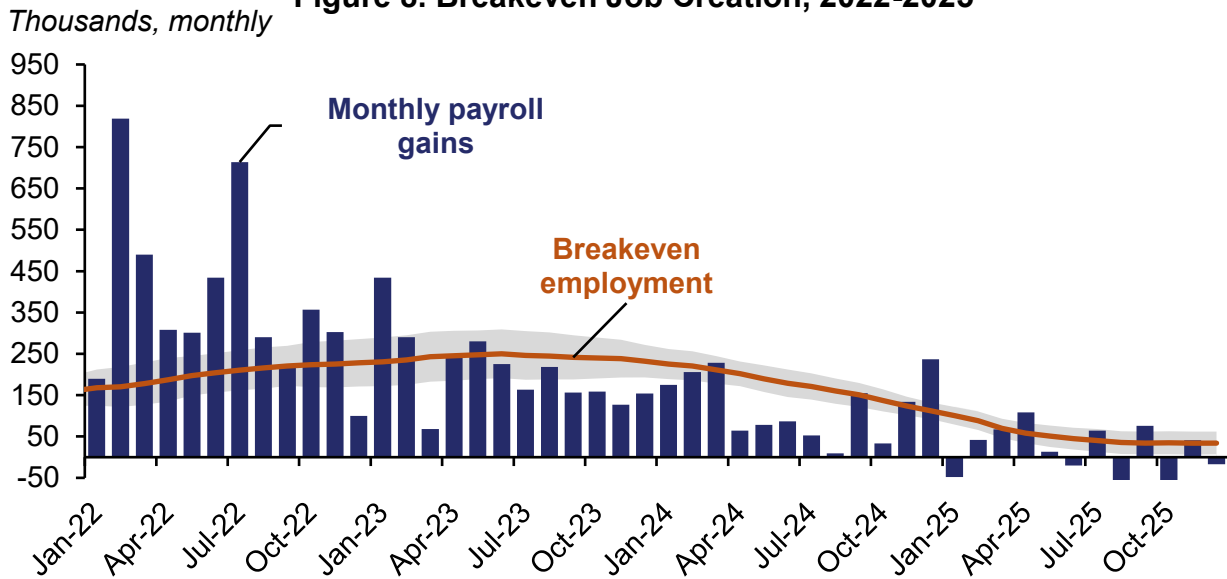
Source: Bureau of Labor Statistics, Colorado Department of Labor and Employment.

Note: Data reflects preliminary net job gains from December 2024 to December 2025.

While these trends are cause for concern, it is worth noting that the breakeven number for job creation has fallen significantly. Breakeven employment is defined as the necessary number of jobs that must be created each month to maintain the current unemployment rate, accounting for changes in the labor force. Between 2022 and mid-2024, that number was above 150,000 as the labor force grew under higher immigration and a strong hiring environment, leading to high labor supply and demand. However, this number has fallen since late 2024 and is now estimated at 30,000, according to an October 2025 study from the Federal Reserve of Dallas.<sup>3</sup>

<sup>3</sup> Anton Cheremukhin, *Federal Reserve Bank of Dallas* (10/9/2025). "[Break-even employment declined after immigration changes](#)" (link).

Figure 8. Breakeven Job Creation, 2022-2025



NOTE: Gray area illustrates estimate range.  
 Source: Federal Reserve Bank of Dallas

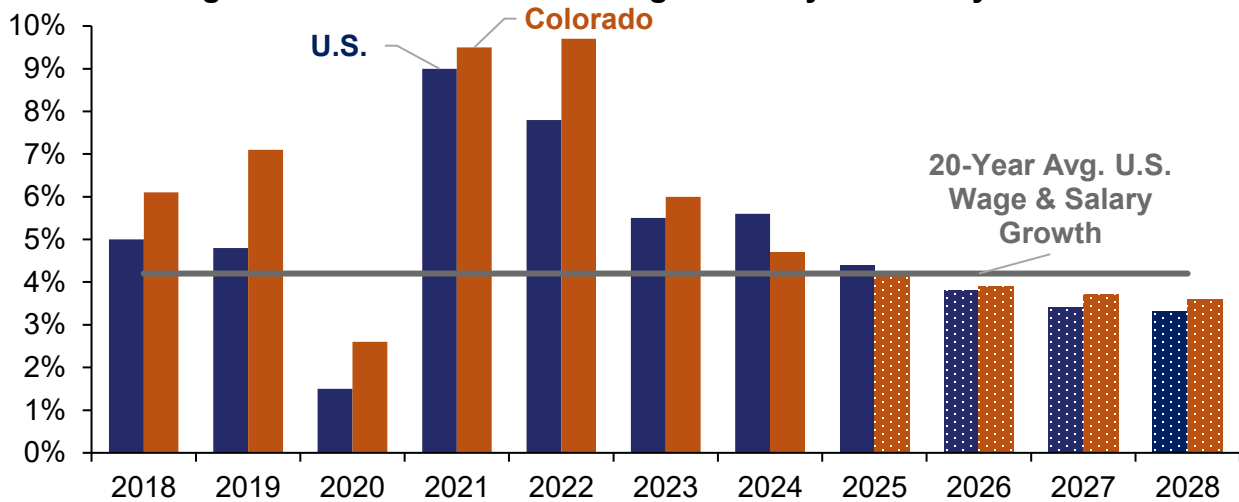
This can be attributed to decreased immigration, an increase in retirements, and discouraged workers all leading to a smaller labor force. However, labor demand is declining as well, as highlighted in JOLTS data. So, while the breakeven employment number is a helpful indicator for labor market supply and demand, it is also representative of topline numbers that may obscure additional underlying trends that are providing significant headwinds and risks to economic growth. That said, with both labor supply and demand declining, OSPB expects only limited weakness in wage growth expectations as discussed in the following section.

## Wages and Income

Personal income and wages saw resilient but decelerating growth in 2025, primarily due to a slowing labor market. In the U.S., growth in personal income and aggregate wage and salary growth decelerated to long-term average levels, while Colorado saw wage and salary growth moderate even more due to lower jobs growth. National average hourly earnings growth outpaced Colorado in 2025, but overall earnings in Colorado were still higher than the U.S. Although personal income growth slowed in 2025, it outperformed wage and salary growth primarily due to significant income growth via government transfers, which was driven by large increases in Social Security enrollment. Outside of government transfers, nearly all other components of personal income underperformed top-line growth in 2025, including wages and salaries, assets, small businesses, and rental income. Looking forward, wage and salary growth in the U.S. and Colorado is projected to remain below average through the forecast period in step with tepid jobs growth expectations. Similarly, overall personal

income growth is expected to remain below average but outperform wage and salary growth due to the weakening labor market and growth in government transfers. Corporate profits growth also maintained strength in 2025 but is expected to decelerate in 2026 before plateauing over 2027 and 2028. Despite strength in corporate profits, small businesses are experiencing more financial headwinds brought about by tariffs and rising economic uncertainty.

**Figure 9. U.S. and Colorado Wage & Salary Growth by Year**



Source: Bureau of Economic Analysis; March 2026 OSPB Forecast.

Colorado wage and salary growth rates fell below the state’s 20-year average of 5.1 percent to 4.7 percent in 2024, after recording 20-year highs in 2021 and 2022 at 9.5 percent and 9.7 percent, respectively. Growth is projected to decelerate again to 4.2 percent in 2025, pending the release of fourth quarter data after this forecast is published. Growth is projected to slow further to 3.9 percent in 2026 and 3.7 percent in 2027 as sustained weakness in jobs growth and labor demand is expected. Colorado wage and salary growth typically outpaces the U.S. due to higher population growth, stronger jobs growth, and higher earnings growth. However, U.S. wage and salary growth outpaced Colorado in 2024 and 2025 for the first time since 2010. This relative underperformance in Colorado wage and salary growth compared to the U.S. in 2024 and 2025 is likely due to myriad issues, but a return-to-trend after stronger growth in Colorado during the economic recovery from the pandemic plays a significant role, while a slowing statewide labor market does, as well. The typical relationship is projected to return in 2026 with Colorado growth outpacing the U.S.

Average hourly earnings growth in the U.S. also outpaced Colorado in 2025, growing at 4.0 percent nationally, versus 3.6 percent in Colorado. This was the slowest earnings growth in Colorado since 2021. Although growth was slow, Colorado average hourly earnings eclipsed \$40 per hour for the first time ever in November and December of 2025. For the year, Colorado hourly earnings averaged \$39.52 compared to \$36.44 for the U.S., reflecting 8.4 percent higher statewide earnings.

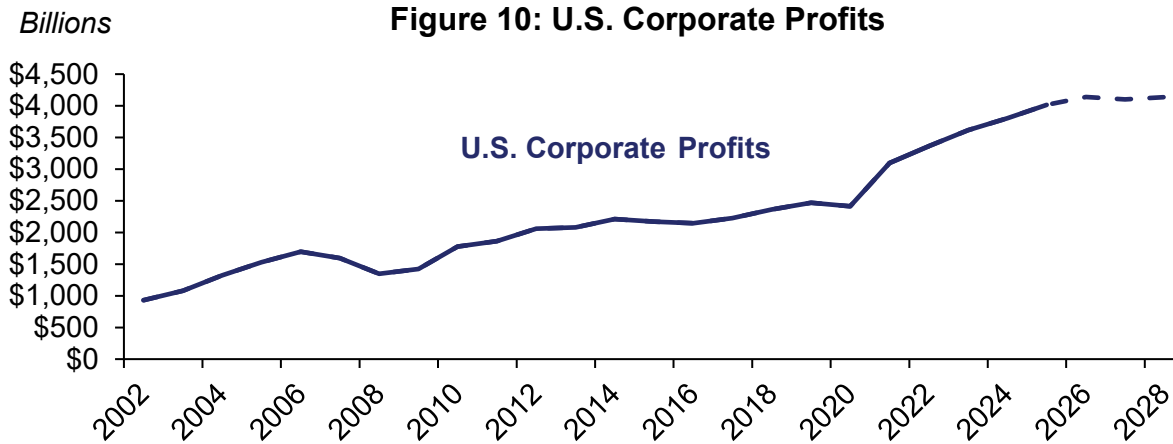
U.S. personal income grew by 4.7 percent in 2025, matching its 20-year average growth rate. However, growth was not broad-based, as nearly all components of personal income grew at a slower rate than top-line growth except for government transfers and supplements to salaries and wages. Government transfers, which comprises nearly one-fifth of all U.S. personal income, grew by 8.8 percent in 2025 nearly reaching the 10.0 percent growth in government transfers recorded in 2021, which was primarily driven by federal stimulus payments made through the American Rescue Plan Act. Growth in 2025 was driven by a significant increase in Social Security enrollees. Nearly 2.2 million people were added to Social Security’s Old Age and Survivors Insurance rolls – a 3.6 percent increase over 2024 and the largest percentage increase in enrollees since 1973. Supplements to salaries and wages, which consist of employer-paid benefits, also performed well, growing by 4.8 percent.

Meanwhile, growth in asset income, small business income, and rental income underperformed. Asset income grew by 1.7 percent in 2025, while rental income grew by 3.4 percent and small business income grew by 4.3 percent. Small business income growth decelerated significantly over the course of 2025, from 6.1 percent in the first quarter to just 2.3 percent in the final quarter. With jobs growth projected to remain weak throughout the forecast period, wage and salaries growth is also expected to remain below average, which will likely lead to non-wage personal income outperforming wage income. While Colorado personal income growth underperformed U.S. growth in 2025, it is expected to grow at a faster rate over the forecast period, largely due to higher wage and salary growth expectations. However, statewide growth over all three years is still projected to remain below the 20-year average rate of 5.8 percent as weak jobs growth expectations weigh on wage and salary growth. In the U.S., wage and salary growth comprise nearly half of personal income, government transfers comprise nearly one-fifth, and asset income comprises just over 15 percent, while all other components comprise the remainder.

### **Corporate Profits and Business Income**

At the corporate level, the trajectory of profits is impacted by countervailing forces. While the Supreme Court struck down tariffs levied under the International Emergency Economic Powers Act (IEEPA), U.S. trade policy continues to present substantial headwinds and uncertainty for firms. Alternatively, the federal tax cuts through H.R. 1 provide fiscal stimulus and additional revenues that will uplift corporate profits. In 2025, corporate profits continued their post-pandemic growth trajectory, growing an expected 5.6 percent and reaching over \$4 billion for the first time. OSPB anticipates profits to rise more slowly in 2026 at 3.1 percent, before largely plateauing through 2028. Profits are likely to be squeezed by rising input costs, including from tariffs, and declining consumer demand over the forecast period is anticipated to reduce revenues. However, tax cuts through H.R. 1 will provide additional revenue by allowing additional write-offs for investments, particularly for large corporations. Firms may put these tax benefits towards profits, but they could also reinvest it or see it

beneficial to help absorb the cost of tariffs.<sup>4</sup> These impacts will be most acute in the first years of the new tax law, but as depreciation write-offs are exhausted and previous investments are claimed, the benefits will begin to slow.



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

While corporate profits in aggregate are rising, there is evidence of bifurcation in those trends with smaller businesses particularly struggling to maintain their levels of activity and investment. Hiring data in particular shows that larger firms have been able to weather the economic uncertainty over the past year with reduced but present hiring, while smaller firms with slimmer margins and less adaptability to uncertainty have found themselves struggling to grow payrolls.<sup>5</sup> This could become apparent in future aggregate data as businesses with fewer than 500 workers employ nearly half of the American workforce and represent more than 40 percent of GDP. Some anecdotal evidence reported to OSPB suggests small businesses are adapting through these challenges with productivity gains from artificial intelligence. Utilization of artificial intelligence can mitigate some of these challenges, including by offsetting the need for new staff and reducing costs through improved productivity.<sup>6</sup>

## Consumer Spending

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Consumer spending was strong throughout 2025, despite the disruptions caused by tariffs. However, growing signs of distress have emerged among lower- and middle- income earners, including

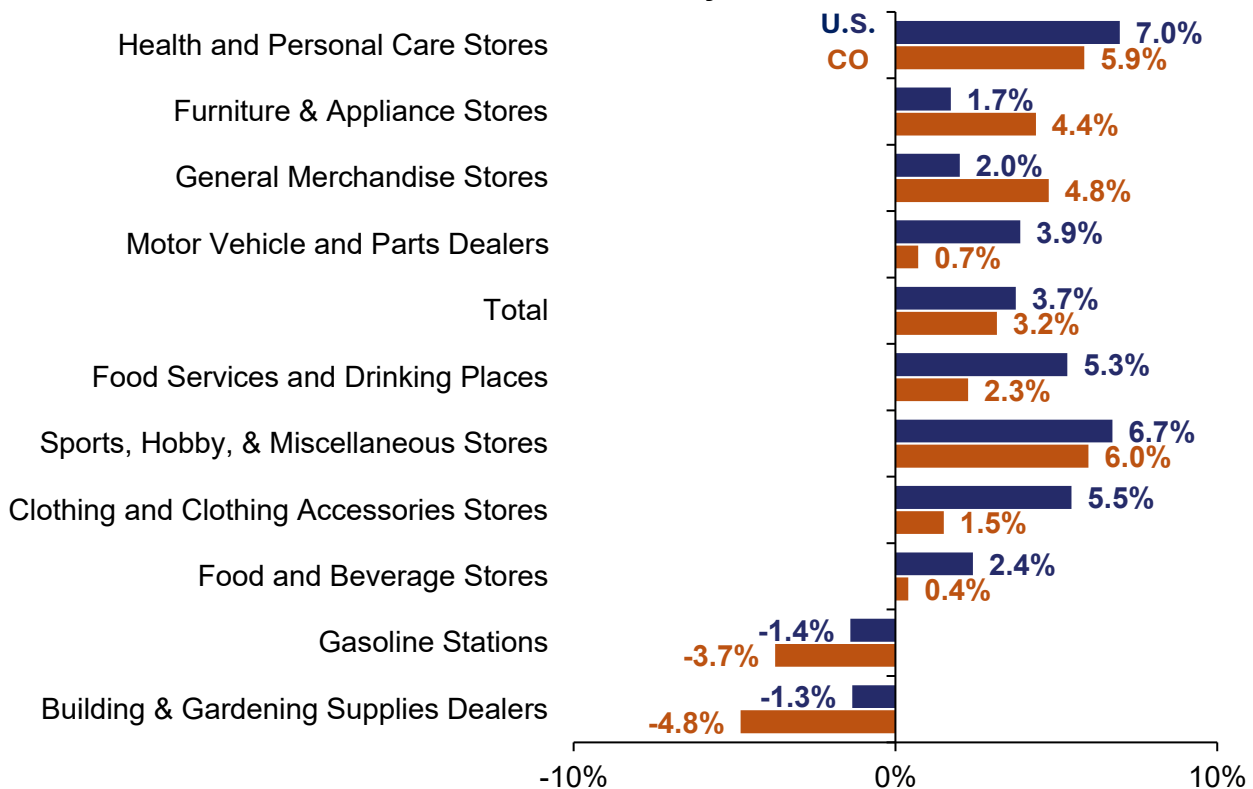
<sup>4</sup> New York Times, 12/2025, "[Big Businesses are Cashing In on Trump's Tax Cuts](#)" (link to website)

<sup>5</sup> Wall Street Journal, 12/2025, "[The Economic Divide Between Big and Small Companies is Growing](#)" (link to article)

<sup>6</sup> US Chamber of Commerce, 8/2025, "[The Majority of Small Businesses Embrace Artificial Intelligence](#)" (link to article)

increasing loan defaults and elevated credit card balances, indicating economic risks underlying the topline strength. The top-heavy nature of consumption in the U.S. suggests the aggregate data are concealing certain financial headwinds faced by large swaths of the consumer base. Still, based on recent trends and strength, OSPB has revised up the near-term retail trade outlook. In 2026, the impact of federal tax cuts could provide a temporary boon for consumer spending, but growing downside risks include sticky inflation, increasing health insurance premiums, and persistent high interest rates, all of which point to a more pessimistic outlook for much of the country, leading to downward spending revisions in the forecast’s outyears. Continued growth will largely depend on whether higher-income tiers continue to increase their consumption levels, leaving a risk that a wealth shock such as a downturn in the stock market could trigger a decline in overall consumer activity.

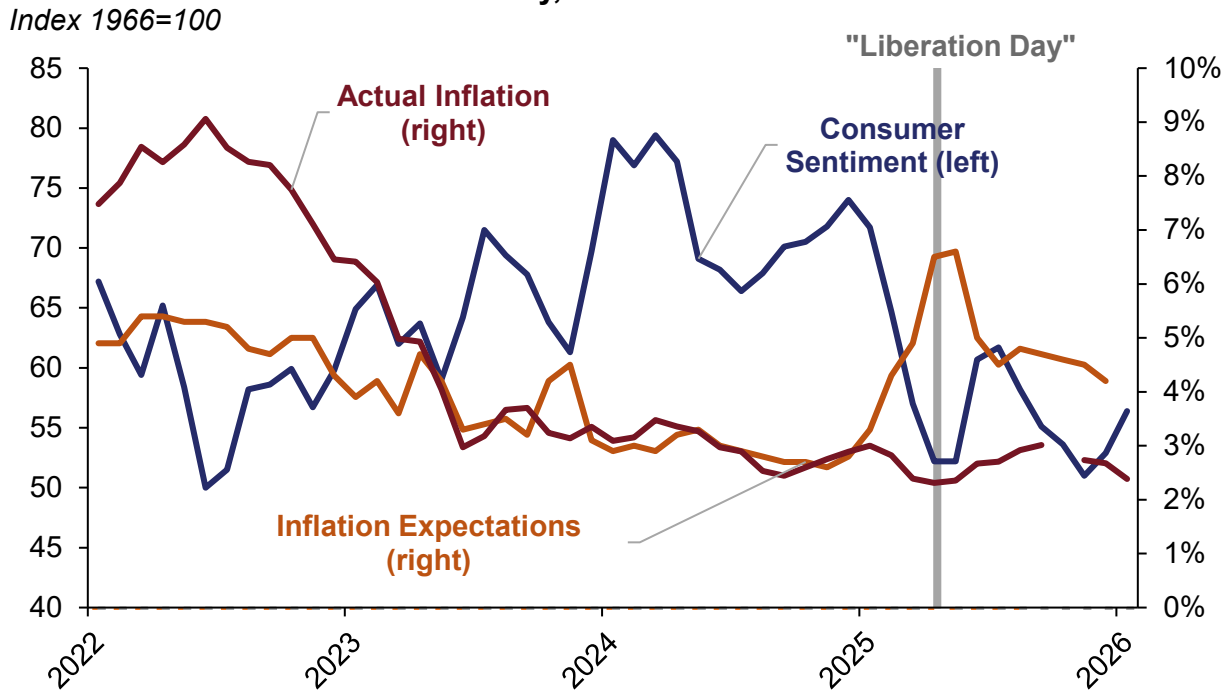
**Figure 11. Year-Over-Year Retail Sales Growth by Selected Industry, 2025**



Source: U.S. Census Bureau, Colorado Department of Revenue

Another likely headwind to spending is an ongoing decline in consumer sentiment that resurfaced in 2025. Consumer sentiment dropped sharply last spring, coinciding with a dramatic uptick in inflation expectations alongside the “Liberation Day” tariff announcement from President Trump on April 2<sup>nd</sup>.

**Figure 12. Consumer Sentiment and Inflation Expectations & Reality, 2022-2025**



Source: University of Michigan, Bureau of Labor Statistics

Prior to the “Liberation Day” announcement, inflation expectations were relatively in line with actual inflation. Starting in January 2025, these numbers began to diverge, and expectations are still nearly 2 percentage points higher than actual inflation. There was a slight uptick in consumer sentiment in January 2026, but it is still hovering at concerning levels. While tariffs were likely the precipitating event in the change in consumers’ expectations overall, when combined with other indicators like slow jobs growth, the macro picture indicates that the average American is fairly pessimistic about the economy and may be less likely to spend money on non-essentials going forward.

For these reasons, OSPB expects consumer spending growth to moderate by the middle of 2026 after a strong 2025. The forecast anticipates that labor market conditions will limit wage growth and lead to slight increases in unemployment and decreases in labor force participation, further eroding the purchasing power of lower-income consumers. An additional, and perhaps more substantial risk is a downward stock market correction. Throughout 2025, continued growth in the stock market boosted the wealth of the highest-earning consumers, but if the stock market turns bearish, a pullback in their spending could significantly drag down aggregate spending. In the absence of such a shock, recent data suggest a firm floor to consumer spending growth thanks to the ongoing strength of higher income consumers.

## Inflation

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Delayed or missing fourth quarter data for 2025 and first quarter data for 2026 Consumer Price Index (CPI) data for the U.S. and Denver-Aurora-Lakewood area have resulted in uncertainty around inflation data<sup>7</sup>. Prior to the 43-day federal government shutdown, September data indicated that U.S. inflation was accelerating into the fourth quarter of 2025, rising to 3.0 percent, while Denver-Aurora-Lakewood inflation reached 3.1 percent. Due to the federal government shutdown, the Bureau of Labor Statistics (BLS) did not collect or publish CPI data for the month of October and were forced to delay the release of November CPI data to December 18. Thus, this March 2026 Forecast is incorporating a greater number of revisions than a normal quarterly forecast due to the missing and delayed data. Now that OSPB can incorporate all of these CPI releases, the inflation forecast for 2026 is revised downward from the December forecast to 3.0 percent in the U.S. and 2.9 percent in Colorado.

For 2025, U.S. inflation for November fell to 2.7 percent and held steady in December, while Denver inflation fell to 2.2 percent year-over-year in November. On an annual basis this resulted in U.S. inflation of 2.6 percent and Denver-Aurora-Lakewood annual inflation of 2.3 percent. The lapse in October 2025 data is particularly impactful as the BLS chose to use a weighted average for the annual inflation calculation to account for the missing data rather than using a standard averaging methodology. This weighted average approach by the BLS likely understates “true” inflation, as there is more weight placed on the first half of 2025, and the first half of a year typically has lower prices compared to the second half under normal economic growth conditions. If the BLS had used a traditional averaging methodology for the annual inflation figure, annual inflation for Denver-Aurora-Lakewood would be 2.4 percent, or 0.1 percent higher than reported.

Looking to 2026 through 2028, the additional three months of data has shifted expectations around tariff-induced inflation. After nearly a year of broad-based, elevated tariffs, OSPB has more informed observations about their impact on short and long-term inflation, locally and nationally. OSPB previously expected tariffs to cause a more immediate and pronounced one-time upward shift in prices and inflation before long-run inflation would return to historical figures around the Federal Reserve’s target of 2 percent. Based on research from the Federal Reserve Banks of New York<sup>8</sup> and of San Francisco<sup>9</sup>, U.S. importers bore 86 to 94 percent of the price impact of the new tariffs imposed by the federal government in 2025, while foreign exporters lowered prices to cover the other 6 to 14 percent of the cost. From the costs borne by U.S. businesses and consumers, the pace at which

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<sup>7</sup> Here “uncertainty” refers to BLS being forced to utilize existing imputation algorithms in place of standard data collection due to the lapse in Federal Appropriations for October 2025 data. For more information, please see the BLS’ page on the matter, [“2025 federal government shutdown impact on the Consumer Price Index”](#).

<sup>8</sup> Federal Reserve Bank of New York, February 2026, [“Who is Paying for the 2025 U.S. Tariffs?”](#)

<sup>9</sup> Federal Reserve Bank of San Francisco, November 2025, [“What is a Tariff Shock?”](#)

businesses pass those costs along to consumers is occurring more slowly than OSPB had previously anticipated. According to Harvard Pricing Lab, by October 2025, only 24 percent of the costs borne by firms had been passed along to consumers<sup>10</sup>. By the beginning of 2026, Yale Budget Lab estimates that more than 40 percent of tariff costs had passed through to consumers, with variation depending on product type<sup>11</sup>. This relatively slow pace at which costs that businesses bear are being passed along to consumers conforms with Producer Price Indices (PPI) rising more steadily after April 2025 “Liberation Day” Tariffs, whereas headline inflation for consumers remained relatively stable throughout 2025 and there was not a sharp jump in inflation as previously expected. However, 2024 recorded significant disinflation, which was expected to continue into 2025 before leveling off at the Federal Reserve’s 2 percent target, but the 2025 disinflationary path stalled once broad-based tariffs were imposed in April 2025. Research from the Federal Reserve of St. Louis finds that annualized PCEPI from June-August 2025 was 0.5 percent higher than it would have been without tariffs<sup>12</sup>. This again would indicate that U.S. businesses have generally absorbed most of the tariff incidence in 2025 and only passed along a fraction of the tariff incidence to final demand prices paid by U.S. consumers. These combined factors led to revised OSPB expectations about long-run impacts to inflation, with the slower trajectory at which businesses are passing along tariff costs to consumers leading to inflation that OSPB expects will exceed the Federal Reserve’s 2 percent target in 2027 and 2028.

In 2026, goods and services inflation in PCEPI is accelerating, which would indicate increasing CPI in the near future. In the January CPI inflation report, U.S. inflation fell to 2.4 percent year-over-year and Denver-Aurora-Lakewood inflation increased to 2.6 percent. The primary factor for both national and local inflation in January was energy inflation which fell by 0.3 percent year-over-year (or -1.5 percent month-over-month) for the U.S. and declined by 9.1 percent year-over-year for Denver due to lower retail gasoline prices. In goods, food, and services, local inflation had a noticeable divergence from national inflation trends as bi-monthly November to January inflation for these categories in Colorado were 1.1 percent, 2.1 percent, and 1.5 percent respectively as the national figures for these categories across the same period were roughly 1 percentage point lower.

Expectations for U.S. and Colorado annual inflation rates are revised down in the short-run based on previously unavailable data, revised tariff-impact assumptions, and updated energy price expectations given the ongoing U.S.-Iran conflict. To that last point, recent oil prices have increased precipitously, as discussed in the Energy section below. OSPB currently assumes that supply disruptions caused by the Iran war are resolved by the middle of 2026, resulting in lower oil prices over the second half of the year and little impact on natural gas prices. Given that the energy component of CPI is a rather small share of headline inflation and the limited timeframe of elevated prices, OSPB expects that 2026

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<sup>10</sup> Cavallo, et al. NBER Working Paper, January 2026, [“Tracking the Short-Run Price Impact of U.S. Tariffs.”](#)

<sup>11</sup> Yale Budget Lab. March 2026. [“Tracking the Economic Effects of Tariffs.”](#)

<sup>12</sup> Federal Reserve Bank of St. Louis, October 2025, [“How Tariffs Are Affecting Prices in 2025.”](#)

inflation is 0.2 percentage points higher than it otherwise would have been. Inflation is revised up in the out-years due to base-effect impacts of the short-run revisions and revised tariff-impact assumptions. As shown in Figure 13, the forecast for U.S. CPI was revised down 0.2 percentage points to 2.6 percent for 2025, down 0.5 percentage points to 3.0 percent in 2026, up 0.3 percentage points to 2.6 percent in 2027, and up 0.1 percentage points in 2028 to 2.3 percent. Locally, Colorado CPI compared to the December forecast is revised down 0.3 percentage points to 2.3 percent in 2025, revised down 0.7 percentage points to 2.9 percent in 2026, revised up 0.1 percentage points to 2.6 percent in 2027, and is projected at 2.5 percent in 2028.

