Colorado Legislative Council Staff

September 2024 | Economic & Revenue Forecast

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Executive Summary

This report presents the budget outlook based on current law and the September 2024 forecast for General Fund revenue, cash fund revenue, and the state TABOR outlook. It also includes summaries of expectations for the U.S. and Colorado economies and economic indicators for nine regions of the state.

General Fund Budget Outlook

FY 2023-24

The General Fund ended FY 2023-24 with a reserve of just under $3.1 billion, or 22.2 percent of appropriations, exceeding the statutorily required 15.0 percent reserve by $1.0 billion. General Fund revenue fell by about $747 million, or 4.1 percent, mostly as a result of income tax credits enacted during the 2024 session. Despite the decrease in revenue and an 8.5 percent increase in the Referendum C cap, collections exceeded the cap by $1.37 billion. The state is also obligated to refund an additional $288.8 million to correct prior underrefunds, for a total refund of $1.66 billion.

FY 2024-25

The General Fund is expected to end FY 2024-25 with a 12.7 percent reserve, $370.8 million below the statutory reserve requirement. This amount may change based on ballot measures approved at the November 2024 election, legislation enacted during the 2025 legislative session, and forecast revisions. General Fund revenue is expected to decrease by 1.8 percent and total $16.93 billion. State revenue subject to TABOR is expected to exceed the Referendum C cap by only $365.2 million. Given normal forecast error, it is possible that state revenue subject to TABOR may fall below the Referendum C cap, which would cause the FY 2024-25 budget to be constrained by available revenues, rather than the TABOR limit.

FY 2025-26 Unbudgeted

General Fund revenue is expected to grow 6.1 percent and total $17.96 billion, with state revenue subject to TABOR exceeding the Referendum C cap by $747.3 million. The General Fund is projected to have $911.8 million, or 5.0 percent, more available to spend or save than what is budgeted to be spent in FY 2024-25, after current law transfers and the statutory reserve requirement. This amount does not incorporate caseload growth, inflation, or other budgetary pressures, such as the expiration of ARPA funds that were used to offset a portion of FY 2024-25 appropriations.

The General Fund Budget Overview section presents an alternative scenario that projects additional FY 2025-26 budget obligations based on current law. Under this scenario ("Scenario B"), the year-end General Fund reserve could fall short of the reserve requirement by $921.3 million. Additional explanation can be found in the discussion of budget Scenario B (see Table 2 on page 9).

FY 2026-27 Unbudgeted

General Fund revenue is expected to grow 4.0 percent and total $18.68 billion, with state revenue subject to TABOR exceeding the Referendum C cap by $727.4 million. The budget outlook for this year depends in large part on choices the General Assembly will make for FY 2025-26.

Risks to the budget outlook. Risk to the budget outlook has increased relative to earlier forecasts, as reduced revenue expectations raise the possibility that state revenue may fall short of the Referendum C cap in forecasted years, even without a recession. Other usual risks persist, including recession risk, volatile income tax revenue streams, and cash fund revenue subject to TABOR that may trade off with available General Fund budget space.

TABOR refund requirement for exceeding Proposition FF Blue Book estimate. Income tax revenue attributable to Proposition FF reached $127.0 million in FY 2023-24 on an accrual basis based on preliminary figures, exceeding the estimate provided to voters in the 2022 Blue Book by $26.3 million. The state will be required to refund the excess unless voters approve a ballot measure allowing the state to keep this amount.

Cash Fund Revenue

FY 2023-24 cash fund revenue subject to TABOR ended the year at a level slightly above FY 2022-23, with revenue increasing 1.6 percent to $2.80 billion. Increases in transportation-related revenue and other miscellaneous cash funds offset a significant decrease in severance tax revenue, gaming tax revenue subject to TABOR, and revenue from the sales tax on marijuana. In FY 2024-25, cash fund revenue subject to TABOR is projected to increase 7.5 percent and total just over $3.01 billion, driven by a rebound in severance tax revenue growth paired with moderate increases in transportation-related revenue and other cash fund revenue. Finally, revenue is expected to increase by 2.4 percent in FY 2025-26 and 1.3 percent in FY 2026-27 as growth in the largest revenue streams moderates.

Economic Outlook

The U.S. economy continues to emerge from a tense period during which runaway inflation resulted in higher interest rates and borrowing costs, thereby slowing overall economic activity. Despite these headwinds, the U.S and Colorado economies continued to expand through the first half of this year. While consumer contributions have slowed, household spending remains at resilient levels, buoying businesses even in the face of high interest rates. Slowing employment growth paired with cooling inflation has paved the way for the Federal Reserve to begin monetary policy easing, with interest rate cuts to take place beginning in September 2024. Taken together, current indicators suggest that the U.S. economy is maintaining an average or slightly below average pace of expansion, converging toward expectations for a slowdown in growth.

This forecast expects continued moderate expansion in the U.S. and Colorado economies for the remainder of 2024, with a slightly slower pace in 2025. Receding inflation and interest rate reductions—which are slated to begin this September 2024 — will boost growth, while deteriorating household balance sheets will raise headwinds for consumers that continue to battle persistently high prices on services and certain goods. Colorado’s economy has modestly outperformed the nation’s through the first half of 2024, with comparable employment growth, higher income growth, and lower inflation. In 2025, Colorado is expected to maintain higher employment and income growth, paired with a lower unemployment rate than the U.S.; however, the forecast projects higher inflation for Colorado as the 2024 deflation in some components wanes.

Tables 20 and 21 on pages 79 and 80 present the economic forecasts for the U.S. and Colorado, respectively. The tables in the Appendix, beginning on page 91, present historical data for the U.S. and Colorado economies.

General Fund Budget Overview

This section presents the General Fund overview based on current law. The General Fund overview is shown in Table 1. This section also presents the following:

- a budget scenario for FY 2025-26 that incorporates General Fund obligations expected under current law (Table 2);
- a summary of changes in expectations relative to the June 2024 forecast (Table 3);
- transfers to transportation and capital construction funds (Table 4);
- the disposition of fiscal policies dependent on revenue conditions;
- General Fund rebates and expenditures (Table 5); and
- cash fund transfers to and from the General Fund (Table 6).

Legislative Assumptions

This forecast is based on current law and incorporates all 2024 legislation that became law, including legislation enacted during the August 2024 special session. The forecast does not account for provisions that would only take effect if voters approve ballot measures at the November election.

FY 2023-24

Preliminary, unaudited reports from the Office of the State Controller indicate that the General Fund ended FY 2023-24 with a 22.2 percent reserve, $1.04 billion above the statutory reserve requirement (Table 1, line 20). General Fund revenue fell by 4.1 percent and totaled $17.25 billion in FY 2023-24. General Fund revenue was $48.4 million below the June forecast expectation, with lower-than-expected insurance premium tax revenue and investment income more than offsetting higher-than-expected corporate income tax revenue.

On August 31, 2024, the State Controller certified a state TABOR surplus of $1.37 billion for FY 2023-24, equal to about 7.1 percent of state revenue subject to TABOR, or about 8.0 percent of gross General Fund revenue. The TABOR surplus fell short of the June forecast expectation by $40.2 million, or 2.8 percent. The Controller's certification also indicated an outstanding refund obligation of $288.8 million for prior, underrefunded TABOR surpluses, which were not included in the June forecast, for a total refund obligation of $1.66 billion in FY 2024-25.

The General Fund reserve exceeded the statutory reserve requirement by $1.21 billion more than anticipated in the June forecast ($1.04 billion surplus according to preliminary actual figures, versus a $163.6 million deficit expected in June). The large discrepancy is because the June forecast had incorrectly shown a $1.39 billion transfer out of the General Fund under House Bill 24-1466 as occurring on June 30, 2024 (FY 2023-24), rather than July 1, 2024 (FY 2024-25). This forecast corrects the date of this transfer. The correction results in a much larger reserve for FY 2023-24 than expected in June, but it has no impact on the amount of the FY 2024-25 reserve projection.

