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STATE OF COLORADO

Governor's Office of State Planning and Budgeting

COLORADO ECONOMIC

AND

FISCAL OUTLOOK

COLORADO

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Forecast in Brief

NATIONAL ECONOMIC OUTLOOK

The economic recession that began in March is unprecedented in both speed and scope. More than 20 million jobs have been lost as businesses close and consumers stay home in an effort to slow the spread of the virus. Recovery from this recession is expected to be slow and highly contingent upon progress against the virus.

COLORADO ECONOMIC OUTLOOK

The current worldwide recession is having impacts across Colorado's economy. Colorado's dependence on the tourism and energy industries makes the state more vulnerable in this recession, as neither industry is expected to rebound quickly. More than 16 percent of the state's workers have filed unemployment claims since mid-March, predominantly in low-wage industries.

GENERAL FUND REVENUE

General Fund revenue is expected to fall by 7.4 percent in FY 2019-20 and by another 7.5 percent in FY 2020-21. The General Fund revenue forecast was revised down from the March forecast by a total of $3.4 billion through June 30, 2021 and by $5.5 billion over the forecast period through June 30, 2022. This decline is due not only to the impact of the pandemic-induced recession, but also due to federal tax policy changes in the CARES act that will reduce the state's income tax collections by more than $400 million over the forecast period.

CASH FUND REVENUE

Cash fund revenue is projected to decline by 4.0 percent in FY 2019-20 and 2.9 percent in FY 2020-21, as the COVID-19 pandemic causes significant reductions to revenue collections from fuel taxes, gaming taxes, and severance taxes. Cash fund revenue is expected to grow by 4.8 percent in FY 2021-22.

TABOR

Revenue subject to TABOR is not expected to exceed the Referendum C cap during this forecast period. The $428.3 million rebate incurred in FY 2018-19 is currently being distributed to taxpayers via an income tax rate reduction and the Senior and Disabled Veteran Homestead Exemption.

GENERAL FUND RESERVE

After accounting for the $228.7 million in budget reductions made by the Governor in April, the General Fund reserve now is projected to be $3.4 billion below the proposed statutory reserve amount for FY 2020-21.

Economic Outlook

Since the March forecast it has become clear that the economy is experiencing a severe recession due to the economic impacts of the COVID-19 pandemic. While the duration of this recession is unknown, its depth and speed are unprecedented, resulting in the loss of more than 20 million jobs nationwide in April – more jobs than had been created over the previous nine years.

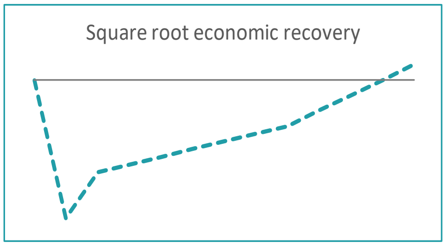
Economic activity began to decline in mid-March as consumers, businesses, and governments took steps to increase social distancing and slow the spread of the virus. While some activity will resume as stay-at-home orders and other public health restrictions are eased across the country, economic growth is expected to remain weak and contingent upon the progression of the virus until the pandemic is over.

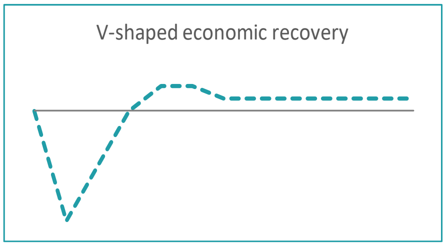
Recession and Recovery

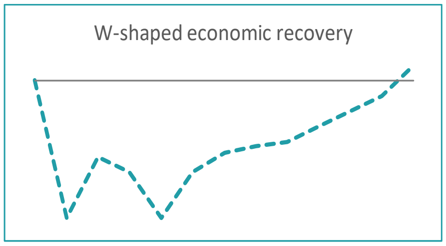
While there is no doubt that we are in the midst of a severe recession, there is substantial uncertainty in how long the recession will last and how quickly the economy will recover.

Several key factors will determine the rate of the recovery. The first includes public health and medical considerations. The epidemiological progression of COVID-19, the capacity of the health care system to respond, and the development of effective treatments and vaccines will significantly influence the rate at which economic activity resumes. Second, the public's confidence in the safety of resuming normal activities will be critical. Even as public health restrictions are gradually lifted, people will maintain social distancing and will be reluctant to return to social and consumer activities like before, preferring to wait until the virus risk is eliminated. Third, the effectiveness of federal monetary and fiscal relief will affect how many businesses and consumers can remain solvent throughout the crisis. The recovery will be slower if many businesses close permanently.

A number of trajectories for the recovery are possible. The evidence suggests that a likely trajectory for Colorado's economy is a square root-shaped recession and recovery. In this scenario, the economy's sudden contraction will be followed by a relatively quick—but only partial—recovery as the state's stay-at-home orders are lifted and businesses are allowed to re-open and operate at a reduced level. After The recovery will then slow as the state re-opens in stages and the public gradually gains more confidence in the containment of the virus.







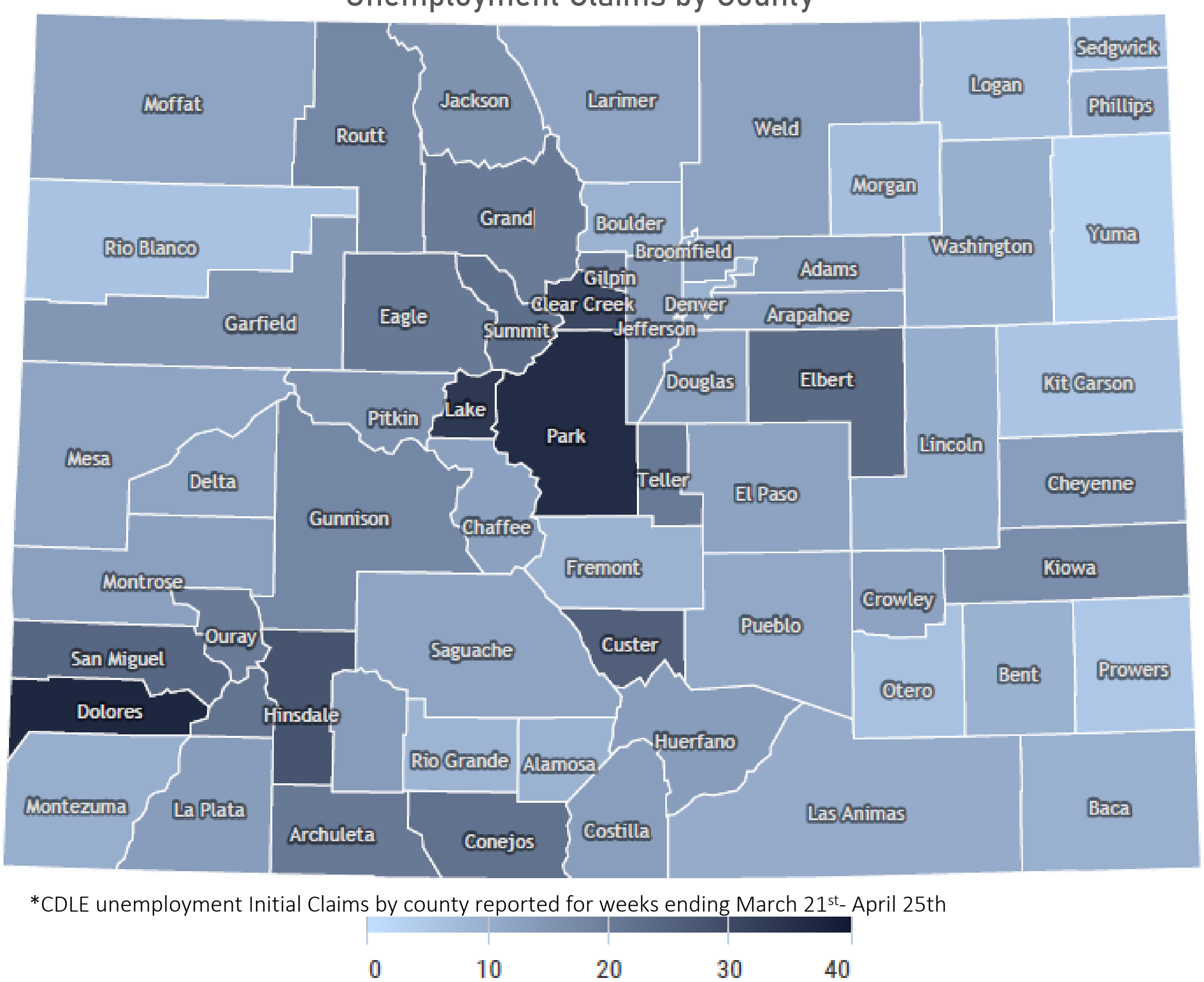
Other recovery patterns are also possible. For example, a V-shaped recovery reflects a sharp decline followed by a quick and equally sharp recovery; this trajectory was widely viewed as a probable outcome in the initial stages of the pandemic but now appears increasingly unlikely. Another possibility is a W-shaped recovery. This scenario could happen if a second wave of COVID-19 cases occurs and cuts off an initial recovery in activity.

Employment

The labor market has experienced an unprecedented downturn since mid-March, as the spread of COVID-19 has forced closures of businesses across the state and country. Despite Colorado's unemployment rate reaching a record low of 2.5 percent in February, the unemployment rate nearly doubled in the March report, reaching 4.5 percent, and the April rate is expected to reach double-digits when reported on May 22nd.

With the rapid deterioration of the labor market, official unemployment figures currently understate the scale of the economic catastrophe. Since the onset of the COVID-19 pandemic, unemployment insurance (UI) claims have increased significantly, with over 400,000 people filing for UI benefits since mid-March, representing more than 16 percent of Colorado's employment base. The labor market impact of the pandemic varies significantly across the state, with tourism-dependent mountain communities experiencing the largest increases in initial UI claims.