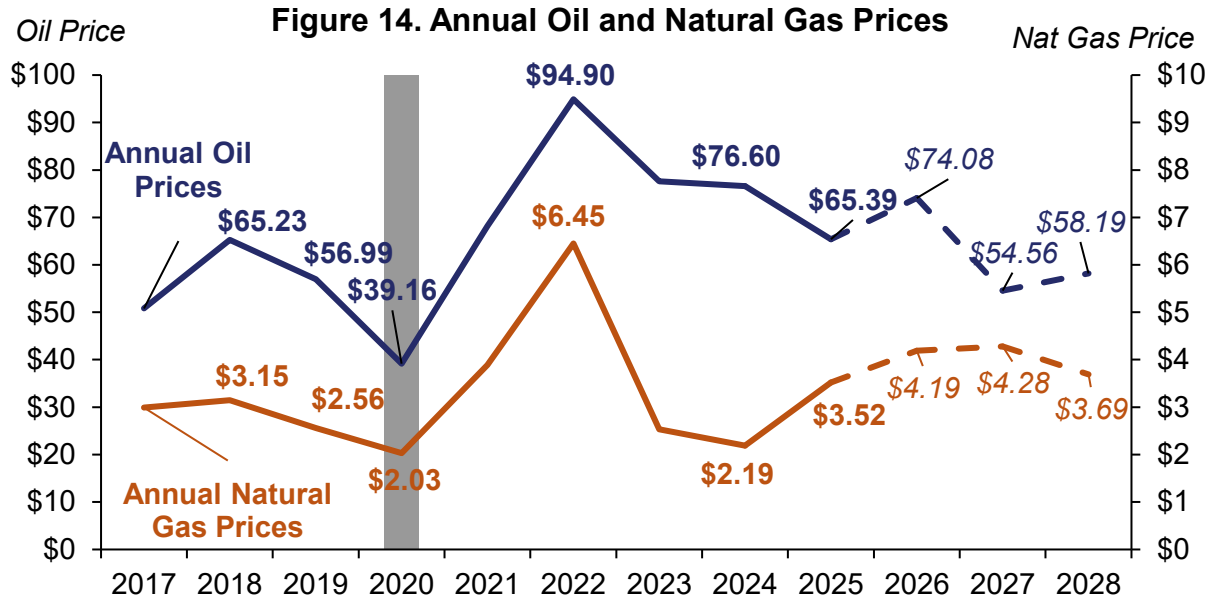
**Figure 13. Inflation Forecast**

	2025	2026	2027	2028
U.S.	2.6%	3.0%	2.6%	2.3%
Denver-Aurora-Lakewood	2.3%	2.9%	2.6%	2.5%

## Energy

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Oil prices spiked in early March to their highest level since 2022 due to the war in Iran, reaching over \$100 per barrel temporarily, with prices remaining above \$90 per barrel for a significant portion of the first half of the month. Natural gas prices also recorded increases from seasonal demand due to cold weather throughout the U.S. in the first quarter of 2026. Despite the recent spike in oil prices, the U.S. Energy Information Administration (EIA) forecasts that oil prices will begin declining again during 2026 to average levels into the mid-\$60s per barrel range by the final quarter of the year, as global production increases outpace demand and supply disruptions are assumed to be resolved. The price trajectory over the course of the year will be dependent upon the length and scale of the war in Iran along with the restoration of shipping through the Strait of Hormuz. Natural gas prices are projected to reach above-average levels despite increased production expectations as demand driven by cold weather and international demand for liquefied natural gas (LNG) tighten supply. Domestic oil production grew to 13.6 million barrels produced daily in 2025, exceeding the previous record set in 2024, while Colorado oil production was virtually flat year-over-year and still more than 10 percent lower than the record high set in 2019. U.S. natural gas production growth was strong in 2025, also setting a new annual high, while Colorado recorded tempered growth. The EIA expects domestic oil production growth to remain flat in 2026 on lower recent price fundamentals with increased growth estimated in 2027, while natural gas production is projected to grow with a higher price floor. OSPB expects Colorado oil production to grow in 2026 due to an increased statewide rig count before recording slower growth in 2027 from lower prices, while statewide natural gas production is projected to follow a similar growth trajectory to national production on an elevated price floor.



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

Since the beginning of 2026, West Texas Intermediate (WTI) oil prices have spiked over 50 percent from the upper \$50s per barrel to over \$90, due to the war between the U.S. and Iran. This rise comes after average WTI oil prices remained steady at below-average levels of \$59.64 over the final quarter of 2025. The 10-year average for WTI oil prices is approximately \$64 per barrel. Significant upside price risk remains if the U.S. - Iran war becomes protracted and causes sustained supply disruptions in the Strait of Hormuz. Despite these risks, however, the EIA projects oil prices to decline over 2026 as global inventories are expected to build on increased production, dependent upon a quick conclusion to the Iran war. OSPB forecasts WTI prices to average \$74.08 in 2026, growing 13 percent year-over-year on an annual basis. This forecast assumes that supply disruptions caused by the Iran war are resolved after 3 to 6 months, resulting in lower prices by the end of the year. A decline of over 25 percent to \$54.56 is projected in 2027 from a sustained surplus of global inventories coupled with weak global demand before a rebound to \$58.19 is expected in 2028 as the market rebalances. Other geopolitical instabilities remain risks to the forecast, including the war between Russia and Ukraine, as well as U.S. intervention taking place in Venezuela. However, a significant oil production increase in Venezuela is unlikely to take place within the forecast period due to myriad investment risks and below-average oil price expectations in 2027 and 2028.

Henry Hub natural gas prices spiked to an average of \$7.72 per million BTU in January – their highest monthly levels since 2022 when Russia’s invasion of Ukraine rattled global markets. This winter’s price increases were due to significant cold weather that set in throughout the U.S., with the daily spot

price reaching a record \$30.72 per million BTU on January 23<sup>rd</sup>. The 10-year average Henry Hub price is \$3.25 per million BTU. While the recent price increase is largely from seasonal impacts, OSPB forecasts that annual Henry Hub prices will remain at above-average levels throughout the forecast period as increased production is met with strong demand, including the continued international purchases of U.S. LNG. The EIA forecasts that U.S. LNG exports will grow by 9 percent in 2026 and an additional 10 percent in 2027. On the consumer side, natural gas prices play a significant role in gas and electric bills, as the price the utility pays for wholesale natural gas is passed through to the consumer. However, utilities in Colorado are required to receive approval for these price adjustments from the Public Utilities Commission through a gas cost adjustment or energy cost adjustment, which takes place on a quarterly or semi-annual basis.

U.S. oil production increased in 2025 by 2.4 percent to a new annual record of 13.6 million barrels per day, primarily led by growth in the Permian Basin. Colorado recorded slight growth in oil production of 0.1 percent in 2025 to 170.5 million total barrels. While statewide oil production has increased since the stark decline experienced during the pandemic, production in 2025 still remained 11.3 percent below the record set in 2019 of 192.2 million barrels. Despite the flat growth in 2025, OSPB expects faster statewide production growth in 2026 due to a higher rig count. Colorado had 14 active rigs at the end of February compared to only nine in the first quarter of 2025, likely indicating increased production in 2026. Statewide oil production is projected to grow slower in 2027 due to lower oil prices weighing on activity. Domestic natural gas production is projected to increase throughout the forecast period with prices expected to remain at above-average levels. Similarly, Colorado is projected to follow a similar growth trajectory.

With oil prices at below-average levels over the latter half of 2025, industry sentiment waned and business and drilling activity have slowed. In the Federal Reserve's Tenth District, which includes Colorado, business and drilling activity fell to its lowest level since 2020 in the final quarter of 2025 as prices fell below profitable levels, according to the Tenth District's most recent energy survey. There was a similar pessimistic outlook alongside lower business and drilling activity reported in the Dallas Federal Reserve's energy survey. These surveys indicate a potential headwind to oil production in 2026, although additional rigs that have come online in Colorado could provide a countervailing tailwind to statewide production. Recent higher prices could also lead to increased production.

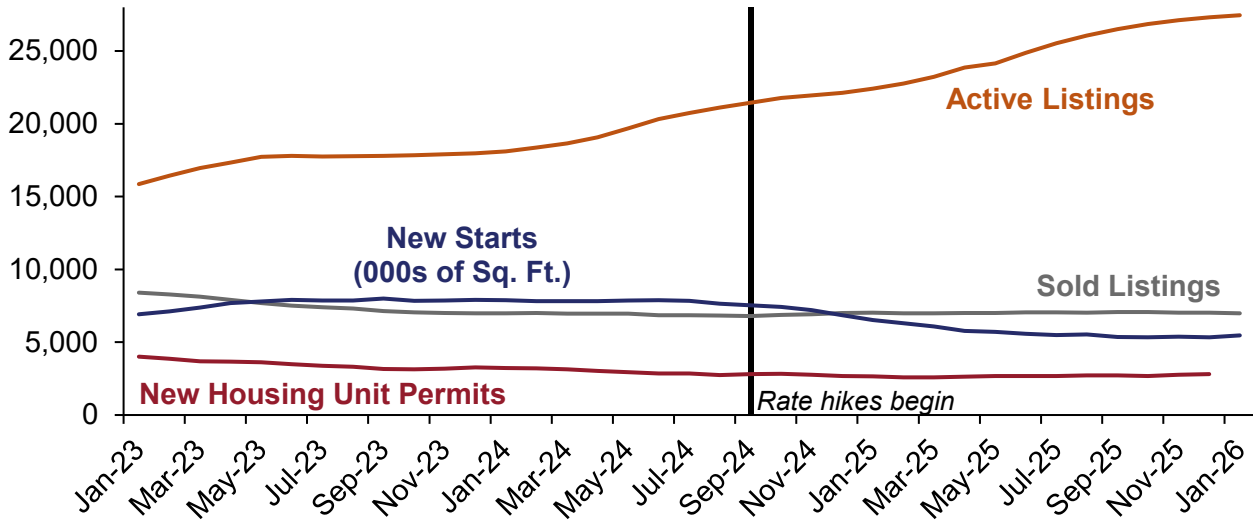
## Housing and Commercial Real Estate

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Buyer demand in Colorado's housing market largely reflects affordability concerns and selective decision-making. The inventory of homes for sale remains high, giving buyers more negotiating leverage, while sellers have adjusted expectations and weigh lowering prices against a longer time-on-market. Residential construction remains slow, weighed down by high interest rates, more expensive

construction material costs, weaker demand, and economic uncertainty. Figure 15 below illustrates these recent trends in the Colorado housing market.

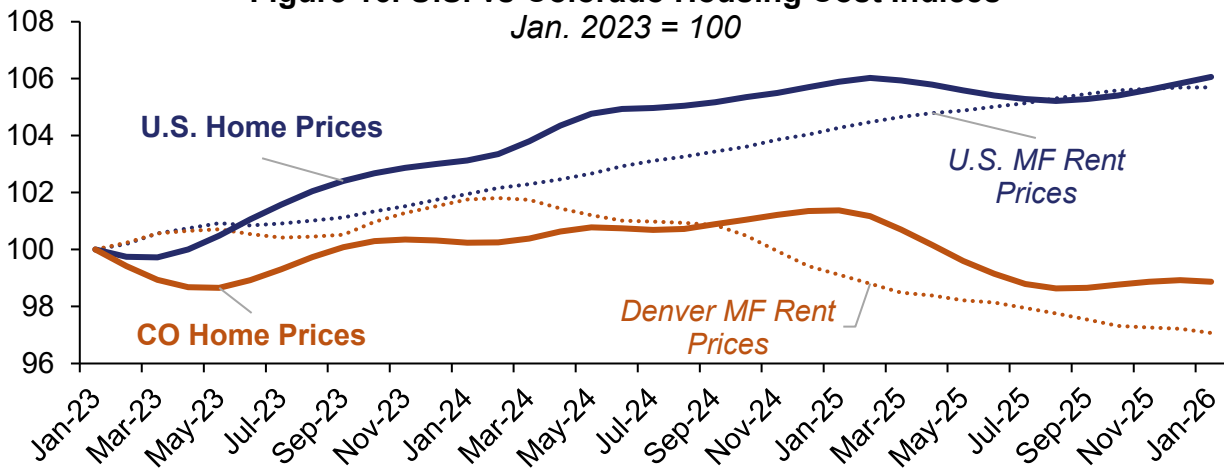
**Figure 15. Colorado Housing Market Indicators**  
12-Month Moving Averages



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

The dynamic of high supply and moderate demand has alleviated housing cost pressures in Colorado, relative to the U.S. Colorado home prices are down by 1.1 percent since January 2023, while the U.S. is up 6.1 percent. Similarly, Colorado multifamily rents are down by 2.9 percent while the U.S. is up 5.7 percent over the same period, shown in Figure 16.

**Figure 16. U.S. vs Colorado Housing Cost Indices**  
Jan. 2023 = 100



Source: Zillow.

OSPB expects 2026 housing market activity in Colorado to remain steady with slow demand, development, and price growth. After seeing 4.5 percent growth in the number of residential construction permits, OSPB forecasts continued slow growth rates of 3.2 percent in 2026, 3.9 percent in 2027, and 4.1 percent in 2028. The sharp declines in total permits in 2022-24 and slow forecasted recovery means that the 2026 forecast of 34,700 residential construction is still well below the 10-year annual average of 41,200.

In both the national and local housing markets, federal policies could have significant impacts on demand, prices, and new development. The nomination for the next Federal Reserve Chair Kevin Warsh seems aligned with the Trump administration in lowering interest rates,<sup>13</sup> which could spur development activity and lower borrowing costs, which could potentially increase demand and prices. However, lowering the federal funds rate will not necessarily result in immediately lower mortgage interest rates or other market rates. Trump also issued an Executive Order that proposed to ban large institutional investors from buying single-family homes.<sup>14</sup> This proposed policy, which requires congressional approval, would likely only have modest national effects where institutional single-family home ownership is just 0.35 percent of the housing stock, institutional single-family rentals account for only 3.0 percent of the market, and institutional single family home purchases are down over 90 percent since 2022.<sup>15</sup>

### **Commercial Real Estate**

Commercial real estate development in Colorado saw 37.2 percent growth in 2025, driven by 441 percent growth in the manufacturing sector<sup>16</sup> and a \$1 billion hotel project in Telluride.<sup>17</sup> Figure 17 shows monthly new construction starts by category since 2023.

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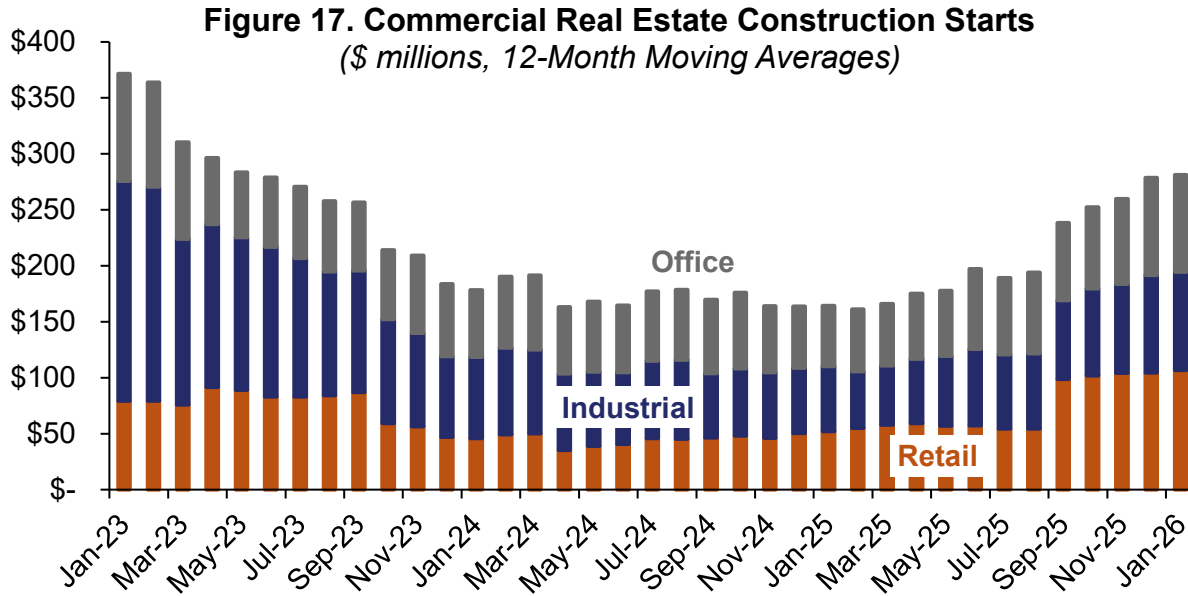
<sup>13</sup> BBC News (January 30, 2026). “Trump nominates Federal Reserve critic Kevin Warsh to run US central bank” ([link](#))

<sup>14</sup> The White House (January 20, 2026). “Fact Sheet: President Donald J. Trump Stops Wall Street from Competing with Main Street Homebuyers” ([link](#))

<sup>15</sup> UBS (January 22, 2026). “Insights Into Institutional Ownership of Single Family Housing” ([link](#))

<sup>16</sup> DODGE Data & Analytics. January 2026 Data Release.

<sup>17</sup> Powder (Sept. 24, 2025). “Telluride Breaks Ground on New \$1 Billion Hotel and Resort” ([link](#))



Source: DODGE Data & Analytics.

With elevated interest rates and economic uncertainty stemming from trade policy and global conflicts, OSPB expects Colorado’s nonresidential construction to remain subdued, with activity concentrated in higher-value priority projects and locations. Colorado’s nonresidential outlook will hinge on sector rotation, and the state is well positioned to achieve growth in aerospace, defense, bioscience, and data infrastructure. Overall, the expectation is for slow growth or modest contraction rather than a sharp downturn.

## Federal Policy Impacts – Environment and Transportation

### Environment

Policy changes at the federal level continue to impact Colorado infrastructure and environmental developments. Additionally, environmental patterns can have future impacts on Colorado, such as below average snowpacks and lower rainfall levels potentially increasing insurance premiums and out-of-pocket costs for both individuals and the State in the case of wildfire damages.

Insurance premiums within the state of Colorado have increased by almost 60 percent since 2018, primarily due to the risk of wildfire to properties in high-risk areas.<sup>18</sup> These rates are higher than national averages, which have risen by an estimated 20 percent since 2022, with Colorado facing a

<sup>18</sup> Nick, Stacy, 2025 “Wildfire risk is driving up insurance costs for Colorado homeowners,” ([link](#)).

unique combination of risks from fire, hail, and flooding.<sup>19</sup> While changes in climate like low rain and snow fall amounts can increase wildfire risks and associated insurance premiums, inflation in construction material costs can also contribute to higher premiums.

Over the past decade, the number of individuals living in the wildland urban interface (WUI), where risk of environmental damage is higher, has increased by 50 percent.<sup>20</sup> While risk can be lowered through mitigation and hardening efforts, these are expensive and are largely covered at the local level. Mitigation measures to reduce wildfire and flood damage to properties vary greatly in cost, due to size of a property and the amount of structural mitigation needed, and these efforts can also increase costs to insurance providers, individuals, and the State.<sup>21</sup>

Federal policy changes have also impacted Colorado’s ability to address environmental changes across the state. Reductions to the Infrastructure and Investment Jobs Act (IIJA) and the Inflation Reduction Act (IRA) have reduced Colorado’s ability to apply for matching funds for department programs that make needed infrastructure updates across the state and mitigate drought, flood and wildfire risks. This impacts both statewide and local efforts. Funding is the primary need for local governments to increase resiliency efforts, as they are not as well-equipped to make climate resilient infrastructure updates or secure federal funding due to lack of local matching funds. Reductions and terminations of IRA and IIJA programs also pose risk to individuals. As energy resiliency and tax credit programs are cut federally, individuals will face increased energy rates as programs meant to decrease costs and increase long-term efficiency are removed through federal policy changes.

## **Transportation**

Federal policy changes related to transportation also have significant impacts on Colorado. Since the end of 2025 the federal government has passed dramatic policies blocking states’ access to federal funding for a variety of programs. A significant decision made in December would block over \$100 million in IIJA federal matching opportunities for transportation infrastructure needs, impacting both the State and local governments. These dollars had been directed towards rail safety improvements and electric vehicle infrastructure.<sup>22</sup>

While many of these federal fund reductions are currently being litigated, a loss of this funding would exacerbate the large funding gaps in Colorado infrastructure needs, along with increased construction

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<sup>19</sup> Koller, Steve, 2024, “The Insurance Crisis Continues to Weigh on Homeowners,” Joint Center for Housing Studies ([link](#)).

<sup>20</sup> Colorado State Forest Service, 2023, “1 Million Coloradans Live in Areas with Elevated Risk of Wildfire,” [link](#).

<sup>21</sup> Birkeland & Kramar, 2026, “Climate threats lead to huge jumps in Colorado home insurance rates, and the state is seeking solutions,” [link](#).

<sup>22</sup> Paul & Dolven, 2025, “Trump administration cancels \$109m in environmentally focused transportation grants for Colorado,” [link](#).

costs associated with tariffs and inflation. The Colorado Department of Transportation’s Transportation Access Management Plan from 2022 estimated that there was an existing gap of \$350 million per year that would be required to meet long-term infrastructure goals and make safety improvements - much of this gap is for maintenance levels of service and pavement needs.<sup>23</sup>

Outside of road improvement needs, RTD estimates a need of over \$1.5 billion to meet expansion proposals and upgrades to rail systems within Colorado, primarily within the Denver metro area. This shortfall is primarily due to a funding gap to finish voter approved FasTracks expansions to rail and commuter rails.<sup>24</sup> With the risk of future losses and the current elimination of federal funding streams, it is unclear how much of the future burden will fall on the State of Colorado and local governments. As needs increase for other transportation projects like the completion of FasTracks, the loss of Infrastructure Investment and Jobs Act (IIJA) funding will dramatically impact the State’s ability to fund existing and growing transportation infrastructure gaps.

## Federal Policy Impacts – Trade

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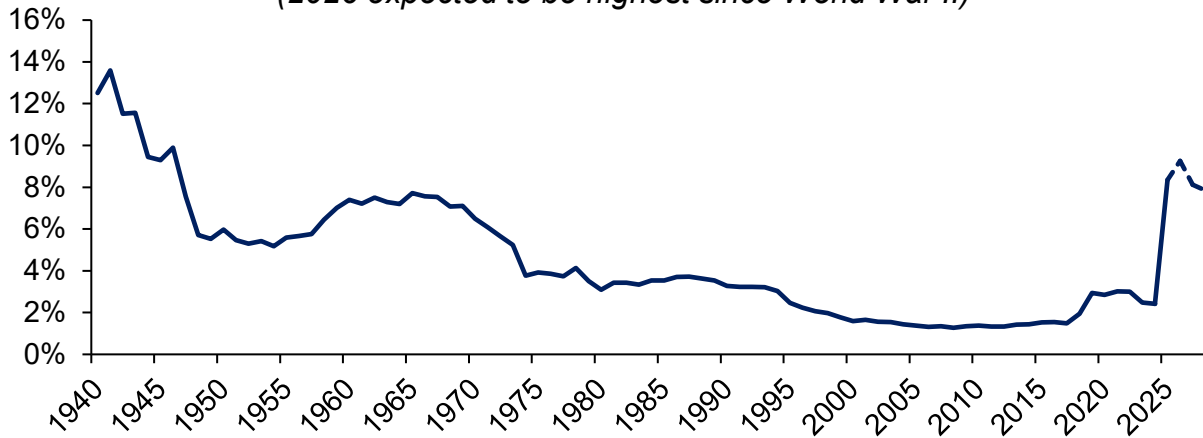
In the December forecast, OSPB had expected a 7.8 percent effective tariff in 2025, with close to \$250 billion in net tariff revenue and nearly \$3.2 trillion in U.S. imports. With final data from the U.S. Census Bureau on trade flows and the U.S. Treasury on tariff revenue collections, it is now clear that OSPB’s expectations on both imports and the effective tariff rate, which is calculated as the tariff revenue as a share of U.S. imports, were slightly below actuals. U.S. tariff revenue was \$287.1 billion on \$3.44 trillion in U.S. imports, resulting in a U.S. effective tariff rate of 8.3 percent. Note, this effective tariff rate is significantly below the 20.7 percent that was calculated in the September 4<sup>th</sup> OSPB Tariff Report for three reasons: 1) that report was calculating average applied tariff rates prior to the substitution decisions by consumers to shift purchases to lower cost country-of-origin options, 2) subsequent decisions in the fall of 2025 by the administration including a temporary reduction in tariffs on China, and 3) the effective tariff rate is for the entirety of 2025 whereas the tariff report was a point in time estimate. To that last point, 2025 monthly tariff revenues remained in line with 2024 levels for the first quarter due to the timing of Liberation Day. If tariff revenues for all of 2025 had come in at similar levels to the second half of the calendar year, tariff revenues would have totaled \$391.5 billion in 2025, resulting in a 11.4 percent effective tariff rate rather than the final reported outcome of 8.3 percent.

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<sup>23</sup> 2022, CDOT Transportation Asset Management Plan, [link](#).

<sup>24</sup> 2025 “Denver RTD more than \$1 billion short of money to complete voter-approved rail projects,” [link](#).

**Figure 18. U.S. Effective U.S. Tariff Rates**  
*(2026 expected to be highest since World War II)*



Source: U.S. Census Bureau, U.S. Treasury, OSPB Forecast.

While December’s forecast for 2025 was largely in line with actuals, OSPB has significantly adjusted the forecast shape for 2026-28, shown above in Figure 18. While there were minimal tweaks in December and January to trade policy, the February 20<sup>th</sup> Supreme Court ruling on International Emergency Economic Powers Act (IEEPA) tariffs and the subsequent Section 122 tariffs announced by President Trump had a significant impact on the forecast. Note that Section 122 tariffs, which are intended to be temporary (lasting 150 days) based on a perceived international balance-of-payments disequilibrium, were initially announced at 10 percent on February 20<sup>th</sup>. However, as of March 9<sup>th</sup>, Secretary Bessent has announced that President Trump’s call to raise Section 122 tariffs to 15 percent would be implemented this week – thus, OSPB assumes the global 15 percent tariff will be in place from the week of March 9<sup>th</sup> until July 24<sup>th</sup>. In aggregate, these impacts resulted in a revision down in effective tariff rates from 13.6 percent to 9.3 percent for 2026 and from 15.1 percent down to 8.1 percent for 2027, as shown in Figure 19. For Colorado, OSPB expects an effective tariff rate slightly below the nation at 8.8 percent in 2026 and 7.7 percent in 2027. Note, OSPB calculates the U.S. forecast for the effective tariff rate by separately forecasting U.S. trade flows and tariff revenues, then translates the U.S. estimates to Colorado effective rates through an analysis of the comparative basket of goods.

**Figure 19. U.S. Tariff Revenue, Imports, and Effective Tariff Rate**

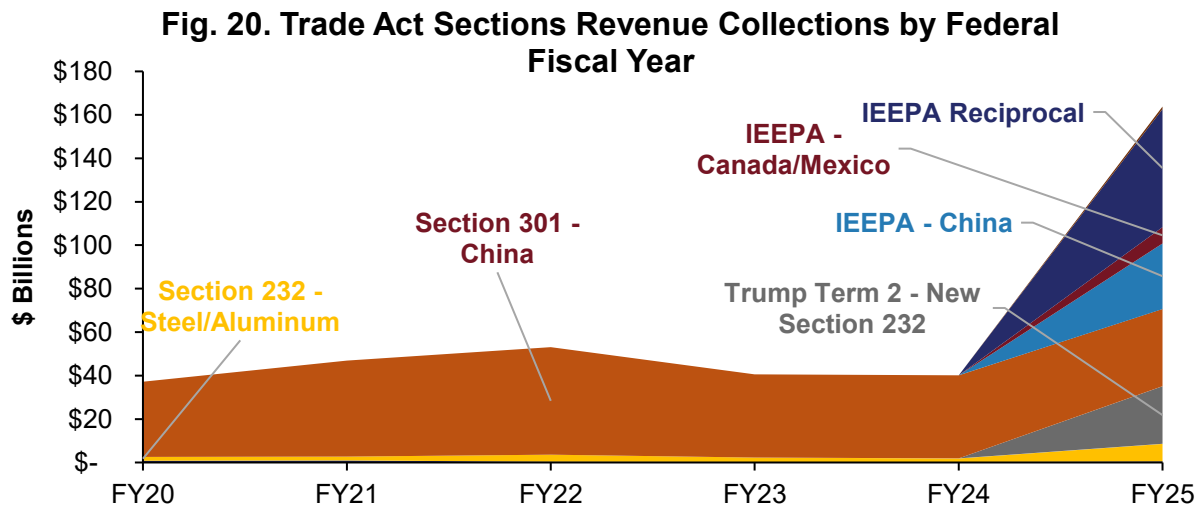
	2025	2026	2027	2028
	Actual	Forecast	Forecast	Forecast
Tariff Revenue	\$287.1	\$307.4	\$252.9	\$239.2
Peak monthly tariff revenue	\$34.2	\$30.5	\$25.3	\$25.5
Average monthly tariff revenue	\$23.9	\$25.6	\$21.1	\$19.9

**OSPB Colorado Economic & Revenue Outlook – March 2026**

	2025 Actual	2026 Forecast	2027 Forecast	2028 Forecast
<i>Percent growth</i>	192.1%	7.1%	-17.7%	-5.4%
U.S. Imports	\$3,438.4	\$3,319.8	\$3,114.7	\$3,048.2
<i>Percent growth</i>	4.3%	-3.5%	-6.2%	-2.1%
<b>U.S. Effective Tariff Rate</b>	<b>8.3%</b>	<b>9.3%</b>	<b>8.1%</b>	<b>7.8%</b>

Source: U.S. Census Bureau, U.S. Treasury, OSPB Forecast.

Total tariff revenue is expected to exceed 2025 levels despite an anticipated 3.5 percent drop in U.S. imports, largely due to the temporary Section 122 tariffs of up to 15 percent combined with the IEEPA tariffs that were still in place during the first 50 days of the year and brought in significant revenue. Note that the administration’s Section 122 tariffs includes a range of exemptions to critical minerals, certain agricultural products, pharmaceuticals, and certain electronics and aerospace products, which limits the impact to the overall estimated effective tariff rate. Additionally, OSPB does not incorporate any pending Section 301 tariff investigations that may increase tariff revenue further in 2026 and beyond as no new tariffs have been announced as of March 9<sup>th</sup> – the final day in which information is incorporated into this forecast. For 2027 and 2028, the national effective tariff rate is expected to drop to 8.1 and 7.8 percent respectively, which is primarily due to the expiration of Section 122 tariffs without new announced Section 301 tariffs after July 24<sup>th</sup>, combined with the Trump Administration’s tariffs that still remain in place after IEEPA tariffs were struck down.



Source: U.S. Customs and Border Protection.

The new tariffs from President Trump’s second term that will remain in place after IEEPA was struck down include new Section 232 tariffs on automobiles, automobile parts, copper, wood products, trucks and buses, and truck parts, along with elevated Section 232 50 percent tariffs on steel and

aluminum beyond those instituted in his first term. In his first term, President Trump instituted lower Section 232 tariffs on steel (25 percent) and aluminum (10 percent) and added Section 301 tariffs on China for Intellectual Property concerns, both of which were kept in place during the Biden Administration. For context, in Figure 20, the relative size of IEEPA tariffs implemented in FFY25 is shown in comparison to other new or existing tariffs using sections of the Trade Expansion Act of 1962 (Section 232) or the Trade Act of 1974 (Sections 201, 301). That figure illustrates that Section 301 tariffs on China that began in 2018 in President Trump’s first term were a major contributor to slightly higher effective tariff rates in 2019 through 2024, which hovered between two and three percent after 20 years of sub- two percent effective tariff rates between 1999-2018. That being said, IEEPA tariffs were only in place for half of the Federal Fiscal Year 2025, and yet more than doubled the revenue from Section 232 and 301 tariffs that were in place during the prior Federal Fiscal Year. Given President Trump’s past use of Section 232, 301, and other tariff tools, OSPB considers it likely that tariff announcements yet to occur will drive the anticipated effective tariff rates in 2026-28 beyond current estimates.