Table 1
General Fund Overview
Dollars in Millions

	Funds Available	FY 2023-24 Preliminary	FY 2024-25 Estimate	FY 2025-26 Estimate	FY 2026-27 Estimate
1	Beginning Reserve	$2,427.4	$3,097.4	$1,943.9	*
2	General Fund Revenue (Table 11)	$17,251.4	$16,934.1	$17,962.1	$18,679.2
3	Transfers from Other Funds (Table 7)	$95.1	$177.4	$70.0	$45.6
4	**Total Funds Available**	**$19,773.9**	**$20,208.8**	**$19,976.0**	**$18,724.8**
5	Percent Change	-7.0%	2.2%	-1.2%	-6.3%
	Expenditures	**Preliminary**	**Budgeted**	**Estimate**	**Estimate**
6	General Fund Appropriations Subject to the Limit[1]	$13,972.4	$15,330.2	*	*
7	Appropriations from Healthy School Meals Account[1]	$115.3			
8	TABOR Refund Obligation Under Art. X, §20, (7)(d)	$1,660.3	$365.2	$747.3	$727.4
9	Rebates and Expenditures (Table 6)	$241.9	$178.9	$185.8	$182.4
10	Transfers to Other Funds (Table 7)	$543.9	$1,873.0	$405.2	$409.8
11	Transfers to the State Education Fund[2]	$0.0	$146.0	$0.0	$0.0
12	Transfers to Transportation Funds (Table 4)	$5.0	$117.5	$117.5	$117.5
13	Transfers to Capital Construction Funds (Table 4)	$392.6	$254.1	$20.0	$20.0
14	**Total Expenditures**	**$16,931.4**	**$18,264.9**	*	*
15	Percent Change	-11.0%	7.9%	*	*
16	Accounting Adjustments[3]	$254.9	*	*	*
	Reserve	**Preliminary**	**Estimate**	**Estimate**	**Estimate**
17	Year-End General Fund Reserve	$3,097.4	$1,943.9	*	*
18	Year-End Reserve as a Percent of Appropriations	22.2%	12.7%	*	*
19	Statutorily Required Reserve[4]	$2,054.6	2,314.8	*	*
20	**Amount in Excess or (Deficit) of Statutory Reserve**	**$1,042.8**	**-$370.8**	*	*
21	Excess Reserve as a Percent of Expenditures	6.2%	-2.0%	*	*
	Perspectives on FY 2025-26 (Unbudgeted)			**Estimate**	
	Scenario A: Holds FY 2024-25 Appropriations Constant[5]				
22	Amount in Excess or (Deficit) of 15% Reserve Requirement			**$911.8**	
23	As a Percent of Prior-Year Expenditures			5.0%	
	Scenario B: Projected Obligations Based on Current Law[6]				
24	Amount in Excess or (Deficit) of 15% Reserve Requirement			**-$921.3**	
25	As a Percent of Prior-Year Expenditures			-5.0%	
	Addendum	**Preliminary**	**Estimate**	**Estimate**	**Estimate**
26	Percent Change in General Fund Appropriations	5.0%	9.7%	*	*
27	5% of Colorado Personal Income Appropriations Limit	$20,898.4	$22,110.7	$23,192.6	$24,312.9
28	Transfers to State Education Fund per Amendment 23	$1,209.0	$1,084.6	$1,157.2	$1,196.7

Totals may not sum due to rounding. * Not estimated.

[1] Line 6 shows appropriations subject to the statutory reserve requirement (line 19) and the appropriations limit (line 27). Line 7 shows appropriations from the Healthy School Meals Program Exempt Account, which are not subject to the reserve requirement and appropriations limit.

[2] Includes transfer pursuant to SB 23B-001. Does not include transfers to the SEF under Amendment 23, which are shown on line 28.

[3] Reversions of appropriated amounts and other accounting adjustments to arrive at the year-end balance published in the Annual Comprehensive Financial Report. FY 2023-24 includes $254.9 million underrefunded from prior TABOR refund obligations.

[4] The required reserve is calculated as 15 percent of operating appropriations, minus $41.25 million (beginning in FY 2023-24), plus $56.5 million (for FY 2024-25 only). Appropriations from the Healthy School Meals Account (line 7) are exempt from the reserve requirement.

[5] This scenario holds appropriations in FY 2025-26 equal to appropriations in FY 2024-25 (lines 6 and 7) to determine the total amount of money available relative to FY 2024-25 expenditures, net of the obligations in lines 8 through 13.

[6] This scenario includes expected cost pressures from the rolloff of ARPA contributions to the operating budget after FY 2024-25, annualized costs for 2024 legislation, assumed increases for school finance, Medicaid, higher education, community provider rates, and state employee salaries; capital construction and IT capital projects approved to date; and State Architect recommendations for controlled maintenance.

FY 2024-25

Incorporating appropriations adopted in the Long Bill and other 2024 legislation, as well as forecast expectations for revenue, transfers, rebates and expenditures, and the TABOR refund obligation, the General Fund is expected to end FY 2024-25 with a 12.7 percent reserve, $370.8 million below the 15 percent reserve requirement (Table 1, line 20). In addition to normal forecast revisions, ballot measures approved at the November 2024 election, supplemental appropriations adopted during the 2025 legislative session, and other legislative changes to appropriations and transfers will affect this amount.

General Fund revenue collections are expected to decrease by 1.8 percent, mostly due to a projected decline in individual and corporate income tax collections. After incorporating tax credits enacted during the 2024 legislative session, state revenue subject to TABOR is expected to exceed the Referendum C cap by $365 million, much less than in recent fiscal years. The expected TABOR surplus is just 1.9 percent of the projected Referendum C cap, suggesting that revenue could fall short of the cap in FY 2024-25, even without a recession. In this case, the FY 2024-25 budget would be constrained by available revenues, rather than the TABOR limit.

Refund obligation for exceeding Proposition FF Blue Book estimate. Preliminary, unaudited data for FY 2023-24 indicate that revenue from the income tax addition in Proposition FF totaled $127.0 million, exceeding the estimate of first full fiscal year revenue provided to voters in the 2022 Blue Book by $26.3 million. If voters do not approve a ballot measure allowing this revenue to be retained, the state will be required to refund this amount to taxpayers. This forecast assumes that this refund would be administered differently than refund obligations when the state exceeds the TABOR limit, and the amount is not included in the refund mechanisms presented in the TABOR Outlook section.

FY 2025-26 (Unbudgeted)

General Fund revenue in FY 2025-26 is expected to grow 6.1 percent, roughly in line with its historical trend growth rate. Collections from individual income and sales taxes are expected to rebound from the pace of growth expected in FY 2024-25. State revenue subject to TABOR is expected to exceed the Referendum C cap by $747.3 million. Because a budget has not yet been enacted for FY 2025-26, this forecast presents two scenarios for the General Fund budget outlook.

Scenario A: Holds appropriations constant in FY 2025-26. Scenario A, shown on lines 22 and 23 of Table 1, presents the amount of revenue available to be spent or saved in FY 2025-26 assuming that appropriations equal the amount appropriated in FY 2024-25. Based on this forecast, the General Fund will have $911.8 million, or 5.0 percent, more available to spend or save than in FY 2024-25. This amount assumes current law obligations for FY 2025-26, including transfers, rebates, and expenditures (Table 1, lines 9 through 13), as well as the current law reserve requirement and the projected TABOR refund obligation. The $911.8 million amount is a cumulative amount that reflects the FY 2024-25 budget situation and projected year-end balance. Any changes in revenue or adjustments made to the budget for FY 2024-25 will carry forward into FY 2025-26. This amount holds FY 2024-25 appropriations constant and therefore does not reflect any caseload, inflationary, or other budget pressures. This scenario does not include annualizations of 2024 legislation.

Scenario B: Projected obligations based on current law. Scenario B, shown on lines 24 and 25 of Table 1, presents the amount of revenue in excess or deficit of the statutory reserve requirement based on a set of projected changes to appropriations and transfers to accommodate current law budget pressures. The inclusion of Scenario B is illustrative and is not an endorsement of any of the listed actions by Legislative Council Staff. Under Scenario B, the General Fund would end FY 2025-26 with an 9.2 percent reserve, $921.3 million below the statutory reserve requirement.

Table 2 details the assumptions used to calculate Scenario B. Some additional explanation is provided below.

Changes in General Fund appropriations. Scenario B incorporates adjustments to accommodate the end of ARPA-related cost savings in the General Fund budget. House Bill 24-1466 transferred General Fund revenue to ARPA recipient cash funds in FY 2024-25 and decreased General Fund appropriations in FY 2023-24 and FY 2024-25; these adjustments are incorporated in the General Fund overview for these years presented in Table 1, above. The bill reduced General Fund appropriations for personal services by $587.2 million in FY 2024-25. In order to show an ongoing personal services expense that incorporates both the amounts paid from the General Fund and federal ARPA funds in FY 2024-25 that would be paid from the General Fund only in FY 2025-26, Scenario B (Table 2, line 2) adjusts the Scenario A assumption to add back the $587.2 million one-time cut when computing the FY 2025-26 budget. Scenario B also includes out-year cost annualizations for 2024 legislation. Based on LCS final fiscal notes, FY 2025-26 General Fund expenditures for 2024 legislation are expected to be $5.6 million more than FY 2024-25 expenditures (Table 2, line 3).

Finally, Scenario B shows how appropriations for the largest areas of General Fund expenditure may change in FY 2025-26. The growth rate assumptions provided below are based on JBC Staff analysis of prior year budget actions, and may overstate or understate needed cost increases for FY 2025-26 specifically:

- $127.2 million in increased General Fund appropriations for school finance, representing 3.0 percent year-on-year growth (Table 2, line 4);
- $367.3 million in forecast-driven increases in General Fund appropriations for the Department of Health Care Policy and Financing, mostly for medical services premiums (Table 2, line 5);
- $82.7 million in increased General Fund appropriations for higher education institutions, representing 5.3 percent year-on-year growth, the 20-year compound average annual growth rate for this appropriation (Table 2, line 6);
- $74.2 million in increased General Fund appropriations for community providers, representing 2.0 percent year-on-year growth with similar targeted rates to those for FY 2024-25 (Table 2, line 7); and
- $117.3 million in increased General Fund appropriations for state employee salaries, representing similar increases to those for FY 2024-25 (Table 2, line 8).

