



COLORADO

Office of the State Controller

Department of Personnel & Administration

1525 Sherman St., 5th Floor
Denver, CO 80203

August 30, 2019

The Honorable Jared S. Polis
Governor
State of Colorado

The Honorable Leroy Garcia
President of the Senate
Colorado General Assembly

The Honorable KC Becker
Speaker of the House
Colorado General Assembly

Lu Córdova
Executive Director
Colorado Department of Revenue

Dear Ladies and Gentlemen:

Pursuant to Section 24-77-106.5(1)(b) C.R.S., I hereby certify that for Fiscal Year 2019 (FY 2019), the State's unaudited Nonexempt District Revenues subject to Article X, Section 20 (TABOR) of the State Constitution as of August 30, 2019 are \$14,788,419,622. The growth rate of Nonexempt District Revenues is 7.8% for FY 2019, which is more than the allowable TABOR growth rate of 4.8% for FY 2019. The allowable growth rate includes population growth of 1.4% and inflation rate of 3.4%.

The Preliminary Schedule of Computations Required Under Article X, Section 20 (first attachment) includes computation of nonexempt revenues for FY 2018 and FY 2019 in the top box. The computation of the spending limitation in the bottom box compares FY 2019 nonexempt district revenue with Fiscal Year Spending, and with the Adjusted Excess State Revenues Cap (ESRC).

TABOR Nonexempt District Revenues are over the ESRC by \$428,335,506. Section 24-77-103.8(3) C.R.S. requires the State to add any remaining excess revenues not refunded in prior fiscal years to the excess revenues to be refunded for the current fiscal year. Remaining FY 2015 excess revenues to be refunded total \$141,689; therefore, the total amount to be refunded for FY 2019 is \$428,477,195.

The Nonexempt District Revenues Fiscal Year Spending limit for FY 2019, which, prior to Referendum C was the trigger used for refunding excess revenues to taxpayers, is \$11,759,345,200. For FY 2019, the Nonexempt District Revenues subject to TABOR exceeded the Fiscal Year Spending limit by \$3,029,074,422.



The Comparison of Nonexempt District Revenues (second attachment) compares general and program Nonexempt District Revenues for Fiscal Year 2019 to Fiscal Year 2018. Total nonexempt revenue increased by \$1,067,538,896 (7.8%) compared with the prior year. The following four revenue sources accounted for approximately 92.6% of the increased revenue in FY 2019 compared with FY 2018:

- Individual income tax - increased approximately \$596.7 million from FY 2018, reflecting the June Office of State Planning and Budgeting forecast, which projected an 8.3% increase in individual income tax due to strong employment and wage growth.
- Sales and use tax - increased approximately \$163.6 million from FY 2018, primarily reflecting higher economic activity in Colorado.
- Corporate income tax - increased approximately \$119.7 million, reflecting a \$150 million tax settlement in FY 2019 partially offset by accruals due in FY 2020.
- Severance tax - increased by \$108.9 million, primarily due to higher oil and gas prices.

The amounts reported in the attached schedules are based on unaudited account balances, and therefore are subject to change. The State Auditor is required by statute to report on the audit of these preliminary schedules by September 15, 2019. The final audited schedules will be included in the State's Fiscal Year 2019 Comprehensive Annual Financial Report, which is scheduled to be completed in December 2019.

Please contact me if you have questions concerning the information provided.

Sincerely,



Robert Jaros, CPA, MBA, JD
State Controller

Enclosures



STATE OF COLORADO
PRELIMINARY SCHEDULE OF COMPUTATIONS REQUIRED
UNDER ARTICLE X, SECTION 20 -- UNAUDITED
AS OF JUNE 30, 2019

Certification Date: August 30, 2019

	FISCAL YEAR 2018	FISCAL YEAR 2019
COMPUTATION OF NONEXEMPT REVENUES		
Total State Expenditures	\$ 48,097,074,059	\$ 48,374,271,439
Less: Exempt Activity	35,244,203,743	34,833,721,858
Nonexempt District Expenditures	12,852,870,316	13,540,549,581
District Reserve/Fund Balance Increase (Decrease)	868,010,410	1,247,870,041
Total Nonexempt District Revenues	\$ 13,720,880,726	\$ 14,788,419,622
COMPUTATION OF DISTRICT FUND BALANCE CHANGES		
Beginning District Fund Balance	\$ 6,193,393,968	\$ 7,002,966,380
Qualifications, Disqualifications and Other Adjustments	791,062,026	822,211,442
Retention of Revenues in Excess of the Limit CRS 24-77-103 6(1)(a)	18,510,386	428,335,506
Ending District Fund Balance	\$ 7,002,966,380	\$ 8,253,513,328