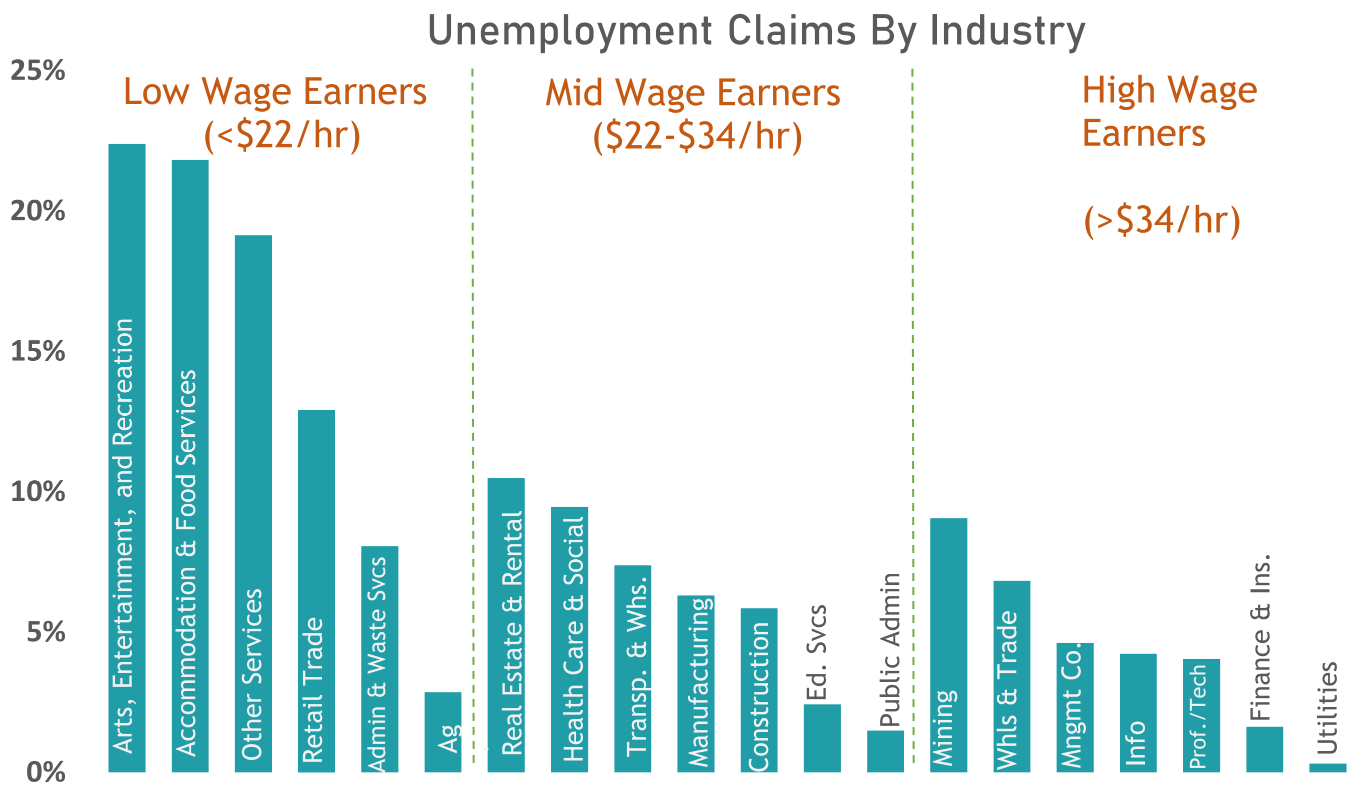
Unemployment Claims by County



*CDLE unemployment Initial Claims by county reported for weeks ending March 21st- April 25th

As the map above depicts, Park County has the highest unemployment claim rate in the state, with more than 36 percent of the county's employment base filing for unemployment benefits.[1]

Although layoffs are spread across all industries, lower-paying industries have a notably higher share of layoffs than higher-paying industries. Industries with average wages less than $20 an hour represent over 60 percent of total initial unemployment claims. As the graph below indicates, Arts, Entertainment and Recreation and Accommodation and Food Services have been the two hardest hit industries, representing 44 percent of all UI claims.[2]



*CDLE unemployment Initial Claims by industry reported for weeks ending March 21st-April 25th

Federal legislation expanded unemployment benefits to distribute an additional $600 per week to claimants through July, on top of standard UI benefit payment amounts. This significantly expanded benefit has the effect that many low- and medium-income workers (those earning less than approximately $30/hour, or approximately $60,000 annually) will receive more income from unemployment benefits than they did from wages while employed. The legislation also allowed self-employed, gig workers, and independent contractors to claim unemployment benefits for the first time.

Energy

While the COVID-19 pandemic created challenges for the energy sector due to reduced demand, the industry faced a simultaneous supply shock as Saudi Arabia and Russia flooded the market with oil in efforts to win a price war. These market-disrupting events have driven domestic oil prices to historic

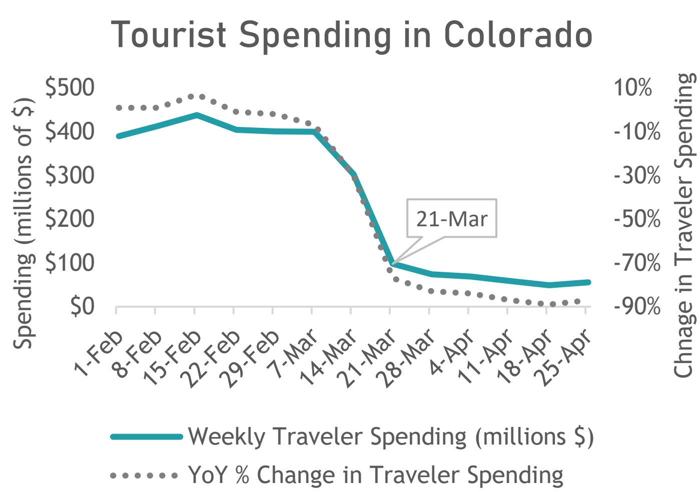
[1] Colorado Department of Labor & Employment
[2] Ibid.

lows, even falling below zero for the first time on April 20th as global storage capacity was nearly exceeded, before returning to positive prices in recent weeks.

Colorado producers are adjusting to low prices more quickly than in prior years. New well permit submissions were down 96 percent in April from the year prior, as Colorado producers withdrew more permits than were submitted.[1] Additionally, Colorado producers have reduced the number of active oil rigs in the state to 8 last week, down from 33 a year ago.[2] According to a survey by the Federal Reserve Bank of Kansas City, regional energy firms estimated that only 61 percent of their competitors could remain solvent for at least one year if prices remain below $30 per barrel.[3] Although the majority of regional energy firms do not expect prices to return to profitable levels for more than a year, modest price growth is expected throughout that period as the economy recovers.[4]

Tourism

Colorado's tourism industry has been severely affected by the current crisis. Tourists became concerned about the risk of travel in early March as news of the outbreak dominated headlines, leaving empty seats on airplanes and hotel rooms unbooked. Colorado's ski resorts were required to close in mid-March, following early outbreaks of COVID-19 in mountain communities. Further, increasing travel restrictions have constrained spending by international tourists visiting the State, while domestic stay-at-home orders have largely confined would-be local tourists to their homes.



Source: U.S. Travel Association

Colorado's economy is vulnerable to declines in tourism activity. The leisure and recreation industries (encompassing arts, entertainment, recreation, accommodation and food services) account for approximately 5 percent of the state's GDP – a higher share than most states.[5] These industries are also major employers in Colorado, representing 10.8 percent of Colorado's total employment.[6] As of mid-April, the U.S. Travel Association estimated that Colorado traveler spending had declined by 89 percent from the prior year.

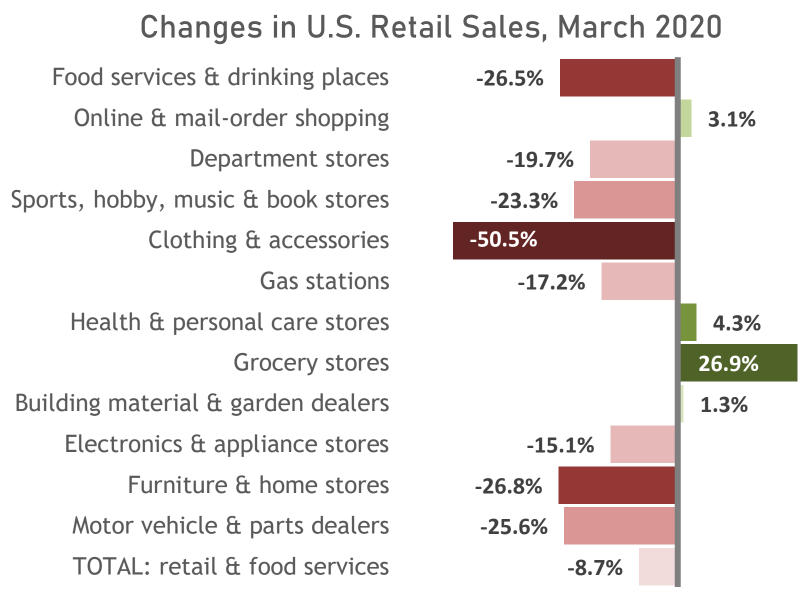
COVID-19's impact on the tourism industry has been compared to 9/11, given consumer fears of travel. After 9/11, total traveler spending in Colorado declined 8 percent in 2001 and 4 percent in 2002. However, total traveler spending recovered and surpassed 2000 levels by 2005. Similarly, employment

1 Colorado Oil and Gas Conservation Commission
2 Anderson Weekly Rig Report
3 Federal Reserve Bank of Kansas City
4 Ibid.
5 Pew Charitable Trusts & U.S. Bureau of Economic Analysis
6 U.S. Bureau of Labor Statistics

in the tourism sector dropped 6 percent in 2001 and 2 percent in 2002 but exceed prior levels by 2006.[1] Effects seen after the Great Recession were similar, suggesting the industry took four to five years to recover after each recession. A similar recovery path is expected following this recession.