While IEEPA tariffs have been struck down by the Supreme Court, there is still significant uncertainty around possible refunds of those revenues. On March 2<sup>nd</sup>, a federal appeals court declined the Trump Administration’s request to delay the implementation of the Supreme Court ruling. That step should set up the process to begin for allowing recovery of IEEPA tariffs, but the mechanics for obtaining refunds remains unclear. Immediately after the Supreme Court decision, a number of large corporations such as FedEx, Costco, and Toyota filed lawsuits seeking tariff refunds, but there is no clarity on how successful those cases might be. Further, small businesses have borne an outsized burden of the tariff increases<sup>25</sup>, and yet are less likely to have the necessary legal resources to seek refunds through litigation. Based on estimates of U.S. Treasury and Customs and Border Protection data, there has been nearly \$175 billion in IEEPA tariff revenue collected through February 19<sup>th</sup>, 2026 which might be returned to businesses and individuals through some refund mechanism in coming months. Another way in which such revenues could be refunded is through legislation. A bill entitled the Tariff Refund Act of 2026 has been introduced that would prioritize small businesses being refunded, though there is significant uncertainty surrounding the viability of such legislation passing.

## Forecast Risks

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Colorado’s short-term economic risks include the war in Iran, a cooling labor market, persistent inflation pressures, and federal policy decisions that can affect consumer prices and federal funding availability. Labor supply constraints from retirements and slow hiring are limiting employment gains and associated aggregate income growth. Cost-of-living pressures threaten Colorado’s consumers

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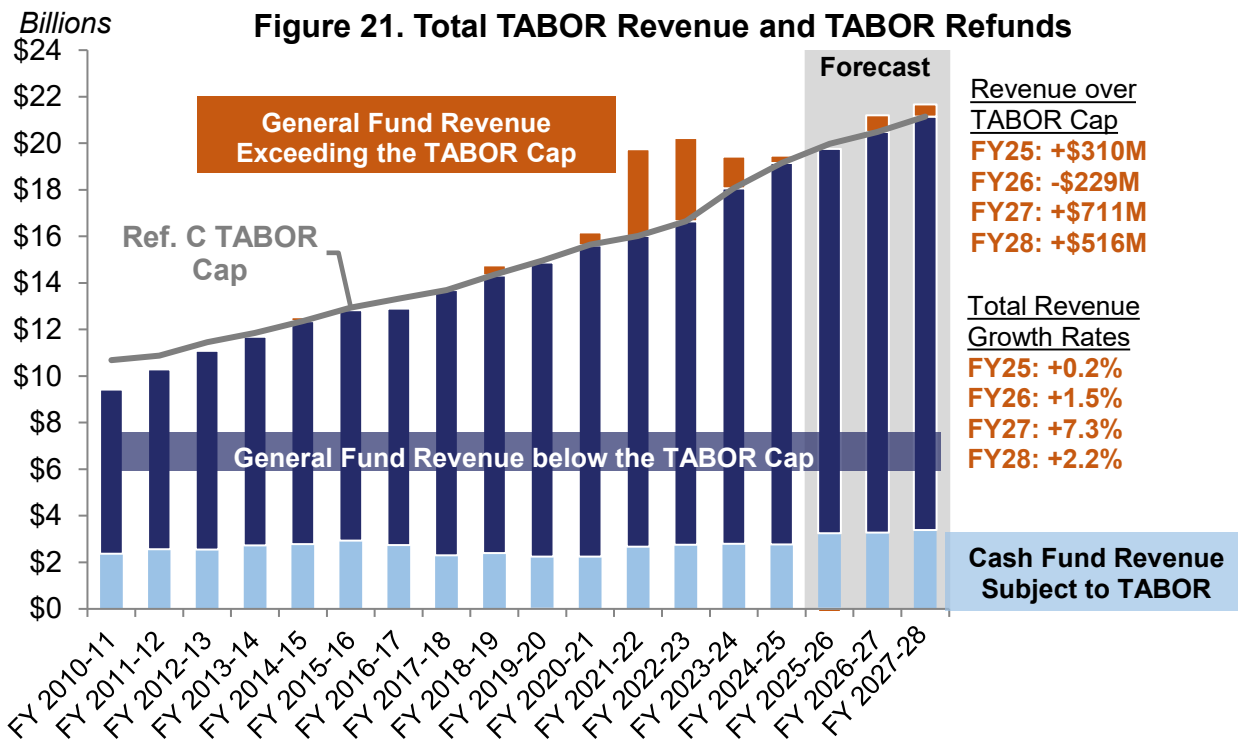
<sup>25</sup> Penciakova, Veronika, et al “Are US Importers Ready for the New Tariff Landscape?” (8/26/2025). [Link](#).

where inflation is projected to remain above average, housing affordability is strained by elevated mortgage rates and high prices, and healthcare premiums and potential reductions in federal support programs could further reduce disposable income. A major national equity market correction could also have significant impacts through consumer sentiment and spending among the higher-income households that disproportionately drive Colorado’s service-heavy economy.

Colorado faces several long-term economic risks, including slowing population growth, labor shortages, federal policies, climate change impacts, and structural housing constraints. Demographic trends show retirements outpacing new domestic and international immigration, which can constrain labor supply in key sectors and weaken the tax base and consumer spending over time. Persistent housing affordability challenges, elevated mortgage rates, and high home prices threaten in-migration population growth. For the U.S., long-term economic risks include an unsustainable fiscal trajectory, geopolitical conflicts, and demographic headwinds.

# General Fund Outlook

Total General Fund revenue, which includes both exempt and non-exempt sources, declined by 0.4 percent in FY 2024-25 to \$17,181.3 million (\$17.18 billion). Revenue growth is projected to decline again by 1.0 percent in FY 2025-26 to \$17,003.6 million before growing 8.4 percent to \$18,434.1 million in FY 2026-27. Negative revenue growth in the current year is largely due to the impact of tax policy changes in the federal reconciliation bill, H.R. 1, leading to decreased individual and corporate income tax revenue in FY 2025-26 despite stronger than expected personal income and corporate profits growth in 2025. Compared to the December forecast, there is an upward revision of \$49.6 million in total General Fund revenue this year on better year-to-date income tax collections. Accelerating revenue growth in FY 2026-27 is largely due to the Family Affordability Tax Credit (FATC) and Earned Income Tax Credit (EITC) being unavailable in Tax Year 2026 and projected to be unavailable in Tax Year 2027 due to weaker revenue growth expectations, which results in an upward revision of \$431.7 million despite weaker anticipated income and consumption growth.



General Fund revenue exceeded the TABOR cap by \$309.8 million in FY 2024-25 following three straight years of a TABOR surplus over \$1 billion. Revenue is projected to fall below the TABOR cap by \$229.0 million in FY 2025-26, primarily due to the revenue losses resulting from federal tax policy

changes in H.R. 1, discussed in more detail in the Individual Income and Corporate Income sections. TABOR surpluses are expected to return in FY 2026-27 and FY 2027-28 by \$711.1 million and \$515.6 million, respectively.

## Overview of General Fund Revenue

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**Individual Income Tax:** After declining by 0.5 percent in FY 2024-25 to \$9,997.9 million, revenue is forecast to increase by 6.9 percent to \$10,692.2 million in FY 2025-26. In FY 2026-27, revenue is projected to grow by 12.1 percent to \$11,987.2 million due to lower taxpayer refunds from the FATC and EITC being unavailable for Tax Year 2026 and 2027. Moderating growth of 1.2 percent is projected in FY 2027-28 with the FATC and EITC assumed partially available in Tax Year 2028, alongside a weaker economy with slow withholdings and estimated payments growth.

**Corporate Income Tax:** Following four consecutive years of elevated growth, corporate income tax revenue declined by 6.3 percent to \$2,619.5 million in FY 2024-25 from the peak reached in FY 2023-24 of \$2,796.6 million. Revenue is projected to fall sharply in FY 2025-26 by 39.1 percent to \$1,596.5 million, driven largely by H.R. 1 tax policy provisions. Growth of 22.3 percent is projected in FY 2026-27 as impacts from H.R. 1 provisions, like research and experimental expensing, are anticipated to have reduced impacts.

**Sales and Use Tax:** Sales and use tax revenue grew by 1.3 percent to \$4,657.7 million in FY 2024-25. In FY 2025-26, revenue growth is projected to grow more quickly, but below average, by 2.7 percent to \$4,782.4 million. These growth expectations are weaker than the December 2025 forecast due to low monthly collections in January and February 2026, despite upward revenue impacts from legislation enacted in the August 2025 extraordinary legislative session. Growth is expected to remain below average in FY 2026-27 and FY 2027-28 at 3.1 percent and 2.6 percent, respectively, as economic growth is expected to weaken.

**Proposition EE Tax and Other Excise Tax:** Proposition EE revenue increased 17.2 percent in FY 2024-25 to \$243.6 million from increased tax rates. A modest increase of 1.3 percent is projected in FY 2025-26 to \$246.7 million before a decline of 3.8 percent in FY 2026-27 off a higher base. Accelerating growth of 16.1 percent is estimated in FY 2027-28 to \$275.7 million from the final rate increase in the ramp up of the excise taxes approved by voters in 2020.

**Proposition KK Tax:** Passed by voters in November 2024, this proposition creates an additional sales tax on firearms and ammunitions sold in the state. This forecast includes modest upward revisions of \$1.4 million in FY 2025-26 and \$1.2 million in both FY 2026-27 and FY 2027-28. Total revenue remains well below preliminary revenue estimates in the 2024 Blue Book and only DPS Crime Victim Services is estimated to receive funding in the statutory distribution.

**Other General Fund Revenue:** Other General Fund revenue grew by 4.1 percent in FY 2024-25 from increased insurance revenue to a total of \$885.0 million. Revenue is projected to grow by 8.3 percent in FY 2025-26, before declining by 0.2 percent in FY 2026-27, and growing by 1.4 percent in FY 2027-28.

**State Education Fund Revenue:** In FY 2024-25, the State Education Fund revenue diversion fell 12.3 percent to \$1,060.6 million, primarily due to base effects from a one-time correction in FY 2023-24. The diversion is projected to decline again in FY 2025-26 by 2.0 percent from lower taxable income expectations due to provisions in H.R. 1. Positive growth in the diversion is expected to return in FY 2026-27 and FY 2027-28.

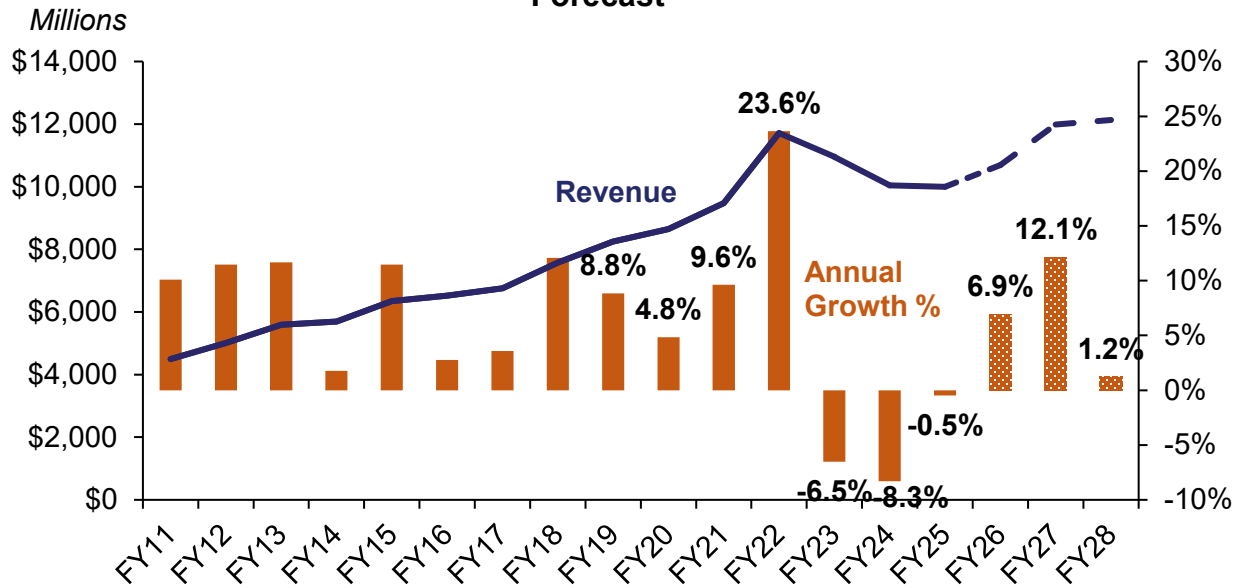
**Proposition 123 Revenue:** In FY 2024-25, the diversion fell 3.1 percent to \$317.0 million, as overall income revenue also declined slightly. In FY 2025-26, the diversion is expected to decline again by 1.6 percent to \$311.8 million due to the reduction in taxable income from H.R. 1 but then grow by 6.7 and 5.6 percent in FY 2026-27 and FY 2027-28, respectively.

## Individual Income Tax

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Individual income tax revenue is estimated to grow by 6.9 percent to \$10,692.2 million (\$10.69 billion) in FY 2025-26 following three consecutive years of declines. Revenue hit historic highs in FY 2021-22 before personal income growth slowed and newly enacted Colorado tax credits led to decreased revenue. Despite the projected revenue growth in FY 2025-26, individual income tax revenue is negatively impacted by provisions within the enacted federal reconciliation bill, H.R. 1., which will reduce state taxpayer liability most acutely in the current fiscal year with significant out-year impacts as well. In FY 2025-26, individual income tax revenue is revised up by \$134.9 million since the December forecast on stronger than expected year-to-date collections from estimated payments. While there have been eight months of revenue collections in FY 2025-26, significant uncertainty exists for the remaining four months of the fiscal year as tax returns are processed over March and April, with a nearly \$4 billion revenue impact estimated in those two months alone. Individual income tax revenue is revised up by \$638.7 million in FY 2026-27 due to the expectation that the Family Affordability Tax Credit (FATC) and expanded Earned Income Tax Credit (EITC) will be unavailable in Tax Year 2027 due to revenue targets not being met. Revenue is revised up \$199.9 million in FY 2027-28 despite significant downward revisions to withholdings and estimated payments revenue expectations, as the unavailability of the FATC and EITC in Tax Year 2027 and assumed partial availability in Tax Year 2028 leads to more estimated overall individual income tax revenue.

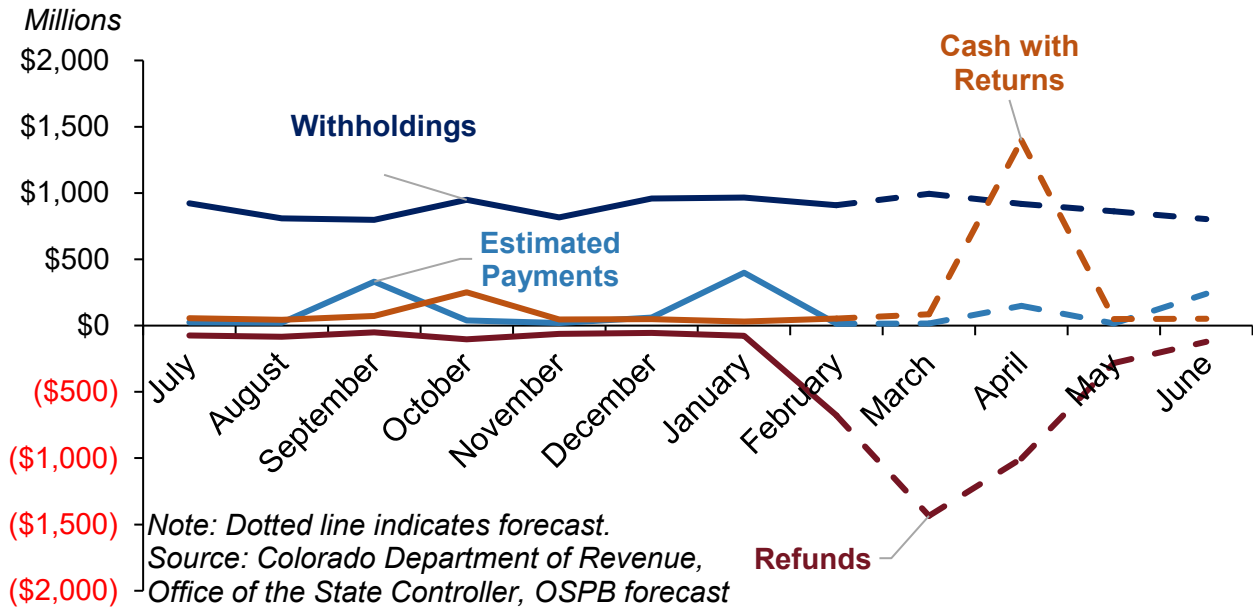
Figure 22. Individual Income Tax Historical Revenue and Forecast



Note: Dotted line and shaded bars indicate forecast.  
 Source: Colorado Department of Revenue, OSPB Forecast

Although two-thirds of monthly revenue reports have taken place in FY 2025-26 (July-February), there remains significant uncertainty around the individual income tax forecast in the current fiscal year as the bulk of tax returns are filed in March and April. As illustrated in Figure 23 below, the majority of revenue derived from cash due with tax returns is reported in April, while the majority of taxpayer refunds take place between February and April. The combination of cash with returns and taxpayer refunds alone is projected to comprise an estimated \$3.9 billion impact on this revenue stream in just March and April. With \$10.7 billion in total estimated individual income tax revenue projected in this fiscal year, March and April collections in those two components will largely drive the accuracy of the current fiscal year’s forecast, as withholdings and estimated payments are more predictable to end the year. If revenue collections from cash with returns and taxpayer refunds in March and April differ by 5 percent from the forecast, it will result in \$196 million more or less revenue in the current year. While uncertainty is always present during tax filing season, it is heightened this year as the impacts of tax policy changes in H.R. 1 are recorded for the first time and present greater forecast error risk.

Figure 23. Individual Income Revenue Components by Month



### Family Affordability and Expanded Earned Income Tax Credits

The Family Affordability and Expanded Earned Income tax credits, as provided for in HB24-1311 and HB24-1134, will be unavailable in Tax Year 2026 due to the required TABOR revenue growth not being met, per the OSPB December 2025 forecast. Further, this forecast now assumes that these tax credits will be unavailable in Tax Year 2027 and only partially available in Tax Year 2028. However, the actual availability of these tax credits for Tax Year 2027 and 2028 will not be finally determined until the December 2026 and December 2027 forecasts.

The availability of the FATC and EITC is based upon compound annual TABOR revenue growth relative to the FY 2024-25 TABOR revenue estimate in the March 2024 OSPB forecast. Compound annual TABOR revenue growth is required to reach 3.0 percent to make these tax credits available at their lowest level, while 3.75 percent growth and above makes the tax credits fully available at their highest level. While these tax credits are unavailable in Tax Year 2026, they are fully available in Tax Year 2025, meaning that qualifying individuals can still claim these tax credits during the 2026 tax season based upon Tax Year 2025. These tax credits will be unavailable to be claimed during the 2027 tax season, which is based upon Tax Year 2026. Compound annual TABOR revenue growth of 2.5 percent is forecast in FY 2027-28, which would make the tax credits unavailable in Tax Year 2027. This differs from the December OSPB forecast, which expected the tax credits to be fully available. This forecast also assumes that these credits are partially available in Tax Year 2028, with compound annual revenue growth expectations of 3.3 percent in FY 2028-29 (the FY 2028-29 forecast is outside of the formal 3-year forecast window but is provided here to inform revenue estimates for FY 2027-28). These tax credits impact the individual income tax revenue forecast, as when they are available,

it reduces individual income revenue through taxpayer refunds and reduced tax liability, and when they are unavailable, the State retains additional income tax revenue. This dynamic leads to the upward revenue revision in both FY 2026-27 and FY 2027-28. Individual income tax revenue in FY 2027-28 would otherwise be revised down due to below-average wage growth expectations and weaker economic activity.

### **Federal Policy Impacts**

The individual income tax policy changes provided for within H.R. 1 began taking effect in Tax Year 2025. The majority of the negative individual income tax revenue impacts on the State come from provisions related to exempting certain compensation from overtime and tips, a deduction for car loan interest on qualifying vehicles, and certain other business provisions that impact individual income tax revenue, depending upon how small businesses file taxes. These changes in federal tax policy will result in lower federal taxable income for individuals and businesses. Since Colorado tax policy conforms to federal taxable income, any federal changes to taxable income result in corresponding impacts to the State. The negative revenue impacts from H.R. 1 are most acute in FY 2025-26 primarily due to the exemption of certain overtime income. Beginning in Tax Year 2026, State tax policy requires that taxpayers add back any overtime income exempted from taxes at the federal level per HB25-1296, *Tax Expenditure Adjustment*, but State revenue is negatively impacted in Tax Year 2025 from this federal tax policy change. Approximately \$636 million in unrealized individual income tax revenue is projected in FY 2025-26 due to tax provisions within H.R. 1 with an estimated \$353 million revenue loss in FY 2026-27.

Further, since H.R. 1 was enacted on July 4, 2025, all Tax Year 2025 revenue impacts are accounted for in FY 2025-26. Typically, revenue in a given tax year is split between two fiscal years since the tax year aligns with the calendar year, and the state fiscal year is from July 1 to June 30. Since H.R. 1 was enacted after June 30, 2025, when FY 2024-25 closed, the revenue impacts are fully realized in FY 2025-26. With a half-year impact from Tax Year 2026 also accounted for in FY 2025-26, the resulting impact in that fiscal year is especially pronounced, effectively leading to 18 months of negative revenue impacts from these tax policy changes being realized in that fiscal year.

### **Prior State Policy Impacts**

During the 2025 regular 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

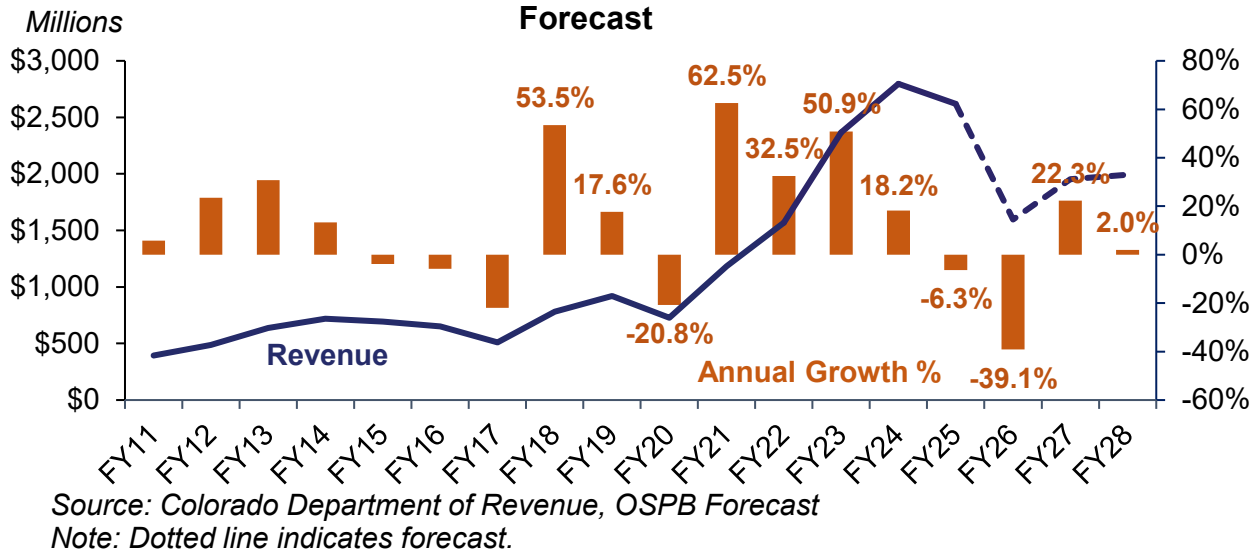
impact. In HB25-1296 *Tax Expenditure Adjustment*, changes were made to the Enterprise Zone Investment Credit, including instituting a cap on the credit of \$2 million (to be claimed over 3 tax years), and restricting certain investment types from eligibility. These changes are anticipated to increase 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 made clarification to 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 revenue by around \$1 million per year through 2030.

## Corporate Income Tax

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Following four consecutive years of elevated corporate income tax revenue growth that reached record levels, revenue declined by 6.3 percent to \$2,619.5 million (\$2.62 billion) in FY 2024-25. Revenue is projected to sharply decline in FY 2025-26 by 39.1 percent to \$1,596.5 million, primarily due to tax policy changes from H.R. 1, the federal reconciliation bill. H.R. 1 included corporate tax provisions that reduced the taxable income of corporations doing business in Colorado, resulting in lower tax collections to the State. State legislation enacted in the 2025 extraordinary legislative session partially offset the impacts of H.R. 1. In FY 2026-27, revenue growth is forecast to rebound partially, growing by 22.3 percent to \$1,952.9 million before slowing to 2.0 percent growth in FY 2027-28 to \$1,992.0 million. The forecasted revenue rebound from the low of FY 2025-26 is a product of provisions within H.R. 1 that are mitigated over time. Due to the timing of enactment, H.R. 1 created an exaggerated impact in FY 2025-26, which is discussed later. The out-years are revised down from the December forecast, as the economic forecast for corporate profits has been downgraded from December. Over the forecast period, corporate income tax revenue is not expected to reach the levels recorded in FY 2023-24 and FY 2024-25.

Figure 24. Corporate Income Tax Historical Revenue and Forecast



Compared to December, FY 2025-26 corporate income tax revenue is revised up slightly, by \$13.4 million. This minor revision is informed by incoming revenue data, which has slightly outpaced December expectations. In December, this forecast underwent a substantial downward revision based on incoming data which showed smaller than anticipated estimated payments as well as higher refunds. These trends suggested a faster than anticipated response by corporate taxpayers to the changes to tax policy included in H.R. 1, or the result of economic factors such as the costs of tariffs, reducing corporate profits and therefore tax liabilities. Data since then has been largely consistent with OSPB expectations, but with a substantial share of filings anticipated in April, data for that month will be highly determinate for annual revenue. In the out-years, the forecast anticipates sluggish growth and persistent inflation that will squeeze corporate profits, as discussed in the Wages and Income section above, limiting forecast growth in corporate income. Additionally, OSPB is adjusting the revenue streams impacted by HB25B-1004 *Sale of Tax Credits* and HB25B-1006 *Improve Affordability Private Health Insurance* which authorized the sale of state tax credits for future years. Previously, these impacts were allocated entirely to the insurance premium tax revenue but are now split between that stream and corporate income. After accounting for all these adjustments, revenue in FY 2026-27 is revised down by \$160.4 million and revenue in FY 2027-28 is revised down \$247.7 million.

**Federal Policy Impacts**

As referenced above, the corporate tax policy changes in H.R. 1 took effect in Tax Year 2025. The overall estimated impacts are presented in Figure 25 below. At a high level, most of the negative impacts to corporate income tax revenue come from provisions related to accelerating the expensing of business expenses and investments, which result in lower federal taxable income for corporations.

Additionally, since H.R. 1 was enacted on July 4, 2025, all Tax Year 2025 revenue impacts are accounted for in FY 2025-26. Typically, revenue in a given tax year is split between two fiscal years since the tax year aligns with the calendar year, and the state fiscal year is from July 1 to June 30. Since H.R. 1 was enacted after FY 2024-25 closed, the revenue impacts are fully realized in FY 2025-26 making the resulting impact especially pronounced, with effectively 18 months of negative revenue impacts realized in that fiscal year. In total, OSPB forecasts just over \$1 billion of revenue reduction in FY 2025-26, and nearly \$600 million in FY 2026-27. For more detailed discussion on the provisions and OSPB estimates, please see the September and December 2025 OSPB forecasts, as well as the Presentations to the Executive Committee of the General Assembly and to the Joint Budget Committee<sup>26</sup>.

**Figure 25. H.R 1 Revenue Impacts**

<b>\$ in millions</b>	<b>FY 2025-26 Forecast</b>	<b>FY 2026-27 Forecast</b>	<b>FY 2027-28 Forecast</b>
<b>Total H.R. 1 Impact Forecast</b>	<b>(\$1,052.32)</b>	<b>(\$585.0)</b>	<b>(\$542.3)</b>
Individual Income	(\$636.13)	(\$353.5)	(\$341.2)
Corporate Income	(\$416.19)	(\$231.5)	(\$201.1)

**Impacts from Prior State Tax Policy Changes**

During the 2025 regular 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 revenue 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.

<sup>26</sup> <sup>26</sup> Colorado Governor’s Office of State Planning and Budgeting (August 5, 2025). [“Tax Policy Impacts from the Federal Reconciliation bill, H.R. 1” \(linked\).](#)

The 2025 Extraordinary Legislative Session instituted further changes that are forecast to change revenue projections for this income stream. Primarily, HB25B-1002, *Corporate Income Tax Foreign Jurisdictions*, included provisions to create a state add-back for the federal foreign-derived eligible income deductions, expand a state subtraction for corporate income, and add countries to the list of specified foreign jurisdictions presumed to be used for tax avoidance. OSPB forecasts these provisions to increase revenue by an estimated \$40 million in FY 2025-26 and over \$70 million in future years. Additionally, the General Assembly enacted HB25B-1004 *Sale of Tax Credits* and HB25B-1006 *Improve Affordability Private Health Insurance*, each of which authorized the sale of \$100 million worth of state tax credits to be claimed to offset tax liabilities in future years. Previously, OSPB allocated all the impact of the redemption of these credits to the Insurance Premium Tax revenue stream, as past instances of tax credit sales had been limited to that industry. More recently, there has been clear interest in these credits from C-Corporation filers, and as a result OSPB is splitting the impact across both revenue streams. Sales will be completed by the end of FY 2025-26, and OSPB may make further adjustments as the final allocation of credits from the sales is known.

## Sales and Use Tax

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Sales and use tax revenue in FY 2024-25 recorded a 1.3 percent increase over FY 2023-24, totaling \$4,657.7 million. Following the strong start to FY 2025-26, in which nearly every month for the first two quarters came in well above expectations, more recent sales tax collections have reversed that trend. While December and January saw growth over the previous year, both months were below expectations from the December forecast while February saw an unexpected year-over-year decline. OSPB expects that slower growth trend to continue alongside overall economic weakness in the out-years.