In total, Scenario B shows the budget impact of $1,361.4 million in additional appropriations in FY 2025-26 compared with the FY 2024-25 amount used for Scenario A (Table 2, line 9). With this increase, the scenario also estimates a $204.2 million increase in the statutory reserve requirement (Table 2, line 14). Scenario B does not incorporate the costs for any new state programs receiving General Fund appropriations, which would further reduce the available amount.

Changes in General Fund transfers for capital projects. Scenario B shows a total of $267.5 million in additional General Fund obligations for transfers to the Capital Construction Fund (Table 2, line 13). The amount includes out-year costs for capital construction (line 10) and IT capital (line 11) projects funded in FY 2024-25, alongside the State Architect's recommended annual allocation for controlled maintenance spending (line 12), equal to 1 percent of the current replacement value of state buildings. The costs for new projects funded with General Fund transfers in FY 2025-26 would add to the total amount.

Table 2
FY 2025-26 Budget Scenario B
Projected Obligations Based on Current Law
Dollars in Millions

		FY 2025-26
1	**Excess Reserve Under Scenario A**	**$911.8**
	Change in Appropriations Under Scenario B	
2	Year-Over-Year Budget Impact of Rolloff of ARPA Funds	$587.2
3	2024 Legislation Out-Year Cost Annualizations	$5.6
4	School Finance (3% increase in General Fund appropriation)	$127.2
5	HCPF (all decision items, primarily Medical Services Premiums)	$367.3
6	Higher Ed. Institutions (5.3% GF increase based on 20-year CAAGR[1])	$82.7
7	Community Providers (2% increase with FY 2024-25 targeted rates)	$74.2
8	Salary Survey (similar growth to FY 2024-25)	$117.3
9	**Total Change in Appropriations**	**$1,361.4**
	Capital Construction Transfers Under Scenario B	
10	Out-Year Cost of FY 2024-25 Funded Capital Const. Projects	$65.1
11	Out-Year Cost of FY 2024-25 IT Capital Projects	$26.8
12	State Architect Recommendation for Controlled Maintenance	$175.7
13	**Total Change in Capital Transfers**	**$267.5**
14	**Change in Required Reserve** (15% of Line 9)	**$204.2**
15	**Total Change in General Fund Obligations** (Line 9 plus Line 13 plus Line 14)	**$1,833.1**
16	**Excess Reserve Under Scenario B** (Line 1 minus Line 15)	**($921.3)**

Source: September 2024 LCS Forecast and Joint Budget Committee Staff.
[1]CAAGR = compound average annual growth rate.

FY 2026-27 (Unbudgeted)

Our expectations for FY 2026-27 debut with this September forecast. General Fund revenue is projected to increase 2.5 percent and total $18.68 billion, with moderate growth in sales and individual income tax revenue being partially offset by declines in corporate income revenue. State revenue subject to TABOR is expected to exceed the Referendum C cap by $727.4 million. The amount available for the budget depends on the FY 2025-26 year-end reserve, which will depend on budget decisions made for FY 2025-26.

Risks to the General Fund Budget Outlook

Higher-than-expected cash fund revenue would increase General Fund budget pressures. Most sources of cash fund revenue—including severance tax revenue, which is the state's most volatile revenue stream—are subject to the TABOR limit. Because TABOR surpluses are refunded using General Fund money, higher-than-expected cash fund revenue would create additional budgetary pressures for the General Fund. Cash fund collections in FY 2023-24 exceeded expectations, resulting in additional pressure on General Fund budget space.

Recession risk is budget risk. This forecast projects that the economy will realize a soft landing, with no recession in the forecast period. However, economic growth is expected to be sluggish, and is still susceptible to a downturn if confronted with major shocks. A recession would likely reduce revenue below the Referendum C cap, thereby reducing the amount available for the General Fund budget.

Revenue may fall below the Referendum C cap even without a recession. FY 2024-25 revenue is expected to exceed the Referendum C cap by $365.2 million, or 1.9 percent. Even without a recession, it is well within the range of normal forecast error for revenue to fall below the Referendum C cap, in which case revenue, and not the cap, would limit the amount available for the General Fund budget.

The corporate income tax outlook is especially uncertain. Corporate income tax collections increased 18.2 percent in FY 2023-24, continuing to outperform expectations after 3 year of record highs. Corporate collections are expected to fall by 13.2 percent in FY 2024-25. Given recent volatility, there is significant bidirectional risk to the forecast. In the near term, forecast error would result in a higher or lower TABOR refund obligation with no downstream impact on the state budget. However, a larger decline in corporate collections could exacerbate the budget consequences if revenue falls below the Referendum C cap.

Changes Between the June and September Forecasts

Table 3 presents revisions to the General Fund budget outlook relative to the June 2024 forecast. These changes are explained below.

FY 2023-24. As shown in Table 3, preliminary data indicate that the year-end General Fund balance exceeded the statutory reserve requirement by $1.21 billion more than expected in the June forecast. This amount is the net impact of:

- most importantly, a correction in the General Fund transfers accounting to reflect that the $1.39 billion transfer in HB 24-1466 occurred in FY 2024-25, rather than FY 2023-24 (Table 1, line 10);

- General Fund revenue, which came in $48.4 million below the June forecast (Table 1, line 2);
- a $153.8 million increase in appropriations due to an overexpenditure in HCPF, and a corresponding $23.1 million increase in the General Fund reserve requirement as a result;
- a $214.7 million increase in the TABOR refund obligation (Table 1, line 8), which incorporates a $254.9 million outstanding TABOR refund obligation for FY 2022-23 and prior fiscal years, which was offset by an equivalent accounting adjustment (Table 1, line 16);
- $10.6 million in additional rebates and expenditures, mostly for the Old Age Pension program (Table 1, line 9); and
- other changes to transfers to and from the General Fund (Table 1, lines 3 and 10).

FY 2024-25. The June forecast anticipated that the General Fund would end FY 2024-25 with a reserve $86 million below the reserve requirement. Expectations for the amount of the excess reserve were decreased by $284.9 million from the June forecast, and the forecast anticipates a reserve of $370.8 million below the statutory requirement. The downward revision is partially due to changes in FY 2023-24, including the HCPF overexpenditure and increase in the TABOR refund obligation outlined above, and partially due to an increase in expectations for cash fund revenue, which increases the TABOR refund obligation for FY 2024-25.

The beginning reserve amount in Table 3 captures the changes that were made to the FY 2023-24 General Fund overview, described above, including the shift in the HB 24-1466 transfer from FY 2023-24 to FY 2024-25. Shifting the transfer in HB 24-1466 increased the beginning reserve in FY 2024-25 by $1.39 billion, but increased transfers out of the General Fund by the same amount, resulting in no net impact on the General Fund balance for the current fiscal year. However, the other changes to the FY 2023-24 General Fund budget – including the reduction in General Fund revenue, HCPF overexpenditure, increased TABOR refund obligation, increased rebates and expenditures, and accounting adjustment – reduce the FY 2024-25 outlook by a cumulative $170.7 million.

Additionally, the FY 2024-25 TABOR refund obligation was increased by $37.1 million while General Fund revenue expectations fell by $75.9 million, causing an additional $113.0 million deficit. This is primarily a result of a large upward revision in cash fund revenue expectations.

FY 2025-26. Table 3 presents a like-to-like comparison between the FY 2025-26 General Fund budget outlook under Scenario A in the June and September forecasts. Expectations for revenue available to be spent or saved were decreased by $345.6 million, mostly because of reduced expectations for the beginning reserve (-$284.9 million) and General Fund revenue (-$410.9 million), which was partially offset by a reduction in the TABOR refund obligation (-$347.6 million).

Table 3
Changes in the General Fund Budget Relative to the June 2024 Forecast (Scenario A)
Dollars in Millions, Positive Amounts Reflect an Increase Relative to June

Components of Change	FY 2023-24	FY 2024-25	FY 2025-26	Description of Changes
Funds Available	**-$46.5**	**$1,153.5**	**-$688.9**	
Beginning Reserve	$0.0	$1,229.4	-$284.9	Carries forward anticipated year-end balances.
General Fund Revenue	-$48.4	-$75.9	-$410.9	See Table 12. Primarily reflects changes to income tax revenue forecasts.
Transfers from Other Funds	$1.9	-$0.1	$6.8	See Table 6.
Expenditures	**-$1,021.0**	**$1,438.3**	**-$343.3**	
Operating Appropriations	$153.8	$0.0	$0.0	overexpenditure for Health Care Policy and Financing.
TABOR Refund Obligation	$214.7	$37.1	-$347.6	See Table 9. Changes to General Fund and cash fund revenue forecasts.
Rebates and Expenditures	$10.6	$6.3	$5.6	See Table 5. Increased expenditures for Old Age Pension program and interest payments for school loans (ETRANs program).
SEF Transfers	$0.0	$0.0	$0.0	
Transportation Transfers	$0.0	$0.0	$0.0	
Capital Const. Transfers	$0.0	$0.0	$0.0	
Other Cash Fund Transfers	-$1,400.1	$1,395.0	-$1.4	Corrects HB 24-1466 transfer to show this amount in FY 2024-25 rather than FY 2023-24.
Required Reserve	$23.1	$0.0	$0.0	Reflects change in appropriations above.
Accounting Adjustment	$254.9	$0.0	$0.0	Prior year TABOR surpluses that are were set aside to pay refunds and that remain unrefunded in the General Fund.
Surplus Relative to Required Reserve	**$1,206.4**	**-$284.9**	**-$345.6**	Nets the above changes.