Retail Spending

Retail sales have been significantly and negatively impacted by the spread of COVID-19. Consumers became increasingly wary of engaging in elective activities in public spaces, such as shopping malls, throughout March. Colorado's stay-at-home order then closed non-essential, in-person business activity, including much of the retail sector, on March 25th. As a result, retail spending has been significantly curtailed, with major implications for Colorado's economy as retail trade accounts for 5.1 percent of the state's GDP and 8.9 percent of its workforce.[2] This represents a sizable economic shift, as consumer activity was the primary driver of the continued economic expansion in recent years.



National data on retail trade highlights the effects the virus had on sales activity throughout the month. March retail sales were down 8.7 percent from February, representing the largest monthly decline ever recorded by the data series beginning in 1992.[3] Clothing stores, auto dealers, furniture stores, and restaurants and bars were all severely impacted. Meanwhile, grocery stores saw significant increases in sales, making them the largest beneficiary from the change in consumer activity. In Colorado alone, over 35,000 individuals in the retail sector filed unemployment claims in the six-week period ending April 25th.[4]

Retail impacts in April are expected to be even more significant than those in March due to the timing of stay-at-home orders. The sector's ability to recover, like many others, is largely dependent on the effectiveness of COVID-19 containment measures. High unemployment will reduce disposable income, and shifts in consumer behaviors to avoid public spaces are expected to continue to depress retail activity moving forward. Spending is also tied closely to consumer confidence about future economic conditions. That confidence has been shaken, with the consumer expectations index reported by the University of Michigan dropping 12.4 points in March and another 9.6 points in April.

[1] Colorado Tourism Office & Dean Runyan Associates
[2] U.S. Bureau of Economic Analysis
[3] U.S. Census Bureau
[4] Colorado Department of Labor and Employment

Small Business

There are more than 630,000 small businesses in Colorado (defined as those with 500 or fewer employees), representing 99.5 percent of all businesses and 87 percent of all employees in the state.[1] These small businesses tend to be more vulnerable during economic downturns due to greater credit constraints and lower cash on hand – for example, JP Morgan has found that only 25 percent of small businesses have enough cash buffer to last more than two months.

As of May 1, the federal Paycheck Protection Program had issued $10.5 billion in loans to about 14 percent of Colorado small businesses. This accounts for 2 percent of the overall share of available loans - more than Colorado's share of U.S. population and GDP. At least 75 percent of the loans must be spent on worker pay within the first eight weeks of the loan in order for the recipient to qualify for loan forgiveness, which suggests that they will have a significant effect on keeping workers employed in at least the short term. In the absence of further relief programs, however, the loans may not be sufficient to keep afloat firms in hard-hit sectors such as retail, food services, and oil and gas, evidenced by recent surveys showing a majority of small businesses in some of these sectors yet to receive federal stimulus loans.[2]

A Goldman Sachs survey of nearly 1,800 small businesses in late April found that 19 percent of small businesses are closed, 42 percent are partially open, and 39 percent are fully open, with 64 percent indicating that their cash reserves will last less than three months. Unsurprisingly, the smallest of businesses seem to be the hardest hit: a poll of 500 small business owners by the Bipartisan Policy Center and Morning Consult shows small businesses with 2-49 employees three times more likely to have laid off more than 90 percent of their workforce than those with 50-500 employees.

So far, there does not appear to be a surge of small business bankruptcies in Colorado. Bankruptcy filings are cyclical, typically peaking in March (as individuals and businesses use their tax refunds to pay the costs associated with filing), and are a lagging indicator. Many bankruptcy stakeholders anticipate a large increase in business filings in April and May, with a larger increase expected in late 2020 and early 2021. Nationally, January-April Chapter 11 bankruptcy filings, which are typically filed by larger firms (a portion of which are small businesses), have increased 17 percent from the same period last year.[3]

International

Evidence on a possible trajectory of the U.S. economic recovery can be found by looking to China. As China's factories reopened, retail sales fell by one-sixth in March from the year before.[4] As COVID-19 slowed economic activity in the U.S. and Europe in March and April, demand for Chinese manufactured goods declined significantly. Although conditions modestly improved in April, capacity utilization rates

[1] Small Business Administration & Colorado Department of Labor & Employment

[2] April 10-16 survey of Colorado Restaurant Association members; Survey of National Federation of Independent Business members released on May 5

[3] American Bankruptcy Institute

[4] China's National Bureau of Statistics, via CEIC Data

remain considerably lower than both work resumption rates and worker return rates across all of China's key sectors.[1] This suggests that businesses are open and operating, but not necessarily at profitable levels. If the U.S. economic recovery follows a trajectory similar to China's, it would suggest a slow return to normal activity levels.

Mortgages and Rent

Leading up to the COVID-19 pandemic, mortgage foreclosures were at record-low levels. Despite significant job losses since mid-March, policy interventions such as forbearance programs and suspensions of late fees have assisted in alleviating some of the financial stress on homeowners in the short term.[2]

Renters also appear to be making payments. The National Multifamily Housing Council reported that 95 percent of apartment households have made a full or partial payment of their April rent, only slightly down from 98 percent last year. The additional $600/week unemployment benefit described on the prior page is likely substantially increasing renters' ability to pay. Despite the relatively high rent payment rates seen so far, the expiration of the expanded UI benefits in July and the approaching end of eviction moratoriums mean that renters will face increasing challenges in coming months.

Federal Stimulus

The federal government is implementing an unprecedented array of relief and stimulus measures to help consumers, businesses, and state and local governments weather the dramatic economic impacts of COVID-19. These measures exceed the scope and speed of the stimulus policies implemented during the Great Recession.

The federal government has approved a broad package of financial assistance to individuals, including stimulus checks for as much as $1,200 per individual ($2,400 for married couples) and $500 per dependent child. In addition, expanded unemployment insurance benefits include higher cash payments ($600 extra per week), expanded eligibility to include self-employed and "gig economy" workers, and extension of the time a person can receive benefits. These actions will help people who have lost their jobs or who have suffered from the broad slowdown in the economy continue to pay bills and buy goods and services.

In addition, federal aid is helping businesses. The Paycheck Protection Program and numerous Small Business Administration loans and grants are helping businesses maintain payrolls and keep afloat as customers continue to abide by stay-at-home orders.

The federal government is also supporting state and local governments through this crisis, distributing $150 billion in direct aid. Colorado is also receiving higher federal payments for the state's Medicaid

[1] IHS Market Research
[2] Mortgage Bankers Association

program.[1] Health care providers are also receiving direct payments from the federal government to respond to the COVID-19 needs, and this will help buoy their financial viability.

The Federal Reserve Bank has also acted aggressively to reduce interest rates and to keep credit markets functioning. The Fed has lowered interest rates to zero and purchased nearly $2 trillion in assets, while simultaneously establishing a number of programs to lend more than $2.3 trillion to targeted sectors of the economy.

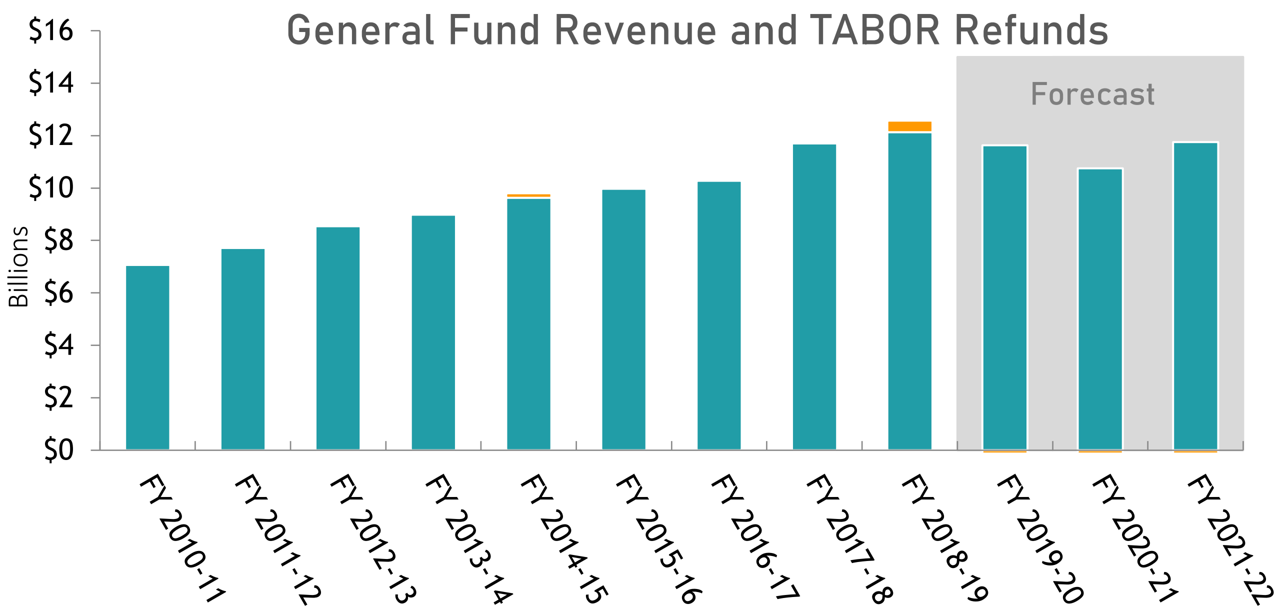
Forecast Risks

Any current economic forecast is dependent on the course of a virus that has proven difficult both to forecast and contain. A "second wave" of infections poses a significant downside risk to this forecast, while there is some upside risk if a vaccine or treatment is developed more quickly than expected. Additionally, while the immediate economic impacts of the pandemic are visible and well-known, the second-order economic impacts are more difficult to foresee. Finally, federal fiscal relief so far, while significant, has only been intended as a short-term intervention. The Paycheck Protection Program was designed to offer businesses aid for eight weeks, while expanded unemployment benefits are scheduled to expire in July. The economy faces significant risks this summer if these measures are not extended.