**Figure 26. Sales and Use Tax Revenue Forecast**

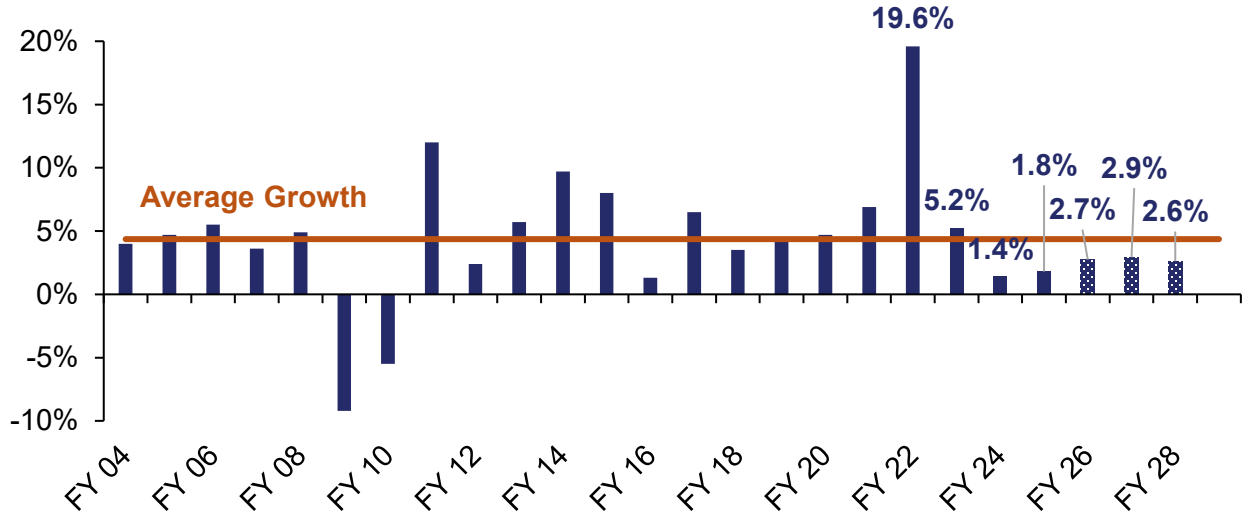
Fiscal Year	Sales Revenue	Growth	Use Revenue	Growth	Total Revenue	Growth
Actual FY 2024-25	\$4,441.1	1.8%	\$216.6	-7.1%	\$4,657.7	1.3%
Forecast FY 2025-26	\$4,563.0	2.7%	\$219.4	1.3%	\$4,782.4	2.7%
Forecast FY 2026-27	\$4,696.7	2.9%	\$233.0	6.2%	\$4,929.6	3.1%
Forecast FY 2027-28	\$4,819.9	2.6%	\$239.1	2.6%	\$5,059.0	2.6%

### Sales Tax

The current forecast revised down projected sales tax collections throughout the forecast period based on recent sales weakness and increased risks, despite policy changes discussed below. In the current fiscal year, sales tax revenue is revised down by \$44.6 million, followed by a revision down of \$100.6 million in FY 2026-27 and \$195.6 million in FY 2027-28. Current year revisions are primarily driven by a weak start to calendar year 2026, in which January and February collectively came in

\$30.7 million below OSPB’s monthly expectations from the December forecast. Higher expected spending from the stimulus provided by tax policy changes during filing season is not expected to overcome that deficit. Revisions to the out-years are related to the base effects from the current year as well as overall economic weakness anticipated in 2027 and 2028.

**Figure 27. Sales Tax Growth History and Forecast**



Note: Dotted bars indicate forecast. Orange line indicates the 20-year average state sales tax growth rate.

Source: Colorado Department of Revenue, OSPB Forecast

This forecast also accounts for policy adjustments due to recent legislative action that are not fully incorporated into the broader sales tax base trend. Most notably, in the August 2025 extraordinary legislative session, the General Assembly adopted HB25B-1005, *Eliminate State Sales Tax Vendor Fee*, which eliminated a sales tax allowance for retailers based on a portion of the sales tax they collect to help offset the cost of collecting and remitting the sales tax to the state. Under the new law, the vendor fee will not be available beginning January 1, 2026. At the time of its passage, this change was anticipated to increase sales tax revenue to the State by \$26.3 million in the current year, and by \$54.6 million in FY 2026-27 with similar amounts ongoing. In the 2025 regular legislative session, only marginal changes were made to sales tax policy. See Sales and Use sections from recent forecasts on the OSPB website for more detail<sup>27</sup>.

**Housing Development Grant Fund**

In accordance with HB19-1245, 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

<sup>27</sup> <https://governoroffice.colorado.gov/governor/economics>

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. Until January 1, 2026, a retailer with monthly taxable sales of \$1.0 million or less could retain a vendor fee of 4 percent, subject to a \$1,000 monthly limit. However, HB25B-1005 *Eliminate State Sales Tax Vendor Fee* eliminated the vendor fee beginning in 2026 and changed the calculation of deposits to the HGDF by setting it at 1.655 percent of each month’s sales tax collection. Additionally, the changes in HB25B-1005 continue the reduction to deposits in this fund directed by HB24-1434 *Expand Affordable Housing Tax Credits*, which transferred \$35 million per year through FY 2031-32 back to the General Fund, and replaced those funds with an annual allocation of affordable housing tax credits.

Diversions to the HDGF under this policy in FY 2024-25 were \$31.4 million, \$7.5 million less than the preliminary reporting in December. In FY 2025-26, the diversions are projected at \$34.3 million, an \$8.5 million downward revision from December, tied to the downward revision to the sales tax forecast and the base effect of the lower-than-expected actual value last fiscal year. FY 2026-27 and FY 2027-28 are forecast at \$42.3 million and \$44.7 million, respectively.

**Figure 28. Housing Development Grant Fund Forecast**

	Actual FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
<b>HDGF Revenue (millions)</b>	<b>\$31.4</b>	<b>\$34.3</b>	<b>\$42.3</b>	<b>\$44.7</b>
<i>Change from prior year</i>	<i>-56.0%</i>	<i>9.2%</i>	<i>23.4%</i>	<i>5.6%</i>

**Use Tax**

In FY 2024-25, use tax revenue was \$216.6 million, a decline of 7.1 percent from the previous year. For FY 2025-26, use tax collections are revised down \$11.2 million from December, resulting in total expected revenue of \$219.4 million. In FY 2026-27, OSPB projects an increase of 6.2 percent over the previous fiscal year, rising to \$233.0 million in total collections, and a further increase in FY 2027-28 of 2.6 percent to \$239.1 million. These increases are tied to an expected increase in residential 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. However, these are revisions down from the December forecast of \$5.0 million and \$9.7 million, respectively, due to heavier weighting of the downside risks such as 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.

**Marijuana Sales Tax**

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The 15 percent special sales tax on marijuana retail sales declined by 4.4 percent to \$186.4 million in FY 2024-25. Revenue is expected to decline again in FY 2025-26 by 3.5 percent to \$179.8 million, then

record positive growth of 3.6 percent and 3.5 percent in FY 2026-27 and 2027-28, respectively. Further analysis of marijuana tax collections can be found in the Cash Fund Outlook 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 and nicotine pouches. In FY 2023-24, revenue began being 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. In FY 2024-25, an additional off-the-top transfer began to the Tobacco Education Programs Fund of \$20.0 million, which increases to \$30.0 million in FY 2027-28.

**Figure 29. Total Nicotine Product Excise Tax Rates**

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

FY 2024-25 Proposition EE revenue grew by 17.2 percent to \$243.6 million. The March forecast is revised up by \$5.7 million to \$246.7 million in FY 2025-26, up \$3.9 million to \$237.5 million in FY 2026-27, and up \$4.4 million to \$275.7 million. As shown in Figure 29, taxes on all three types of products increased on July 1, 2024, and will increase to their maximum terminal rate on July 1, 2027. The specific distributions are summarized below in Figure 30.

**Figure 30. Proposition EE Revenue and Distributions**

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
<b>Total</b>	<b>\$243.6</b>	<b>\$246.7</b>	<b>\$237.5</b>	<b>\$275.7</b>
Other Transfers	\$35.0	\$35.0	\$35.0	\$45.0
Preschool Program Cash Fund Transfer	\$208.6	\$211.7	\$202.5	\$230.7

The bulk of Proposition EE revenue (54.2 percent in FY 2024-25) currently comes from taxes on cigarettes, for which long-term consumption trends are negative. Cigarette sales dropped from FY 2021-22 to FY 2024-25 and are expected to decline long-term. The percentage of revenue coming from cigarette taxes is expected to average 49.7 percent during the forecast period, while the share stemming from nicotine purchases will simultaneously increase to approximately match the drop from cigarettes. After nicotine revenue increased substantially in FY 2024-25 from the tax rate

increase, OSPB estimates nicotine category revenue continuing to increase but at a slower rate in FY 2025-26 and FY 2026-27 for two reasons:

- Though cigarette consumption continues to fall, electronic cigarette (nicotine) consumption continues to climb amongst all age groups<sup>28</sup>. This trend is particularly strong amongst the 18-34 age demographic, which from 2019 to 2024 saw cigarette consumption drop from 13.8 percent to 5.7 percent and electronic cigarette (nicotine) consumption increase from 8.1 percent to 15.6 percent.
- The City and County of Denver passed 24-1765, which was then confirmed in the November 2025 Election by Voters in Referendum 310. This city-wide ban on the sale of flavored tobacco products went into effect January 2026. OSPB estimates this will decrease long-run growth of Proposition EE Nicotine revenue by 1.5 to 2.5 percent.

In addition to Proposition EE revenue, which is not subject to TABOR and is transferred 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. Tobacco taxes are charged as a percentage rate while cigarette taxes are charged at a flat per pack amount and liquor is charged by volume. Liquor revenue has increased slowly over time, but tobacco revenue has 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 3.6 percent in FY 2024-25 to \$54.0 million but is forecast to increase by 4.3 percent to \$56.3 million in FY 2025-26, grow by 0.4 percent to \$56.5 million in FY 2026-27, and grow by 1.3 percent to \$57.2 million in FY 2027-28. Tobacco revenue increased 9.8 percent to \$23.7 million in FY 2024-25 but is forecast to decrease by 6.0 percent to \$22.3 million in FY 2025-26, decrease 0.9 percent to \$22.1 million in FY 2026-27, and fall 1.5 percent to \$21.8 million in FY 2027-28. Cigarette revenue declined 4.6 percent to \$19.5 million in FY 2024-25 and is forecast to decrease by 10.0 percent to \$17.6 million in FY 2025-26, decline by 5.6 percent to \$16.6 million in FY 2026-27, and drop by 5.6 percent to \$15.7 million in FY 2027-28. Note that fluctuations in fiscal year revenues generally align with the aforementioned trends of increasing liquor revenue and decreasing cigarette and tobacco revenue, but the accruals methodology can sometimes interfere with observed trends due to those technical accounting adjustments.

## Proposition KK

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Proposition KK tax collections were higher than the 10-month average of \$1.4 million in recent months. OSPB interprets these strong months as seasonal rather than an upward shift in the overall

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<sup>28</sup> National Center for Health Statistics, 2025, "[National Health Interview Survey \(link to site\)](#)"

trend, though without year-over-year data, uncertainty remains in the forecast trajectory. The forecast is revised up by just over \$1 million each year as a result of these strong months increasing the base. Figure 31 below shows the revised excise tax distribution forecast.

**Figure 31. Firearms and Ammunition Excise Tax Cash Fund Distributions**

Distributions (\$ Millions)	Actual FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
Administrative Costs (DPS)	\$0.4	\$0.2	\$0.2	\$0.2
Crime Victim Services (DPS; incl. inflation adj.)	\$3.5	\$17.0	\$14.2	\$14.6
Veteran’s Mental Health Services Program (BHA)	\$0.0	\$0.0	\$0.0	\$0.0
Children and Youth Behavioral Health Crisis Response System (CDHS)	\$0.0	\$0.0	\$0.0	\$0.0
School Security Disbursement Grant Program (DPS)	\$0.0	\$0.0	\$0.0	\$0.0
<b>Total FAETCF Distributions</b>	<b>\$3.9</b>	<b>\$17.2</b>	<b>\$14.4</b>	<b>\$14.8</b>

Crime Victim Services receives the first \$30 million by statute. When revenue is below that level, downstream distributions remain unfunded. Upside risks to the forecast include more gun and ammunition sales, increased compliance, and vendor collections, while the main downside risk comes from SB25-003, which restricts the sale of certain semiautomatic rifles beginning in August 2026.

## Other General Fund Revenue

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Other General Fund revenue includes insurance premium tax revenue, interest and investment income, court receipts, and other unallocated revenue. In FY 2024-25, Other General Fund revenue grew 4.1 percent to \$885.0 million. This growth in FY 2024-25 was impacted by accelerating insurance premium tax revenue growth, partially offset by interest income declining but remaining above the historical average. OSPB revised down expectations for FY 2025-26 by \$20.2 million and revised up both FY 2026-27 and FY 2027-28 by \$37.3 million and \$30.3 million, respectively. The revisions in the current year are driven by downward revisions in insurance premium revenue and interest income after both recorded revenue below expectations in January. Revisions for both FY 2026-27 and FY 2027-28 forecast years are revised up due to updated fiscal impact estimates of HB25B-1004 and HB25B-1006 Tax Credits, which are discussed more below.

Investment yield percentage and record TABOR surpluses drove record revenues in interest income with an increase of 33.5 percent to \$251.6 million in FY 2023-24. However, while interest rates remained fairly constant in FY 2024-25, interest revenue declined to \$166.7 million from lower cash

balances. OSPB projects there will be year-over-year growth in the current year due to higher-than-expected cash fund to General Fund Interest Diversions and year-over-year declines in interest revenue in the out-year as the federal funds rate is gradually reduced. For FY 2025-26, interest income is revised down \$6.1 million and is expected to increase 1.1 percent year-over-year. FY 2025-26 interest income 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 transfers \$500 million from the General Fund to PERA for the implementation of Proposition 130. Interest income in FY 2026-27 is forecast to decline 19.3 percent and FY 2027-28 is forecast to decline 4.3 percent, but both years will be buoyed by continued interest diversions to the General Fund from SB25-317 and SB25-262.

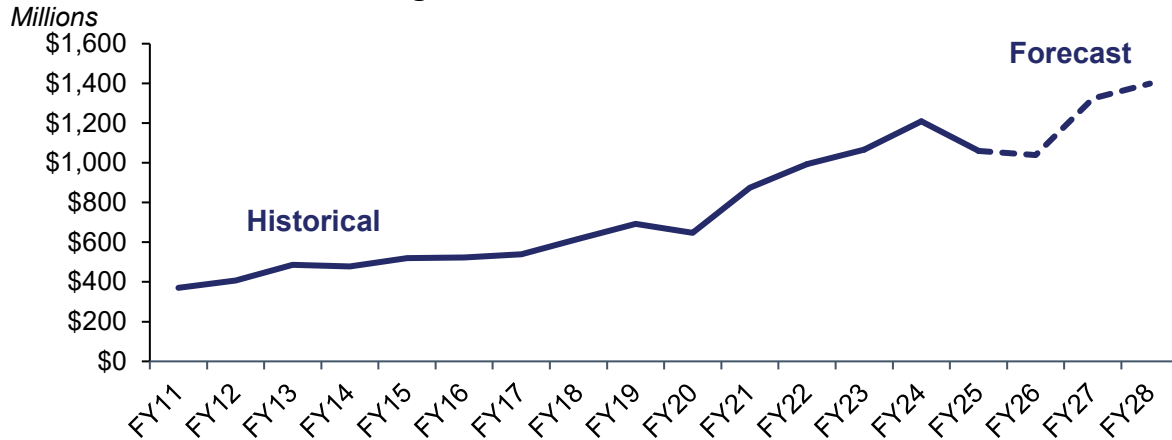
During FY 2024-25, insurance revenue grew by 21.7 percent from the prior year to \$659.5 million. OSPB forecasts 11.6 percent growth in FY 2025-26 to \$736.1 million, driven by new fiscal impacts from bills passed in the August 2025 extraordinary legislative session. The largest impact is from HB25B-1003 *Insurance Premium Tax Rate for Home Offices*, which repealed the reduced insurance premium tax rate for insurance companies that qualify as having a regional home office in Colorado. Additionally, the sale of insurance tax premium credits from HB25B-1004 and HB25B-1006 will decrease annual insurance premium tax revenue by an estimated \$125.0 million across the forecast period beginning in FY 2026-27 through FY 2028-29, which is less than the anticipated increases in revenue generated from HB25B-1003. Additionally, OSPB now forecasts that half of the tax credit sales from HB25B-1004 and HB25B-1006 will be sold as corporate tax credits and will reduce corporate income tax revenue by \$125.0 million from FY 2026-27 through FY 2028-29. This differs from the December forecast, when OSPB assumed all \$250.0 million worth of tax credits from HB25B-1004 and HB25B-1006 would be sold as insurance premium tax credits and would only impact future year insurance premium tax revenue. This change in assumptions between the split of total sales of insurance premium tax credits and corporate tax credits is a net-neutral change for total General Fund revenue from FY 2026-27 through FY 2028-29 but does drive offsetting revisions in the insurance premium tax and corporate income tax revenue streams. The March forecast for insurance revenue has been revised down by \$9.5 million in FY 2025-26 and has been revised up \$40.2 million in FY 2026-27 and \$34.0 million in FY 2027-28. Colorado has experienced significant year-over-year growth in insurance costs that is expected to continue into FY 2025-26 before moderating in FY 2026-27 and FY 2027-28. In FY 2026-27, insurance revenue is forecast to grow 3.0 percent to \$757.9 million and then grow 3.1 percent to \$781.7 million in FY 2027-28.

For other miscellaneous income within other General Fund revenues, projections have tracked with prior expectations, leading to minimal revisions. Other income grew by 6.4 percent in FY 2024-25 and is forecast to decline by 8.5 percent in FY 2025-26, grow 15.1 percent in FY 2026-27, and fall 6.7 percent in FY 2027-28.

## State Education Fund

In FY 2024-25, the voter-approved income tax diversion to the State Education Fund (SEF) was \$1,060.6 million, a 12.3 percent decline from FY 2023-24. That decline is primarily attributed to the correction of prior-year diversions performed by Legislative Council Staff in FY 2023-24 to comply with constitutional requirements, leading to a \$135.1 million one-time upward adjustment.

**Figure 32. State Education Fund**



Source: Colorado Department of Revenue, OSPB Forecast

In FY 2025-26, revenue to the State Education Fund is expected to again decline by 2.0 percent to \$1,039.4 million. This is an upward revision of \$13.9 million from our December forecast. This upward revision is due to higher expectations for both corporate and income revenue compared to OSPB’s December forecast. In FY 2026-27, OSPB forecasts the SEF revenue diversion at \$1,108.6 million, a 6.7 percent increase from FY 2025-26. This is a downward revision of \$16.3 million from the December forecast. In FY 2027-28, OSPB expects SEF revenue to grow by 5.6 percent to \$1,170.8 million.

### Kids Matter Account

HB25-1320 created the Kids Matter Account in the State Education Fund and required that state revenue collected from an existing tax on 65 percent of one-tenth of one percent of federal taxable income be deposited into this account beginning FY 2026-27. OSPB forecasts the Kids Matter diversion into the SEF at \$216.2 million in FY 2026-27, a downward revision of \$3.2 million from the December forecast. This brings the total revenue diverted into the SEF for FY 2026-27 to \$1,324.8 million. In FY 2027-28 OSPB expects this transfer to be \$228.3 million, a downward revision of \$7.3 million from the December forecast. The revenue diverted to this account must be used for K-12 total program funding and categorical programs, subject to appropriations.

## Proposition 123 Diversion

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Voters approved Proposition 123 through a ballot initiative in 2022, which diverts revenue between the Department of Local Affairs (40 percent) and the Office of Economic Development and International Trade (60 percent) to support housing development and affordable housing initiatives. Collections of both personal and corporate income contribute to the total collections for the Proposition 123 diversions for this use.

In FY 2025-26, the diversion is revised up \$4.2 million as a result of healthier personal income and corporate profits growth than expected in December. However, taxable income is revised down in the out-years due to weaker economic assumptions in 2027 and 2028 that lead to revisions down of \$4.9 million in FY 2026-27 and \$11.2 million in FY 2027-28. Note that federal tax policy changes in H.R. 1 reduce taxable income and thus the amount of the diversion for the forecast period.

**Figure 33. Proposition 123 Diversion Distribution (millions)**

	FY 2024-25 Actual	FY 2025-26 Forecast	FY 2026-27 Forecast	FY 2027-28 Forecast
<b>March Forecast Diversion</b>	<b>\$317.0</b>	<b>\$311.8</b>	<b>\$332.6</b>	<b>\$351.2</b>
OEDIT Diversion	\$190.2	\$187.1	\$199.5	\$210.7
DOLA Diversion	\$126.8	\$124.7	\$133.0	\$140.5
<b>Total Change Dec-March</b>	<b>\$0.0</b>	<b>\$4.2</b>	<b>(\$4.9)</b>	<b>(\$11.2)</b>

# Cash Fund Outlook

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 regular and extraordinary legislative sessions. As is OSPB’s practice, this forecast only has incorporated fiscal impacts from the supplemental appropriation bills enacted in the 2026 legislative session.

In FY 2024-25, cash fund revenue declined by 1.0 percent to \$2,770.1 million, driven by a \$151.5 million decline in severance tax revenue. Due to the combination of one-time tax credit sales of an estimated \$200 million in revenue from legislation enacted in the 2025 extraordinary legislative session, the disqualification of a current enterprise with revenue of approximately \$124.5 million, and an expected return to trend for severance tax, cash fund revenue is projected to increase in FY 2025-26 by 17.5 percent, or \$485.6 million, to \$3,255.6 million total, an upward revision of \$17.5 million from December. OSPB expects a return to trend in FY 2026-27, growing slightly by 0.5 percent to \$3,273.0 million in non-exempt cash fund revenue due to the addition of a projected \$216.2 million for the Kids Matter Account, as provided for in HB25-1320. The diversion to the Kids Matter Account in FY 2026-27 is expected to offset the one-time reduction from the roll-off of the tax credit sales that will occur in FY 2025-26, which is why flat growth is expected. FY 2026-27 is revised up \$28.3 million from December on an expected additional \$32.6 million in severance tax revenue, explained in more depth below. Finally, revenue is expected to grow by 3.3 percent in FY 2027-28 to \$3,380.3 million, largely due to higher projected growth in transportation revenue.

## Overview of Cash Fund Revenue

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**Transportation:** Colorado vehicle miles traveled (VMT) continue to grow, up 0.5 percent this fiscal year, but overall gas revenue is down 1.9 percent as Colorado continues to adopt electric vehicles and hybrid vehicles at a higher level relative to the rest of the nation. Registration revenue has dropped slightly, largely in line with expectations due to softer road safety surcharge collections with a fee reduction going into effect. Transportation revenue growth is expected to slow to 1.7 percent in FY 2025-26, then rebound in FY 2026-27 by 3.0 percent, and accelerate in FY 2027-28 to 5.2 percent.

**Limited Gaming:** Limited gaming non-exempt revenue is revised down slightly from December in FY 2025-26 due to adjustments to the distribution and exempt formulas, despite total gaming revenues

being revised up for all years. The total gaming revenue forecast is revised up in FY 2025-26 with 6.3 percent year-to-date growth in Gaming Tax Revenue (GTR), mirroring national trends, even though SB25-317 will divert an estimated \$2.8 million in interest revenue to the General Fund. Limited gaming revenue subject to TABOR in FY 2024-25 totaled \$94.4 million, followed by a projected \$92.4 million in FY 2025-26, \$97.4 million in FY 2026-27, and \$98.0 million in FY 2027-28.

**Severance:** Severance tax revenue concluded FY 2024-25 with collections of \$66.9 million. In FY 2025-26, severance tax revenue is projected to increase to slightly above average levels at \$198.6 million, an upward revision of \$45.1 million from December, after strong February collections and higher expected oil prices due to the war in Iran. Revenue is expected to fall slightly to \$195.5 million in FY 2026-27 from lower projected oil prices in the second half of 2026 and first half of 2027. Revenue is expected to then further decrease by 7.9 percent to \$180.1 million in FY 2027-28, as oil prices are expected to remain below average for a sustained period following a resolution to the Iran war, due to elevated inventories and weaker global demand. The current forecast hinges on a quick resolution to the war in Iran with significant upside revenue risk present if the war and supply disruptions in the Strait of Hormuz are protracted.

**Other Cash Funds Subject to TABOR:** Miscellaneous Cash Funds revenue is revised down in FY 2025-26. Revisions in the current year are largely tied to the revision down in the Health Insurance Affordability Enterprise revenue after its disqualification, as well as lower expectations for the Housing Development Grant Fund due to revisions to the retail sales forecast. Miscellaneous Cash Funds revenue grew by 3.5 percent in FY 2024-25 to \$970.3 million and is forecast to increase by 33.9 percent in FY 2025-26 because of one-time activity related to tax credit sales and the disqualified enterprise before returning to trend by declining 19.6 percent in FY 2026-27 and growing by 2.3 percent in FY 2027-28.

**Notable Cash Funds Not Subject to TABOR:** Healthy School Meals for All (HSMA) revenue was revised up on higher estimated Tax Year 2025 filers. With the higher-than-expected filers, Prop FF revenue was revised up \$4.6 million in FY 2025-26, with smaller upward revisions in the out-years. With the passage of Prop MM, OSPB expects an additional \$108.7 million in revenue in the first full fiscal year (FY 2026-27), \$13.7 million above the ballot estimate, to support HSMA and SNAP costs. Marijuana revenue has been revised down, but a stabilization of wholesale revenue over the last calendar year alongside fluctuating special sales tax revenue suggests relatively flat growth going forward. Federal Mineral Lease (FML) is revised up in FY 2025-26 and FY 2026-27 due to higher oil prices with revisions down to the forecast in FY 2027-28 as oil prices are expected to drop. Sports betting wagers remain strong but are beginning to show potential signs of weakness as December and January wagers came in below forecast, although tax revenue beat expectations. Lottery total sales are expected to rebound by 11.4 percent in FY 2025-26 based largely on a 134.8 percent increase in Powerball due to multiple \$1 billion drawings, with MegaMillions expected to remain steady. The statutory revenue distribution

did not receive funds in FY 2024-25, but it is expected to receive distributions throughout the forecast period. State Land Board and Permanent Fund revenue distributions are expected to outpace last fiscal year’s record in FY 2025-26 and remain strong although expectations are for a decline in the out-years due to falling oil prices. Oil and gas production fee revenue to the Clean Transit Enterprise is capped in FY 2025-26 due to Proposition 117 constraints but is otherwise expected to follow oil and gas price and production patterns, growing to over \$120 million in FY 2026-27 with revenue dedicated to Colorado Parks and Wildlife hovering around \$30 million.

## Transportation

Transportation-related cash funds include the Highway Users Tax Fund (HUTF), the State Highway Fund (SHF), and several smaller cash funds. In FY 2024-25, total transportation-related revenue increased by 4.8 percent, exceeding \$1.49 billion. Looking ahead, revenue growth is expected to initially moderate, with projections of 1.7 percent in FY 2025-26, 3.0 percent in FY 2026-27, and a further increase to 5.2 percent in FY 2027-28. The growth in FY 2025-26 and the out-years is largely driven by statutory increases of Road Usage Fees, with the end of the temporary reduction in the Road Safety Surcharge further driving revenue in FY 2027-28. OSPB has revised transportation revenue estimates downward by \$5.7 million in FY 2025-26 and \$3.8 million in FY 2026-27.

**Figure 34. Detailed Transportation Cash Fund Forecast**

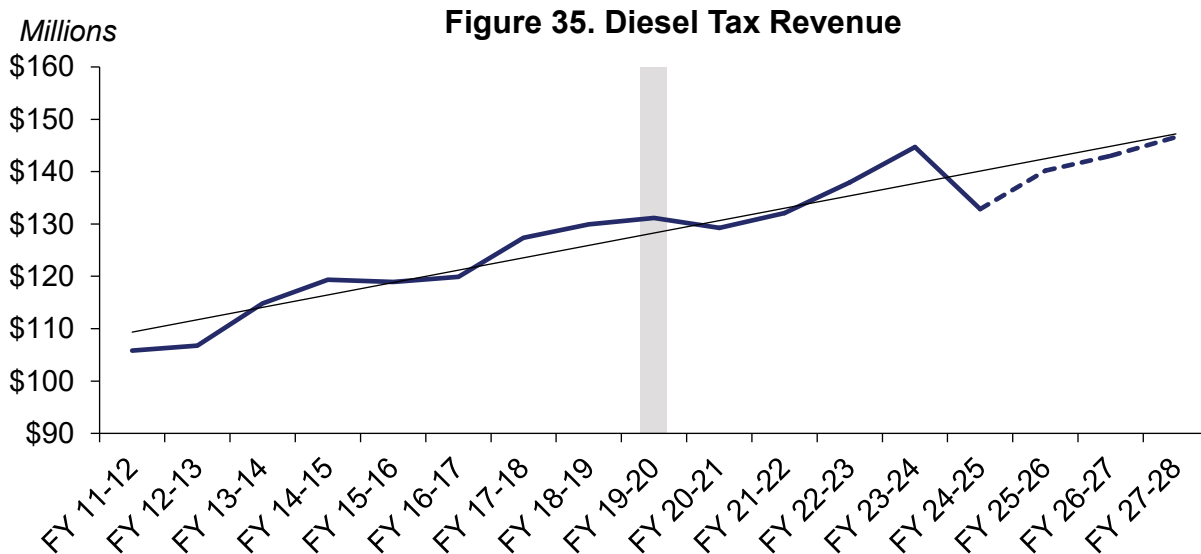
<b>Highway Users Tax Fund (HUTF)</b>	<b>Actual FY 24-25</b>	<b>Forecast FY 25-26</b>	<b>Forecast FY 26-27</b>	<b>Forecast FY 27-28</b>
Motor and Special Fuel Taxes	\$644.3	\$647.2	\$655.7	\$665.5
<i>Percent Change</i>	-0.7%	0.4%	1.3%	1.5%
Road Usage Fees	\$120.1	\$149.4	\$181.7	\$215.2
<i>Percent Change</i>	29.3%	24.4%	21.6%	18.4%
Total Registrations	\$434.8	\$421.0	\$417.9	\$442.1
<i>Percent Change</i>	11.6%	-3.2%	-0.7%	5.8%
<i>Registrations</i>	\$244.5	\$247.4	\$249.2	\$251.6
<i>Road Safety Surcharge</i>	\$145.1	\$127.8	\$122.1	\$143.4
<i>Late Registration Fees</i>	\$45.1	\$45.7	\$46.6	\$47.1
Other HUTF	\$89.8	\$92.0	\$95.2	\$98.7
<i>Percent Change</i>	3.8%	2.5%	3.5%	3.6%
<b>Total HUTF</b>	<b>\$1,289.0</b>	<b>\$1,309.6</b>	<b>\$1,350.4</b>	<b>\$1,421.4</b>
<i>Percent Change</i>	5.8%	1.6%	3.1%	5.3%
<b>Non-HUTF</b>	<b>Actual FY 24-25</b>	<b>Forecast FY 25-26</b>	<b>Forecast FY 26-27</b>	<b>Forecast FY 27-28</b>
State Highway Fund	\$35.2	\$32.3	\$29.6	\$28.2
<i>Percent Change</i>	26.5%	-8.3%	-8.1%	-5.0%
Other Transportation Funds	\$169.8	\$177.5	\$185.6	\$197.7
<i>Percent Change</i>	-5.3%	4.5%	4.5%	6.6%

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Total Transportation Revenue	Actual FY 24-25	Forecast FY 25-26	Forecast FY 26-27	Forecast FY 27-28
<b>Total Transportation</b>	<b>\$1,494.0</b>	<b>\$1,519.3</b>	<b>\$1,565.6</b>	<b>\$1,647.3</b>
<i>Percent Change</i>	<i>4.8%</i>	<i>1.7%</i>	<i>3.0%</i>	<i>5.2%</i>

The HUTF is the largest transportation-related cash fund, with revenue primarily sourced from motor fuel taxes and motor vehicle registrations. Motor fuel taxes, comprising both gasoline and diesel, account for over half of HUTF revenue. Through the first seven months of received revenue of gasoline tax revenue, fiscal year-to-date revenues are 1.9 percent lower than the same period of collections last fiscal year. Despite growing VMT across Colorado, this revenue stream underperforms collections, which OSPB posits is related to increasing adoption of EVs and more fuel-efficient cars.