General Fund Transfers for Transportation and Capital Construction

Statutory transfers from the General Fund to transportation and capital construction funds are shown in Table 4. In the General Fund overview shown in Table 1, these transfers are included on lines 12 and 13. Other non-infrastructure-related transfers to and from the General Fund are summarized in Table 6, and shown on lines 3 and 10 of Table 1.

Table 4
Infrastructure Transfers from the General Fund
Dollars in Millions

Transportation Funds	2023-24	2024-25	2025-26	2026-27
SB 21-260		$117.5	$117.5	$117.5
SB 23-283	$5.0			
Total	**$5.0**	**$117.5**	**$117.5**	**$117.5**

Capital Construction Funds	2023-24	2024-25	2025-26	2026-27
HB 15-1344*	$20.0	$20.0	$20.0	$20.0
SB 23-243	$294.2			
SB 23-294	$18.2			
HB 24-1215	$19.0			
HB 24-1231	$41.3			
HB 24-1425		$232.2		
SB 24-222		$1.9		
Total	**$392.6**	**$254.1**	**$20.0**	**$20.0**

*Transfers are contingent upon requests made by the Capital Development Committee.

General Fund contributions to transportation. Senate Bill 23-283 directs $5.0 million to the State Highway Fund in FY 2023-24 only. Senate Bill 21-260 directs annual transfers from the General Fund to the State Highway Fund ($107.0 million) and the Multimodal Transportation and Mitigation Options Fund ($10.5 million) beginning in FY 2024-25. These transfers continue annually at the same amounts through FY 2028-29 and are then reduced to smaller amounts beginning in FY 2029-30.

General Fund transfers for capital projects. Legislation enacted in 2023 directed transfers of $312.4 million in FY 2023-24 for capital construction and IT projects. In 2024, the General Assembly enacted four bills making transfers for capital construction and IT projects. **House Bills 24-1215 and 24-1231** together transfer $60.2 million in FY 2023-24, while House Bill 24-1425 and Senate Bill 24-222 together transfer $234.1 million in FY 2024-25.

Fiscal Policies Dependent on Revenue Conditions

Certain fiscal policies are dependent upon forecast revenue conditions. These policies are summarized below.

Tax credit availability and amounts. In 2023 and 2024, the General Assembly adopted four bills that create income tax credits for which availability and amounts depend on revenue forecasts. Forecast assumptions for each credit are described below.

- **Tax credits related to decarbonization in HB 23-1272.** The bill extends pre-existing income tax credits for electric and plug-in hybrid electric passenger vehicles (through 2028) and trucks (through 2032). It also creates new income tax credits for installation of heat pumps or sales of electric bicycles, both through 2032. Beginning in tax year 2026, credit amounts are reduced by half in tax years where the preceding June forecast from either Legislative Council Staff (LCS) or the Office of State Planning and Budgeting (OSPB) anticipates that state revenue subject to TABOR will grow by less than 4 percent. The trigger will first apply based on the June 2025 forecasts of revenue for FY 2025-26. Under this forecast, revenue subject to TABOR is expected to increase by 5.6 percent in FY 2025-26, and the full credit amounts are expected to be available for tax year 2026.
- **Workforce shortage tax credit in HB 24-1365.** The bill creates a tax credit for tax years 2026 through 2032 for facility improvement and equipment acquisition costs associated with training programs to alleviate worker shortages. Total credit certificates issued for each tax year may not exceed $15 million. This amount is reduced to $7.5 million in tax years where the preceding September forecast from either LCS or OSPB anticipates that state revenue subject to TABOR will grow by less than 4 percent. The trigger will first apply based on the September 2025 forecasts of revenue for FY 2025-26. Under this forecast, revenue subject to TABOR is expected to increase by 5.6 percent in FY 2025-26, and $15 million credit cap is expected to be apply for tax year 2026.
- **Earned income tax credit in HB 24-1134 and family affordability tax credit in HB 24-1311.** These bills expand the state earned income tax credit (HB 24-1134) and create a family affordability income tax credit (HB 24-1311). Both credits apply unconditionally in tax year 2024. For tax year 2025 and later tax years, the credits in the bills may be reduced based on revenue projections for the fiscal year that begins during the tax year, as projected in the December forecast that is prepared by the agency whose forecast was selected by the Joint Budget Committee (JBC) to balance that fiscal year's budget. For example, because the JBC selected the March 2024 OSPB forecast to balance the FY 2024-25 budget, the amounts of the credits for tax year 2025 will depend on the December 2024 OSPB forecast for revenue subject to TABOR for FY 2025-26.

  Under this forecast, FY 2025-26 revenue growth is expected to be sufficient to allow both credits in full for tax year 2025. Revenue growth for FY 2026-27 is expected to be sufficient to allow both credits in full for tax year 2026. Actual credit availability and amounts will depend on the December 2024 OSPB forecast, and a December 2025 forecast from either LCS or OSPB.

Partial refundability of the conservation easement tax credit. The conservation easement income tax credit is available as a nonrefundable credit in most years. In tax years when the state refunds a TABOR surplus, taxpayers may claim an amount up to $50,000, less their income tax liability, as a refundable credit. The state collected a TABOR surplus in FY 2023-24, and this forecast expects a TABOR surplus in each of FY 2024-25, FY 2025-26, and FY 2026-27. Therefore, partial refundability of the credit is expected to be available for tax years 2024 through 2027. Under **Senate Bill 24-126**, the refundable amount will increase to $200,000 per taxpayer per year beginning in tax year 2027.

Contingent transfers for affordable housing. **House Bill 19-1322** created conditional transfers from the Unclaimed Property Trust Fund (UPTF) to the Housing Development Grant Fund for affordable housing projects for three fiscal years. **House Bill 20-1370** delayed the start of these contingent transfers until FY 2022-23. The transfers are contingent based on the balance in the UPTF as of June 1 and the Legislative Council Staff June 2023 forecast and subsequent June forecasts. For the fiscal year in which the June forecast is published, if revenue subject to TABOR is projected to fall below a "cutoff" amount, equal to the projected Referendum C cap minus $30 million dollars, a transfer will be made. The transfer is equal to the lesser of $30 million or the UPTF fund balance. Based on the June 2023 and June 2024 LCS forecasts, no transfers were made for FY 2022-23 or FY 2023-24.

Based on this forecast, no transfer is expected for FY 2024-25, FY 2025-26, or FY 2026-27, as revenue subject to TABOR is expected to come in above the cutoff amount in all three years.

Table 5
General Fund Rebates and Expenditures
Dollars in Millions

Category	Preliminary FY 2023-24	Percent Change	Estimate FY 2024-25	Percent Change	Estimate FY 2025-26	Percent Change	Estimate FY 2026-27	Percent Change
Senior and Veterans Property Tax Exemptions	$161.2	-1.5%	$166.2	3.1%	$170.4	2.5%	$182.8	7.3%
TABOR Refund Mechanism[1]	-$161.2		-$166.2		-$170.4		-$182.8	
Property Tax Assessed Value Reductions	$291.8		$0.0		$31.9		$40.8	27.7%
TABOR Refund Mechanism[2]	-$238.6		NA		-$31.9		-$40.8	
Cigarette Rebate	$6.8	-10.9%	$5.5	-19.8%	$5.3	-4.0%	$5.1	-3.8%
Old Age Pension Fund	$92.9	9.3%	$85.9	-7.5%	$94.3	9.7%	$91.3	-3.1%
Aged Property Tax and Heating Credit	$12.1	1.0%	$12.4	1.9%	$10.3	-16.5%	$10.3	0.1%
Older Coloradans Fund	$10.0	0.0%	$10.0	0.0%	$10.0	0.0%	$10.0	0.0%
Interest Payments for School Loans	$26.2	148.9%	$23.2	-11.5%	$22.7	-2.3%	$22.1	-2.3%
Firefighter Pensions	$4.1	-3.5%	$4.1	-0.9%	$4.5	9.8%	$4.5	0.0%
Amendment 35 Distributions	$0.6	-8.7%	$0.6	-5.7%	$0.6	2.3%	$0.6	-0.2%
Marijuana Sales Tax Transfer to Local Governments	$19.5	-11.0%	$19.0	-2.6%	$19.5	2.8%	$20.4	4.5%
Business Personal Property Exemptions[3]	$16.4	-1.2%	$18.3	11.0%	$18.7	2.2%	$18.1	-3.2%
Total Rebates and Expenditures	**$241.9**	**43.4%**	**$178.9**	**-26.1%**	**$185.8**	**3.9%**	**$182.4**	**-1.8%**

Totals may not sum due to rounding. NA = Not applicable.