[1] U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. "Families First Coronavirus Response Act – Increase FMAP FAQs," April 13, 2020.

Revenue Outlook - General Fund

The sudden onset of the current recession means that the General Fund revenue forecast has been revised significantly downward since March. This forecast projects that General Fund revenue will decline by 7.4 percent in FY 2019-20 and 7.5 percent in FY 2020-21, after growing by 7.2 percent in FY 2018-19. This is a total downward revision of $5.5 billion from the March forecast, with total General Fund revenues $1.1 billion lower in FY 2019-20, $2.4 billion lower in FY 2020-21, and $2.0 billion lower in FY 2021-22.



Three major revenue sources together make up 96 percent of total General Fund revenue: individual income taxes, corporate income taxes, and sales and use taxes. All three of these sources saw significant downward revisions since the March 2020 forecast and are detailed below. General Fund revenue from the other remaining General Fund sources, such as interest earnings, taxes paid by insurers on premiums, and excise taxes on tobacco products and liquor, had very minor revisions from the March forecast.

Individual Income Tax

Individual income tax revenue is projected to decrease 5.6 percent in FY 2019-20 and 9.6 percent in FY 2020-21. Relative to March projections, the forecast was revised downward by $538.6 million in FY 2019-20 and $1.6 billion in FY 2020-21.

Major revisions were made to forecasts for individual income taxes in response to the economic conditions associated with COVID-19. Individual income tax collections are extremely volatile during periods of economic change. While the duration of the economic impact from the virus is currently unknown, significant workforce reductions will lead to decreases in personal income and in tax collections, with fewer revenues from capital gains and a reduction in proprietor business income. Individual income tax collections are anticipated to remain below historical norms due to higher unemployment rates. In addition, the federal CARES Act made several tax policy changes that will result in reduced income taxes collected by the state.

Corporate Income Tax

Corporate income tax collections are projected to fall to $575.1 million in FY 2019-20, which is a 37.5 percent decline from FY 2018-19. Some of this decline was previously anticipated because FY 2018-19 corporate income tax receipts were unusually high due to a large settlement agreement with a delinquent taxpayer. Corporate income tax receipts are expected remain low in FY 2020-21 before increasing by 35.3 percent in FY 2021-22.

Relative to the March 2020 forecast, corporate income tax receipts are expected to be roughly 25 percent lower in FY 2019-20 as a result of COVID-19. The impacts of the economic recession on corporate profits are likely to be both broader and deeper than initially expected in March. In addition, the federal CARES act included tax policy changes which will serve to reduce corporate income tax collections to the state.

Sales and Use Taxes

Sales tax revenue is expected to decline 1.8 percent in FY 2019-20 and further by 5.6 percent in FY 2020-21 before growing by 9.9 percent in FY 2021-22. This is a downward revision from the March 2020 forecast by $347.6 million, $643.7 million, and $494.4 million in those years, respectively. These modifications factor in the severe impacts and ongoing risks associated with the COVID-19 pandemic.

The most significant sales tax revenue impacts are expected in FY 2020-21. Sales tax collections are closely tied to the strength of sales in several sectors which have experienced major disruptions from COVID-19 (i.e. accommodation, motor vehicle and parts dealers, retail/wholesale merchandise stores, and food services/drinking places). Social distancing measures have resulted in reduced day-to-day fiscal transactions within these sectors. Consumer spending activity is not expected to return to pre-pandemic levels until FY 2021-22. Sales tax collections from online retailers, however, will result in higher tax revenues than would otherwise have been collected.

Use tax is projected to decline by 37.0 percent to $217.7 million in FY 2019-20, followed by a further year-over-year decline of 8.0 percent to $200.4 million in FY 2020-21. FY 2021-22 is expected to see an incremental increase of 0.9 percent, respectively. Relative to the March forecast, these projections have been revised downward from by 11.3 percent in FY 2019-20, 17.6 percent in FY 2020-21 and 18.0 percent in FY 2021-22. Use tax is a companion to sales tax and is paid by Colorado residents and businesses on purchases that did not collect the state sales tax. Use taxes bring in a much smaller amount of revenue than sales taxes and are often more volatile. Much of the state's use tax revenue comes from Colorado businesses paying tax on transactions involving out-of-state sellers, in addition to individuals paying taxes on online purchases where the retailer did not collect taxes. Use tax collections are expected to continue to decline as more retailers remit sales taxes directly to the state, resulting in fewer use taxes due.

Other General Fund Revenue

Other General Fund is expected to decrease 3.0 percent in FY 2019-20 and to grow by 2.9 percent in FY 2020-21 and 3.0 percent FY 2021-22. Major components of this revenue category include excise taxes on cigarettes, tobacco and liquor, as well as insurance revenue and interest income.

The reduction in FY 2019-20 results from a large, one-time settlement payment totaling $18.7 million from corporations in FY 2018-19 in relation to violations of consumer protection laws.

State Education Fund

Revenue to the State Education Fund from income taxes is expected to decline 10.9 percent in FY 2019-20 and 7.5 percent in FY 2020-21. This does not include transfers from other funds. The forecast for State Education Fund revenue was revised downward from the March forecast in conjunction with the downward revision to the forecast for individual income tax collections.

The Colorado Constitution requires that 1/3 of 1 percent of taxable income from Colorado taxpayers be credited to the State Education Fund. The State Education Fund revenue is derived from taxable income, it follows the trends in individual income and corporate income tax revenue collections discussed in this section.

Revenue Outlook – Cash Funds

Cash funds are taxes, fees, fines, and interest collected by various state programs to fund services and operations. These revenue sources are designated by statute for a particular program and as such are distinct from General Fund revenue, which is available for general purpose expenditures. The following discussion highlights those cash fund revenues that are subject to TABOR.

Total cash fund revenue subject to TABOR is projected at $2.3 billion in FY 2019-20, a decrease of 4.0 percent from the prior fiscal year. This is a reduction from the March projections for FY 2019-20 of 4.0 percent. In FY 2020-21 cash fund revenue is projected decline a further 2.9 percent, before growing by 4.8 percent in FY 2021-22.

Transportation

Transportation-related cash fund revenue is projected to decrease by 4.7 percent in FY 2019-20 and grow by 1.5 percent in FY 2020-21. These forecasts have been revised downward since March, by $25.6 million, or 2.1 percent, in FY 2019-20 and by $67.9 million, or 5.2 percent, in FY 2020-21.

Transportation Revenue	Actual FY 18-19	Forecast FY 19-20	Forecast FY 20-21	Forecast FY 21-22
Highway Users Tax Fund (HUTF)				
Motor and Special Fuel Taxes	**$654.9**	**$619.5**	**$625.6**	**$653.7**
Change	1.5%	-5.4%	1.0%	4.5%
Total Registrations	**$265.7**	**$264.5**	**$265.4**	**$282.0**
Change	1.4%	-0.4%	0.3%	6.2%
Other HUTF Receipts	**$188.2**	**$186.8**	**$192.7**	**$206.3**
Change	-6.1%	-0.7%	3.2%	7.0%
Total HUTF	**$1,108.7**	**$1,070.9**	**$1,083.7**	**$1,142.0**
Change	0.1%	-3.4%	1.2%	5.4%
State Highway Fund	**$39.8**	**$28.4**	**$29.1**	**$30.3**
Change	-2.0%	-28.7%	2.6%	3.9%
Other Transportation Funds	**$126.8**	**$116.5**	**$121.1**	**$124.1**
Change	-0.5%	-8.1%	4.0%	2.5%
Total Transportation Funds	***$1,275.9***	***$1,215.8***	***$1,234.0***	***$1,296.4***
Change	*0.0%*	*-4.7%*	*1.5%*	*5.1%*

Transportation-related cash funds include the Highway Users Tax Fund (HUTF), the State Highway Fund (SHF), and a number of smaller cash funds. The primary revenue sources for the largest portion of transportation cash funds is the HUTF, which is comprised of motor fuel taxes and registration fees. The COVID-19 crisis prompted the closure of businesses and issuance of the stay at home order and increased the number of employees working remotely while also creating a decline in tourist travel. The continued

COVID containment efforts have reduced the number of daily commuters and vehicle miles traveled throughout the state causing fuel tax revenues to decline. Gas station sales fell by 17 percent in March compared to same period last year.

Limited Gaming

Revenues from limited gaming were revised downward for FY 2019-20 to $76.4 million, a 63.1 percent reduction from the March forecast. This is a result of casino closures that began in mid-March that were still in place as of this forecast, dropping gaming revenue to zero for several months of the fiscal year. Gaming activity is expected to remain depressed once casinos reopen due to public concerns about the safety of engaging in activities in crowded public spaces. As a result, revenues for FY 2020-21 are expected to decline further to $72.3 million, before experiencing a partial recovery in FY 2021-22 with $91.6 million in revenue. These are all significant downward revisions from the March forecast.

Of this revenue in FY 2019-20, $64.3 million will be subject to TABOR and $63.2 million will be classified as "base limited gaming revenue." Most of the remainder, $14.8 million, will be classified as "extended limited gaming revenue" under Amendment 50. In FY 2020-21, $60.8 million will be subject to TABOR, of which $59.7 million will be classified as limited gaming revenue and $9.9 million will be classified as extended gaming revenue. The table below illustrates the current revenue projections as well as the amounts to be distributed to revenue recipients per statutory formula. Current statutory transfers outlined by law exceed the forecast amount of revenue flowing to the General Fund in FY 2019-20 and the next two fiscal years.