Special fuel tax revenue, primarily from diesel sales, declined by 9.2 percent in FY 2024-25, marking a reversal from the steady growth seen in prior years. Previous increases were driven by strong retail activity and freight shipping. However, recent volatility in global trade, compounded by tariff-related uncertainty, has led to reduced retail inventories and freight shipping activity. OSPB expects decreased consumer demand and sustained pressure on freight volumes, resulting in marginal growth in special fuel tax revenue over the forecast horizon. Revenue is not expected to return to FY 2023-24 levels within the current forecast period. Instead, the coming years are largely expected to be a return to trend after abnormally high collections in FY 2023-24.



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

Fuel trends also impact the Road Usage Fee, which is tied to gasoline and special fuel consumption. SB25-320 created statutory increases to this fee, which will be raised until it hits 8 cents per gallon for FY 2027-28 through FY 2031-32 then growing thereafter at the pace of inflation. The scheduled

increases in the Road Usage Fee are expected to drive revenue growth in the total HUTF in the near term.

Registration revenue experienced a modest increase towards the end of FY 2024-25 and in the early months of FY 2025-26, likely due to a surge in new vehicle registrations ahead of anticipated price increases from tariffs. OSPB projects moderate growth in registration revenue, supported by vehicle re-registrations and population growth, while higher new vehicle prices are expected to dampen new car sales. FY 2024-25 marked the full restoration of the Road Safety Surcharge following a period of reduced rates. However, SB25-258 temporarily reduces the Surcharge by \$3.70 across all vehicle weight tiers for a 24-month period, negatively impacting anticipated revenue. The bill also modified the FASTER distribution formula, including a hold-harmless provision for local governments, as shown in Figure 36. Late registration fee collections reached a record \$45.1 million in FY 2024-25, growing by 3.7 percent year-over-year. This trend is expected to continue, as broader cost pressures may lead more Coloradans to delay vehicle registration.

Revisions to the "Other HUTF" category reflect stronger-than-anticipated Retail Delivery Fee and Daily Rental Fee collections. Over the forecast period, this category is projected to grow modestly, supported by planned increases in the Retail Delivery Fee and marginal gains in other minor revenue sources, including miscellaneous fines, charges, and fees.

**Figure 36. HUTF Distributions**

<b>HUTF Distributions</b>	<b>Actual* FY 2024-25</b>	<b>Forecast FY 2025-26</b>	<b>Forecast FY 2026-27</b>	<b>Forecast FY 2027-28</b>
Off-the-Top Deductions	\$210.1	\$223.0	\$236.3	\$250.4
State Highway Fund (CDOT)	\$657.1	\$657.3	\$673.7	\$706.6
Counties	\$244.7	\$251.5	\$260.3	\$273.0
Cities	\$177.0	\$177.7	\$180.1	\$191.4
<b>Total HUTF</b>	<b>\$1,289.0</b>	<b>\$1,309.6</b>	<b>\$1,350.4</b>	<b>\$1,421.4</b>

*\*Source: State Treasurer’s Final Year End Report for Highway Users Tax Fund*

The State Highway Fund (SHF) receives revenue from a variety of smaller sources, including special transport permits and interest earnings. In FY 2024-25, the SHF grew by 26.5 percent, driven largely by interest income and an annual transfer from the Fuels Impact Enterprise. Year-to-date interest revenue is down 58 percent when compared to the same period last fiscal year. Weakness in interest revenue is driven by lower rates and a significantly lower SHF fund balance. With interest being a main driver of weakness within the fund, SHF revenue is expected to decline every year of the forecast period. OSPB anticipates declines will be relatively small as other components of the fund are expected to remain relatively stable.

The majority of other miscellaneous transportation-related revenue comes from the Aviation Fund and the Colorado DRIVES Fund, with smaller contributions from additional funds. The Aviation Fund is highly volatile. FY 2024-25 collections declined by 18.2 percent to \$42.9 million and the current and following fiscal year collections are expected to return to near FY 2023-24 levels at \$49.6 and \$50.1 million, respectively. Other registration-related funds have remained in line with prior-year levels with more muted growth. The Multimodal Transportation and Mitigation Options Fund receives revenue from the Retail Delivery Fee with planned fee increases expected to support continued revenue growth through the forecast period. OSPB anticipates growth in revenue across Other Transportation Funds throughout the forecast window, even with continued volatility and policy-driven impacts.

## Gaming

Gaming revenue is experiencing a strong year with 4.9 percent growth fiscal year-to-date, resulting in an upward revision to the forecast in all years. Gaming Tax Revenue (GTR) is the driver of strong FY 2025-26 collections with 6.3 percent growth year-to-date, while all other revenue streams are down, including the diversion of an estimated \$2.8 million in interest revenue for FY 2025-26 in accordance with SB25-317. Colorado ranks as the 12<sup>th</sup> largest gaming industry in the nation with \$927 million in gross gaming revenue (GGR) for 2024,<sup>29</sup> and has the 7<sup>th</sup> lowest effective casino gaming tax rate at 15.9 percent.<sup>30</sup> For FY 2024-25, GTR growth did not increase enough to trigger an extension of the tax rate adjustment known as the Electronic Player Credit (EPC) Refund Rule, and there are currently no other EPC revenue refund mechanisms in place going forward.

**Figure 37. Total Gaming Revenues, by Category**

Gaming Revenues & Refunds	Actual FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
Gaming Tax Revenues	\$177.6	\$187.5	\$189.0	\$190.2
Interest Revenue	\$2.8	\$0.0	\$2.5	\$2.5
Fines, Fees, Licensing	\$0.9	\$0.8	\$0.8	\$0.8
Electronic Player Credit Refunds (Excess of 3.5% Cap)	N/A	N/A	N/A	N/A
<b>A. Total Gaming Revenues</b>	<b>\$181.3</b>	<b>\$188.3</b>	<b>\$192.3</b>	<b>\$193.4</b>
<i>Annual Percent Change</i>	<i>2.2%</i>	<i>3.8%</i>	<i>2.1%</i>	<i>0.6%</i>
<b>A1. Total Revenue Attributed to Limited Gaming</b>	<b>\$123.9</b>	<b>\$126.3</b>	<b>\$129.8</b>	<b>\$130.6</b>
<b>A2. Total Revenue Attributed to Extended Gaming</b>	<b>\$57.5</b>	<b>\$61.9</b>	<b>\$62.4</b>	<b>\$62.8</b>

<sup>29</sup> American Gaming Association (May 2025). “State of the States 2025: The AGA Analysis of the Commercial Casino Industry” ([link](#))

<sup>30</sup> OSPB analysis.

Figure 38 below shows the forecasted distribution of Limited Gaming revenues.

**Figure 38. Limited Gaming Distributions**

Limited Gaming Distributions	Actual FY 24-25	Forecast FY 25-26	Forecast FY 26-27	Forecast FY 27-28
<b>Total Gaming Revenues</b>	<b>\$181.3</b>	<b>\$188.3</b>	<b>\$192.3</b>	<b>\$193.4</b>
Less Non-Limited Gaming Distributions	(\$66.7)	(\$65.1)	(\$74.6)	(\$75.4)
<b>Total Limited Gaming Revenue for Distribution</b>	<b>\$112.1</b>	<b>\$123.2</b>	<b>\$117.7</b>	<b>\$118.0</b>
Amount to State Historical Society (28%)	\$31.4	\$34.5	\$32.9	\$33.0
<i>History Colorado (80% of 28%)</i>	\$25.1	\$27.6	\$26.4	\$26.4
<i>Grants to Cities for Historical Preservation (20% of 28%)</i>	\$6.3	\$6.9	\$6.6	\$6.6
Amount to Counties (12%)	\$13.4	\$14.8	\$14.1	\$14.2
Amount to Cities (10%)	\$11.2	\$12.3	\$11.8	\$11.8
Amount to Distribute to Remaining Programs (State Share) (50%)	\$56.0	\$61.6	\$58.8	\$59.0
<i>Local Government Impact Fund</i>	\$6.0	\$6.8	\$6.7	\$7.0
<i>Colorado Tourism Promotion Fund</i>	\$15.0	\$15.0	\$15.0	\$15.0
<i>Creative Industries Cash Fund</i>	\$2.0	\$2.0	\$2.0	\$2.0
<i>Film, Television, and Media Operational Account</i>	\$0.5	\$0.5	\$0.5	\$0.5
<i>Advanced Industries Acceleration Fund</i>	\$5.5	\$1.8	\$5.5	\$5.5
<i>Innovative Higher Education Research Fund</i>	\$2.1	\$2.1	\$2.1	\$2.1
<i>Responsible Gaming Fund</i>	\$2.5	\$2.5	\$2.5	\$2.5
Transfer to the General Fund	\$22.4	\$30.8	\$24.5	\$24.4

Figure 39 below shows the forecasted distribution of Extended Gaming revenues.

**Figure 39. Extended Gaming Distributions**

Extended Gaming Distributions	Actual FY 24-25	Forecast FY 25-26	Forecast FY 26-27	Forecast FY 27-28
<b>Total Gaming Revenues</b>	<b>\$181.3</b>	<b>\$188.3</b>	<b>\$192.3</b>	<b>\$193.4</b>
Less Limited Gaming Distributions and Adjustments	(\$131.6)	(\$139.7)	(\$135.1)	(\$118.0)
<b>Total Extended Gaming Revenue for Distribution</b>	<b>\$47.2</b>	<b>\$48.6</b>	<b>\$57.2</b>	<b>\$57.5</b>
Community Colleges, Mesa and Adams State (78%)	\$36.8	\$37.9	\$44.6	\$44.9
Counties (12%)	\$5.7	\$5.8	\$6.9	\$6.9
Cities (10%)	\$4.7	\$4.9	\$5.7	\$5.8

Gaming revenues in Colorado follow a complex distribution formula that determines what is TABOR exempt and non-exempt, after HB24-1469 reclassified certain Limited Gaming distributions as exempt revenues. In Figure 40 below, Limited Gaming is first reduced by the distributions to Cities, Counties,

and Grants to Cities for Historical Preservation before calculating the TABOR impact of gaming-related revenues. Other legislation that impacted this revenue stream are SB25-225, which reduces the transfer to the Advanced Industries Acceleration Fund in FY 2025-26, and SB25-317, which will transfer some of the Limited Gaming Revenue non-exempt interest earnings to the General Fund.

**Figure 40. TABOR Impacts of Gaming Revenue**

<b>TABOR Impacts of Gaming Revenue</b>	<b>Actual FY 24-25</b>	<b>Forecast FY 25-26</b>	<b>Forecast FY 26-27</b>	<b>Forecast FY 27-28</b>
<b>A. Total Gaming Revenues</b>	<b>\$181.3</b>	<b>\$188.3</b>	<b>\$192.3</b>	<b>\$193.4</b>
Total Limited Gaming Revenues	\$125.4	\$126.3	\$129.8	\$130.6
Less HB24-1469 Revenue Reclassification of Limited Gaming Distributions	(\$30.9)	(\$34.0)	(\$32.5)	(\$32.6)
<i>Amount to Cities</i>	<i>(\$11.2)</i>	<i>(\$12.3)</i>	<i>(\$11.8)</i>	<i>(\$11.8)</i>
<i>Amount to Counties</i>	<i>(\$13.4)</i>	<i>(\$14.8)</i>	<i>(\$14.1)</i>	<i>(\$14.2)</i>
<i>Grants to Cities for Historical Preservation</i>	<i>(\$6.3)</i>	<i>(\$6.9)</i>	<i>(\$6.6)</i>	<i>(\$6.6)</i>
<b>Total TABOR Non-Exempt Revenue</b>	<b>\$94.4</b>	<b>\$92.4</b>	<b>\$97.4</b>	<b>\$98.0</b>
<b>Total TABOR Exempt Revenue</b>	<b>\$86.9</b>	<b>\$95.9</b>	<b>\$94.9</b>	<b>\$95.4</b>

## Severance

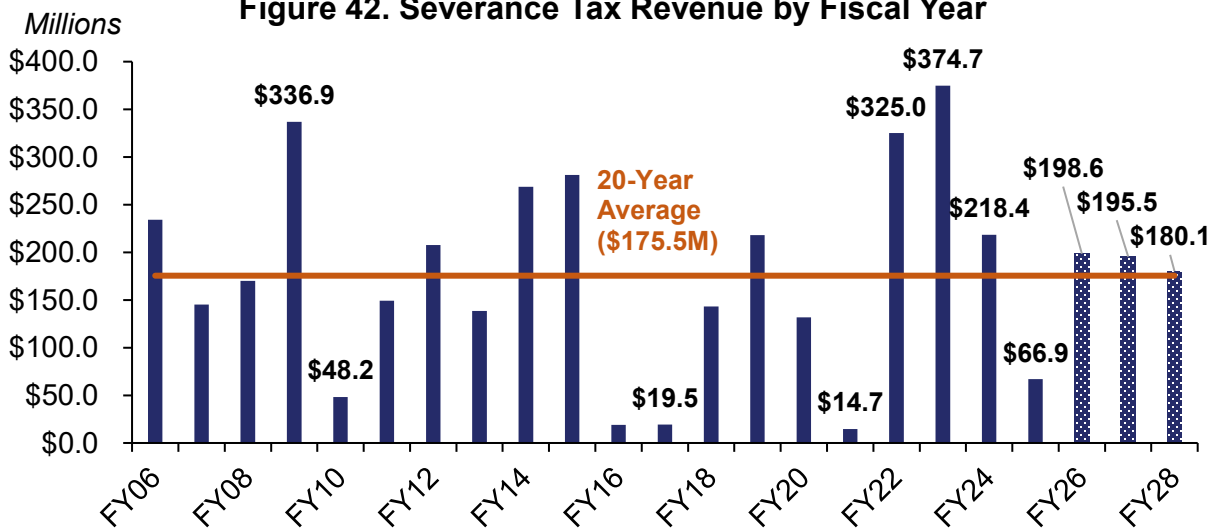
Severance tax revenue is projected to increase considerably in FY 2025-26 to \$198.6 million following low revenue collections of \$66.9 million in FY 2024-25. After net-negative revenue collections from November through January due to elevated taxpayer refunds, collections turned decidedly positive in February. Coupled with higher oil prices due to supply disruptions caused by the Iran war, severance tax revenue is revised up from December by \$45.1 million in FY 2025-26. Heightened taxpayer refunds from lower tax liabilities and elevated ad valorem credit claims are dissipating and are not expected over the final quarter of the fiscal year. More information related to ad valorem credit claims is provided below. Severance tax revenue is forecast to decline by 1.5 percent to \$195.5 million in FY 2026-27, but this is an upward revision of \$32.6 million from the December forecast on an upgraded oil price forecast and higher price impacts from the Iran war. Revenue is expected to decline 7.9 percent further in FY 2027-28 on weakening oil prices expected in that year compared to FY 2026-27. This is a significant downward revision of \$46.6 million from December, as oil prices are expected to remain below-average for a sustained period following a resolution to the Iran war, due to elevated inventories and weaker global demand. This forecast assumes that the Iran war is a short-term conflict that does not result in high oil prices for a sustained period. If expectations around the war were to increase in length and scale, and if supply disruptions through the Strait of Hormuz are protracted, it would significantly impact the severance tax revenue forecast. Economic assumptions underpinning this revenue forecast can be found in the Energy section of this report.

Figure 41. Severance Tax Revenue Forecast

	Actual FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
Oil & Gas	\$28.0	\$169.7	\$161.0	\$146.9
Coal	\$6.9	\$7.9	\$7.8	\$7.7
Metals	\$2.1	\$2.1	\$2.1	\$2.1
Interest	\$29.8	\$18.8	\$24.6	\$23.4
<b>Total</b>	<b>\$66.9</b>	<b>\$198.6</b>	<b>\$195.5</b>	<b>\$180.1</b>
<b>Annual Change</b>	<b>-69.4%</b>	<b>196.7%</b>	<b>-1.5%</b>	<b>-7.9%</b>

Severance tax revenue has been exceedingly volatile over the past 16 months with large month-to-month swings that have trended negatively. Net revenue collections were negative in four of those months due to taxpayer refunds outstripping tax collections. The increased taxpayer refunds that have been recorded are due to taxpayers with a lower tax liability than previously expected, largely from ad valorem tax credit claims. However, after combined collections from November through January were net negative at -\$6.1 million, February collections turned positive at \$18.4 million and are expected to remain strong throughout the fiscal year from reduced ad valorem credit claims. Ad valorem tax 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. These claims led to historic refunds and low revenue in FY 2024-25, and while refunds have been elevated once again in FY 2025-26, they are

Figure 42. Severance Tax Revenue by Fiscal Year



Source: Colorado Department of Revenue, OSPB Forecast

not expected to reach the levels they did last fiscal year. Historically, March through June, and particularly April, are the strongest months for collections, even in years with elevated taxpayer refunds. Oil and gas collections from March through June in FY 2025-26 are estimated at \$108.1 million combined, which would lead to slightly above average revenue for the fiscal year. Severance tax revenue is projected to hover around the 20-year average throughout the forecast period.

This severance tax forecast also accounts for 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 accounts for 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 than overall oil and gas revenue.

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 DTCA 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 expires and will be increased back to 87.5 percent. Any funds above \$300,000 remaining in the DTCA Cash Fund at the end of FY 2023-24, FY 2024-25, and FY 2025-26 are transferred to the General Fund. In FY 2025-26, there has been a significant upward revision of \$11.3 million to this distribution for a total of \$39.4 million following the publication of the preliminary Tax Year 2024 oil and gas severance tax report from the Colorado Department of Revenue (DOR). After allocating \$27.8 million to this distribution for Tax Year 2024, it is now expected that \$34.1 million in additional tax revenue will be remitted to the State from the reduced ad valorem credit for that tax year. This results in a \$6.3 million true-up in FY 2025-26 related to Tax Year 2024. There is a further \$5.0 million upward revision to this distribution from adjusted expectations. DOR will release the final report for Tax Year 2024 in July.

By statute, the remainder of severance tax revenue is distributed evenly between the Department of Natural Resources (DNR) and the Department of Local Affairs (DOLA), outside of a relatively small distribution to the Just Transition Cash Fund from the elimination of certain coal tax exemptions and credits provided for in HB21-1312. 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 43.

**Figure 43. Severance Tax Distribution Forecast**

	Actual FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
<b>Total Severance Tax Revenue (excluding interest, in millions)</b>	<b>\$37.1</b>	<b>\$179.7</b>	<b>\$170.9</b>	<b>\$156.7</b>
Decarbonization Tax Credits Administration	\$24.0	\$39.4	\$16.5	\$0.0
Just Transition Cash Fund	\$2.5	\$2.6	\$2.6	\$2.6
Department of Natural Resources	\$5.3	\$68.9	\$75.9	\$77.1
Department of Local Affairs	\$5.3	\$68.9	\$75.9	\$77.1

### 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. In FY 2024-25, DORA revenue increased 20.9 percent due to elevated Division of Insurance and Real Estate Cash Fund revenue at the end of the fiscal year. In 2025, state legislation enacted during the regular legislative session that impacts DORA cash funds largely affect 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 changes the funding structure for services by replacing the Telephone Users with Disabilities Fund with different TABOR-exempt fees on wireless voice services and prepaid wireless retail transactions that are remitted to the Communication Services for People with Disabilities Enterprise. Actuals for FY 2024-25 show 20.9 percent growth to \$116.2 million in DORA revenue, and the revenue forecast for DORA cash funds is 4.8 percent growth in FY 2025-26 to \$121.8 million, 2.5 percent in FY 2026-27 to \$124.9 million, and 2.8 percent growth in FY 2027-28 to \$128.3 million.

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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 delineates 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 66.1 percent of revenue in the miscellaneous cash fund forecast in FY 2024-25. Enacted bills from the 2025 regular legislative session reduced revenue in FY 2025-26 by an estimated \$149.8 million, but tax credit sales from the 2025 extraordinary legislative session enacted by HB25B-1004 and HB25B-1006 increased revenue expectations in FY 2025-26 by \$200 million. OSPB currently expects that a discount rate on the sale of \$250 million in tax credits in future years will slightly exceed fiscal note expectations, allowing for \$200 million to be available after fees paid to complete the sales. Given that Affordable Care Act subsidies were not extended by the federal government, the State will sell tax credits for both HB25B-1004 and HB25B-1006. In HB25B-1006, *Improve Affordability Private Health Insurance*, \$100 million in revenue generated from insurance premium and corporate tax credits sales will be directed to the Health Insurance Affordability (HIA) Cash Fund, thereby disqualifying the HIA Enterprise’s TABOR Exempt status for FY 2025-26 and classifying all revenue generated by the HIA Enterprise in FY 2025-26 as subject to TABOR. This change in TABOR classification for the HIA Enterprise’s revenue will increase revenue subject to TABOR in Miscellaneous Cash Funds by an estimated \$124.5 million in FY 2025-26 on a one-time basis.

Compared to the December OSPB Forecast, FY 2025-26 Miscellaneous Cash Fund revenue is revised down by \$20.4 million, FY 2026-27 is revised up \$0.2 million, and FY 2027-28 is revised down \$13.0 million. The main driver for the current year is the revision down of the HIA Enterprise revenue in FY 2025-26 from \$150.2 million to \$124.5 million. Additionally, the Housing Development Grant Fund was revised down as a result of lower anticipated sales tax collections and interest income. Revisions for the out-years are driven by lower sales tax collections as the economy is expected to weaken. Figure 44 details the forecast revenue through FY 2027-28. The additional \$324.5 million in revenue from the 2025 extraordinary session bills are included within the “Other” category below.

**Figure 44. Miscellaneous Cash Funds Revenue Estimates (Millions)**

	Actual FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
<b>Top 25</b>	<b>\$641.7</b>	<b>\$581.2</b>	<b>\$612.5</b>	<b>\$609.7</b>
<i>Growth</i>	1.9%	-9.4%	5.4%	-0.5%
<b>Other</b>	<b>\$328.6</b>	<b>\$718.4</b>	<b>\$432.8</b>	<b>\$460.1</b>
<i>Growth</i>	6.5%	118.6%	-39.8%	6.3%
<b>Total</b>	<b>\$970.3</b>	<b>\$1,299.5</b>	<b>\$1,045.3</b>	<b>\$1,069.8</b>
<i>Growth</i>	3.5%	33.9%	-19.6%	2.3%

To highlight the impact that the Adult Dental, Tax Credit Sale Proceeds, and Health Insurance Affordability Cash Funds are having on the Miscellaneous Cash Funds forecast, the below table details

the annual forecast amount for the traditional categories while breaking out these three cash funds. Without including these funds, the Top 24 cash funds would see negative growth of -14.3 percent in FY 2025-26, while other miscellaneous funds would see growth of 19.9 percent in FY 2025-26. In total, Miscellaneous Cash Funds would record growth of -1.9 percent by excluding these funds’ revenue impacts.

**Figure 45. Miscellaneous Cash Funds Revenue Estimates (Millions)**

	Actual FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
Top 24 (Not including Adult Dental)	\$575.6	\$493.1	\$527.0	\$533.0
Adult Dental	\$66.1	\$88.1	\$85.5	\$76.7
Tax Credit Sale (TCSP) Proceeds Cash Fund	\$0.0	\$200.0	\$0.0	\$0.0
Health Insurance Affordability (HIA) Cash Fund	\$0.0	\$124.5	\$0.0	\$0.0
Other (Not including TCSP or HIA)	\$328.6	\$393.8	\$432.8	\$460.1
<b>Total</b>	<b>\$970.3</b>	<b>\$1,299.5</b>	<b>\$1,045.3</b>	<b>\$1,069.8</b>

An important note about the legislatively driven forecast impacts 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 do not change the amount of revenue subject to TABOR, they do increase General Fund availability dollar-for-dollar.

## 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, lottery, State Land Board, and oil and gas production fee 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, Colorado Parks and Wildlife, Great Outdoors Colorado (GOCO), the Wildlife Cash Fund, the Outdoor Equity Fund, the Parks and Recreation Cash Fund, and the Clean Transit Enterprise. Each of these funds and their respective revenue impacts are described in more detail below.

## **Healthy School Meals for All (HSMA)**

The Healthy School Meals for All (HSMA) program provides access to free meals for all public school students in Colorado. The program was created in November 2022, when voters approved Proposition FF. Proposition FF funds the HSMA program by limiting the amount of tax deductions on tax filers earning over \$300,000 and by securing additional federal funding for school meals. In the first two years of the HSMA program, revenue has supported school meal reimbursements but has not been sufficient to cover the full cost of meals served. Program costs exceeded initial estimates due to higher-than-expected student participation and increased inflationary pressures. Over the past two years, the legislature used additional funding sources to cover the gap between HSMA revenue and program costs. In response to these ongoing budget pressures, the General Assembly passed HB25-1274 during the 2025 legislative session, referring Proposition MM to voters. Proposition MM, passed in November 2025, was a revenue expansion measure which reduced the Proposition FF add-back thresholds from \$12,000 to \$1,000 for qualifying single taxpayers and from \$16,000 to \$2,000 for joint taxpayers. This measure increased the income tax revenue going to the HSMA cash fund. The HSMA cash fund now receives revenue from two streams, with OSPB revenue expectations shown below. In November 2025, voters also approved a retention measure that allows the state to retain and spend the excess revenue collected in FY 2023-24 and ongoing. Passage of this measure means that the state now is allowed to retain and spend all the Proposition FF revenue collected.

### **Proposition FF**

Tax Year 2023 marked the first year of Proposition FF revenue, wherein there were 187,231 state tax returns, which contributed \$109.2 million in revenue for the year. For Tax Year 2024, as of December 1 (last date for counting Proposition FF revenue for the year), 215,085 state tax returns contributed to Proposition FF revenue, totaling \$142.5 million in revenue for the year. This represents a 14.9 percent growth in the number of tax returns and a 30.5 percent increase in revenue. The average revenue per qualifying return for Tax Year 2024 was also higher at \$662 compared to the Tax Year 2023 average of \$583.

For FY 2025-26, Proposition FF revenue is expected to total \$176.0 million, a 33 percent increase from FY 2024-25 collections. This increase from the previous year is due to the accrual structure of this revenue source. OSPB had previously estimated 189,607 tax returns for Tax Year 2024, generating approximately \$121 million in Proposition FF revenue. Actual collections for the year were significantly higher than projected. As of close of FY 2024-25, OSPB estimated Proposition FF revenue to be \$132.3 million for the fiscal year. In the final FY 2024-25 OSPB forecast (June 2025), HSMA revenue for Tax Year 2024 was estimated at \$121,953,639. Since actual collections totaled \$142,500,050 (\$20,546,413 more than expected), this higher-than-forecast revenue will be recognized as an upward adjustment to HSMA revenue in FY 2025-26 through the income tax accrual process. Proposition FF revenue for FY 2025-26 has been revised upward from the December forecast based

on initial data for Tax Year 2025. In the December forecast, OSPB estimated average revenue per return at \$700; however, early data for Tax Year 2025 indicates an average of \$840 per return. Although this figure is expected to decline as more returns are filed, the higher initial average—combined with approximately 1,000 more taxpayers filing compared to early Tax Year 2024 data—has led to upward revisions throughout the forecast period. For FY 2026-27, Proposition FF revenue is expected to decrease by 9.3 percent to \$159.7 million, an upward revision of \$3.6 million compared to the December forecast. The annual decline in FY 2026-27 is due to the one-time upward accrual adjustment in FY 2025-26. For FY 2027-28, OSPB expects revenue to grow by 1.9 percent to \$160.7 million, an upward revision of \$1.9 million.

**Proposition MM**

Proposition MM reduces the Proposition FF add-back thresholds from \$12,000 to \$1,000 for single taxpayers and from \$16,000 to \$2,000 for joint taxpayers. This expansion measure increased Colorado taxable income and income tax revenue, and this increased revenue will also be credited to the HSMA cash fund. Both the Proposition FF and Proposition MM forecasts rely on the same OSPB baseline assumptions, including the number of taxpayers, average revenue per return, and other core modeling inputs. For FY 2025-26, OSPB estimates Proposition MM revenue to be \$38.8 million, which will be the accrued revenue impact for this new revenue stream. For FY 2026-27, OSPB forecasts Proposition MM revenue to be \$108.7 million, increasing slightly by 0.6 percent in FY 2027-28 to \$109.3 million.

**Figure 46. Healthy School Meals for All Revenue**

	<b>Actual FY 2024-25</b>	<b>Forecast FY 2025-26</b>	<b>Forecast FY 2026-27</b>	<b>Forecast FY 2027-28</b>
Proposition FF Revenue (Millions)	\$132.3	\$176.0	\$159.7	\$160.7
Growth	18.2%	33.0%	-9.3%	0.7%
Proposition MM Revenue (Millions)	-	\$38.8	\$108.7	\$109.3
Growth	-	-	180%	0.5%
<b>Total HSMA Revenue</b>	<b>\$132.3</b>	<b>\$214.8</b>	<b>\$268.4</b>	<b>\$270.0</b>

**Sports Betting**

Sports wagering revenue continues to overperform OSPB expectations in Colorado as it has grown in usage across the U.S., but there is evidence that growth is tempering. Sports betting was legalized in Colorado in 2019 through Proposition DD and officially began in May 2020. Nationally, wagers grew 11 percent in 2025 to \$166.9 billion, following nearly 23 percent growth in 2024. However, while expansion was rapid in the years after the Supreme Court authorized legalization of the industry, there is evidence of growth moderation. In 2025, Missouri became the 39<sup>th</sup> state to launch sports betting following a voter approved referendum in 2024, but no other state has legalized it since. In

Colorado, as the industry matures and fewer new customers are available, growth will be driven by increased wagers from the existing customer base, rather than increased participation among new customers. After 16.2 percent growth in FY 2023-24, wager growth slowed to 4.8 percent in FY 2024-25, with rates in FY 2025-26 and FY 2026-27 forecast at 4.5 percent and 3.1 percent, respectively.