[1]Pursuant to SB 17-267, local government reimbursements for these property tax exemptions are the first TABOR refund mechanism used to meet the prior year's refund obligation.

[2] Includes reimbursements to local governments under to SB 22-238, SB 23B-001, and SB 24-111. Reimbursements under SB 22-238 and SB 24-111 are the second TABOR refund mechanism used to meet the refund obligations incurred in FY 2022-23, FY 2025-26, and FY 2026-27.

[3]Pursuant to HB 21-1312, local governments are reimbursed for expanded business personal property tax exemptions.

Table 6
Cash Fund Transfers
Dollars in Millions

Transfers to the General Fund		2023-24	2024-25	2025-26	2026-27
HB 92-1126	Land and Water Management Fund	$0.08	$0.0	$0.0	$0.0
HB 05-1262	Amendment 35 Tobacco Tax	$0.6	$0.6	$0.6	$0.6
HB 08-1216	Consumer Outreach and Education Program	$0.01	$0.0	$0.0	$0.0
SB 13-133 & HB 20-1400	Limited Gaming Fund	$23.6	$24.6	$26.2	$27.9
HB 20-1427	2020 Tax Holding Fund	$4.1	$4.1	$4.1	$4.1
SB 21-213	Use of Increased Medicaid Match	$8.8	$7.8	$1.2	$0.0
SB 21-251	Loan Family Medical Leave Program	$1.5			
HB 23-1041	Prohibit Greyhound Wagering				$0.1
HB 23-1272	Decarbonization Tax Credits Administration	$13.1	$34.4	$38.0	$12.9
HB 23-1290[1]	Proposition EE Revenue Retention	$5.6			
SB 23-116	Affordable Housing Financing Fund	$0.03			
SB 23-215	State Employee Reserve Fund	$4.9			
HB 24-1413	Severance Tax Cash Funds		$69.3		
HB 24-1414	COVID Heroes Collaboration Fund		$3.4		
HB 24-1415	State Employee Reserve Fund	$31.2			
HB 24-1424	College Opportunity Fund	$1.5			
HB 24-1426	Controlled Maintenance Trust Fund		$33.2		
Total Transfers to the General Fund		**$95.1**	**$177.4**	**$70.0**	**$45.6**

Transfers from the General Fund		2023-24	2024-25	2025-26	2026-27
SB 11-047 & HB 13-1001 & SB 23-066 & HB 24-1396	Bioscience Income Tax Transfer to OEDIT	$14.4	$15.1	$15.9	$15.9
SB 14-215	Marijuana Tax Cash Fund	$126.1	$122.8	$126.2	$131.8
SB 15-244 & SB 17-267	State Public School Fund	$22.1	$21.5	$22.1	$23.1
HB 20-1116 & HB 24-1398	Procurement Technical Assistance Program	$0.2	$0.2	$0.2	$0.2
HB 20-1427	2020 Tax Holding Fund	$207.8	$224.1	$236.6	$234.5
SB 22-191[2]	Procurement of Information Technology Resources	$0.0			
SB 22-195	Conservation District Grant Fund	$0.1	$0.1	$0.1	$0.1
SB 22-215 & SB 23-283	Infrastructure Investment and Jobs Act Cash Fund	$84.0			
HB 23-1041	Prohibit Greyhound Wagering		$0.03	$0.05	
HB 23-1107	Crime Victim Services	$3.0			
HB 23-1269[3]	Extended Stay & Boarding Permits				
HB 23-1273	Wildfire Resilient Homes Grant Program	$0.1			
HB 23-1290[4]	Proposition EE Revenue Retention	$5.6			
HB 23-1305	Continue Health Benefits in Work-Related Death	$0.2	$0.2	$0.2	

[1]Because Proposition II was approved by voters, the $5.6 million set aside from the General Fund to pay refunds if Proposition II had failed was returned to the General Fund under HB 23-1290.
[2]Beginning in FY 2023-24, SB 22-191 directs transfers of unspent prior year General Fund appropriations for IT procurement. Any transfer amount is already included in General Fund appropriations and not counted again here.
[3]For FY 2022-23 and FY 2023-24, HB 23-1269 requires transfers from unexpended funds appropriated for county child welfare programs. Future transfer amounts are already included in General Fund appropriations amounts and not counted again here.
[4]HB 23-1290 required that $23.65 million be transferred to the Proposition EE Refund Cash Fund on September 1, 2023. Of this amount, $18.03 million was transferred from the Preschool Programs Cash Fund, and the remaining $5.62 million was transferred from the General Fund.

Table 6 (Cont.)
Cash Fund Transfers
Dollars in Millions

Transfers from the General Fund (Continued)		2023-24	2024-25	2025-26	2026-27
SB 23-001	Public-Private Collaborations for Housing	$5.0			
SB 23-005	Forestry and Wildfire Mitigation Workforce	$1.0	$1.0	$1.0	$1.0
SB 23-044	Veterinary Education Loan Repayment Program	$0.5			
SB 23-056[1]	Compensatory Direct Distribution to PERA	$10.0			
SB 23-166	Wildfire Resiliency Code Board	$0.3			
SB 23-199	Marijuana Cash Fund	$4.1			
SB 23-205	Universal High School Scholarship Program	$25.0			
SB 23-255	Wolf Depredation Compensation Fund	$0.2	$0.4	$0.4	$0.4
SB 23-257	Auto Theft Prevention Cash Fund	$5.0			
HB 23B-1001	Housing Development Grant Fund	$15.1			
HB 24-1043	Death and Disability Payment Cash Fund			$2.1	$2.1
HB 24-1152	ADU Fee Reduction and Encouragement Program	$5.0	$8.0		
HB 24-1176	Behavioral and Mental Health Cash Fund		$4.0		
HB 24-1211	Senior Services Contingency Reserve Fund	$2.0			
HB 24-1213	Judicial Collection Enhancement Fund	$2.5			
HB 24-1214	Community Crime Victims Cash Fund	$4.0			
HB 24-1237	Child Care Facility Development Cash Fund		$0.3		
HB 24-1280	Welcome, Reception, and Integration Cash Fund		$2.5		
HB 24-1313	Transit-Oriented Communities Infrastructure Fund		$35.0		
HB 24-1364	Longitudinal Data System Cash Fund		$5.0		
HB 24-1365	Opportunity Now Grants		$4.0		
HB 24-1379	Clean Water Cash Fund				$0.2
HB 24-1386	Broadband Infrastructure Cash Fund		$4.6		
HB 24-1390[2]	Healthy School Meals for All Program Cash Fund		14.9		
HB 24-1397	Creative Industries Cash Fund		$0.5		
HB 24-1420	Crime Victim Services Fund		$4.0		
HB 24-1421	Multidisciplinary Crime Prevention Crisis Intervention		$3.0		
HB 24-1439	Apprenticeship Programs		$4.0		
HB 24-1465	Family and Medical Leave Insurance Fund	$0.4			
HB 24-1466	ARPA Recipient Cash Funds		$1,394.6		
SB 24-170	America 250 - Colorado 150 Cash Fund		$0.3		
SB 24-214[3]	State Agency Sustainability Revolving Fund	$0.1	$0.4	$0.4	$0.4
SB 24-218	Lineworker Apprenticeship Grant Program Cash Fund		$0.8		
SB 24-221	Rural Hospital Cash Fund		$1.7		
Total Transfers from the General Fund		**$543.9**	**$1,873.0**	**$405.2**	**$409.8**
Net General Fund Impact		**-$448.8**	**-$1,695.6**	**-$335.2**	**-$364.2**

[1]SB 23-056 requires that a $10.0 million warrant be paid from the General Fund to PERA. This amount is shown in this table as a General Fund obligation that is not included in the appropriations amount in Table 1, line 6.
[2]The balance of the Healthy School Meals for All General Fund Exempt Account is transferred to a new cash fund on July 1, 2024.
[3]This bill increased the amount of a transfer to the Energy Fund that occurred in June 2022. The additional amount, $125,000, was deposited in the Energy Fund in FY 2023-24.