Distribution of Limited Gaming Revenues	Actual FY 18-19	Forecast FY 19-20	Forecast FY 20-21	Forecast FY 21-22
A. Total Limited Gaming Revenues	**$127.3**	**$76.4**	**$72.3**	**$91.6**
Annual Percent Change	0.2%	-40.0%	-5.5%	26.7%
B. Base Limited Gaming Revenues (max 3% growth)	**$105.2**	**$63.2**	**$59.7**	**$61.5**
Annual Percent Change	0.2%	-40.0%	-5.5%	3.0%
C. Gaming Revenue Subject to TABOR	**$107.1**	**$64.3**	**$60.8**	**$62.8**
Annual Percent Change	0.2%	-40.0%	-5.5%	3.4%
D. Total Amount to Base Revenue Recipients	**$94.3**	**$46.4**	**$47.1**	**$53.8**
Amount to State Historical Society	$26.4	$13.0	$13.2	$15.1
Amount to Counties	$11.3	$5.6	$5.7	$6.5
Amount to Cities	$9.4	$4.6	$4.7	$5.4
Amount to Distribute to Remaining Programs (State Share)	$47.2	$23.2	$23.6	$26.9
Amount to Local Government Impact Fund	$5.6	$5.8	$6.1	$7.2
Colorado Tourism Promotion Fund	$15.0	$15.0	$15.0	$15.0
Creative Industries Cash Fund	$2.0	$2.0	$2.0	$2.0
Film, Television, and Media Operational Account	$0.5	$0.5	$0.5	$0.5
Advanced Industries Acceleration Fund	$5.5	$5.5	$5.5	$5.5
Innovative Higher Education Research Fund	$2.1	$2.1	$2.1	$2.1
Transfer to the General Fund	$16.4	($7.7)	($7.7)	($5.4)
E. Total Amount to Amendment 50 Revenue Recipients	**$17.9**	**$14.8**	**$9.9**	**$22.6**
Community Colleges, Mesa and Adams State (78%)	$14.0	$11.5	$7.7	$17.6
Counties (12%)	$2.2	$1.8	$1.2	$2.7
Cities (10%)	$1.8	$1.5	$1.0	$2.3

In November 2019, Colorado voters approved Proposition DD, which legalized sports betting and authorized a tax on sports betting proceeds to fund water projects. Revenues from the tax on sports betting proceeds are not subject to TABOR, while revenues from licensing fees of sports betting operators are. Estimates of new revenue from those fees are around $2 million per year. Revenues from the tax on proceeds and operator licensing fees will be accounted for separately from the gaming funds reported here. Revenue from operator licensing fees is accounted for as miscellaneous cash fund revenue in Table 6 in the appendix. Revenue collection associated with sports betting licenses began in December 2019 and sports betting is beginning in May 2020.

Severance

Severance tax revenue is expected to decline to $140.4 million in FY 2019-20, a decrease of 45.0 percent from the fiscal year prior. Collection levels are projected to decline further in FY 2020-21 to $56.1, before rebounding moderately in FY 2021-22 to $71.9 million. The FY 2019-20 and FY 2020-21 figures have been revised downward from the March 2020 forecast due to significant declines in oil prices, which are anticipated to lead to lower production levels. As the economy recovers, oil prices are expected to increase modestly, causing a projected increase in extracting activity and revenue levels in FY 2021-22.

Marijuana

Marijuana sales have grown at a strong pace in FY 2019-20, leading to a forecasted growth rate of 15 percent year over year, to $301.5 million. This is $9.9 million (or 3.2 percent) lower than the forecast in March, due to lower anticipated sales for the remainder of the fiscal year. Sales are anticipated to decline due to suppressed tourist activity in the state and lower wages among Colorado workers. Estimates prepared for the Department of Revenue suggest tourists accounted for 7 to 9 percent of marijuana consumption in Colorado between 2014 and 2017. Revenue in FY 2020-21 is expected to decline by 2.7 percent to $293.5 million. This is due to continued expectations for reduced tourist activity and lower wages in FY 2020-21.

Tax Revenue from the Marijuana Industry	Actual FY 18-19	Forecast FY 19-20	Forecast FY 20-21	Forecast FY 21-22
Proposition AA Taxes				
Retail Marijuana 15% Special Sales Tax	$193.3	$213.8	$208.1	$218.5
Retail Marijuana 15% Excise Tax	$58.4	$76.4	$74.4	$78.1
Total Proposition AA Taxes	**$251.8**	**$290.2**	**$282.5**	**$296.6**
2.9% Sales Tax (Subject to TABOR)				
Medical Marijuana 2.9% State Sales Tax	$9.4	$9.9	$9.7	$10.0
Retail Marijuana 2.9% State Sales Tax	$1.0	$1.4	$1.3	$1.4
Total 2.9% Sales Taxes	**$10.4**	**$11.3**	**$11.0**	**$11.3**
Total Marijuana Taxes	**$262.2**	**$301.5**	**$293.5**	**$307.9**

The revenue from Proposition AA sales tax goes first to the General Fund, then to the Marijuana Tax Cash Fund, local governments, and the Public School Fund. The remaining amount after these transfers stays in the General Fund. Proposition AA also included an excise tax of 15 percent on retail marijuana sales that is credited to public school cash funds. The forecasted distribution of marijuana tax revenue is shown in the table below.[20]

Fiscal Year	Total Marijuana Revenue	Local Share	General Fund	BEST School Capital Construction	Public School Permanent Fund	Public School Fund	Marijuana Tax Cash Fund
FY 2018-19 Actual	$262.2	$19.3	$27.1	$52.6	$5.8	$21.9	$135.4
FY 2019-20 Projected	$301.5	$21.4	$29.9	$76.4	$0.0	$24.2	$149.5
FY 2020-21 Projected	$293.5	$20.8	$29.1	$74.4	$0.0	$23.6	$145.6
FY 2021-22 Projected	$307.9	$21.9	$30.6	$78.1	$0.0	$24.8	$152.6

Federal Mineral Lease

Federal Mineral Lease (FML) revenue is expected to decline 38.3 percent to $70.2 million in FY 2019-20 followed by a marginal year-over-year increase of 2.2 percent in FY 2020-21 to $71.7 million and a further increase of 15.4 percent in FY 2021-22 to $82.8 million.

The decline in each year relative to the March forecast is due to lower anticipated oil and natural gas extraction activity on federal lands. The May 2020 FML revenue forecast follows a similar trajectory to severance tax, with expectations for lower revenue collections result from recent substantial declines in oil and gas market values. Oil and gas prices are anticipated to remain below breakeven points throughout FY2020-21 before improving to levels that incentivize increased production activity by energy firms. FML revenues are projected to see a moderate rebound in FY 2021-22 as the market balances and the overall economy shows signs of recovery.

Fiscal Year	Bonus Payments	Non-Bonus Payments	Total FML	% Change
FY 2018-19 Final	$2.8	$111.0	$113.8	32.1%
FY 2019-20 Projected	$2.1	$68.1	$70.2	-38.3%
FY 2020-21 Projected	$2.2	$69.6	$71.7	2.2%
FY 2021-22 Projected	$2.5	$80.3	$82.8	15.4%

FML revenues grew by 32.1 percent in FY 2018-19 as a result of increased production and the end of FML "bonus" payment refunds to mineral extraction leaseholders on the Roan Plateau. The decline is due to lower than anticipated collections year to date and a $7.2 million reduction in payments to the State in December 2019 and January 2020 as a result of a royalty rate reduction. While FML revenue is exempt

[20] FY 2018-19 figures are preliminary distributions, while FY 2019-20 through FY 2021-22 are projections. Totals may not sum due to rounding.

from TABOR, it is included here because a portion of the money is distributed to the Public School Fund, where it is used for the State's share of K-12 school finance.

FML royalties are derived from a percentage of the value of resources produced on leased federal lands. FML activity includes the production of natural gas, crude oil, propane, carbon dioxide, coal, and other mineral resources. The Bureau of Land Management (BLM) receives "bonus" payments from the auction of leases to extract mineral resources from federal lands. Producers remit royalties, bonus, and rental payments to the federal government that are then shared with the state in which production occurs.

Other Cash Funds

The state receives revenue from a variety of other cash funds as well. This includes cash fund revenue to the Department of Regulatory Agencies (DORA), which is projected to increase 7.7 percent to $84.8 million in FY 2019-20 and 4.4 percent to $88.5 million in FY 2020-21. Revenue from licensing fees and other services fund many of the Department's activities. Insurance-related cash fund revenue is obtained largely from a surcharge on workers' compensation insurance, and has been adjusted downward on expectations of a slight decline in the workers compensation insurance industry. The forecasted revenue is $24.6 million in FY 2019-20, with a 20 percent decline in FY 2020-21 to $19.75 million.

Finally, the "Other Miscellaneous Cash Funds" category includes revenue from over 300 cash fund programs, which generally collect revenue from fines, fees, and interest earnings. This broad category is less sensitive to broad economic conditions than revenue sources like income and severance taxes. Compared to the March 2020 forecast, the miscellaneous cash fund forecast has been revised downward but is still showing year-over-year growth. Revenue to these funds is expected to be $803.3 million in FY 2019-20 and $806.4 million in FY 2020-21.