Sports betting tax revenue is driven by the amount of wagers, the hold percentage, and the effective tax rate. The hold percentage is the amount sports betting operators retain and is therefore subject to tax, after distributing payments to players. Historically, Colorado has been one of the leading states in terms of hold for bettors, second only to Nevada, which attracts more experienced bettors. However, as the market has matured, Colorado's hold percentage has been trending upwards, growing from an average of 6.9 percent prior to 2024 to 8.6 percent since January 2024. The hold percentage can be difficult to forecast as it depends on aggregate trends, particularly within the more popular sports of basketball and football, and whether favorites and local teams perform well. Due to the recent success of major Colorado teams including the Broncos, Nuggets, and Avalanche, local bettors may have been more successful on average. Alternatively, the Rockies have had a run of historically bad seasons, and Colorado's hold percentage has risen dramatically when baseball is the dominant active sport.<sup>31</sup> The hold may also be influenced by a proliferation of so-called prop bets. Prop bets refer to the outcome of singular plays or player performances, rather than overall winners. These in general are considered more risky and less certain than whether an underdog will win an upset. Hold percentages continue to increase in Colorado, as the 2025 hold percentage rose to an average of 9.2 percent, an increase over 2024, which ended at 7.9 percent. OSPB forecasts a hold percentage of 8.9 percent throughout the forecast period, near the national average of 9.0 percent.<sup>32</sup>

Tax revenue is also influenced by the effective tax rate. HB25-1311 *Deductions for Net Sports Betting Proceeds* has updated the tax base of sports betting revenues for operators. Colorado's tax is applied at a 10 percent rate on Net Sports Betting Proceeds (NSBP). This allows sports betting operators to deduct federal excise tax and a portion of free bets offered to bettors from their state tax liability. HB25-1311 limits free bet deductions to 1 percent of all wagers beginning in January 2026 and then eliminates these deductions beginning in July 2026. This legislation will boost Colorado NSBP and the amount of sports betting tax revenue that Colorado receives. This applies upward pressure to this revenue stream.

While sports wagering revenue has grown rapidly since its legalization in 2020, there are emerging risks. In October of 2025, the first major bet rigging scandal since the national prohibition on sports gambling was lifted was uncovered as a number of National Basketball Association (NBA) coaches,

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<sup>31</sup> ESPN.com, September 2025 "[How the Colorado Rockies became one of the worst teams in MLB history](#)" (link to website)

<sup>32</sup> Legal Sports Report, December 2025, "[US Sports Betting Revenue and Handle](#)" (link to website)

players, and other affiliates were criminally charged in a scheme to rig bets based on insider information.<sup>33,34</sup> Then, just weeks later, two Major League Baseball (MLB) pitchers were charged in connection with an insider betting scheme.<sup>35</sup> At issue in the MLB scandal were prop bets around specific pitches ending as balls, strikes, or wild pitches. In response, MLB issued restrictions on pitch-based bets, and reports suggest the NBA will also tighten rules.<sup>36,37</sup> It is possible that these schemes, or others in the future, could result in more restrictions on betting activity that slow or reverse wager growth. Another potential risk is the expansion of prediction markets, which are not subject to Colorado sports betting statutes and taxation, into sports betting, reducing market share from current sports betting operators and decreasing future tax revenues.

**Figure 47. Colorado Sports Betting Taxation Revenue Distribution**

	Actual FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
<b>Total Sports Betting Tax Revenue (\$M)</b>	\$36.8	\$48.1	\$56.6	\$58.0
<i>Year-Over-Year Change</i>	21.0%	30.5%	17.7%	2.6%
Hold-Harmless Fund (6%)	\$2.2	\$2.9	\$3.4	\$3.5
Water Plan Implementation Cash Fund	\$34.6	\$45.2	\$53.2	\$54.5

As shown in Figure 47 above, sports betting revenues are distributed by a formula. The forecast anticipates this revenue stream eclipsing \$50 million per year beginning in FY 2026-27. 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. The majority of the funds, minus administration costs, are disbursed into the Water Plan Implementation Cash Fund.

## Marijuana

Total marijuana revenue was 2.3 percent below expectations relative to the December forecast, driven by a 3.2 percent underperformance for the special sales tax outweighing a 1.4 percent overperformance for excise tax. Wholesale revenue, while negative on average over the last calendar year, has been relatively stable since the middle of FY 2024-25. As such, OSPB assumes marijuana revenue has reached the trough and will remain stable going forward. Fiscal Year 2024-25 actual

<sup>33</sup> ESPN, October 2025, "[Suspensions, arrests, and lifetime bans: A timeline of sports betting scandals since the repeal of PAPSA](#)" (link to website)

<sup>34</sup> The Athletic, October 2025, "[Chauncey Billups, Terry Rozier arrests escalate sprawling NBA Betting scandal](#)" (link to website)

<sup>35</sup> The Athletic, November 2025, "[Guardian’s Emmanuel Clase, Luis Ortiz indicted on charges linked to illegal sports betting](#)" (link to website)

<sup>36</sup> AP, November 2025, "[MLB, sportsbooks cap bets on individual pitches in response to pitch-rigging scandal](#)" (link to website)

<sup>37</sup> Yahoo Sports, December 2025, "[NBA reportedly changing injury reporting rules while enacting several sports betting policies; league also looking to address tanking](#)" (link to website)

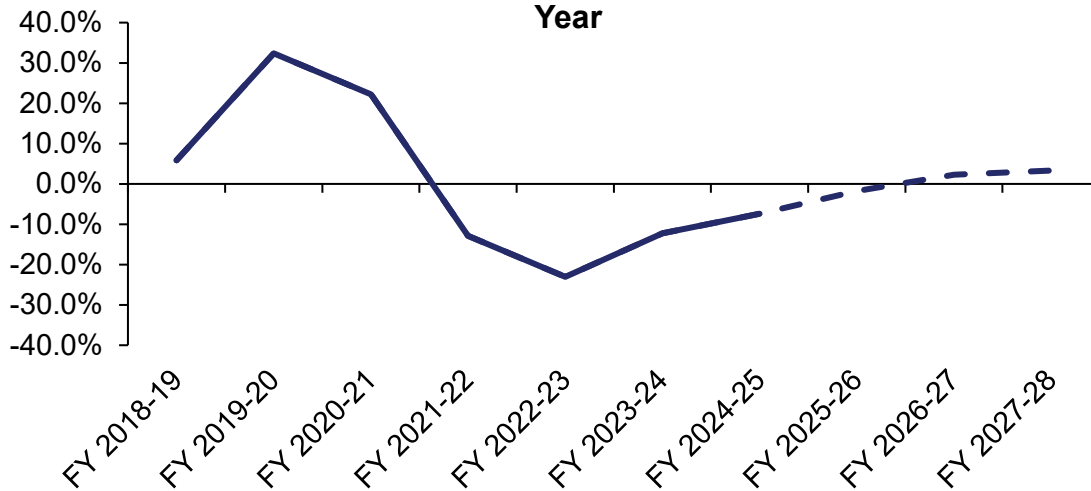
revenue saw a 7.0 percent decline from FY 2023-24. OSPB forecasts a decline of 2.1 percent in FY 2025-26, followed by 2.3 percent growth in FY 2026-27, and 3.3 percent growth in FY 2027-28.

Figure 48. Marijuana Tax Revenue Through FY 2027-28

	Actual FY 24-25	Forecast FY 25-26	Forecast FY 26-27	Forecast FY 27-28
<b>Proposition AA Taxes (Not Subject to TABOR)</b>				
Retail Marijuana 15% Special Sales Tax	\$186.4	\$179.8	\$186.3	\$192.9
Retail Marijuana 15% Excise Tax	\$40.2	\$41.8	\$41.3	\$42.8
Interest Earnings	\$3.4	\$3.5	\$3.0	\$3.0
<b>Total Proposition AA Taxes</b>	<b>\$230.0</b>	<b>\$225.1</b>	<b>\$230.7</b>	<b>\$238.7</b>
<b>2.9% Sales Tax &amp; Interest (Subject to TABOR)</b>				
Medical Marijuana 2.9% State Sales Tax	\$3.0	\$3.0	\$3.2	\$3.1
Retail Marijuana 2.9% State Sales Tax	\$1.5	\$1.5	\$1.1	\$1.0
Interest Earnings	\$0.1	\$0.1	\$0.1	\$0.1
<b>Total 2.9% Sales Taxes &amp; Interest</b>	<b>\$4.7</b>	<b>\$4.6</b>	<b>\$4.4</b>	<b>\$4.2</b>
<b>Total Marijuana Taxes</b>	<b>\$234.6</b>	<b>\$229.7</b>	<b>\$235.1</b>	<b>\$242.9</b>

Marijuana revenue growth has been volatile over the last few years, following a sharp rise in revenue in 2020 and 2021. The year-over-year growth rate trend is shown in Figure 49 below. Growth has been negative since FY 2021-22 and is expected to remain so through FY 2025-26 but has been increasingly less negative. OSPB views the upcoming drop in DOR’s Average Market Rate for April through June from \$648 to \$607 as temporary, but it is a consideration when revising down the forecast compared

Figure 49. Total Marijuana Revenue Growth Year-Over  
Year



Source: Colorado Department of Revenue, OSPB's calculations  
Dotted line indicates forecast

to December. Based on the current trend, OSPB expects total revenue to turn positive in 2026 and stabilize at about 3 percent year-over-year growth in the long term.

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Marijuana revenue is distributed to different sources once collected, the largest being the Marijuana Tax Cash Fund (MTCF) from the retail special sales tax and the second largest being BEST K-12 School Capital Construction from the excise tax on wholesale purchases. Last legislative session, SB25-268 changed the allocation formula for revenue from the special sales tax. Starting in FY 2025-26, distributions to local governments were reduced from 10 percent to 3.5 percent, and distributions to the General Fund were increased from 90 percent to 96.5 percent, of which 14.51 percent is retained, 11.74 percent goes to the State Public School Fund (SPSF), 1.55 percent goes to the Marijuana Cash Fund, and 72.2 percent goes to the MTCF. This change keeps the retained General Fund and SPSF allocations at the same levels, while increasing funding to the MTCF and decreasing funding to local governments. Allocations to each of these funds per the new formula are shown below.

**Figure 50. Forecast-Over-Forecast Revisions by Fund**

Marijuana Tax Revenue (March)	Total Revenue	Local Share	General Fund	BEST School Capital Construction	Public School Fund	Marijuana Tax Cash Fund	Marijuana Cash Fund
Actual FY 2024-25	\$234.6	\$18.6	\$26.1	\$40.2	\$21.0	\$128.6	\$0.0
Forecast FY 2025-26	\$229.7	\$6.3	\$25.2	\$41.8	\$20.4	\$133.4	\$2.7
Forecast FY 2026-27	\$235.1	\$6.5	\$26.1	\$41.3	\$21.1	\$137.2	\$2.8
Forecast FY 2027-28	\$242.9	\$6.8	\$27.0	\$42.8	\$21.9	\$141.6	\$2.9

Change from December	Total Revenue	Local Share	General Fund	BEST School Capital Construction	Public School Fund	Marijuana Tax Cash Fund	Marijuana Cash Fund
Forecast FY 2025-26	-\$6.3	-\$0.2	-\$0.7	-\$1.6	-\$0.5	-\$3.3	-\$0.1
Forecast FY 2026-27	-\$7.1	-\$0.1	-\$0.4	-\$4.3	-\$0.3	-\$1.9	\$0.0
Forecast FY 2027-28	-\$6.4	-\$0.1	-\$0.3	-\$4.5	-\$0.2	-\$1.3	\$0.0

Final accounting adjustments have resulted in \$2.4 million less in revenue than had been reported in December. The relative stability of the marijuana revenue over the last year alongside the special sales tax underperformance in the last quarter leads to downward revisions of \$6.3 million in FY 2025-26, \$7.1 million in FY 2026-27, and \$6.4 million in FY 2027-28. These revisions are concentrated in BEST and the MTCF, with a greater impact on MTCF in FY 2025-26 and on BEST in the outyears.

**Federal Mineral Lease (FML)**

Federal mineral lease revenue is projected to rebound in FY 2025-26 to \$107.8 million following below-average collections in FY 2024-25 of \$85.0 million. Estimated revenue growth in FY 2025-26 is spurred more by higher natural gas prices and increased bonus payments from federal oil and gas lease sales than oil price dynamics, although higher oil prices to end the fiscal year should also increase revenue. This represents an upward revision of \$9.2 million in the current fiscal year

compared to the December forecast due to high natural gas spot prices during January along with higher oil price expectations to end the fiscal year because of the Iran war. Although annual shares can vary significantly depending on commodity prices, royalty revenue derived from natural gas production on federal leases accounts for nearly half of total FML revenue in Colorado in a typical year, while oil comprises approximately one-quarter. Carbon dioxide and coal make up the remaining quarter. This means that natural gas price fluctuations drive FML revenue collections more than oil prices, though changing oil prices still have a significant impact.

In FY 2025-26, FML revenue is projected to grow by 26.8 percent, with higher natural gas prices compared to FY 2024-25 contributing to much of the growth. Bonus payment revenue is also expected to hit the highest levels recorded since the 2010s due to increased lease sales in the current year. Significant federal oil and gas lease sales are expected to continue throughout the forecast period, leading to higher bonus payment revenue projections. In FY 2026-27, total FML revenue is forecast to increase by 4.0 percent to \$112.0 million due to revisions up in oil price expectations to start the fiscal year. This is an upward revision from December of \$4.5 million. A revenue decline of 10.1 percent to \$100.7 million is projected in FY 2027-28. Average annual FML revenue collections over the past ten years are approximately \$102 million.

**Figure 51. Federal Mineral Lease Distribution Forecast**

	<b>Actual FY 2024-25</b>	<b>Forecast FY 2025-26</b>	<b>Forecast FY 2026-27</b>	<b>Forecast FY 2027-28</b>
<b>Total FML Revenue</b>	<b>\$85.0</b>	<b>\$107.8</b>	<b>\$112.0</b>	<b>\$100.7</b>
Change	-12.3%	26.8%	4.0%	-10.1%
<b>Bonus Payments (portion of total FML revenue)</b>	<b>\$0.2</b>	<b>\$3.4</b>	<b>\$4.1</b>	<b>\$3.7</b>
Local Government Perm Fund	\$0.1	\$1.7	\$2.1	\$1.9
Higher Ed FML Revenues Fund	\$0.1	\$1.7	\$2.1	\$1.9
<b>Non-Bonus FML Revenue</b>	<b>\$84.8</b>	<b>\$104.4</b>	<b>\$107.9</b>	<b>\$97.0</b>
State Public School Fund	\$41.0	\$50.4	\$52.1	\$46.9
Colorado Water Conservation Board	\$8.5	\$10.4	\$10.8	\$9.7
DOLA Grants	\$17.0	\$20.9	\$21.6	\$19.4
DOLA Direct Distribution	\$17.0	\$20.9	\$21.6	\$19.4
School Districts	\$1.4	\$1.8	\$1.8	\$1.6

**Lottery**

Lottery sales experienced a strong start to FY 2025-26, spurred by historic Powerball jackpots of \$1.8 billion in both September and December 2025, and a MegaMillions jackpot of almost \$1.0 billion in November 2025. Since then, lottery sales have continued to grow in line with previous expectations. As a result, this forecast projects higher revenues for lottery beneficiaries as compared with the previous forecast.

Scratch continues to be the most popular game, making up approximately 70 percent of total lottery sales. After scratch, jackpot games, Powerball, and MegaMillions make up roughly 20 percent of lottery sales. The remaining 10 percent is divided between Lotto, Millionaire for Life (a new game, which replaced Lucky for Life in February 2026), Cash 5, and Pick 3. Figure 52 shows projections of lottery sales broken down by lottery game.

**Figure 52. Lottery Revenues, in Millions of Dollars**

	<b>Actual FY 2024-25</b>	<b>Forecast FY 2025-26</b>	<b>Forecast FY 2026-27</b>	<b>Forecast FY 2027-28</b>
Scratch	\$599.7	\$613.3	\$621.6	\$638.3
Powerball	\$65.0	\$152.6	\$105.1	\$99.7
MegaMillions	\$60.6	\$60.8	\$62.5	\$72.9
Lotto	\$49.7	\$42.3	\$54.7	\$60.8
Millionaire for Life	\$22.9	\$23.7	\$27.0	\$27.4
Cash 5	\$14.5	\$14.3	\$14.0	\$13.2
Pick 3	\$15.4	\$15.5	\$15.4	\$15.6
<b>Total</b>	<b>\$827.9</b>	<b>\$922.5</b>	<b>\$900.3</b>	<b>\$927.9</b>

In FY 2023-24, lottery sales increased by 1.2 percent, before declining by 8.1 percent in FY 2024-25. This drop in sales was most acutely seen in Powerball and MegaMillions, which saw only one large jackpot during the previous fiscal year, which occurred in January 2025.

In FY 2025-26, OSPB is expecting sales to rebound due to a bounce back in lottery sales and the frequency of \$1 billion jackpots. It takes at least 12 weeks for jackpots to grow to \$1 billion. When jackpot games reach that figure, ticket sales increase significantly as consumers are drawn to the larger prize amount. Thus far in FY 2025-26, there have been two large jackpots of \$1.8 billion, which caused a spike in Powerball sales. There have also been two other jackpots just shy of \$1 billion. Therefore, OSPB expects total revenue growth to remain strong in the current fiscal year, driven by the two most popular jackpot games, Powerball and MegaMillions. Meanwhile, Scratch sales are expected to grow at a steady 1.3 percent, and other revenue streams are expected to maintain their current levels. Overall, OSPB is projecting total sales growth of 11.4 percent in FY 2025-26 before declining by 2.4 percent in FY 2026-27, then increasing by 3.1 percent in FY 2027-28.

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. In FY 2025-26, OSPB assumes that 21.4 percent of total lottery sales will be available for distribution. 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

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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 2025-26 is \$88.0 million.

Any funds that remain after the constitutional disbursements have been made are then distributed according to a statutory formula. HB25-1215 *Redistribution of Lottery Fund* revised the statutory formula. Accordingly, the first \$4 million is sent to the Outdoor Equity Grant Program, the subsequent \$3 million is sent to the BEST K-12 capital construction 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, whereby the Outdoor Equity Cash Fund receives 10 percent, the BEST program receives 50 percent, the Wildlife Cash fund receives 15 percent, the Parks and Outdoor Recreation Cash Fund receives 15 percent, the Outdoor Recreation Economic Development Cash Fund receives 5 percent, and the final 5 percent goes to the Strategic Outdoor Recreation Management Cash Fund.

In FY 2025-26, OSPB is forecasting a combined total of \$197.6 million to be divided according to the constitutional and then the statutory distributions. This would yield \$79.0 million to the Conservation Trust Fund and \$19.8 million to the Parks and Outdoor Recreation Cash Fund. Distributions to GOCO would then equal the FY 2025-26 GOCO cap of \$88.0 million, with \$10.8 million in funds available for the statutory spillover. Figure 53 breaks down anticipated lottery distributions.

**Figure 53. Lottery Distributions, in Millions of Dollars**

	Actual FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
<b>Total distribution</b>	<b>\$169.8</b>	<b>\$197.6</b>	<b>\$182.3</b>	<b>\$185.7</b>
<b>Constitutional distribution</b>	<b>\$169.8</b>	<b>\$186.8</b>	<b>\$181.8</b>	<b>\$185.3</b>
Conservation Trust Fund	\$67.9	\$79.0	\$72.9	\$74.3
GOCO	\$84.9	\$88.0	\$90.0	\$92.6
CPW	\$17.0	\$19.8	\$18.2	\$18.6
<b>Statutory distribution</b>	<b>\$0.0</b>	<b>\$10.8</b>	<b>\$1.2</b>	<b>\$0.2</b>
Outdoor Equity Fund	\$0.0	\$4.3	\$1.2	\$0.2
BEST	\$0.0	\$4.5	\$0.0	\$0.0
OREC Economic Development	N/A	\$0.75	\$0.0	\$0.0
Park/Outdoor Rec CF	\$0.0	\$0.61	\$0.0	\$0.0
Wildlife CF	\$0.0	\$0.61	\$0.0	\$0.0
Strategic OREC Management	N/A	N/A	\$0.0	\$0.0

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In FY 2025-26, OSPB expects the Outdoor Equity Fund to receive \$4.3 million, followed by BEST which is expected to receive \$4.5 million. After OREC, the remaining \$1.2 million is divided equally between the Parks Cash Fund and the Wildlife Cash Fund. In FY 2026-27, OSPB projects \$1.2 million for statutory distribution to the Outdoor Equity Cash Fund as lottery sales are expected to decrease while the GOCO cap continues to grow at inflation.

### State Land Board

Beneficiary revenue earned by the State Land Board and from Permanent Fund investment income reached record levels in FY 2024-25 at \$316.0 million, as natural gas prices recovered, oil royalties maintained their resilience, and Permanent Fund income recorded continued growth. After accounting for State Land Board operating expenses and trust asset improvement costs, 50 percent of State Land Board revenue is allocated to the BEST K-12 capital construction program, with the remaining approximate 47 percent allocated to the Permanent Fund. The Permanent Fund distributes its total earned investment income to BEST and K-12 operations on an annual basis after accounting for expenses incurred by the Treasury’s Public School Fund Investment Board. Figure 54 provides the OSPB revenue forecast for State Land Board and Permanent Fund income revenue.

**Figure 54. State Land Board Revenue Distribution Forecast**

	Actual FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
Mineral Revenue	\$216.5	\$205.8	\$175.0	\$150.7
Permanent Fund Income	\$57.4	\$63.0	\$66.2	\$69.2
Other (Surface, Commercial, Other)	\$42.1	\$50.4	\$51.4	\$52.2
<b>Total</b>	<b>\$316.0</b>	<b>\$319.2</b>	<b>\$292.5</b>	<b>\$272.0</b>
<i>Annual Growth</i>	<i>12.2%</i>	<i>1.0%</i>	<i>-8.4%</i>	<i>-7.0%</i>

Revenue is projected to record a new annual record in FY 2025-26 of \$319.2 million on slow growth of 1.0 percent, which represents an upward revision as compared with the December forecast primarily from higher oil price expectations to end the fiscal year caused by the Iran war. However, revenue is expected to experience a decline in both FY 2026-27 and FY 2027-28 from lower oil price expectations, although Permanent Fund income is expected to continue to grow over this period.

While oil and gas prices play a dominant role in this revenue stream, the Permanent Fund income distribution occupies a growing share of total revenues, due to higher interest earnings from fixed income investments and a growing Permanent Fund balance. The balance of the Permanent Fund has grown by nearly 50 percent over a three-year time frame from FY 2021-22 to FY 2024-25, going from \$1.2 billion to \$1.8 billion. This has resulted in income earnings increasing from \$33.9 million in FY 2021-22 to \$57.4 million in FY 2024-25, which are distributed to the Building Excellent Schools Today (BEST) K-12 capital construction program.

**Oil and Gas Production Fees**

SB24-230 imposed oil and gas production fees that went into effect in FY 2025-26. These fees apply to all oil and gas production within the state on or after July 1, 2025. Each quarter, the Energy and Carbon Management Commission (ECMC) is required to calculate the average spot prices for West Texas Intermediate (WTI) oil and Henry Hub natural gas from the previous quarter. These calculated average prices serve as the basis for the fee level that the enterprises are allowed to charge for each barrel of oil and each thousand cubic feet (Mcf) of natural gas produced in the state. The two enterprises responsible for charging these fees are the Clean Transit Enterprise (CTE) and Colorado Parks and Wildlife (CPW). Figure 55 provides production fee revenue estimates for the forecast period, while Figures 56 and 57 provide the fee schedule, which is dependent upon the price of oil and natural gas.

**Figure 55. Oil and Gas Production Fee Revenue Distribution Forecast**

	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
<b>Production Fee Total Revenue Estimates</b>	<b>\$82.2</b>	<b>\$153.6</b>	<b>\$126.1</b>
Clean Transit Enterprise	\$50.9	\$122.9	\$100.9
<i>Local Transit Operations Cash Fund</i>	\$35.6	\$86.0	\$70.6
<i>Local Transit Grant Program Cash Fund</i>	\$5.1	\$12.3	\$10.1
<i>Rail Funding Program Cash Fund</i>	\$10.2	\$24.6	\$20.2
Colorado Parks and Wildlife Climate Resilient Wildlife and Land Cash Fund	\$31.3	\$30.7	\$25.2
<i>Annual Change</i>	NA	86.8%	-17.9%

This is the first quarterly forecast in which OSPB is publishing revenue estimates for oil and gas production fees. The forecast is based on production and price estimates for both oil and natural gas, which are detailed further in the Energy section of this report. In FY 2025-26, OSPB assumes that CTE is limited in the production fee revenue it can collect due to constraints from Proposition 117, though CPW is able to collect the maximum statutorily allowable amount. Beginning in FY 2026-27, both CTE and CPW can collect the maximum allowable fees. This forecast assumes that the enterprises will set the maximum fee allowed in future quarters, however, the enterprises have discretion to set the fee lower than the allowed maximum if they choose, which could lower the published revenue estimates.

Per statute, the CTE production fee can be set higher than the CPW production fee. This results in higher CTE revenue expectations than CPW after FY 2025-26 when CTE can set the maximum allowable fee for the entirety of the fiscal year. Generally, CPW revenue estimates are expected to be 25 percent of CTE estimates beginning in FY 2026-27, in alignment with their respective fee schedules, shown in Figure 56 and 57 below. Total production fee revenue is estimated to grow by 86.8 percent

to \$153.6 million in FY 2026-27 when CTE can set the maximum fee levels; however, CPW revenue is projected to decline due to lower projected oil prices. Total production fee revenue is projected to decline by 17.9 percent to \$126.1 million in FY 2027-28 from a sustained lower oil price environment and weaker statewide production growth. The revenue to CTE is divided amongst three different cash funds: 70 percent to the Local Transit Operations Cash Fund, 10 percent to the Local Transit Grant Program Cash Fund, and 20 percent to the Rail Funding Program Cash Fund. The share of the revenue allocated to CPW is credited to the Climate Resilient Wildlife and Land Cash Fund.

**Figure 56. Oil Production Fee Schedule**

<b>WTI Quarterly Spot Price</b>	<b>Clean Transit Enterprise</b>	<b>Colorado Parks and Wildlife</b>
Up to \$40 per Barrel	\$0.04 per Barrel	\$0.01 per Barrel
\$40 up to \$50 per Barrel	\$0.12 per Barrel	\$0.03 per Barrel
\$50 up to \$60 per Barrel	\$0.24 per Barrel	\$0.06 per Barrel
\$60 per Barrel or more	\$0.24 per Barrel, plus \$0.12 per Barrel for each \$10, or fraction thereof, by which the spot price exceeds \$60 per Barrel	\$0.06 per Barrel, plus \$0.03 per Barrel for each \$10, or fraction thereof, by which the spot price exceeds \$60 per Barrel

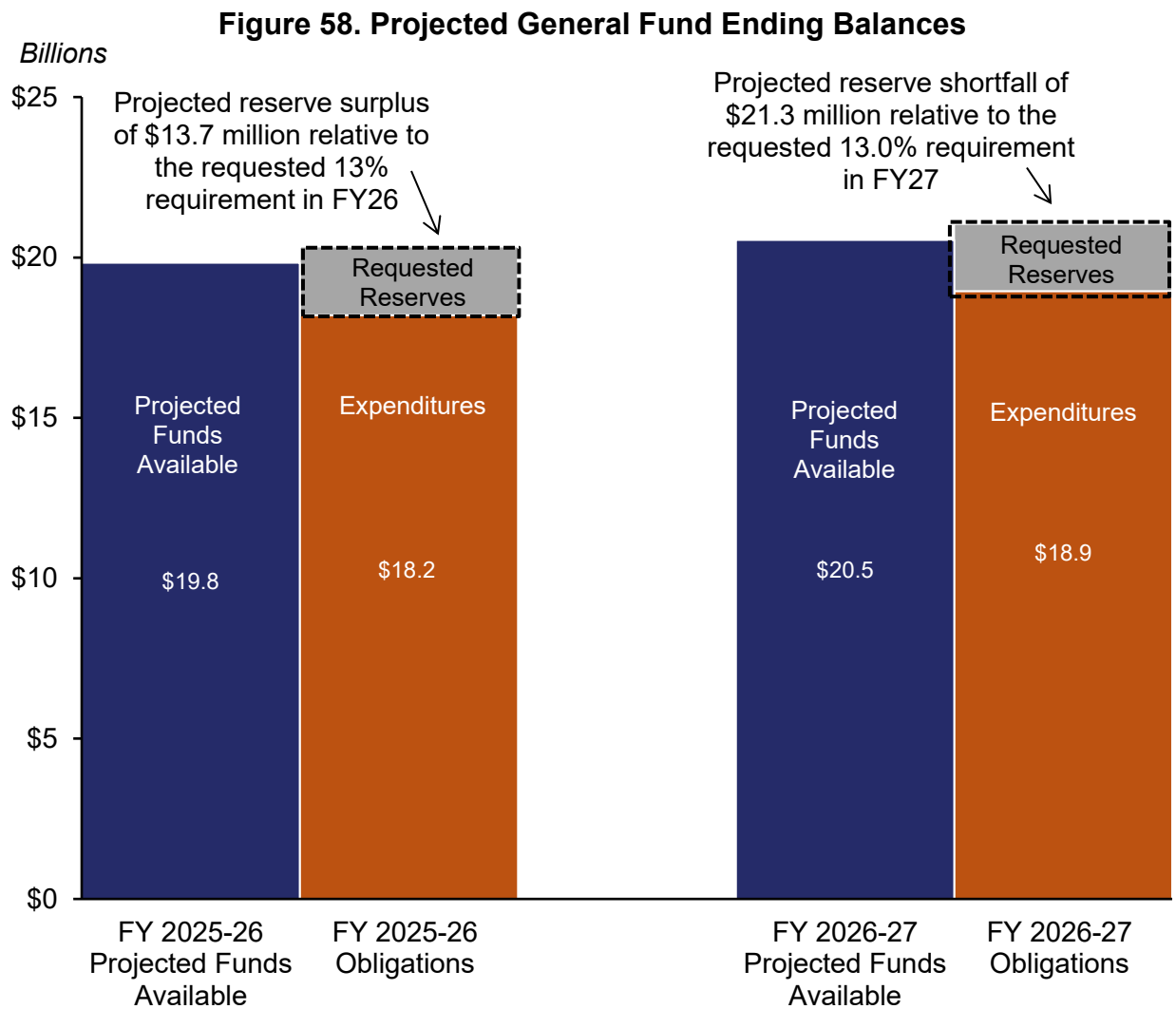
**Figure 57. Natural Gas Production Fee Schedule**

<b>Henry Hub Quarterly Spot Price</b>	<b>Clean Transit Enterprise</b>	<b>Colorado Parks and Wildlife</b>
Up to \$1.40 per MMBtu	0.16¢ per Mcf	0.04¢ per mcf
\$1.40 up to \$1.80 per MMBtu	0.64¢ per Mcf	0.16¢ per mcf
\$1.80 up to \$2.20 per MMBtu	1.12¢ per Mcf	0.28¢ per mcf
\$2.20 per MMBtu or more	1.12¢ per Mcf, plus 0.48¢ per Mcf for each \$0.40, or fraction thereof, by which the spot price exceeds \$2.20 per MMBtu	0.28¢ per mcf, plus 0.12¢ per mcf for each \$0.40, or fraction thereof, by which the spot price exceeds \$2.20 per MMBTU

# Budget Outlook

## General Fund

In FY 2025-26, gross General Fund revenue collections are expected to fall 1.0 percent, though this is an upward revision of \$49.6 million as year-to-date revenue has outpaced December expectations. In FY 2026-27, gross General Fund revenue is expected to increase 8.4 percent due to the Earned Income Tax Credit expansion and the Family Affordability Tax Credit being turned off in both Tax Year 2026 and 2027 due to revenue growth requirements not being met.