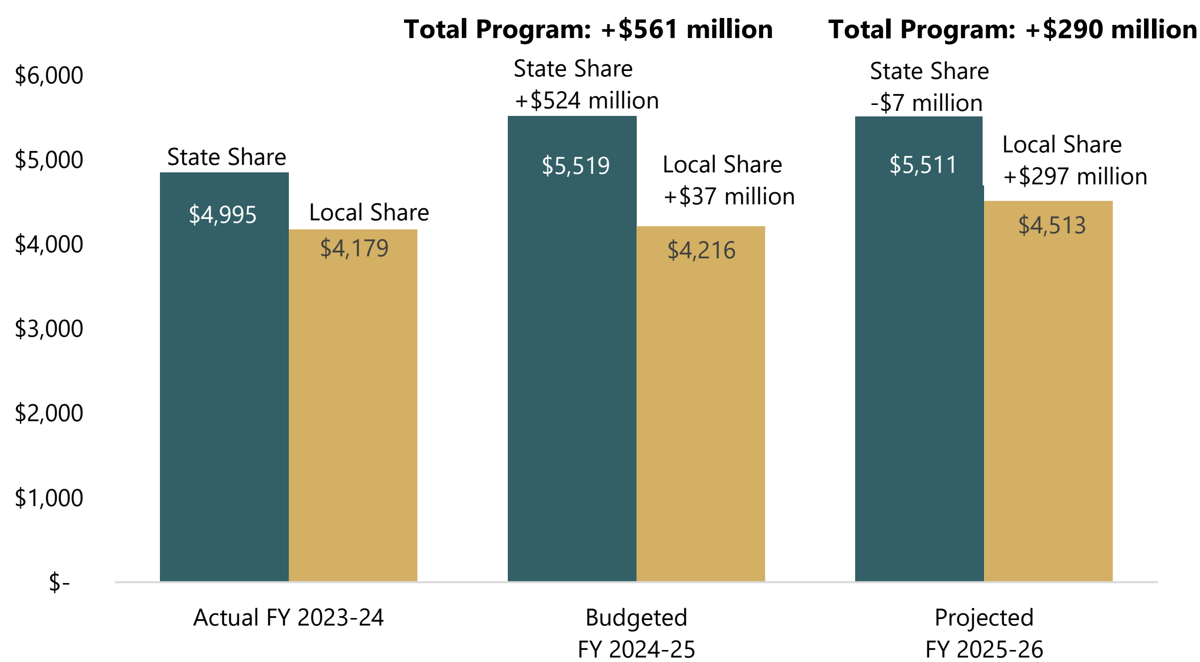
School Finance Outlook

This section presents information on the outlook for school finance for the upcoming budget year (FY 2025-26). It incorporates the following information:

- September 2024 forecasts for income tax diversions to the State Education Fund, federal mineral lease payments, marijuana tax revenue, and inflation;
- changes to the state and local shares for FY 2024-25 and FY 2025-26 as a result of the property tax changes in Senate Bill 24-233 and House Bill 24B-1001; and
- expectations for the implementation of the new school finance formula passed in House Bill 24-1448, in FY 2025-26.

Figure 1 illustrates state and local shares for school funding for FY 2023-24 (actual), FY 2024-25 (budgeted), and FY 2025-26 (projected).

Figure 1
Expectations for School Finance Funding
Dollars in Millions



Summary

For FY 2024-25, total program is expected to increase by $561 million as a result of the required inflationary increase, elimination of the budget stabilization factor, and addition of a rural school factor to the formula. Additionally, the property tax changes in SB24-233 and HB24B-1001 shifted a portion of total program funding from the local share to the state share, resulting in a total increase of $524 million in the state share.

For FY 2025-26, the state share requirement is expected to decrease by about $7 million on a year-over-year basis, due to the factors described below.

- **Total program requirements** will increase by $290 million in FY 2025-26. This projection is the based on the new formula in House Bill 24-1448, which increases total program requirements by about $95 million, an expected decrease in the funded pupil count as a result of both formula and enrollment changes, and a projected inflation rate of 2.7 percent.
- The **local share** will increase by up to $297 million on a year-over-year basis. This assumes assessed values increase by $12 billion (7.2 percent) relative to FY 2024-25, while specific ownership tax collections increase by 3 percent. Due to the enactment of SB24-233 and HB24B-1001, the increase in local share is smaller than would have otherwise occurred. Local share changes are discussed more below.

House Bill 24-1448

House Bill 24-1448 created a new school finance formula to distribute funding to school districts. The new formula begins in FY 2025-26 and is phased in over six years. Compared to the current formula, the new formula is expected to increase statewide total program by about $95.0 million and the state share by approximately $92 million in FY 2025-26, increasing in each year through FY 2030-31 when the total increase compared to the current formula is expected to be approximately $571 million.

Under the bill, implementation of the formula is paused if any of the following conditions are met:

- the change in local share of total program is less than inflation minus 2 percent over the prior year in a property tax assessment year;
- the local share decreases by at least 2 percent in a property tax non-assessment year; or
- the March revenue forecast used by the JBC for the budget predicts that the income tax diversion to the SEF will decrease by 5 percent or more in the current or next budget year.

The changes in the local share as a result of SB24-233 and HB24-1001 are not expected to pause the implementation of the new formula. The Legislative Council Staff June Forecast included a $135.1 million one-time, upward adjustment of transfers to the State Education Fund in FY 2023-24 to correct for past under-transfers. As a result, the March Forecast is likely to impact the State Education Fund trigger as written. However, legislative intent is assumed to be that the trigger would occur in years when there was a reduction in income tax collections, and not as a result of a one-time upward correction to the diversion. The forecast assumes that statute may require additional clarity, and as a result, does not assume a pause in implementation of the new school finance formula.

Enrollment

Enrollment is a major determinant of required total program formula funding, as funding is allocated on a per pupil basis. This update assumes FY 2025-26 enrollment estimates from the December 2023 Legislative Council Staff forecast for K-12 enrollment.

In addition, HB24-1448 modified the calculation of a district's funded pupil count, which is used to allocate funding. The bill increased the minimum funded pupil count from 50 to 60 student FTE, and modified the averaging provision so that districts use the greater of their current year student FTE, or up to a four-year average of student FTE (previously it was five-year average).

With both forecasted changes and policy changes in HB24-1448, the funded pupil count in FY 2025-26, is expected to be 839,933, a decrease of 10,400 FTE compared to FY 2024-25. These estimates will be updated in December 2024.

Local Share

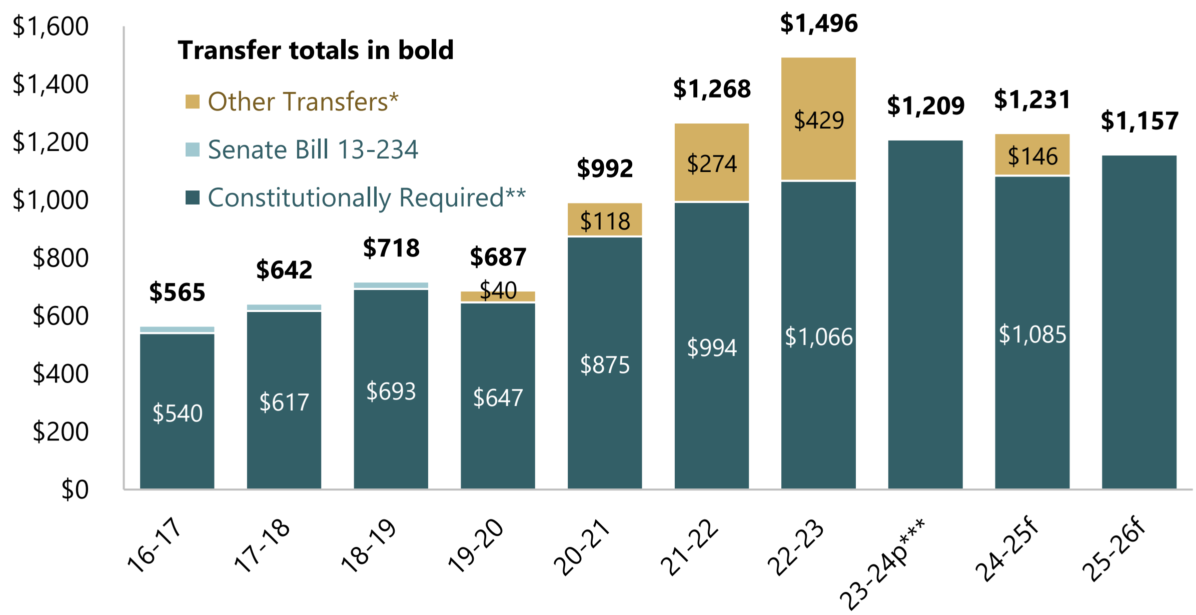
Assessed values on real property determine a school district's property tax base, which, along with a school district's total program mill levy, is the major determinant of the local share of school district funding, along with specific ownership taxes. This forecast assumes assessed value estimates from the December 2023 Legislative Council Staff forecast, adjusted downwards per the provisions of SB24-233 and HB24B-1001. Assessed values are expected to total $191.0 billion in FY 2025-26, an increase of 7.2 percent.

In FY 2025-26, the local share is expected to be $4.5 billion. This represents a year-over-year increase of $297 million, or 7.0 percent. Recent property tax legislation establishes different assessment rates for school districts and non-school districts, limiting the property tax decrease for schools. Additionally, the 2025 reassessment is captured in this estimate of local share. The local share is $158 million less than what it would have otherwise been without SB24-233 and HB24B-1001. Similar to K-12 enrollment, assumptions for assessed values will be updated in December 2024.

State Education Fund

Revenue to the SEF. The Colorado Constitution requires the State Education Fund to receive one-third of one percent of taxable income. In FY 2025-26, the State Education Fund is expected to receive $1.2 billion from the requirement. Similar amounts, excluding the one-time adjustment, are expected in the following years of the forecast. Figure 2 shows a history and forecast for revenue sources to the State Education Fund through the end of the forecast period. The revenue deposited in the fund in FY 2023-24 includes a one-time $135 million upward adjustment to correct for under-transfers, as explained *here*.