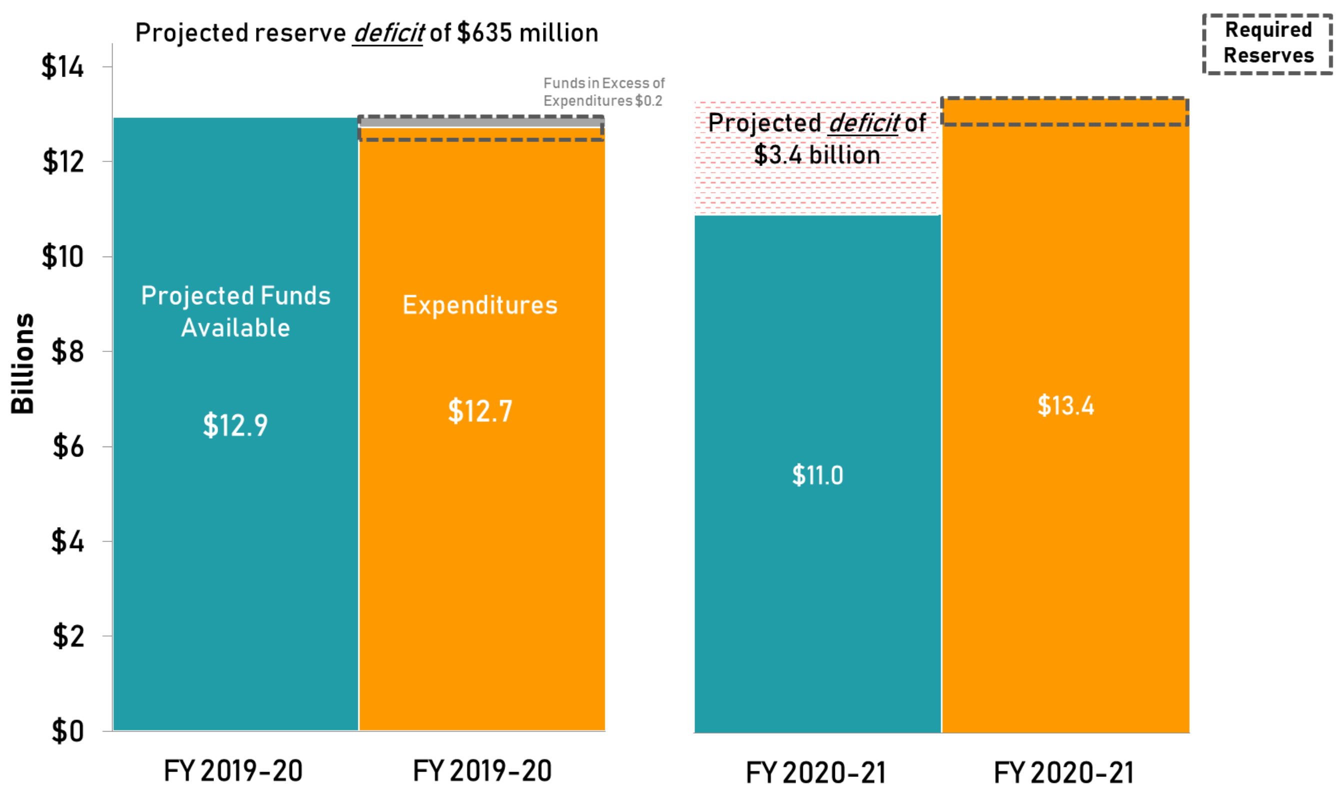
Budget Outlook

General Fund

General Fund revenue is projected to decrease by 7.4 percent in FY 2019-20 and 7.5 percent in FY 2020-21, after growing by 7.2 percent in FY 2018-19. The General Fund revenue forecast for FY 2019-20 is $1.1 billion, or 8.6 percent, less than estimated in March. The forecast for FY 2020-21 is $2.4 billion, or 18.3 percent, lower than the March forecast.

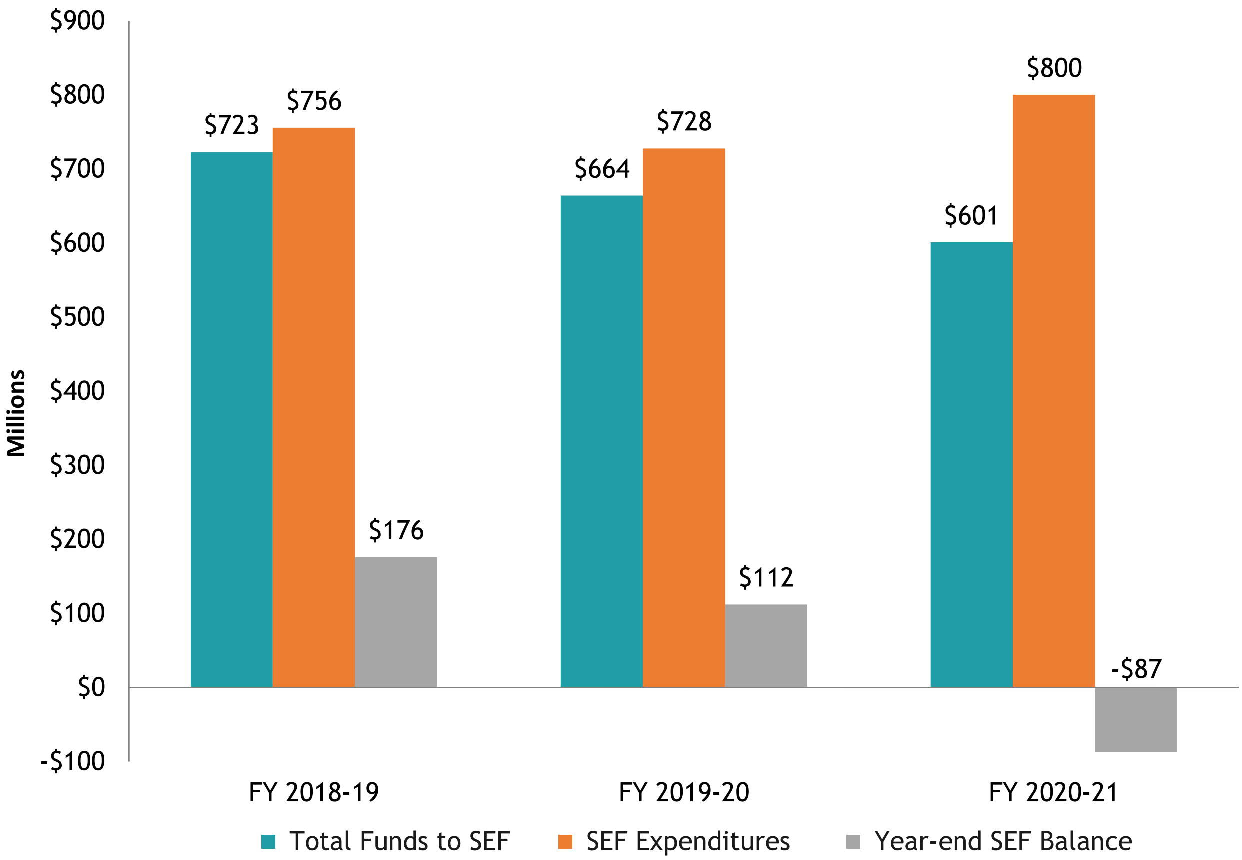
The General Fund reserve was $448.3 million above the required statutory reserve amount of 7.25 percent of appropriations in FY 2018-19. Under this forecast, the General Fund reserve is projected to be $635.2 million below the statutory reserve amount in FY 2019-20. Under this forecast and the Governor's budget request, the State's General reserve is projected to be $3.4 billion below the higher 7.5 percent proposed statutory reserve amount. These projections do not reflect forthcoming budget adjustments for FY 2020-21 that are currently under consideration by the Joint Budget Committee.

The below chart summarizes total projected General Fund revenue available, total obligations, and reserve levels for FY 2019-20 and FY 2020-21, under the Governor's FY 2020-21 budget request.



State Education Fund

The State Education Fund's year-end balance was $176.0 million in FY 2018-19 and is projected to decline to $112.2 million in FY 2019-20. The budget for FY 2019-20 includes a transfer from the General Fund to the State Education Fund of $40.3 million, as included in the 2019 School Finance Act. The figure below summarizes total State Education Fund revenue, expenditures, and ending balances for FY 2018-19 through FY 2020-21 under the Governor's budget request. Due to declining revenues, there is no longer expected to be sufficient funds in the SEF to cover the SEF spending amounts proposed in the Governor's budget request in January.



Forecast Risks

This budget outlook is based on OSPB's economic analysis and forecast as detailed in Tables 1 and 2 of the Reference Tables at the end of this document. This economic forecast is subject to elevated risks associated with the unfolding developments of COVID-19.

The forecast reflects the latest projections of the impacts that COVID-19 may have on state revenues and expenditures, yet the epidemiological course of COVID-19 and the duration and depth of the recession are highly uncertain. Although economic conditions could be more positive than described in this forecast, the risks to the budget outlook are balanced to the downside.

Supplemental Materials

An overview of General Fund and State Education Fund revenue, expenditures, and end-of-year reserves is provided in the Reference Tables at the end of this document. A more detailed discussion of the information presented in the Reference Tables can be found at the Office of State Planning and Budgeting's website: www.colorado.gov/governor/economics.

TABOR Outlook

Under Article X, Section 20 of the State Constitution, the Taxpayer's Bill of Rights (TABOR), revenue received from certain sources is subject to an annual limit determined by the prior year's limit after adjustments for inflation and population growth. Any TABOR revenue received above the cap is to be refunded to taxpayers in the subsequent fiscal year. Revenue subject to TABOR exceeded the revenue cap by $428.3 million in FY 2018-19 and is not projected to be above the cap for the duration of the forecast period.

Current law specifies three mechanisms by which revenue in excess of the cap is to be refunded to taxpayers: the senior homestead and disabled veterans property tax exemptions, a temporary income tax rate reduction (from 4.63 percent to 4.50 percent), and a sales tax refund. The size of the refund determines which refund mechanisms are utilized.