## OSPB Colorado Economic & Revenue Outlook – March 2026

In Figure 58 above, the gray bar represents the amount of total reserves relative to the dashed box representing the requested reserve of 13.0 percent in the Governor’s January budget for both FY 2025-26 and FY 2026-27 prior to accounting for the \$41.25 million in escrow held as a result of HB24-1231. 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, the 2025 state extraordinary session, the federal bill H.R. 1 signed on July 4<sup>th</sup> by President Trump, and the supplemental department budget bills that were already enacted in the 2026 legislative session.

The FY 2025-26 and FY 2026-27 balancing above represent not only current law, which are captured in Table 4A in the appendix, but also the impacts of the Governor’s January budget submission summarized in Table 4B which results in General Fund balancing outcomes in Table 4C. The Table 4C, illustrated in Figure 58 above, results in \$13.7 million in General Fund above the requested 13.0 percent reserve in FY 2025-26 and \$21.3 million below the requested 13.0 percent reserve in FY 2026-27 after incorporating the January 2<sup>nd</sup> supplemental and budget amendment submission. Note that the FY 2024-25 General Fund ending balance is \$49.9 million above the 15 percent reserve requirement after including final reversions and accounting adjustments from the Office of the State Controller as published in the state’s Annual Comprehensive Financial Report.

Note that this forecasted budget balancing does not include the updated HCPF caseload forecast published in February for FY 2025-26, which is aligned with OSPB’s historical process in the March Forecast, given that the updated forecast is not incorporated into the supplemental bills package that passed. Also, for FY 2026-27, the updated February HCPF caseload forecast is not incorporated given that the Governor’s budget calls for cuts to offset any additional caseload pressures such that the increased expenditures are limited to the proposed 5.6 percent. Also, in February, OSPB submitted a memo to the Joint Budget Committee (JBC) to consider an update to Denver’s inflation growth calculation in 2025 to better reflect actual conditions, after receiving feedback from the U.S. Bureau of Labor Statistics on their approach of handling a lack of published data during the federal government shutdown. The JBC is considering a bill that would effectively revise inflation from 2.3 to 2.4 percent in 2025, which would impact over 100 statutory references, some of which would impact the FY 2026-27 budget. OSPB estimates the net impact of all statutory changes would reduce the General Fund shortfall by \$19.5 million, resulting in a reserve that is \$1.8 million below the proposed 13.0 percent reserve.

As shown below in Figure 59, the FY 2025-26 balancing position is significantly better than anticipated in the December forecast due to the requested statutory reserve adjustment to 13 percent in the Governor’s January budget submission, alongside improved the General Fund revenue, while forecasted transfers and newly passed legislation requiring transfers largely offset, and rebates and expenditures have little impact.

Figure 59. Crosswalk between FY 2025-26 December and March GF Ending Balances

<b>Dec Forecast FY26 Ending Balance Below Reserve</b>	<b>(\$365.7)</b>
<b>Current Law Appropriation Updates</b>	
(-) Increased Approps	(\$160.7)
(-) Increased Reserve Requirement on Approps	(\$24.1)
(-) Reversions & Accounting Adjustments	(\$103.0)
<b>Total After Appropriation Updates</b>	<b>(\$653.4)</b>
<b>Forecast Updates</b>	
(+) Increased Gross GF Revenue (+Ind)	\$49.6
(+) Increased Transfers to GF	\$13.0
(+) Decreased R&Es	\$0.4
(-) Increased Transfers to Capital	(\$3.6)
(-) Increased Transfers to Other Funds	(\$3.0)
<b>Total After Forecast Updates</b>	<b>(\$597.0)</b>
<b>Gov's Budget Updates</b>	
(-) Decreased Gross GF Revenue	(\$1.5)
(+) Increased Transfers to the General Fund	\$12.9
(+) Decreased Spending Outside Limit	\$0.7
(+) Increased Reversions	\$109.7
(+) Decreased Approps (Gov Budget)	\$134.6
(+) Reserve Reduction + Reserve Impacts	\$354.2
<b>Ending Balance After Gov's Budget Updates Above 13% Reserve</b>	<b>\$13.6</b>

Note, for the FY 2025-26 crosswalk, OSPB has separated out the current law appropriation updates from the Governor’s Budget updates, which has the October 31<sup>st</sup> supplemental hold rolling off. The actual increased appropriations minimally exceeded the January 2<sup>nd</sup> supplemental requests (which are different than the October 31<sup>st</sup> hold used in the December forecast) by \$17.4 million. Additionally, the difference between the increased and decreased reversions above reflect that the \$103.0 million in reversions from the Governor’s August 28<sup>th</sup> Executive Order limiting spending is now reflected in reduced appropriations. However, there are an additional \$6.7 million in new reversions anticipated from the Governor’s January budget submission.

In FY 2026-27, the estimated reserve is now \$21.3 million below the requested change of the statutory requirement to 13.0 percent, as shown at the bottom of Figure 60. The downward revision in the forecast section is largely due to a downward revision in inflation growth from 2.6 to 2.3 percent, based on final produced BLS data, which when combined with updates to the methodology used to align with our understanding on how the Office of the State Controller handles enterprise qualification events, results in a downward revision to the TABOR cap that is anticipated to retain \$43.9 million less General Fund based on current revenue expectations. Additionally, increased severance cash fund revenue reduces the amount of General Fund retained under the Excess State Revenues Cap. Other forecast movements including transfers, cash fund revenue, exempt general fund revenue, and rebates and expenditures all have minimal impact on balancing.

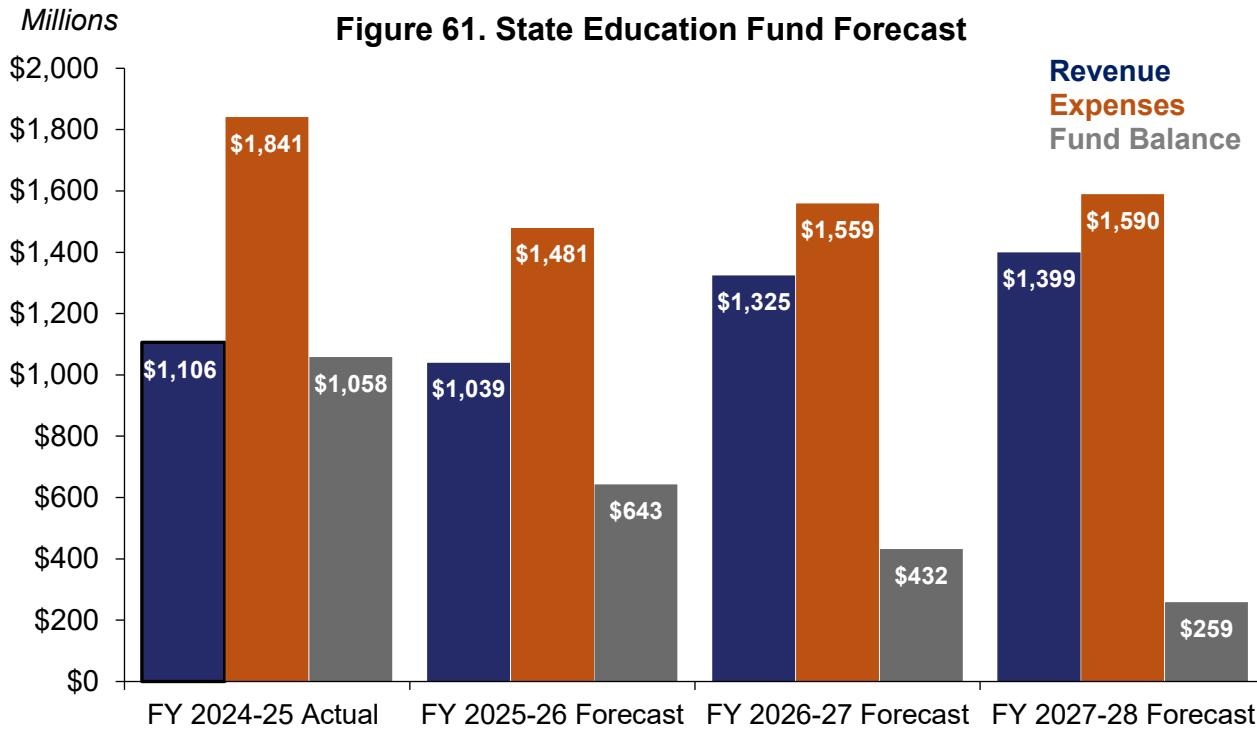
Figure 60. Crosswalk between FY 2026-27 December and March GF Ending Balance

<b>Dec Forecast FY27 Ending Balance Above Reserve</b>	<b>\$56.4</b>
<b>Forecast Updates</b>	
(-) Decreased Beginning Reserve (FY26 Forecast Updates)	(\$207.1)
(+) Increased Transfers to GF	\$0.2
(-) Downward Adjustment to TABOR Cap	(\$43.9)
(+) Increased Exempt GF Revenue	\$1.0
(-) Increased Severance CF Revenue	(\$32.6)
(+) Decrease in all other CF Revenue	\$4.3
(-) Homestead Obligation from GF	(\$2.7)
(-) Increased Rebates & Expenditures	(\$2.1)
(-) Increased Transfers to Other Funds	(\$2.2)
<b>Total After Forecast Updates</b>	<b>(\$228.9)</b>
<b>Gov's Budget Updates</b>	
(+) Increased Beginning Reserve (FY26 Gov Budget Impacts)	\$256.4
(-) Decreased Gross GF Revenue (Exempt)	(\$145.2)
(+) Increased Transfers to the General Fund	\$11.7
(-) Increased Appropriations (Gov Budget) + Reserve Impacts	(\$47.9)
(+) Decreased Spending Outside Limit	\$131.7
(+) GF Statutory Reserve	\$0.9
<b>Ending Balance After Gov's Budget Updates Below Reserve</b>	<b>(\$21.3)</b>

## State Education Fund

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The State Education Fund (SEF) ended FY 2024-25 with a robust balance of \$1,058.0 million however subsequent legislation in the 2024 and 2025 legislative session placed increased fiscal pressure on the fund. Bills which had the biggest impact on SEF expenditures were HB24-1448 (New Public School Formula), SB24-233 (Property Tax), HB24B-1001 (Property Tax), and HB25-1320 (School Finance Act). In FY 2025–26, the SEF balance is projected to decline to \$642.5 million, reflecting a \$118 million upward revision from the December forecast due to the mid-year total program adjustment and increased SEF revenue expectations. HB26-1174 decreased the state share for total program by \$103.5 million in FY 2025-26, while OPSB has revised up the SEF revenue expectation for that year by \$13.9 million.



Source: Colorado Department of Revenue, Colorado Department of Education, OSPB Forecast

For FY 2026–27, the SEF balance is projected at \$432 million, representing a \$182 million increase from the December forecast. This upward revision is due to two factors: the ending balance from FY 2025–26 increases the revenue available in FY 2026–27, and the state share of total program costs has decreased because of a lower student count compared with the November 1 request. In FY 2027-28, the SEF balance is expected to decline further to \$259 million which is a revision up of \$147 million from the December forecast. All SEF expenditures this forecast have been calculated using current law as prescribed under HB25-1320, while incorporating changes from the October 2025 Student count and latest assessed value updates. Hence, across the forecast period SEF fund balances are expected to be higher in this forecast because lower student count and better than expected local share contributions have assisted the SEF balancing picture despite revenue being revised down slightly in FY 2026-27 and FY 2027-28. Recent changes have improved the short-term outlook for the SEF. This forecast represents the first upward revision to the SEF ending balance in some time, driven primarily by a lower student count, which reduces total program costs and the required state share. Despite this short-term improvement, the SEF has experienced significant budgetary pressures over the past two years due to legislative changes at both the state and federal levels. At the state level, measures enacted during the 2024 and 2025 legislative sessions—including the new school finance formula and property tax changes—have increased state share requirements for school finance by approximately \$800 million over a three-year period. At the federal level, H.R. 1 has also negatively affected SEF revenues, further weakening the fund’s long-term balance outlook. While the current forecast

provides temporary relief, the longer-term outlook remains uncertain. Factors such as reduced revenue expectations, lower local share contributions, and other budgetary changes could significantly affect the SEF balance. As a result, maintaining a stable SEF balance in the out-years will likely require significant General Fund contributions and continued fiscal caution.

## Healthy School Meals for All (HSMA) Program

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The Healthy School Meals for All (HSMA) program cash fund was created by Proposition FF in 2022 and since FY 2023-24, it has been used to support the cost of meal reimbursements for the program. The 2025 legislative session referred two ballot measures to voters which significantly changed the outlook for this fund. The first measure was Proposition LL which allowed the state to retain and spend all Proposition FF revenue collected above the 2022 Blue Book estimate. The second measure that voters approved was Proposition MM which expanded on the original revenue stream Proposition FF, increasing the revenue going into the cash fund. Together, these measures, along with the impacts of H.R. 1 and higher-than-expected Tax Year 2024 revenue, have significantly increased overall HSMA revenue. The fund projections outlined in this section reflect all HSMA appropriations, enacted legislation, and election changes.

**Figure 62. HSMA Program Revenue and Expenditures**

	FY 2025-26 Forecast	FY 2026-27 Forecast	FY 2027-28 Forecast
<b>Beginning Fund Balance</b>	<b>\$27.2</b>	<b>\$99.1</b>	<b>\$172.0**</b>
<b>Revenue</b>			
Proposition FF+LL	\$176.0	\$159.7	\$160.7
Proposition MM*	\$38.9	\$95.0*	\$95.0*
<b>Total Available HSMA Revenue</b>	<b>\$214.9</b>	<b>\$353.8</b>	<b>\$255.7</b>
<b>Expenses</b>			
Meal Reimbursements	\$142.5	\$148.2	\$153.3
Grants and Administration	\$0.5	\$34.1	\$35.1
<b>Total HSMA Expenditure</b>	<b>\$143.0</b>	<b>\$182.3</b>	<b>\$188.4</b>
<i>HSMA Reserve Amount (35 percent)</i>	-	\$51.9	\$53.7
<b>Funds Left Over after all HSMA Expenses &amp; Reserve</b>	<b>\$99.1</b>	<b>\$119.6</b>	<b>\$185.1</b>

*\*Note: Proposition MM represented here is the maximum amount of revenue the state is allowed to collect and retain in a fiscal year. \*\*Beginning fund balance in FY 2027-28 is the summation of the reserve and leftover funds at the end of FY26-27 if left unused.*

At the end of FY 2024-25, the HSMA cash fund balance is \$27.2 million. Of this amount, \$12.4 million was intentionally held in reserve in case Proposition LL failed, which would have required the State to

refund to qualifying taxpayers in FY 2025-26 the portion of FY 2023-24 revenue that exceeded the estimates presented to voters in the 2022 Blue Book. In FY 2025–26, the state is projected to receive \$214.9 million in HSMA revenue, and meal reimbursements are the only expenditures that will require funding from these revenues.

As seen in Figure 62, after accounting for all HSMA expenditures the amount leftover in the fund at the end of FY 2025-26 is expected to be \$99.1 million. For FY 2026-27, OSPB projects total HSMA revenue from Proposition FF and Proposition MM to reach \$268.4 million. However, Proposition MM caps the amount the state may retain and spend from this new revenue stream at \$95 million. As a result, the state will be able to spend approximately \$254.7 million in total HSMA revenue for the year. In FY 2026-27, three grant programs will also be implemented, adding to HSMA expenses on top of meal reimbursement costs. Additionally, SB25B-003 requires a reserve be maintained in the HSMA fund, which is calculated as 35 percent of the meal reimbursement costs for the fiscal year. After accounting for these expenditures and a 35 percent reserve, OSPB estimates approximately \$119.6 million will be leftover in the fund at the end of FY 2026-27. If the balance in FY 2026-27 remains unused and rolled over to FY 2027-28 then after accounting for a 35 percent reserve the FY 2027-28 ending balance is expected to be \$185.1 million. Proposition MM expanded the uses of HSMA revenue to be used for SNAP costs after all HSMA expenses are addressed, hence funds outside of the HSMA reserve amount at the end of FY 2026-27 can be used by the state to pay for SNAP administration or program costs. If all the \$119.6 million left in the HSMA fund at the end of FY 2026-27 is used for SNAP costs then after accounting for all HSMA expenses (including the reserve) the HSMA fund balance is expected to be \$65.5 million.

## Forecast Risks

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This budget outlook is based on OSPB’s economic forecast as detailed in Tables 1 and 2 of the Reference Tables at the end of this document. The state budget faces near-term risks resulting from trade policy, foreign engagements that impact oil- and gas-related revenue streams, other revenue impacts from the Iran war, and tax policy measures in the federal bill H.R. 1. Overall, revenue and budgetary risks are viewed as balanced, but with elevated uncertainty.

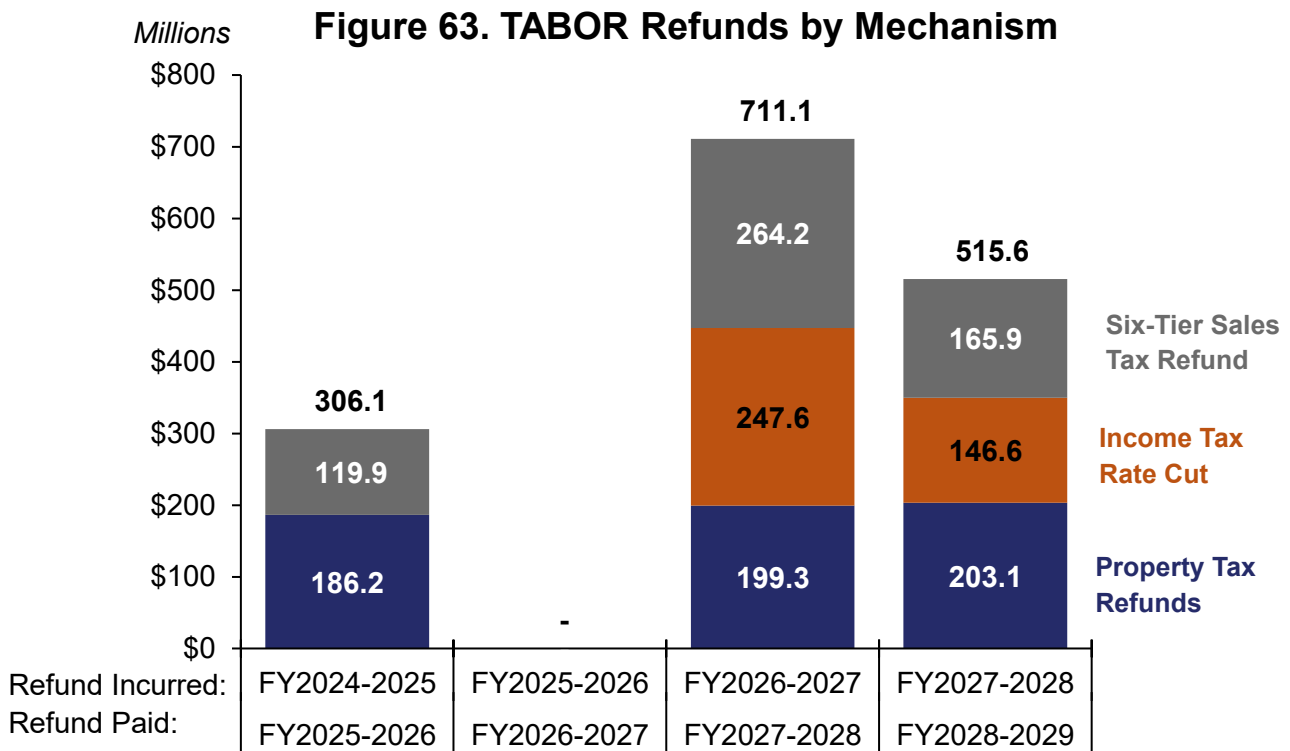
## Supplemental Materials

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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](http://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 for all but one of the forecast years.



In FY 2024-25, the revenue above the cap is revised up to \$309.8 million, a \$12.8 million increase from the December forecast, which reflects accounting changes identified by the Office of the State Controller. After adjusting for \$3.7 million from prior years’ over-refunds, \$306.1 million in TABOR refunds from FY 2024-25 revenue will be paid out in FY 2025-26. In FY 2025-26, refunds are not projected to take place, as a result of the tax policy changes from H.R 1, which reduce anticipated revenue below the cap. In FY 2026-27, TABOR refunds are revised up to \$711.1 million, an increase of \$502.9 million over December as a result of this forecast turning off the major trigger tax credits, with a downgrade of the expected economic conditions into 2027 and 2028. In FY 2027-28, OSPB maintains expected refunds from December at \$515.6 million, a decrease of \$65.5 million from December.

During the 2024 legislative session, the General Assembly reformed the TABOR refund mechanisms through SB24-228. This bill expanded the refund mechanisms from two (the Senior Homestead Exemption and the Six Tier Sales Tax refund) to a structure of up to four, which are activated or not depending on the amount of revenue above the TABOR cap. 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.

Following the annual comprehensive financial report conducted by the Office of the State Controller, FY 2024-25 surplus was revised up slightly to \$306.1 million, providing sufficient surplus to fully refund the estimated \$186.8 million required for the Homestead exemption and portability, with the remaining \$119.9 million refunded through the six-tier sales tax refunds. The income tax rate reduction is not triggered for this year. This surplus will be claimed by eligible taxpayers on their Tax Year 2025 returns, filed this spring. DOR has published the amount taxpayers are eligible for, as presented in the table below.

**Figure 64. TABOR Refunds by Taxpayer AGI**

<b>Tiers</b>	<b>Lower Bound</b>	<b>Upper Bound</b>	<b>Single Filers</b>	<b>Joint Filers</b>
<b>Tier 1</b>	<b>0</b>	<b>52,000</b>	<b>\$19</b>	<b>\$38</b>
<b>Tier 2</b>	<b>52,001</b>	<b>105,000</b>	<b>\$25</b>	<b>\$50</b>
<b>Tier 3</b>	<b>105,001</b>	<b>168,000</b>	<b>\$29</b>	<b>\$58</b>
<b>Tier 4</b>	<b>168,001</b>	<b>233,000</b>	<b>\$35</b>	<b>\$70</b>
<b>Tier 5</b>	<b>233,001</b>	<b>299,000</b>	<b>\$37</b>	<b>\$74</b>
<b>Tier 6</b>	<b>299,001</b>	<b>and up</b>	<b>\$59</b>	<b>\$118</b>

*Source: Colorado Department of Revenue*

In FY 2025-26, OSPB anticipates the state revenues will fall below the TABOR cap, resulting in no refunds to be paid out in FY 2026-27. This revision is a result of the passage of H.R 1 and its tax policy changes by the federal government, which reduces state revenues beginning in Tax Year 2025, and has a particularly strong impact in this fiscal year. As a result, the projected \$194.2 million in Homestead refunds will be paid out of the State General Fund, rather than the TABOR surplus. The TABOR cap in this fiscal year is anticipated to be shifted as a result of two enterprise changes. First, due to SB24-123 *Waste Tire Management Enterprise*, which establishes a new enterprise and folds an existing cash fund and fee revenue into the enterprise, reducing the cap by \$1.7 million. Secondly, HB25B-1006 *Improve Affordability Private Health Insurance* establishes a mechanism for state funding support to the Health Insurance Affordability Enterprise (HIAE) following the expiration of federal enhanced Premium Tax Credits after 2025 that help individuals afford health insurance, in the current fiscal year. This support is anticipated to disqualify the HIAE as an enterprise due to the level of state support.

## OSPB Colorado Economic & Revenue Outlook – March 2026

After consultation with the Office of the State Controller, OSPB has calculated the disqualification event as shifting up the cap by FY 2024-25 HIAE revenue, which the Division of Insurance (DOI) quoted at \$134.8 million, alongside the \$1.7 shift from SB24-123 in advance of the application of the TABOR growth rate – resulting in a forecasted adjusted Ref C cap of \$19,980.8 million. In the subsequent fiscal year, OSPB anticipates the enterprise will re-qualify as such, and the TABOR cap will be reduced by a forecasted \$124.5 million in revenue in advance of the application of the TABOR growth rate, based on consultation with DOI on anticipated revenues – resulting in a forecasted adjusted Ref C cap of \$20,491.7 million in FY 2026-27.

OSPB forecasts a return to TABOR surplus in FY 2026-27, estimated at \$711.1 million. Homestead refunds are projected to grow to \$199.3 million despite the current law expiration of the portability provision, however an extension of that provision is currently before the General Assembly in SB26-116 *Property Tax Modifications*. The remaining surplus triggers an income tax rate reduction of .07%, refunding an estimated \$247.6 million to taxpayers, with the remaining \$264.2 million distributed through the six-tier sales tax refund mechanism.

In FY 2027-28 OSPB forecasts a slight decline in TABOR surplus to \$515.6 million. After refunding the estimated \$203.1 million in Homestead costs, OSPB forecasts an income tax reduction of 0.04%, returning \$146.6 million, with the remaining \$165.9 million being allocated through the six-tier sales tax.

# Reference Tables

Table 1: Colorado Economic Variables – History and Forecast

		Actual 2020	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Actual 2025	Forecast 2026	Forecast 2027	Forecast 2028
<b>Income</b>										
1	Personal Income (Billions) /A	\$374.4	\$418.2	\$448.7	\$473.1	\$494.8	\$517.6	\$539.3	\$559.8	\$580.5
2	Change	6.5%	11.7%	7.3%	5.4%	4.6%	4.6%	4.2%	3.8%	3.7%
3	Wage and Salary Income (Billions)	\$187.8	\$205.5	\$225.4	\$239.0	\$250.1	\$260.6	\$270.8	\$280.8	\$290.9
4	Change	2.6%	9.5%	9.7%	6.0%	4.7%	4.2%	3.9%	3.7%	3.6%
5	Per-Capita Income (\$/person) /A	\$64,707.0	\$71,925.0	\$76,658.0	\$80,028.0	\$82,636.0	\$86,096.0	\$89,467.0	\$92,353.0	\$95,105.0
6	Change	5.6%	11.2%	6.6%	4.4%	3.3%	4.2%	3.9%	3.2%	3.0%
<b>Population &amp; Employment</b>										
		2020	2021	2022	2023	2024	2025	2026	2027	2028
7	Population (Thousands)	5,786.9	5,814.2	5,853.0	5,911.8	5,987.7	6,011.4	6,027.9	6,061.4	6,103.8
8	Change	0.9%	0.5%	0.7%	1.0%	1.3%	0.4%	0.3%	0.6%	0.7%
9	Net Migration (Thousands)	31.3	11.4	26.0	41.9	58.5	3.5	(\$2.0)	15.0	25.0
10	Unemployment Rate	6.8%	5.5%	3.1%	3.3%	4.3%	4.5%	4.1%	4.3%	4.5%
11	Total Nonagricultural Employment (Thousands)	2,652.7	2,750.9	2,869.7	2,937.5	2,961.0	2,955.1	2,969.9	2,978.8	2,981.7
12	Change	-4.9%	3.7%	4.3%	2.4%	0.8%	-0.2%	0.5%	0.3%	0.1%
<b>Construction Variables</b>										
		2020	2021	2022	2023	2024	2025	2026	2027	2028
13	Total Housing Permits Issued (Thousands)	40.5	56.5	48.8	39.4	32.2	33.6	34.7	36.1	37.5
14	Change	4.8%	39.7%	-13.6%	-19.3%	-18.3%	4.5%	3.2%	3.9%	4.1%
15	Nonresidential Construction Value (Millions) /B	\$5,607.5	\$5,681.0	\$6,610.9	\$6,539.5	\$4,891.8	\$6,710.2	\$6,696.7	\$6,582.9	\$6,708.0
16	Change	8.6%	1.3%	16.4%	-1.1%	-25.2%	37.2%	-0.2%	-1.7%	1.9%
<b>Price Variables</b>										
		2020	2021	2022	2023	2024	2025	2026	2027	2028
17	Retail Trade (Billions) /C	\$228.8	\$268.3	\$299.9	\$302.6	\$306.5	\$316.2	\$324.7	\$333.2	\$343.5
18	Change	1.9%	17.3%	11.8%	0.9%	1.3%	3.2%	2.7%	2.6%	3.1%
19	Denver-Aurora-Lakewood Consumer Price Index (1982-84=100)	272.2	281.8	304.4	320.3	327.6	335.1	344.8	353.8	362.6
20	Change	2.0%	3.5%	8.0%	5.2%	2.3%	2.3%	2.9%	2.6%	2.5%

/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 2020	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Actual 2025	Forecast 2026	Forecast 2027	Forecast 2028
1	Inflation-Adjusted Gross Domestic Product (Billions) /A	\$20,284.5	\$21,532.4	\$22,075.9	\$22,723.7	\$23,358.4	\$23,853.0	\$24,449.3	\$24,742.7	\$25,039.6
2	Change	-2.1%	6.2%	2.5%	2.9%	2.8%	2.1%	2.5%	1.2%	1.2%
3	Personal Income (Billions) /B	\$19,631.7	\$21,498.9	\$22,153.8	\$23,585.0	\$24,905.9	\$26,076.5	\$27,145.6	\$28,095.7	\$29,079.1
4	Change	6.9%	9.5%	3.0%	6.5%	5.6%	4.7%	4.1%	3.5%	3.5%
5	Per-Capita Income (\$/person) /B	\$59,207	\$64,736	\$66,325	\$70,026	\$73,229	\$76,213	\$78,943	\$81,300	\$83,727
6	Change	5.9%	9.3%	2.5%	5.6%	4.6%	4.1%	3.6%	3.0%	3.0%
7	Wage and Salary Income (Billions)	\$9,465.3	\$10,315.0	\$11,122.8	\$11,732.4	\$12,387.9	\$12,933.0	\$13,424.5	\$13,880.9	\$14,339.0
8	Change	1.5%	9.0%	7.8%	5.5%	5.6%	4.4%	3.8%	3.4%	3.3%
<b>Population &amp; Employment</b>		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
9	Population (Millions)	331.6	332.1	334.0	336.8	340.1	342.2	343.9	345.6	347.3
10	Change	1.0%	0.2%	0.6%	0.8%	1.0%	0.6%	0.5%	0.5%	0.5%
11	Unemployment Rate	8.1%	5.4%	3.7%	3.6%	4.0%	4.3%	4.5%	4.7%	4.8%
12	Total Nonagricultural Employment (Millions)	142.2	146.3	152.5	155.9	157.7	158.4	158.8	159.1	159.2
13	Change	-5.8%	2.9%	4.3%	2.2%	1.2%	0.5%	0.2%	0.2%	0.1%
<b>Other Key Indicators</b>		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
14	Consumer Price Index (1982-84=100)	258.8	271.0	292.7	304.7	313.7	321.9	331.6	340.2	348.0
15	Change	1.2%	4.7%	8.0%	4.1%	2.9%	2.6%	3.0%	2.6%	2.3%
16	Corporate Profits (Billions)	\$2,411.5	\$3,098.0	\$3,362.6	\$3,617.3	\$3,801.8	\$4,014.6	\$4,139.1	\$4,101.9	\$4,134.7
17	Change	-3.5%	28.5%	8.5%	7.6%	5.1%	5.6%	3.1%	-0.9%	0.8%
18	Housing Permits (Millions)	1.47	1.74	1.68	1.51	1.48	1.42	1.42	1.45	1.48
19	Change	6.1%	18.1%	-3.3%	-10.1%	-2.2%	-3.6%	-0.5%	2.0%	2.4%
20	Retail Trade (Billions)	\$6,107.8	\$7,225.4	\$7,873.5	\$8,139.5	\$8,386.0	\$8,699.7	\$8,969.4	\$9,166.7	\$9,423.4
21	Change	0.7%	18.3%	9.0%	3.4%	3.0%	3.7%	3.1%	2.2%	2.8%