Figure 2
Revenue to the State Education Fund
Dollars in Millions



Source: Office of the State Controller and Legislative Council Staff forecast. p = Preliminary. f = Forecast.
*Includes transfers under SB 19-246 for FY 2019-20, HB 20-1420 for FY 2020-21 and FY 2021-22, HB 20-1427 for FY 2020-21 through FY 2022-23, SB 21-208 for FY 2021-22, HB 22-1390 for FY 2022-23, and SB 23B-001 for FY 2024-25.
**One-third of one percent of federal taxable income is required to be dedicated to the State Education Fund under Article IX, Section 17 of the Colorado Constitution (Amendment 23).
*** The constitutional transfers in FY 2023-24 include a one-time increase of $135.1 million to adjust for under-transfers in prior years.

Expenditures from SEF. Historically, the General Assembly has increased the General Fund contribution each year, doing so in 10 of the last 13 years. In FY 2023-24 and FY 2024-25, the General Assembly held the General Fund contribution constant with the level from the prior year, largely due to the historically high balance in the State Education Fund and the large increases in the local share.

Table 7 shows the projected SEF contributions to school finance and the associated ending balances in the State Education Fund for FY 2024-25 through FY 2028-29, for each of the following General Fund contribution scenarios:

- remains constant;
- grows proportionately to projected General Fund revenue (about 5% annually);
- grows proportionately to the historical General Fund contribution to the state share of district total program funding (4.2% annually); and
- grows at a rate to maintain a positive ending balance of at least $100.0 million (5.3% annually).

Estimates beyond FY 2025-26 have significantly elevated uncertainty, which increases with each additional year. Additionally, these scenarios assume a flat $47 million contribution from the State Public School Fund.

Table 7
State Education Fund Modelling Scenarios
Based on Varying Assumptions for General Fund Contributions
Dollars in Millions

General Fund Scenario:	Constant (0% Growth)		Based on GF Revenue Growth (~5% Growth)		Historical Growth (4.2% Growth)		Required Maintain SEF Balance (~5.3% Growth)	
	SEF Contribution	SEF End Balance	SEF Contribution	SEF End Balance	SEF Contribution	SEF End Balance	SEF Contribution	SEF End Balance
FY 2024-25	$1,209	$1,149	$1,209	$1,149	$1,209	$1,149	$1,209	$1,149
FY 2025-26	$1,198	$544	$986	$765	$1,020	$730	$974	$778
FY 2026-27	$1,548	-$396	$1,114	$261	$1,185	$155	$1,087	$301
FY 2027-28	$1,520	-$1,261	$852	$64	$963	-$153	$809	$147
FY 2028-29	$1,746	-$2,266	$832	-$27	$988	-$400	$773	$114

If the General Fund contribution is held constant, the existing balance in the SEF will be completely expended over a two-year period. If the General Fund contribution grows proportionately to the projected growth in overall GF revenue (about 5 percent annually), the State Education balance is expended over a four-year period. If the General Fund contribution grows proportionately with historical contributions (an average of 4.2 percent annually), the balance is expended after three years. Finally, if the General Fund contribution grows by 5.3 percent annually, the SEF maintains a balance at the end of the forecast period.

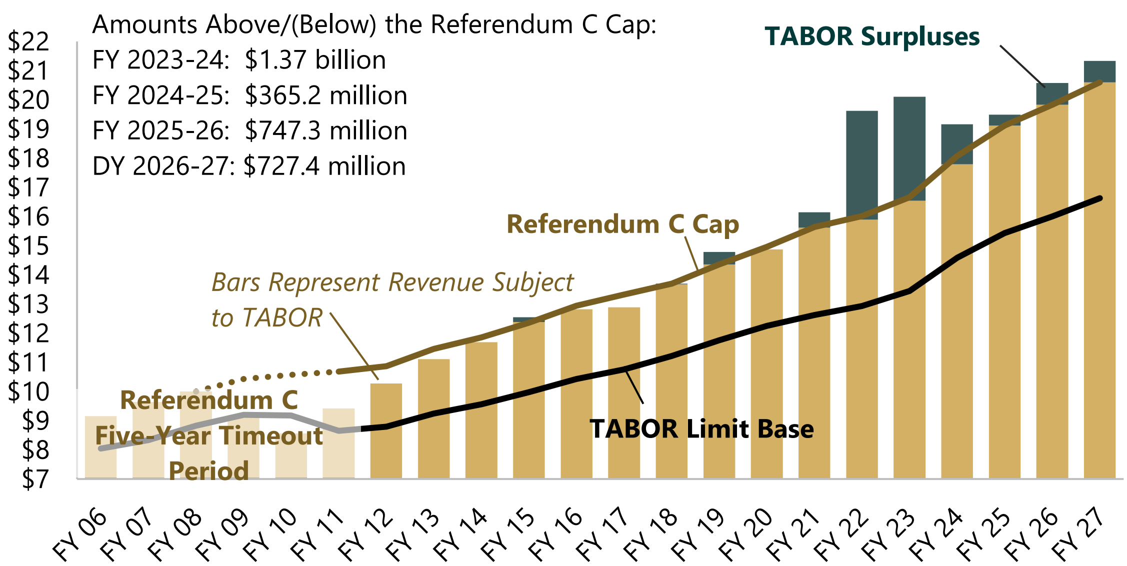
School Finance Appropriations

The final appropriation for state aid in FY 2024-25 will be made through the passage of the mid-year supplemental bill for the Colorado Department of Education. The initial appropriation for state aid in FY 2025-26 will be made through the passage of the 2025 Long Bill and 2025 School Finance Act.

TABOR Outlook

The state TABOR outlook is presented in Table 9 and illustrated in Figure 3, which also provides a history of the TABOR limit base and the Referendum C cap. In FY 2023-24, state revenue subject to TABOR exceeded the Referendum C cap, creating a state obligation for TABOR refunds to taxpayers in FY 2024-25. State revenue subject to TABOR is projected to exceed the Referendum C cap in each of FY 2024-25, FY 2025-26, and FY 2026-27, creating a state obligation for TABOR refunds to be paid to taxpayers in each of FY 2025-26, FY 2026-27, and FY 2027-28.

Figure 3
TABOR Revenue, TABOR Limit Base, and the Referendum C Cap
Dollars in Billions



Source: Office of the State Controller and Legislative Council Staff. p = preliminary; f = Forecast.
*The refund amount for FY 2023-24 differs from the surplus amounts because it includes an additional $288.8 million in under-refunds from prior TABOR surpluses.

FY 2023-24. On September 1, 2024, the State Controller certified that state revenue subject to TABOR exceeded the Referendum C cap by $1.37 billion in FY 2023-24. The state refund obligation totals $1.66 billion in the current FY 2024-25 and includes adjustments attributable to under-refunds of prior TABOR surpluses ($254.9 million), along with an adjustment for under-refunds of insurance premium tax revenue credited to the Health Insurance Affordability (HIA) Enterprise and previously accounted as TABOR exempt ($33.9 million). The FY 2023-24 surplus is expected to be refunded to taxpayers via the TABOR refund mechanisms under current law, which are explained in greater detail below.

Forecasts for FY 2024-25 through FY 2026-27. State revenue subject to TABOR is projected to exceed the Referendum C cap throughout the forecast period. Even with an elevated inflation rate in 2023 resulting in a 5.8 percent growth in the FY 2024-25 Referendum C cap, revenue in the current FY 2024-25 is expected to exceed the Referendum C cap by $365.2 million. Revenue is projected to exceed the cap by $747.3 million in FY 2025-26, and by $727.4 million in

FY 2026- 27. Refunds of those amounts are expected to be returned to taxpayers in the fiscal year following each surplus. The actual refund obligation in any given year will incorporate any over- or under-refund of prior year surpluses.

Relative to the June forecast, expectations for revenue subject to TABOR were increased by about $37 million in FY 2024-25, reflecting increased expectations for cash fund revenue subject to TABOR offsetting reduced expectations for General Fund revenue subject to TABOR. Expectations for revenue subject to TABOR were decreased by $309 million in FY 2025-26 due to significant downward revisions to General Fund revenue subject to TABOR.

The forecast does not include a potential TABOR (3)(c) refund obligation for **Proposition FF** revenue exceeding the 2022 Blue Book estimate in FY 2023-24, and if voters do not approve a later ballot measure permitting the state to retain this revenue. It is assumed that this refund obligation would be administered differently than the TABOR (7)(d) refund obligations that arise when state revenue exceeds the TABOR limit. There is no mechanism in current law to refund this excess to taxpayers.

Risks to the forecast. Estimates of the TABOR surplus and TABOR refund obligation represent the amount by which state revenue subject to TABOR is expected to exceed the Referendum C cap. Therefore, any error in the General Fund or cash funds revenue forecasts will result in an error of an equal amount in the TABOR refund forecast. Any forecast error for inflation or population growth will also impact the TABOR situation by resulting in higher or lower allowable growth in the Referendum C cap.