COMPUTATION OF SPENDING LIMITATIONS	FISCAL YEAR SPENDING	EXCESS STATE REVENUES CAP
Fiscal Year 2018 Limit	\$ 11,220,749,237	\$ 13,702,370,340
Allowable TABOR Growth Rate	4.8%	4.8%
Fiscal Year 2019 Adjusted Limit	\$ 11,759,345,200	\$ 14,360,084,116
Less: Fiscal Year 2019 Nonexempt District Revenues	(14,788,419,622)	(14,788,419,622)
Amount (Over)Under Fiscal Year 2019 Adjusted Limit	\$ (3,029,074,422)	\$ (428,335,506)
Remaining Fiscal Year 2015 Excess Revenue to be Refunded in Future Years		\$ 141,689
Amount to be Refunded for Fiscal Year 2019		\$ 428,477,195
FY 2019 Retention of Revenues in Excess of the Limit (not refundable) C R S. 24-77-103 6(1)(b)		\$ 2,600,738,916

STATE OF COLORADO
OFFICE OF THE STATE CONTROLLER
COMPARISON OF NONEXEMPT TABOR REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Fiscal Year 2019	Fiscal Year 2018	Increase (Decrease)	Percent Change
GENERAL REVENUES				
Individual Income Tax, Net	\$ 7,554,025,207	\$ 6,957,330,741	\$ 596,694,466	8.6%
Sales and Use Tax, Net	3,399,519,069	3,235,912,170	163,606,899	5.1%
Corporate Income Tax, Net	855,706,743	736,021,976	119,684,767	16.3%
Insurance Taxes	314,663,520	303,594,443	11,069,077	3.6%
Fiduciary Income Tax, Net	64,239,350	48,700,734	15,538,616	31.9%
Tobacco Products Tax, Net	54,840,609	50,982,130	3,858,479	7.6%
Alcoholic Beverages Tax, Net	48,304,172	46,487,583	1,816,589	3.9%
Court and Other Fines	25,517,610	9,203,005	16,314,605	177.3%
Interest and Investment Income	24,560,039	18,123,754	6,436,285	35.5%
Business Licenses and Permits	5,817,416	7,453,344	(1,635,928)	-21.9%
Miscellaneous Revenue	1,559,959	1,598,058	(38,099)	-2.4%
General Government Service Fees	1,020,382	667,032	353,350	53.0%
Gaming and Other Taxes	509,843	516,022	(6,179)	-1.2%
Public Safety Service Fees	55,650	-	55,650	N/A
Other Charges For Services	47,443	42,542	4,901	11.5%
Welfare Service Fees	8,434	-	8,434	N/A
TOTAL GENERAL-FUNDED REVENUES	12,350,395,446	11,416,633,534	933,761,912	8.2%
PROGRAM REVENUES				
Fuel and Transportation Taxes, Net	658,121,910	658,463,068	(341,158)	-0.1%
Motor Vehicle Registrations	280,349,502	280,279,899	69,603	0.0%
Severance Taxes	241,727,089	132,827,140	108,899,949	82.0%
Business Licenses and Permits	181,683,801	175,823,163	5,860,638	3.3%
Court and Other Fines	178,205,261	174,692,569	3,512,692	2.0%
Other Charges For Services	168,598,785	161,187,329	7,411,456	4.6%
Gaming and Other Taxes	105,662,962	105,879,363	(216,401)	-0.2%
Interest and Investment Income	88,757,023	62,050,575	26,706,448	43.0%
Health Service Fees	86,491,292	79,435,462	7,055,830	8.9%
General Government Service Fees	75,704,774	70,193,136	5,511,638	7.9%
Rents and Royalties	64,951,667	60,113,530	4,838,137	8.0%
Miscellaneous Revenue	54,481,376	69,091,036	(14,609,660)	-21.1%
Driver's Licenses	42,278,947	45,855,931	(3,576,984)	-7.8%
Sales and Use Tax, Net	41,112,066	42,921,159	(1,809,093)	-4.2%
Employment Taxes	34,090,799	34,245,305	(154,506)	-0.5%
Nonbusiness Licenses and Permits	30,649,735	34,334,358	(3,684,623)	-10.7%
Local Governments and Authorities	24,220,711	35,465,294	(11,244,583)	-31.7%
Certifications and Inspections	22,102,796	25,091,657	(2,988,861)	-11.9%
Public Safety Service Fees	20,347,834	21,186,165	(838,331)	-4.0%
Insurance Taxes	20,079,543	17,096,515	2,983,028	17.4%
Educational Fees	9,178,478	6,360,490	2,817,988	44.3%
Higher Education Auxiliary Sales and Services	3,935,786	6,437,136	(2,501,350)	-38.9%
Sales of Products	2,312,622	2,969,485	(656,863)	-22.1%
Welfare Service Fees	1,902,015	1,091,995	810,020	74.2%
Alcoholic Beverages Tax, Net	819,571	762,525	57,046	7.5%
Other Excise Taxes, Net	257,238	391,759	(134,521)	-34.3%
Tobacco Products Tax, Net	424	390	34	8.7%
Estate and Inheritance Taxes	169	758	(589)	-77.7%
TOTAL PROGRAM REVENUES	2,438,024,176	2,304,247,192	133,776,984	5.8%
TOTAL NONEXEMPT REVENUE	\$ 14,788,419,622	\$ 13,720,880,726	\$ 1,067,538,896	7.8%