/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	Actual FY 2024-25	Percent Change	Forecast FY 2025-26	Percent Change	Forecast FY 2026-27	Percent Change	Forecast FY 2027-28	Percent Change
1	Sales	\$4,441.1	1.8%	\$4,563.0	2.7%	\$4,696.7	2.9%	\$4,819.9	2.6%
2	Use	\$216.6	-7.1%	\$219.4	1.3%	\$233.0	6.2%	\$239.1	2.6%
3	Retail Marijuana Sales - Special Sales Tax	\$186.4	-4.4%	\$179.8	-3.5%	\$186.3	3.6%	\$192.9	3.5%
4	Cigarette	\$19.5	-4.6%	\$17.6	-10.0%	\$16.6	-5.6%	\$15.7	-5.6%
5	Tobacco Products	\$23.7	9.8%	\$22.3	-6.0%	\$22.1	-0.9%	\$21.8	-1.5%
6	Liquor	\$54.0	-3.6%	\$56.3	4.3%	\$56.5	0.4%	\$57.2	1.3%
7	Total Proposition EE	\$243.6	17.2%	\$246.7	1.3%	\$237.5	-3.8%	\$275.7	16.1%
8	Proposition KK	\$3.9	NA	\$17.2	336.6%	\$14.4	-16.4%	\$14.8	2.8%
9	<b>Total Excise</b>	<b>\$5,188.9</b>	<b>1.8%</b>	<b>\$5,322.3</b>	<b>2.6%</b>	<b>\$5,463.0</b>	<b>2.6%</b>	<b>\$5,637.1</b>	<b>3.2%</b>
	<b>Income Taxes</b>	<b>FY 2024-25</b>	<b>% chg.</b>	<b>FY 2025-26</b>	<b>% chg.</b>	<b>FY 2026-27</b>	<b>% chg.</b>	<b>FY 2027-28</b>	<b>% chg.</b>
10	Net Individual Income	\$9,997.9	-0.5%	\$10,692.2	6.9%	\$11,987.2	12.1%	\$12,132.2	1.2%
11	Net Corporate Income	\$2,619.5	-6.3%	\$1,596.5	-39.1%	\$1,952.9	22.3%	\$1,992.0	2.0%
12	<b>Total Income</b>	<b>\$12,617.4</b>	<b>-1.7%</b>	<b>\$12,288.7</b>	<b>-2.6%</b>	<b>\$13,940.1</b>	<b>13.4%</b>	<b>\$14,124.3</b>	<b>1.3%</b>
13	<i>Less: State Education Fund Diversion</i>	\$1,060.6	-12.3%	\$1,039.4	-2.0%	\$1,108.6	6.7%	\$1,170.8	5.6%
14	<i>Less: Kids Matter Account Diversion</i>	\$0.0	NA	\$0.0	NA	\$216.2	NA	\$228.3	5.6%
15	<i>Less: Proposition 123 Diversion</i>	\$317.0	-3.1%	\$311.8	-1.6%	\$332.6	6.7%	\$351.2	5.6%
16	<i>Less: Healthy School Meals Prop FF</i>	\$132.3	NA	\$176.0	33.0%	\$159.7	-9.3%	\$160.7	0.7%
17	<i>Less: Healthy School Meals Prop MM</i>	\$0.0	NA	\$38.8	NA	\$108.7	180.0%	\$109.3	0.5%
19	<b>Total Income to General Fund</b>	<b>\$11,107.4</b>	<b>-1.7%</b>	<b>\$10,722.5</b>	<b>-3.5%</b>	<b>\$12,014.4</b>	<b>12.0%</b>	<b>\$12,104.0</b>	<b>0.7%</b>
	<b>Other Revenue</b>	<b>FY 2024-25</b>	<b>% chg.</b>	<b>FY 2025-26</b>	<b>% chg.</b>	<b>FY 2026-27</b>	<b>% chg.</b>	<b>FY 2027-28</b>	<b>% chg.</b>
20	Insurance	\$659.5	21.7%	\$736.1	11.6%	\$757.9	3.0%	\$781.7	3.1%
21	Interest Income	\$166.7	-33.7%	\$168.6	1.1%	\$136.1	-19.3%	\$130.2	-4.3%
22	Pari-Mutuel	\$0.3	-20.4%	\$0.3	-1.8%	\$0.3	16.6%	\$0.3	-4.2%
23	Court Receipts	\$2.1	-35.3%	\$2.2	4.7%	\$3.0	39.7%	\$2.8	-7.2%
24	Other Income	\$56.5	6.4%	\$51.6	-8.5%	\$59.4	15.1%	\$55.4	-6.7%
25	<b>Total Other</b>	<b>\$885.0</b>	<b>4.1%</b>	<b>\$958.8</b>	<b>8.3%</b>	<b>\$956.7</b>	<b>-0.2%</b>	<b>\$970.4</b>	<b>1.4%</b>
26	<b>GROSS GENERAL FUND</b>	<b>\$17,181.3</b>	<b>-0.4%</b>	<b>\$17,003.6</b>	<b>-1.0%</b>	<b>\$18,434.1</b>	<b>8.4%</b>	<b>\$18,711.4</b>	<b>1.5%</b>

/A Dollars in Millions

Table 4A: General Fund Overview – Current Law /A

Line	Revenue	Actual FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
1	<b>Beginning Reserve</b>	<b>\$3,153.5</b>	<b>\$2,408.4</b>	<b>\$1,425.6</b>	<b>\$1,570.6</b>
2	<b>Gross General Fund Revenue</b>	<b>\$17,181.3</b>	<b>\$17,003.6</b>	<b>\$18,434.1</b>	<b>\$18,711.4</b>
3	<i>Transfers to the General Fund</i>	\$519.9	\$223.2	\$33.3	\$28.9
4	<b>TOTAL GENERAL FUND AVAILABLE</b>	<b>\$20,854.7</b>	<b>\$19,635.2</b>	<b>\$19,893.0</b>	<b>\$20,311.0</b>
	<b>Expenditures</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>
5	<b>Appropriation Subject to Limit</b>	<b>\$15,621.8</b>	<b>\$16,698.5</b>	<b>\$16,550.2</b>	<b>\$16,850.7</b>
6	<i>Overexpenditures from the General Fund</i>	\$68.6	\$0.0	\$0.0	\$0.0
7	<i>Dollar Change (from prior year)</i>	\$1,803.2	\$1,076.7	(\$148.2)	\$300.4
8	<i>Percent Change (from prior year)</i>	13.0%	6.9%	-0.9%	1.8%
9	<b>Spending Outside Limit</b>	<b>\$2,895.2</b>	<b>\$1,511.1</b>	<b>\$1,772.1</b>	<b>\$1,474.0</b>
10	<i>TABOR Refund under Art. X, Section 20, (7) (d)</i>	\$306.1	\$0.0	\$711.1	\$515.6
11	<i>Homestead Exemption (Net of TABOR Refund)</i>	\$0.0	\$0.0	\$194.2	\$0.0
12	<i>Other Rebates and Expenditures</i>	\$187.4	\$837.7	\$337.8	\$337.4
13	<i>Transfers for Capital Construction</i>	\$254.1	\$174.2	\$20.0	\$20.0
14	<i>Transfers for Transportation</i>	\$117.5	\$42.7	\$61.0	\$110.5
15	<i>Transfers to State Education Fund</i>	\$146.0	\$0.0	\$0.0	\$0.0
16	<i>Transfers to Other Funds</i>	\$1,884.1	\$456.5	\$448.0	\$490.5
17	<b>TOTAL GENERAL FUND OBLIGATIONS</b>	<b>\$18,585.6</b>	<b>\$18,209.6</b>	<b>\$18,322.4</b>	<b>\$18,324.6</b>
18	<i>Percent Change (from prior year)</i>	10.1%	-2.0%	0.6%	0.0%
19	<i>Reversions and Accounting Adjustments</i>	(\$139.3)	\$0.0	\$0.0	\$0.0
	<b>Reserves</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>
20	<b>Year-End General Fund Balance</b>	<b>\$2,408.4</b>	<b>\$1,925.6</b>	<b>\$2,070.6</b>	<b>\$2,486.4</b>
21	<i>Portion of the GF Reserve Held at Treasury</i>	\$2,408.4	\$1,425.6	\$1,570.6	\$1,986.4
22	<i>Portion of the GF Reserve Held at PERA</i>	\$0.0	\$500.0	\$500.0	\$500.0
23	<i>Year-End General Fund as a % of Appropriations</i>	15.4%	11.5%	12.5%	14.8%
24	<i>General Fund Statutory Reserve /B</i>	\$2,358.5	\$2,463.5	\$2,441.3	\$2,486.4
25	<i>Statutory Reserve %</i>	15.1%	14.8%	14.8%	14.8%
26	<b>Above/Below Statutory Reserve</b>	<b>\$49.9</b>	<b>(\$537.9)</b>	<b>(\$370.7)</b>	<b>\$0.0</b>

/A. FY 2024-25 and FY 2025-26 expenditures and transfers reflect all bills signed by the Governor through the end of the 2025 regular and extraordinary legislative sessions, as well as the supplemental bill package passed in the 2026 legislative session. Reversions and accounting adjustments in FY 2024-25 reflect the ACFR. FY 2026-27 expenditures reflect the base budget after annualizations. FY 2027-28 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 4B: Translation from Current Law to Governor’s Budget /A

Line from Table 4a/4c	FY 2025-26	FY 2026-27	FY 2027-28	Description of Delta
<b>(1) Beginning Reserve</b>	<b>0.0</b>	<b>217.7</b>	<b>95.4</b>	<b>Reserve Carryover from Previous Year</b>
<b>(2) Gross General Fund Revenue</b>	<b>107.8</b>	<b>399.9</b>	<b>-0.1</b>	<b>Exempt GF Revenue</b>
<b>(3) Transfers to the General Fund</b>	<b>103.2</b>	<b>36.6</b>	<b>3.0</b>	<b>Funds Redirected to General Fund</b>
<b>(5) Appropriation Subject to Limit</b>	<b>0.0</b>	<b>592.5</b>	<b>0.0</b>	<b>Governor's Executive Budget</b>
<b>(8) Spending Outside Limit</b>	<b>0.0</b>	<b>-33.7</b>	<b>-211.7</b>	<b>Sum Rows 9+11+12+13+15 Changes</b>
(9) TABOR Refund	0.0	-195.3	-196.0	Cash Fund Revenue Balancing Proposals + GF Impacts of Tax Credits + Other
(11) Other Rebates and Expenditures	0.0	-18.6	-15.7	Rebates & Expenditures from Budget Submission
(12) Transfers for Capital Construction	0.0	178.3	0.0	Capital Construction Transfers in the Budget
(13) Transfer to Transportation Funds	0.0	0.0	0.0	No Transportation Transfer Reductions
(15) Transfer to Other Funds	0.0	1.9	0.0	Transfers in Governor's Budget
(20) Reversions	-6.7	0.0	0.0	Proposed capital construction reversions
(21a) General Fund Statutory Reserve	-334.0	-342.9	0.0	Request to reduce reserve in FY27 to 13%
<b>(21b) General Fund Statutory Reserve</b>	<b>0.0</b>	<b>88.9</b>	<b>0.0</b>	<b>Change in (5) Appropriation Subject to Limit * 15%</b>
<b>Total Difference (Net Increase in GF for Governor's Budget)</b>	<b>551.7</b>	<b>349.4</b>	<b>310.0</b>	<b>Positive number indicates more GF for balancing</b>

Bolded lines sum to overall difference.

/A. This reflects the January Governor’s budget submission.

Table 4C: General Fund Overview – Governor’s Budget /A

Line	Revenue	Actual FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
1	<b>Beginning Reserve</b>	<b>\$3,153.5</b>	<b>\$2,408.4</b>	<b>\$1,643.3</b>	<b>\$1,666.0</b>
2	<b>Gross General Fund Revenue</b>	<b>\$17,181.3</b>	<b>\$17,111.4</b>	<b>\$18,834.0</b>	<b>\$18,711.3</b>
3	<i>Transfers to the General Fund</i>	\$519.9	\$326.4	\$70.0	\$31.9
4	<b>TOTAL GENERAL FUND AVAILABLE</b>	<b>\$20,854.7</b>	<b>\$19,846.1</b>	<b>\$20,547.2</b>	<b>\$20,409.3</b>
	<b>Expenditures</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>
5	<b>Appropriation Subject to Limit</b>	<b>\$15,621.8</b>	<b>\$16,698.5</b>	<b>\$17,142.8</b>	<b>\$17,120.3</b>
6	<i>Overexpenditures from the General Fund</i>	\$68.6	\$0.0	\$0.0	\$0.0
7	<i>Dollar Change (from prior year)</i>	\$1,803.2	\$1,076.7	\$444.3	(\$22.5)
8	<i>Percent Change (from prior year)</i>	13.0%	6.9%	2.7%	-0.1%
9	<b>Spending Outside Limit</b>	<b>\$2,895.2</b>	<b>\$1,511.1</b>	<b>\$1,738.4</b>	<b>\$1,262.2</b>
10	<i>TABOR Refund under Art. X, Section 20, (7) (d)</i>	\$306.1	\$0.0	\$515.8	\$319.6
11	<i>Homestead Exemption (Net of TABOR Refund)</i>	\$0.0	\$0.0	\$194.2	\$0.0
12	<i>Other Rebates and Expenditures</i>	\$187.4	\$837.7	\$319.2	\$321.7
13	<i>Transfers for Capital Construction</i>	\$254.1	\$174.2	\$198.3	\$20.0
14	<i>Transfers for Transportation</i>	\$117.5	\$42.7	\$61.0	\$110.5
15	<i>Transfers to State Education Fund</i>	\$146.0	\$0.0	\$0.0	\$0.0
16	<i>Transfers to Other Funds</i>	\$1,884.1	\$456.5	\$449.9	\$490.5
17	<b>TOTAL GENERAL FUND OBLIGATIONS</b>	<b>\$18,585.6</b>	<b>\$18,209.6</b>	<b>\$18,881.2</b>	<b>\$18,382.5</b>
18	<i>Percent Change (from prior year)</i>	10.1%	-2.0%	3.7%	-2.6%
19	<i>Reversions and Accounting Adjustments</i>	(\$139.3)	(\$6.7)	\$0.0	\$0.0
	<b>Reserves</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>
20	<b>Year-End General Fund Balance</b>	<b>\$2,408.4</b>	<b>\$2,143.3</b>	<b>\$2,166.0</b>	<b>\$2,526.8</b>
21	<i>Portion of the GF Reserve Held at Treasury</i>	\$2,408.4	\$1,643.3	\$1,666.0	\$2,026.8
22	<i>Portion of the GF Reserve Held at PERA</i>	\$0.0	\$500.0	\$500.0	\$500.0
23	<i>Year-End General Fund as a % of Appropriations</i>	15.4%	12.8%	12.6%	14.8%
24	<i>General Fund Statutory Reserve /B</i>	\$2,358.5	\$2,129.6	\$2,187.3	\$2,526.8
25	<i>Statutory Reserve %</i>	15.1%	12.8%	12.8%	14.8%
26	<b>Above/Below Statutory Reserve</b>	<b>\$49.9</b>	<b>\$13.7</b>	<b>(\$21.3)</b>	<b>\$0.0</b>

/A. FY 2024-25 and FY 2025-26 expenditures and transfers reflect all bills signed by the Governor through the end of the 2025 regular and extraordinary legislative sessions, as well as the supplemental bill package passed in the 2026 legislative session. General Fund reserve ending balances, FY 2026-27 appropriations, spending outside the limit, and other revenue and transfers into the General Fund are amended for the Governor’s budget, as shown in the previous Table 4B.

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

Line	Revenue	Actual FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
1	<b>Beginning Reserves</b>	<b>\$4,827.7</b>	<b>\$3,466.4</b>	<b>\$2,677.9</b>	<b>\$2,612.4</b>
2	State Education Fund	\$1,674.1	\$1,058.0	\$642.6	\$432.1
3	General Fund	\$3,153.5	\$2,408.4	\$2,035.3	\$2,180.3
4	<b>Gross State Education Fund Revenue</b>	<b>\$1,106.2</b>	<b>\$1,065.5</b>	<b>\$1,348.6</b>	<b>\$1,416.5</b>
5	Transfer to State Education Fund	\$146.0	\$0.0	\$0.0	\$0.0
6	<b>Gross General Fund Revenue /B</b>	<b>\$17,701.2</b>	<b>\$17,226.8</b>	<b>\$18,467.4</b>	<b>\$18,740.4</b>
7	<b>TOTAL FUNDS AVAILABLE FOR EXPENDITURE</b>	<b>\$23,635.1</b>	<b>\$21,758.7</b>	<b>\$22,493.9</b>	<b>\$22,769.3</b>
	<b>Expenditures</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>
8	General Fund Expenditures /C	\$18,517.0	\$18,209.6	\$18,322.4	\$18,324.6
9	State Education Fund Expenditures	\$1,840.7	\$1,480.9	\$1,559.1	\$1,589.3
10	<b>TOTAL OBLIGATIONS</b>	<b>\$20,357.7</b>	<b>\$19,690.5</b>	<b>\$19,881.5</b>	<b>\$19,913.9</b>
11	Percent Change (from prior year)	15.3%	-3.3%	1.0%	0.2%
12	Reversions and Accounting Adjustments	(\$111.7)	(\$6.7)	\$0.0	\$0.0
	<b>Reserves</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>
13	<b>Year-End Balance</b>	<b>\$3,466.4</b>	<b>\$2,677.9</b>	<b>\$2,612.4</b>	<b>\$2,855.4</b>
14	State Education Fund	\$1,058.0	\$642.6	\$432.1	\$259.3
15	General Fund	\$2,408.4	\$2,035.3	\$2,180.3	\$2,596.1

/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	Actual FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
1	<b>Transportation-Related /A</b>	<b>\$1,494.0</b>	<b>\$1,519.3</b>	<b>\$1,565.6</b>	<b>\$1,647.3</b>
2	Change	4.8%	1.7%	3.0%	5.2%
3	<b>Limited Gaming Fund /B</b>	<b>\$94.4</b>	<b>\$92.4</b>	<b>\$97.4</b>	<b>\$98.0</b>
4	Change	1.6%	-2.1%	5.4%	0.7%
5	<b>Regulatory Agencies</b>	<b>\$116.2</b>	<b>\$121.8</b>	<b>\$124.9</b>	<b>\$128.3</b>
6	Change	20.9%	4.8%	2.5%	2.8%
7	<b>Insurance-Related</b>	<b>\$28.3</b>	<b>\$24.1</b>	<b>\$28.2</b>	<b>\$28.4</b>
8	Change	5.1%	-14.8%	17.0%	0.7%
9	<b>Severance Tax</b>	<b>\$66.9</b>	<b>\$198.6</b>	<b>\$195.5</b>	<b>\$180.1</b>
10	Change	-69.4%	196.7%	-1.5%	-7.9%
11	<b>Kids Matter Account</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$216.2</b>	<b>\$228.3</b>
12	Change	N/A	N/A	N/A	N/A
13	<b>Other Miscellaneous Cash Funds</b>	<b>\$970.3</b>	<b>\$1,299.5</b>	<b>\$1,045.3</b>	<b>\$1,069.8</b>
14	Change	3.5%	33.9%	-19.6%	2.3%
15	<b>TOTAL CASH FUND REVENUE</b>	<b>\$2,770.1</b>	<b>\$3,255.6</b>	<b>\$3,273.0</b>	<b>\$3,380.3</b>
16	Change	-1.0%	17.5%	0.5%	3.3%

/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	Actual FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
1	General Fund /A	\$16,693.1	\$16,496.2	\$17,929.8	\$18,282.8
2	Cash Funds /A	\$2,770.1	\$3,255.6	\$3,273.0	\$3,380.3
3	<b>Total TABOR Revenues</b>	<b>\$19,463.2</b>	<b>\$19,751.8</b>	<b>\$21,202.8</b>	<b>\$21,663.0</b>
Revenue Limit Calculation		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
4	Previous calendar year population growth	0.6%	1.4%	0.9%	0.3%
5	Previous calendar year inflation	5.2%	2.3%	2.3%	2.9%
6	<b>Allowable TABOR Growth Rate</b>	<b>5.9%</b>	<b>3.6%</b>	<b>3.2%</b>	<b>3.2%</b>
7	TABOR Limit /B	\$15,462.7	\$16,157.2	\$16,545.7	\$17,075.2
8	General Fund Exempt Revenue Under Ref. C /C	\$3,690.7	\$3,594.6	\$3,946.0	\$4,072.2
9	<b>Revenue Cap Under Ref. C /B /D</b>	<b>\$19,153.4</b>	<b>\$19,980.8</b>	<b>\$20,491.7</b>	<b>\$21,147.4</b>
10	<b>Amount Above/Below Cap</b>	<b>\$309.8</b>	<b>(\$229.0)</b>	<b>\$711.1</b>	<b>\$515.6</b>
11	<b>Revenue to be Refunded including Adjustments from Prior Years /E</b>	<b>\$306.1</b>	<b>\$0.0</b>	<b>\$711.1</b>	<b>\$515.6</b>
12	TABOR State Emergency Reserve Requirement	\$574.6	\$592.6	\$614.7	\$634.4

/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 the General Fund

<b>Transfers from Other Funds (Bill Number and Description)</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>
12-47.1-701 (d) Ltd. Gaming Revenue Transfer to the General Fund	\$22.383	\$30.795	\$24.493	\$24.438
HB92-1126 Land and Water Management Fund	\$0.063	-	-	-
HB05-1262 A35 Tobacco Tax 24-22-117 (1)(c)(l)	\$0.582	\$0.541	\$0.498	\$0.458
HB20-1427 (Prop EE) - 2020 Tax Holding Fund	\$4.050	\$4.050	\$4.050	\$4.050
SB21-213 Use Of Increased Medicaid Match	\$7.363	-	-	-
HB23-1041 Prohibit Wagering On Simulcast Greyhound Races	-	-	\$0.038	-
HB23-1272 Tax Policy That Advances Decarbonization	\$23.518	\$33.947	-	-
SB23-205 Universal High School Scholarship Program	-	-	\$4.226	-
HB24-1413 Severance Tax Transfers	\$69.346	-	-	-
HB24-1414 Repeal COVID Heroes Collaboration Fund	\$3.552	-	-	-
HB24-1426 Controlled Maintenance Trust Fund Transfer	\$48.883	-	-	-
SB25-114 Repeal of the FLEX Program	\$0.617	-	-	-
SB25-260 Repeal Colorado Household Financial Recovery Pilot Program	\$5.206	-	-	-
SB25-264 Cash Fund Transfers to the General Fund	\$171.212	\$53.876	-	-
SB25-293 Transfers from License Plate Cash Fund	\$4.201	-	-	-
SB25-312 American Rescue Plan Act Funds	\$96.812	-	-	-
SB25-317 Transfer Cash Fund Investment Earnings to General Fund	\$62.098	-	-	-
HB25B-1004 Sale of Tax Credits	-	\$100.000	-	-
<b>Transfers to Other Funds (Bill Number and Description)</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>
SB11-047/HB24-1396 Bioscience Income Tax Transfer to OEDIT	-\$22.023	-\$19.029	-\$18.355	-\$16.962
HB13-1318/SB 17-267 Transfers of Special Sales Tax to MTCF	-\$119.927	-\$125.306	-\$129.820	-\$134.415
SB17-267 Sustainability of Rural CO (Transfer MJ Special Sales Tax to Public School Fund)	-\$21.014	-\$20.375	-\$21.109	-\$21.856
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	-\$243.620	-\$246.743	-\$237.473	-\$275.744
HB24-1349 (Prop KK) - Firearms and Ammunition Excise Tax Cash Fund	-\$2.973	-\$17.000	-\$14.178	-\$14.576
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	-	-
HB23-1305 Continue Health Benefits in Work-related Death	-\$0.150	-\$0.150	-	-

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<b>Transfers to Other Funds (Bill Number and Description), continued</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>
SB23-005 Forestry And Wildfire Mitigation Workforce	-\$1.000	-\$1.000	-\$1.000	-\$1.000
SB23-199 Marijuana License Applications and Renewals	-	-\$2.690	-\$2.787	-\$2.886
SB23-255 Wolf Depredation Compensation Fund	-\$0.350	-\$0.350	-\$0.350	-\$0.350
HB24-1043 State Contribution to FPPA Death & Disability Fund	-	-\$2.050	-\$2.050	-\$2.050
HB24-1152 Accessory Dwelling Units	-\$8.000	-	-	-
HB24-1176 Behavioral Health Grant for Capital Project	-\$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	-\$0.248
HB24-1386 Broadband Infrastructure Cash Fund for DOC	-\$4.571	-	-	-
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 24-1466 Refinance Federal Coronavirus Recovery Funds	-\$1,394.624	-	-	-
SB 24-170 America 250 - Colorado 150 Commission	-\$0.250	-	-	-
SB24-214 Implement State Climate Goals	-\$0.400	-	-	-
SB24-218 Modernize Energy Distribution Systems	-\$0.800	-	-	-
SB24-221 Funding for Rural Health Care	-\$1.742	-	-	-
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	-	-
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	-\$5.000
SB25-310 Proposition 130 Implementation (Peace Officer Training and Support Fund)	-	-	-\$15.000	-\$15.000

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<b>Transfers for Capital Construction (Bill Number and Description)</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>
HB15-1344 Fund National Western Center and Capital Projects	-\$20.000	-\$20.000	-\$20.000	-\$20.000
HB24-1425 Transfers for Capital Construction	-\$232.156	-	-	-
SB24-222 State Funding to Relocate Two State Entities	-\$1.934	-	-	-
SB25-262 Changes to Money in the Capital Construction Fund	-	-\$150.555	-	-
HB26-1179 General Fund Transfer to Information Technology Capital Account	-	-\$3.646	-	-
<b>Transfers for Transportation (Bill Number and Description)</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>
SB21-260/SB25-257 Sustainability of the Transportation System	-\$117.500	-\$42.700	-\$61.000	-\$110.500
<b>Transfers to the State Education Fund (Bill Number and Description)</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>
SB23B-001 SEF Transfer	-\$146.000	-	-	-
<b>Transfers Subtotals</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>
<b>Total transfers into General Fund</b>	<b>\$519.886</b>	<b>\$223.210</b>	<b>\$33.304</b>	<b>\$28.946</b>
<b>Total transfers out of General Fund</b>	<b>-\$2,401.677</b>	<b>-\$673.405</b>	<b>-\$529.039</b>	<b>-\$620.954</b>
<b>(Subtotal) Transfers to Other Funds</b>	<b>-\$1,884.087</b>	<b>-\$456.503</b>	<b>-\$448.039</b>	<b>-\$490.454</b>
<b>(Subtotal) Transfers for Capital Construction</b>	<b>-\$254.090</b>	<b>-\$174.202</b>	<b>-\$20.000</b>	<b>-\$20.000</b>
<b>(Subtotal) Transfers for Transportation</b>	<b>-\$117.500</b>	<b>-\$42.700</b>	<b>-\$61.000</b>	<b>-\$110.500</b>
<b>(Subtotal) Transfers to the State Education Fund</b>	<b>-\$146.000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Net Transfers</b>	<b>-\$1,881.790</b>	<b>-\$450.195</b>	<b>-\$495.735</b>	<b>-\$592.008</b>

Table 9: Rebates and Expenditures

Line	Rebates & Expenditures	Actual FY 2024-25	Percent Change	Forecast FY 2025-26	Percent Change	Forecast FY 2026-27	Percent Change	Forecast FY 2027-28	Percent Change
1	Cigarette Rebate to Local Governments	\$6.4	-6.4%	\$5.5	-14.3%	\$4.9	-9.6%	\$4.5	-9.2%
2	Marijuana Rebate to Local Governments	\$18.6	-4.4%	\$6.3	-66.2%	\$6.5	3.6%	\$6.8	3.5%
3	Old-Age Pension Fund/Older Coloradans Fund	\$99.7	-3.1%	\$101.5	1.9%	\$104.1	2.6%	\$104.1	0.0%
4	Aged Property Tax & Heating Credit	\$16.4	35.5%	\$14.0	-14.9%	\$14.8	5.5%	\$15.5	5.1%
5	Homestead Exemption	\$173.1	7.4%	\$184.6	6.7%	\$191.8	3.9%	\$199.3	3.9%
6	TABOR Refund Portion of Homestead Exemption	(\$173.1)		(\$184.6)		\$0.0		(\$199.3)	
7	Portable Homestead Exemption Expansion (SB24-111)	\$0.0	N/A	\$1.6	N/A	\$2.4	51.5%	\$0.0	-100.0%
8	TABOR Refund Portion of Homestead Exemption	\$0.0		(\$1.6)		\$0.0		\$0.0	
9	Debt Payment on Bonds for School Loans	\$22.2	-15.3%	\$21.1	-4.9%	\$19.3	-8.6%	\$18.1	-6.4%
10	Fire/Police Pensions	\$4.0	-2.6%	\$4.5	11.8%	\$4.1	-9.0%	\$4.1	0.0%
11	Amendment 35 General Fund Expenditure	\$0.6	-6.0%	\$0.5	-7.0%	\$0.5	-8.0%	\$0.5	-8.0%
12	Property Tax Exemption Reimbursement to Local Governments	\$19.5	18.5%	\$19.6	0.6%	\$18.6	-4.9%	\$18.7	0.5%
13	Transfer to PERA DD	\$0.0	0.0%	\$164.6	N/A	\$164.9	0.2%	\$165.1	0.2%
14	Proposition 130/SB25-310 transfer	\$0.0	0.0%	\$500.0	N/A	\$0.0	-100.0%	\$0.0	N/A
15	<b>Total Rebates &amp; Expenditures (Excluding TABOR Refund)</b>	<b>\$187.4</b>	<b>-22.5%</b>	<b>\$837.7</b>	<b>346.9%</b>	<b>\$532.0</b>	<b>-36.5%</b>	<b>\$337.4</b>	<b>-36.6%</b>