

Supplemental Materials

General Fund Overview

The General Fund Overview shown in Table 4 of the Colorado Economic and Fiscal Outlook highlights the available funding, expenditures, and end-of-year-reserves for the current fiscal year and subsequent years. Below is a detailed discussion of the information presented in Table 4A as reflected in the March 2026 forecast, which includes current law through the 2025 Colorado extraordinary legislative session, impacts from the federal bill, H.R. 1, and supplemental appropriation bills enacted in the 2026 Colorado regular legislative session. Note that the balancing figures shown in the Budget Section reflect the Table 4C in the appendix, which incorporates the Governor’s January budget submission. For further detail and overview of the budget, please refer to the Budget Outlook section of this forecast.

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

Table 4 Line No.	Amount (\$ millions)	FY 2024-25 Actual	FY 2025-26 Estimate	FY 2026-27 Estimate	FY 2027-28 Estimate
1	Beginning Reserve	\$3,153.5	\$2,408.4	\$1,425.6	\$1,570.6
2	Gross General Fund Revenue	\$17,181.3	\$17,003.6	\$18,434.1	\$18,711.4
3	Transfers to the General Fund	\$519.9	\$223.2	\$33.3	\$28.9
4	Total General Fund Available	\$20,854.7	\$19,635.2	\$19,893.0	\$20,311.0

Expenditures: Lines 5-19 of the General Fund overview detail General Fund expenditures in a given fiscal year. By statute, General Fund expenditures, with certain exceptions discussed below, cannot exceed 5 percent of aggregate personal income received by Coloradans. FY 2027-28 appropriations are illustrative of the amount that results in a balanced budget. Line 6 reflects any over-expenditures which are not subject to the limit, such as those related to Medicaid caseload.

Table 4 Line No.	Amount (\$ millions)	FY 2024-25 Actual	FY 2025-26 Estimate	FY 2026-27 Estimate	FY 2027-28 Estimate
5	Appropriation Subject to Limit	\$15,621.8	\$16,698.5	\$16,550.2	\$16,850.7
6	Over-expenditures from the General Fund	\$68.6	\$0.0	\$0.0	\$0.0

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

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Table 4 Line No.	Amount (\$ millions)	FY 2024-25 Actual	FY 2025-26 Estimate	FY 2026-27 Estimate	FY 2027-28 Estimate
9	Total Spending Outside Limit	\$2,895.2	\$1,511.1	\$1,772.1	\$1,474.0
10	TABOR Refund under Art. X, Section 20, (7) (d)	\$306.1	\$0.0	\$711.1	\$515.6
11	<i>Homestead Exemption</i>	\$173.1	\$186.2	\$194.2	\$199.3
	<i>TABOR Refund Portion of Homestead Exemption</i>	-\$173.1	-\$186.2	\$0.0	-\$199.3
12	Other Rebates and Expenditures	\$187.4	\$837.7	\$337.8	\$337.4
13	Transfers for Capital Construction	\$254.1	\$174.2	\$20.0	\$20.0
14	Transfers for Transportation	\$117.5	\$42.7	\$61.0	\$110.5
15	Transfers to State Education Fund	\$146.0	\$0.0	\$0.0	\$0.0
16	Transfers to Other Funds	\$1,884.1	\$456.5	\$448.0	\$490.5
17	TOTAL GENERAL FUND OBLIGATIONS	\$18,585.6	\$18,209.6	\$18,322.4	\$18,324.6
19	Reversions and Accounting Adjustments	-\$139.3	\$0.0	\$0.0	\$0.0

Line 9: Spending not subject to the appropriations limit includes any TABOR refunds funded by the General Fund. These refunds, described more in line 10, occur when state revenue exceeds the fiscal year spending cap as defined in Article X, Section 20 (7) of the Colorado Constitution (“TABOR”) and Section 24-77-103.6, C.R.S. (“Referendum C”).

Line 10: TABOR refunds are projected for FY 2026-27 and FY 2027-28, but not FY 2025-26. Refunds are obligated in the fiscal year they are incurred but are paid in the following fiscal year. According to the State Controller’s Office and audit findings, TABOR revenue exceeded the cap in FY 2024-25, resulting in a TABOR refund of \$306.1 million after accounting adjustments. In this March forecast, TABOR revenues are not estimated to exceed the cap in FY 2025-26, but refunds are expected in later years with \$711.1 million in FY 2026-27 and \$515.6 million in FY 2027-28.

Line 11: The Homestead Property Tax Exemption, which reduces property tax liabilities for qualifying seniors and disabled veterans, serves as the State’s first TABOR refund mechanism. The amount on Line 11 is estimated Homestead Exemption expenditures, including portability provisions, which are then reduced in the line below by the TABOR refund from the corresponding fiscal year. In FY 2026-27, there is no TABOR refund resulting from FY 2025-26, so the estimated \$191.8 million Homestead Property Tax Exemption and \$2.4 million of Portable Homestead Property Tax Exemption must be covered by the General Fund in FY 2026-27. Homestead is covered in all other years by TABOR refunds.