An estimated $270.5 million of the $428.5 million refund obligation from FY 2018-19 is being paid out as an income tax rate reduction, while $151.2 million is being refunded via the senior homestead and disabled veterans property tax exemption expenditures in FY 2019-20. Any difference between estimated refunds and actual refunds will be corrected in the next fiscal year in which a refund is owed.

No refunds are projected for FY 2019-20 or the duration of the forecast period.

Reference Tables

Table 1: Colorado Economic Variables – History and Forecast

Line No.		Actual						May 2020 Forecast		
		2014	2015	2016	2017	2018	2019	2020	2021	2022
	Income									
1	Personal Income (Billions) /A	$271.3	$284.2	$289.6	$310.8	$332.9	$351.9	$351.2	$358.6	$379.4
2	Change	8.8%	4.8%	1.9%	7.3%	7.1%	5.7%	-0.2%	2.1%	5.8%
3	Wage and Salary Income (Billions) /A	$138.6	$146.5	$151.0	$160.7	$170.1	$181.0	$172.0	$173.7	$184.1
4	Change	7.0%	5.7%	3.1%	6.4%	5.8%	6.4%	-5.0%	1.0%	6.0%
5	Per-Capita Income ($/person) /A	$50,711	$52,147	$52,278	$55,374	$58,500	$61,111	$60,415	$61,249	$64,193
6	Change	7.2%	2.8%	0.3%	5.9%	5.6%	4.5%	-1.1%	1.4%	4.8%
	Population & Employment									
7	Population (Thousands)	5,350.1	5,450.6	5,539.2	5,611.9	5,691.3	5,758.7	5,813.4	5,854.6	5,910.1
8	Change	1.5%	1.9%	1.6%	1.3%	1.4%	1.2%	1.0%	0.7%	0.9%
9	Net Migration (Thousands)	48.4	69.7	58.4	44.8	53.2	42.0	30.0	20.0	35.0
10	Unemployment Rate	5.0%	3.9%	3.2%	2.7%	3.3%	3.0%	10.1%	7.6%	5.5%
11	Total Nonagricultural Employment (Thousands)	2,463.7	2,541.0	2,601.8	2,660.4	2,725.3	2,779.8	2,635.3	2,656.3	2,746.7
12	Change	3.5%	3.1%	2.4%	2.3%	2.4%	2.0%	-5.2%	0.8%	3.4%
	Construction Variables									
13	Total Housing Permits Issued (Thousands)	29.2	31.1	38.4	41.9	45.5	42.0	39.5	41.2	43.4
14	Change	7.0%	6.4%	23.6%	9.2%	8.5%	-7.7%	-5.9%	4.3%	5.3%
15	Nonresidential Construction Value (Millions) /B	$4,350.9	$4,990.8	$5,989.0	$6,148.4	$8,057.6	$4,776.1	$3,954.6	$4,061.4	$4,313.2
16	Change	20.1%	14.7%	20.0%	2.7%	31.1%	-40.7%	-17.2%	2.7%	6.2%
	Prices & Sales Variables									
17	Retail Trade (Billions)	$90.5	$95.0	$98.5	$104.1	$109.2	$113.7	$108.2	$111.7	$118.0
18	Change	7.6%	4.9%	3.7%	5.7%	4.8%	4.2%	-4.8%	3.2%	5.6%
19	Denver-Aurora-Lakewood Consumer Price Index (1982-84=100) /C	237.2	240.0	246.6	255.0	262.0	267.0	269.9	275.3	281.4
20	Change	2.8%	1.2%	2.8%	3.4%	2.7%	1.9%	1.1%	2.0%	2.2%

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

/C In 2018 the geography and data frequency of this series were revised. 2017 and prior years represent Denver-Boulder-Greeley regional prices.

Table 2: National Economic Variables – History and Forecast

Line No.		Actual						May 2020 Forecast		
		2014	2015	2016	2017	2018	2019	2020	2021	2022
	Inflation-Adjusted & Current Dollar Income Accounts									
1	Inflation-Adjusted Gross Domestic Product (Billions) /A	$16,912.0	$17,403.8	$17,688.9	$18,108.1	$18,638.2	$19,072.5	$17,966.3	$18,379.5	$19,629.3
2	Change	2.5%	2.9%	1.6%	2.4%	2.9%	2.3%	-5.8%	2.3%	6.8%
3	Personal Income (Billions) /B	$14,991.7	$15,717.8	$16,121.2	$16,878.8	$17,819.2	$18,624.2	$18,587.0	$18,884.3	$19,979.6
4	Change	5.7%	4.8%	2.6%	4.7%	5.6%	4.5%	-0.2%	1.6%	5.8%
5	Per-Capita Income ($/person)	$47,099	$49,021	$49,920	$51,937	$54,545	$56,740	$56,344	$56,961	$59,965
6	Change	5.0%	4.1%	1.8%	4.0%	5.0%	4.0%	-0.7%	1.1%	5.3%
7	Wage and Salary Income (Billions) /B	$7,475.2	$7,856.7	$8,083.5	$8,462.1	$8,888.5	$9,323.0	$8,894.1	$8,947.5	$9,484.4
8	Change	5.1%	5.1%	2.9%	4.7%	5.0%	4.9%	-4.6%	0.6%	6.0%
	Population & Employment									
9	Population (Millions)	318.3	320.6	322.9	325.0	326.7	328.2	329.9	331.5	333.2
10	Change	0.7%	0.7%	0.7%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%
11	Unemployment Rate	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%	10.9%	8.0%	6.0%
12	Total Nonagricultural Employment (Millions)	138.9	141.8	144.3	146.6	148.9	150.9	143.1	143.8	148.7
13	Change	1.9%	2.1%	1.8%	1.6%	1.6%	1.4%	-5.2%	0.5%	3.4%
	Price Variables									
14	Consumer Price Index (1982-84=100)	236.7	237.0	240.0	245.1	251.1	255.7	258.2	263.9	269.7
15	Change	1.6%	0.1%	1.3%	2.1%	2.4%	1.8%	1.0%	2.2%	2.2%
16	Producer Price Index - All Commodities (1982=100)	205.3	190.4	185.4	193.5	202.0	199.8	190.2	194.2	204.3
17	Change	0.9%	-7.3%	-2.6%	4.4%	4.4%	-1.1%	-4.8%	2.1%	5.2%
	Other Key Indicators									
18	Pre-Tax Corporate Profits (Billions)	$2,120.2	$2,061.5	$2,011.5	$2,005.9	$2,074.6	$2,091.2	$1,926.0	$2,157.1	$2,310.3
19	Change	5.4%	-2.8%	-2.4%	-0.3%	3.4%	0.8%	-7.9%	12.0%	7.1%
20	Housing Permits (Millions)	1.052	1.183	1.207	1.282	1.329	1.290	1.066	1.504	1.931
21	Change	6.2%	12.4%	2.0%	6.2%	3.7%	3.1%	-22.2%	41.1%	28.4%
22	Retail Trade (Billions)	$5,215.7	$5,349.5	$5,509.3	$5,740.6	$6,021.1	$6,235.7	$5,867.8	$6,167.1	$6,654.3
23	Change	4.3%	2.6%	3.0%	4.2%	4.9%	3.6%	-5.9%	5.1%	7.9%

/A U.S. Bureau of Economic Analysis, National Income and Product Accounts. Inflation-adjusted, in 2009 dollars.

/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 No.	Category	Actual FY 2018-19	% Chg	May 2020 Estimate by Fiscal Year FY 2019-20	% Chg	FY 2020-21	% Chg	FY 2021-22	% Chg
	Excise Taxes:								
1	Sales	$3,246.6	4.9%	$3,188.2	-1.8%	$3,008.2	-5.6%	$3,305.2	9.9%
2	Use	$345.5	11.5%	$217.7	-37.0%	$200.4	-8.0%	$202.2	0.9%
3	Cigarette	$32.6	-5.8%	$32.6	0.1%	$31.6	-3.1%	$30.6	-3.2%
4	Tobacco Products	$22.3	35.8%	$18.9	-15.0%	$26.4	39.4%	$24.9	-5.8%
5	Liquor	$48.3	3.9%	$50.5	4.5%	$51.7	2.3%	$52.8	2.1%
6	**Total Excise**	**$3,695**	**5.5%**	**$3,508**	**-5.1%**	**$3,318**	**-5.4%**	**$3,616**	**9.0%**
	Income Taxes:								
7	Net Individual Income	$8,247.0	8.8%	$7,781.1	-5.6%	$7,035.3	-9.6%	$7,573.5	7.6%
8	Net Corporate Income	$919.8	17.6%	$575.1	-37.5%	$578.4	0.6%	$782.7	35.3%
9	**Total Income**	**$9,167**	**9.7%**	**$8,356**	**-8.8%**	**$7,614**	**-8.9%**	**$8,356**	**9.8%**
10	*Less: State Education Fund Diversion*	*$692.8*	*12.3%*	*$617.3*	*-10.9%*	*$571.0*	*-7.5%*	*$626.7*	*9.8%*
11	**Total Income to General Fund**	**$8,474**	**9.5%**	**$7,739**	**-8.7%**	**$7,043**	**-9.0%**	**$7,730**	**9.8%**
	Other Revenue:								
12	Insurance	$314.7	3.6%	$333.3	5.9%	$344.0	3.2%	$354.9	3.2%
13	Interest Income	$26.5	35.8%	$24.2	-8.8%	$23.9	-1.2%	$24.9	4.1%
14	Pari-Mutuel	$0.5	-1.7%	$0.5	-2.0%	$0.5	-2.0%	$0.5	-2.0%
15	Court Receipts	$4.2	-5.3%	$4.3	2.4%	$4.3	0.0%	$4.3	0.0%
16	Other Income	$48.9	-67.9%	$20.8	-57.4%	$21.3	2.4%	$21.2	-0.7%
17	**Total Other**	**$395**	**-17.8%**	**$383**	**-2.9%**	**$394**	**2.8%**	**$406**	**3.0%**
18	**GROSS GENERAL FUND**	**$12,564**	**7.2%**	**$11,630**	**-7.4%**	**$10,755**	**-7.5%**	**$11,751**	**9.3%**

/A Dollars in millions.