Line 12: “Rebates and Expenditures” account for a large portion of General Fund obligations not subject to the appropriations limit. Primary programs under rebates and expenditures include: (1) the Cigarette Rebate, which distributes money from a portion of State cigarette tax collections to local governments that do not impose their own taxes or fees on cigarettes,

however these funds are now treated as exempt per H.B. 24-1469; (2) the Marijuana Rebate, which has historically distributed 10 percent of the retail marijuana sales tax to local governments based on the percentage of retail marijuana sales in local areas, but was updated to 3.5 percent in the 2025 regular legislative session beginning in FY 2025-26; (3) the Old-Age Pension program, which provides assistance to low-income elderly individuals who meet certain eligibility requirements; (4) the Aged Property Tax, Heat, and Rent Credit, which provides property tax, heating bill, and rent assistance to qualifying low-income, disabled, or elderly individuals; (5) the State's financing costs for providing interest-free loans to school districts to help them with cash flow during the fiscal year; (6) a warrant to backfill local governments from additional property tax cuts in S.B. 23B-001; (7) Fire and Police Pensions; (8) Amendment 35 General Fund expenditures to CDPHE and HCPF from a portion of cigarette collections; and (9) Property Tax Exemption Reimbursement to local governments as a result of additional business personal property tax exemptions in H.B. 21-1312. Additionally, the PERA Direct Distribution is now not subject to the limit, and is therefore included here, while SB25-310 created a new, one-time \$500 million warrant in FY 2025-26.

Line 12: FY 2024-25 Capital transfers total \$254.1 million. FY 2025-26 transfers to capital construction are lower than the previous year at \$174.2 million. In FY 2026-27 and ongoing, there is currently only a \$20.0 million ongoing transfer for H.B. 15-1344 Fund National Western Center and Capital Projects in the 4A.

Line 13: Per statute, Transportation transfers for the forecast years are \$117.5 million in FY 2024-25. Prior to the 2025 legislative session, those \$117.5 million transfers were as follows: \$10.5 million to the Multimodal Options Fund, \$7.0 million to the State Highway Fund for the Revitalizing Main Streets Program, and \$100 million to the State Highway Fund. However, SB21-260 statutes were revised by SB25-257, reducing those \$117.5 million in transfers to \$42.7 and \$61.0 million in FY 2025-26 and FY 2026-27, respectively. The timeline of the transfers extends further now to ensure the full funding intended in SB21-260 remains intact, though on a longer timeline.

Line 14: Transfers to the State Education Fund (SEF) totaled \$146.0 million in FY 2024-25 as a result of SB23B-001. There are currently no other statutorily directed General Fund transfers into the SEF within the forecast period. Note, however, that there is a new diversion of General Fund into the Kids Matter Account within the SEF, but that is not tracked on this line, but rather in Tables 3 and 6 in the Appendix.

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

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special sales tax on retail marijuana, portions of which are transferred from the General Fund to the Marijuana Tax Cash Fund and to the Public School Fund. Note that the Bioscience Transfer includes the full amount based on the estimated withholdings amounts, but reductions to those transfers offsetting approximately half of the anticipated amount is captured in SB25-264’s transfers into the GF, from line 3.

Line 17: This line includes any General Fund money not expended out of appropriations each fiscal year that was “reverted” back to the General Fund. It also includes various accounting adjustments made by the State Controller’s office each year. For FY 2024-25, the amounts are from the final ACFR, as provided by the Office of the State Controller.

Reserves: Lines 20-26 of the General Fund Overview highlight the year-end balance in the General Fund as well as the statutorily determined reserve requirement and any amount above or below this requirement. The ending balance is the difference between total funds available and total expenditures.

Table 4 Line No.	Amount (\$ millions)	FY 2024-25 Actual	FY 2025-26 Estimate	FY 2026-27 Estimate	FY 2027-28 Estimate
20	Year-End General Fund Balance	\$2,408.4	\$1,925.6	\$2,070.6	\$2,486.4
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	Year-End General Fund as a % of Appropriations	15.4%	11.5%	12.5%	14.8%
24	General Fund Statutory Reserve	\$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	Above/Below Statutory Reserve	\$49.9	-\$537.9	-\$370.7	\$0.0

The required reserve was increased to 15.0 percent in FY 2022-23. For FY 2024-25 through FY 2027-28, the statutory GF reserve is adjusted slightly by H.B. 24-1231. S.B. 25-310 requires that \$500 million of the statutory reserve be held within the Public Employees’ Retirement Association (PERA), while the rest is held at Treasury.

State Education Fund Overview

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

The table below summarizes revenue, expenditures, and the ending balance for the State Education Fund. The State Education Fund plays an important role in the State’s General Fund budget. Under the State constitution, base K-12 education spending must grow at the rate of inflation and student population count. Changes in expenditures from the State Education Fund

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affect General Fund appropriations, which must shift accordingly to meet the targeted level of school funding. Recent legislation will place additional pressure on the fund, and the fund projections throughout the forecast period described in this section take into account all SEF appropriations and legislative changes enacted in recent legislative sessions, including bills with the highest fiscal impact, which include HB24-1448 New Public School Finance Formula, SB24-233 Property Tax, HB24B-1001 Property Tax, and HB25-1320 School Finance Act. HB 25-1320 created the Kids Matter Account within the SEF. This account receives a diversion of 65 percent of one-tenth of one percent of federal taxable income beginning in FY 2026-27.

State Education Fund (\$ in Millions)	FY 2024-25 Actual	FY 2025-26 Estimate	FY 2026-27 Estimate	FY 2027-28 Estimate
Beginning Balance	\$1,674.1	\$1,058.0	\$642.6	\$432.1
<i>Amendment 23 Diversion</i>	\$1,060.6	\$1,039.4	\$1,108.6	\$1,170.8
<i>Kids Matter Account</i>	\$0.0	\$0.0	\$216.2	\$228.3
<i>Transfers to SEF</i>	\$146.0	\$0.0	\$0.0	\$0.0
<i>Other</i>	\$45.6	\$26.1	\$23.8	\$17.4
Total Funds to State Education Fund	\$1,252.2	\$1,065.5	\$1,348.6	\$1,416.5
State Education Fund Expenditures	\$1,840.7	\$1,480.9	\$1,559.1	\$1,589.3
Reversions and Accounting Adjustments	\$27.6	\$0.0	\$0.0	\$0.0
Year-end Balance	\$1,058.0	\$642.6	\$432.1	\$259.3