Table 4: General Fund Overview under the Governor's Budget Request /A

Line No.		Actual FY 2018-19	May 2020 Estimate by Fiscal Year FY 2019-20	FY 2020-21	FY 2021-22
Revenue					
1	**Beginning Reserve**	**$1,366.0**	**$1,262.5**	**$220.8**	**-$2,456.0**
2	**Gross General Fund Revenue**	**$12,564.0**	**$11,630.1**	**$10,755.0**	**$11,750.8**
3	*Transfers to the General Fund*	$17.2	$53.8	$0.8	$0.8
4	**TOTAL GENERAL FUND AVAILABLE**	**$13,947**	**$12,946**	**$10,977**	**$9,296**
Expenditures					
5	**Appropriation Subject to Limit**	**$11,258.7**	**$11,806.8**	**$12,560.5**	**$8,039.7**
6	*Dollar Change (from prior year)*	$827.8	$548.1	$753.7	-$4,520.9
7	*Percent Change (from prior year)*	7.9%	4.9%	6.4%	-36.0%
8	**Spending Outside Limit**	**$1,596.3**	**$918.8**	**$872.0**	**$653.0**
9	*TABOR Refund under Art. X, Section 20, (7) (d)*	$428.5	$0.0	$0.0	$0.0
10	*Homestead Exemption (Net of TABOR Refund)*	$106.4	$0.0	$163.7	$169.9
11	*Other Rebates and Expenditures*	$159.7	$141.6	$140.4	$143.3
12	*Transfers for Capital Construction*	$180.5	$222.6	$175.7	$30.0
13	*Transfers for Transportation*	$495.0	$300.0	$50.0	$50.0
14	*Transfers to State Education Fund*	$25.0	$40.3	$24.0	$0.0
15	*Transfers to Other Funds*	$201.1	$214.2	$318.2	$259.8
16	*Other Expenditures Exempt from General Fund Appropriations Limit*	$0.0	$0.0	$0.0	$0.0
17	**TOTAL GENERAL FUND OBLIGATIONS**	**$12,855**	**$12,726**	**$13,433**	**$8,693**
18	*Percent Change (from prior year)*	14.6%	-1.0%	5.6%	-35.3%
19	Reversions and Accounting Adjustments	-$170.3	$0.0	$0.0	$0.0
Reserves					
20	**Year-End General Fund Balance**	**$1,262.5**	**$220.82**	**-$2,456.0**	**$603.0**
21	*Year-End General Fund as a % of Appropriations*	11.2%	1.9%	-19.6%	7.5%
22	*General Fund Statutory Reserve*	$814.2	$856.0	$942.0	$603.0
23	*Above/Below Statutory Reserve*	$448.3	-$635.2	-$3,398.0	$0.0

/A FY 2020-21 expenditures reflect the Governor's Budget Request. FY 2021-22 expenditures will be adopted in future budget legislation. Therefore, FY 2021-22 expenditures and fund balance projections shown are illustrative only. Dollars in millions.

Table 5: General Fund and State Education Fund Overview under the Governor's Budget Request/A

Line No.		Actual FY 2018-19	May 2020 Estimate by Fiscal Year FY 2019-20	FY 2020-21	FY 2021-22
Revenue					
1	**Beginning Reserves**	**$1,574.7**	**$1,438.6**	**$333.0**	**-$2,543.0**
2	*State Education Fund*	$209	$176	$112	-$87
3	*General Fund*	$1,366.0	$1,262.5	$220.8	-$2,456.0
4	**Gross State Education Fund Revenue**	**$723**	**$664**	**$601**	**$633**
5	**Gross General Fund Revenue /B**	**$12,581.3**	**$11,683.9**	**$10,755.7**	**$11,751.6**
6	**TOTAL FUNDS AVAILABLE FOR EXPENDITURE**	**$14,879**	**$13,787**	**$11,690**	**$9,842**
Expenditures					
7	General Fund Expenditures /C	$12,684.7	$12,725.6	$13,432.5	$8,692.7
8	State Education Fund Expenditures	$759.6	$728.0	$800.2	$802.2
9	**TOTAL OBLIGATIONS**	**$13,444**	**$13,454**	**$14,233**	**$9,495**
10	*Percent Change (from prior year)*	14.4%	0.1%	5.8%	-33.3%
11	*Reversions and Accounting Adjustments*	-$174.2	$0.0	$0.0	$0.0
Reserves					
12	**Year-End Balance**	**$1,438.6**	**$333.0**	**-$2,543.0**	**$346.8**
13	State Education Fund	$176	$112	-$87	-$256
14	General Fund	$1,262.5	$220.8	-$2,456.0	$603.0
15	*General Fund Above/Below Statutory Reserve*	$448.3	-$635.2	-$3,398.0	$0.0

/A FY 2020-21 expenditures reflect the Governor's Budget Request. FY 2021-22 expenditures will be adopted in future budget legislation. Therefore, FY 2021-22 expenditures and fund balance projections shown are illustrative only. Dollars in millions.

/B This amount includes transfers to the General Fund.

/C General Fund expenditures include appropriations subject to the limit of 5.0 percent of Colorado personal income as well as all spending outside the limit.

Table 6: Cash Fund Revenue Subject to TABOR /A

Line No.	Category	Actual FY 2018-19	May 2020 Estimate by Fiscal Year FY 2019-20	FY 2020-21	FY 2021-22
1	**Transportation-Related /A**	**$1,275.9**	**$1,215.8**	**$1,234.0**	**$1,296.4**
2	Change	0.0%	-4.7%	1.5%	5.1%
3	**Limited Gaming Fund /B**	**$107.0**	**$64.3**	**$60.8**	**$62.8**
4	Change	0.2%	-39.9%	-5.5%	3.4%
5	**Capital Construction - Interest**	**$4.7**	**$5.6**	**$5.7**	**$5.7**
6	Change	1.6%	19.0%	0.4%	0.4%
7	**Regulatory Agencies**	**$78.8**	**$84.8**	**$88.5**	**$90.2**
8	Change	-2.1%	7.7%	4.4%	1.8%
9	**Insurance-Related**	**$22.6**	**$25.7**	**$20.8**	**$21.3**
10	Change	26.7%	13.8%	-18.9%	2.2%
11	**Severance Tax**	**$255.2**	**$140.4**	**$56.1**	**$71.9**
12	Change	78.4%	-45.0%	-60.0%	28.2%
13	**Other Miscellaneous Cash Funds**	**$693.8**	**$803.4**	**$806.4**	**$833.6**
14	Change	2.6%	15.8%	0.4%	3.4%
15	**TOTAL CASH FUND REVENUE**	***$2,438***	***$2,340***	***$2,272***	***$2,382***
16	Change	5.8%	-4.0%	-2.9%	4.8%

/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.

/B Excludes tax revenue from extended gaming as allowed by Amendment 50 to the Colorado Constitution as this revenue is exempt from TABOR. The portion of limited gaming revenue that is exempt is projected based on the formula outlined in House Bill 09-1272.

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

Line No.		Actual FY 2018-19	May 2020 Estimate by Fiscal Year FY 2019-20	FY 2020-21	FY 2021-22
	TABOR Revenues:				
1	General Fund /A	$12,350.4	$11,416.3	$10,546.8	$11,532.3
	Percent Change from Prior Year	8.2%	-7.6%	-7.6%	9.3%
2	Cash Funds /A	$2,438.0	$2,339.9	$2,272.4	$2,381.9
	Percent Change from Prior Year	5.8%	-4.0%	-2.9%	4.8%
3	**Total TABOR Revenues**	**$14,788.4**	**$13,756.2**	**$12,819.2**	**$13,914.3**
	Percent Change from Prior Year	7.8%	-7.0%	-6.8%	8.5%
	Revenue Limit Calculation:				
4	Previous calendar year population growth	1.4%	1.4%	1.2%	1.0%
5	Previous calendar year inflation	3.4%	2.7%	1.9%	1.1%
6	**Allowable TABOR Growth Rate**	**4.8%**	**4.1%**	**3.1%**	**2.0%**
7	TABOR Limit /B	$11,759.3	$12,241.5	$12,621.0	$12,873.4
8	General Fund Exempt Revenue Under Ref. C /C	$2,600.7	$1,514.7	$198.2	$1,040.9
9	**Revenue Cap Under Ref. C /B /D**	**$14,360.1**	**$14,948.8**	**$15,412.3**	**$15,720.5**
10	***Amount Above/Below Cap***	**$428.3**	**-$1,192.6**	**-$2,593.1**	**-$1,806.2**
11	***Revenue to be Refunded including Adjustments from Prior Years /E***	**$428.5**	**$0.0**	**$0.0**	**$0.0**
12	TABOR Reserve Requirement	$430.8	$412.7	$384.6	$417.4

/A Amounts differ from the revenue totals reported in Table 3 and Table 6 due to accounting adjustments, and because some General Fund revenue is exempt from TABOR. Dollars in millions.

/B The TABOR limit and Referendum C cap are 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 Referendum C.

/D The revenue limit is calculated by applying the "Allowable TABOR Growth Rate" to either "Total TABOR Revenue" 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. SB 17-267 reduced the Referendum C cap by $200 million in FY 2017-18. The lower cap then grows by inflation and population growth in subsequent years.

/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 they adjust the total refund amount distributed to taxpayers.