TABOR refunds mitigate risks to the General Fund budget from the impacts of lower-than-expected General Fund revenue. A reduction in General Fund revenue relative to forecast expectations will result in a smaller obligation for TABOR refunds, and will only impact the budget if the error is great enough to erase the projected TABOR surplus.

Relative to the June 2024 forecast, the revisions to the TABOR surplus increase the budget risk from lower-than-expected General Fund revenue throughout the forecast period. Likewise, error in the forecast for cash fund revenue subject to TABOR also poses a risk to the outlook for the General Fund budget. Greater than expected revenue from cash fund sources would increase the General Fund obligation for TABOR refunds, thereby reducing the amount available for the budget.

TABOR refund mechanisms. TABOR refund mechanisms and expected refund amounts are shown in Figure 4. Current state law includes two ongoing refund mechanisms for FY 2023-24 and beyond. For FY 2023-24 through FY 2033-34, there are two additional temporary refund mechanisms, established in **Senate Bill 24-228,** and for FY 2024-25 and FY 2025-26, there is one additional temporary refund mechanism, established in **Senate Bill 24-111**. These refund mechanisms are discussed below.

The first ongoing refund mechanism that applies for each year in the forecast period is the local government reimbursement for **homestead property tax exemptions** for seniors, veterans with a disability, and Gold Star spouses. Based on this forecast, this mechanism is expected to be used for tax years 2024 through 2027.

Senate Bill 24-111 establishes a new refund mechanism used to refund the TABOR surplus collected for FY 2024-25 and FY 2025-26 through reductions in the assessed value of owner-occupied senior primary residences for those who have previously qualified for the existing senior homestead exemption but who are currently ineligible because they moved. Local governments' foregone property tax revenue as a result of the bill is reimbursed by the state government. Figure 4 includes this mechanism with the "Property Tax Refunds" label. The mechanism is estimated to refund $32 million in property tax year 2025 and $41 million in property tax year 2026.

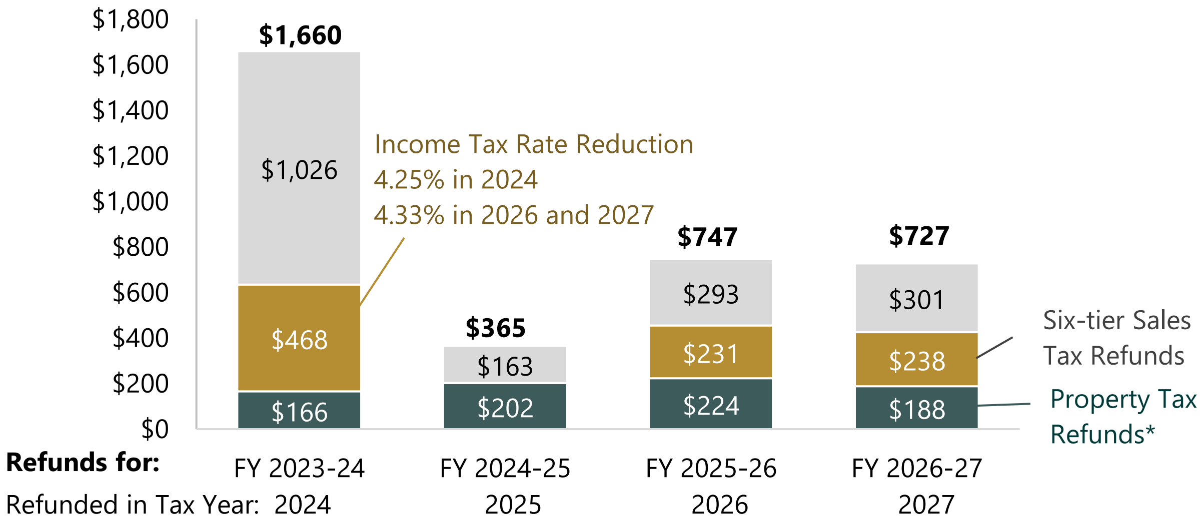
The **temporary income tax rate reduction** is expected to apply for tax years 2024 and 2026 as the second TABOR refund mechanism after property tax refunds. To refund a portion of the FY 2023-24 surplus, the income tax rate for tax year 2024 is temporarily reduced from 4.40 percent to 4.25 percent. In subsequent years, the amount of the income tax rate reduction that is triggered depends on the amount of the TABOR surplus remaining after reimbursements to local governments for property tax exemptions.

This forecast anticipates that the income tax rate reduction mechanism will not be triggered in tax year 2025, and that the tax rate in tax years 2026 and 2027 will be reduced from 4.40 percent to 4.33 percent, based on the expected amounts of the TABOR surplus remaining after property tax refunds in FY 2024-25, FY 2025-26, and FY 2026-27.

The **sales tax refund mechanism** is expected to apply for tax years 2024 through 2027, as well, with refund amounts based on taxpayer incomes in tax year 2024, and identical refund amounts in tax years 2025, 2026, and 2027. The expected TABOR surpluses collected in FY 2024-25, FY 2025-26, and FY 2026-27 do not exceed the identical refund threshold per taxpayer required to trigger the tiered refunds. The threshold is half of the lowest amount listed for a family size of two for Colorado in the most recent table published in the Internal Revenue Service instructions for Schedule A on itemized deductions. The most recent amount, for tax year 2023, is $114.

Table 8 on page 29 presents estimated six-tier and identical sales tax refund amounts for tax years 2024, 2025, 2026, and 2027.

Figure 4
Expected TABOR Refunds and Refund Mechanisms
Dollars in Millions



Source: Legislative Council Staff September 2024 forecast.
*Includes $32 million and $41 million to be refunded from the FY 2024-25 and FY 2025-26 TABOR surpluses, respectively, under Senate Bill 24-111.

Refunds made via property tax reductions reduce obligations that would otherwise be paid from General Fund revenue. Refunds made via the income tax rate reduction or sales tax refunds are paid to taxpayers when they file their state income tax returns. TABOR refund mechanisms are accounted for as an offset against the amount of surplus revenue restricted to pay TABOR refunds, rather than as a revenue reduction. Therefore, the General Fund revenue forecast does not incorporate downward adjustments as a result of refund mechanisms being activated.

Table 8
Projected TABOR Refunds via the Identical and Six-Tier Sales Tax Refund Mechanisms

Tax Year 2024 Refunds from FY 2023-24 TABOR Refund Obligation

Taxpayer Distribution by AGI			Single Filers	Joint Filers
	up to	$53,000	$181	$362
$53,001	to	$107,000	$241	$482
$107,001	to	$172,000	$277	$554
$172,001	to	$243,000	$330	$660
$243,001	to	$320,000	$355	$710
$320,001	and up		$571	$1,142

Tax Year 2025 Refunds from FY 2024-25 TABOR Refund Obligation

Taxpayer Distribution by AGI			Single Filers	Joint Filers
	up to	$54,000	$41	$82
$54,001	to	$110,000	$41	$82
$110,001	to	$177,000	$41	$82
$177,001	to	$250,000	$41	$82
$250,001	to	$329,000	$41	$82
$329,001	and up		$41	$82

Tax Year 2026 Refunds from FY 2025-26 TABOR Refund Obligation

Taxpayer Distribution by AGI			Single Filers	Joint Filers
	up to	$55,000	$73	$146
$55,001	to	$113,000	$73	$146
$113,001	to	$181,000	$73	$146
$181,001	to	$256,000	$73	$146
$256,001	to	$337,000	$73	$146
$337,001	and up		$73	$146

Tax Year 2027 Refunds from FY 2026-27 TABOR Refund Obligation

Taxpayer Distribution by AGI			Single Filers	Joint Filers
	up to	$57,000	$74	$149
$57,001	to	$116,000	$74	$149
$116,001	to	$185,000	$74	$149
$185,001	to	$261,000	$74	$149
$261,001	to	$344,000	$74	$149
$344,001	and up		$74	$149

AGI = Adjusted gross income.
Note: Amounts do not include estimates for reimbursements to local governments for property tax exemptions.

Table 9
TABOR Revenue Limit and Retained Revenue
Dollars in Millions

		Preliminary FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27
	TABOR Revenue				
1	General Fund[1]	$16,630.5	$16,474.0	$17,489.2	$18,201.6
2	Cash Funds[1]	$2,814.2	$3,012.6	$3,085.3	$3,126.1
3	**Total TABOR Revenue**	**$19,444.7**	**$19,486.6**	**$20,574.4**	**$21,327.7**
	Revenue Limit				
4	Allowable TABOR Growth Rate	8.5%	5.8%	3.7%	3.9%
5	Inflation (*from Prior Calendar Year*)	8.0%	5.2%	2.7%	2.9%
6	Population Growth (*from Prior Calendar Year*)	0.5%	0.6%	1.0%	1.0%
7	TABOR Limit Base	$14,588.1	$15,434.2	$16,003.5	$16,627.6
8	Voter Approved Revenue Change (Referendum C)	$3,485.1	$3,687.2	$3,823.7	$3,972.8
9	Total TABOR Limit / Referendum C Cap[2]	$18,073.2	$19,121.4	$19,827.1	$20,600.4
10	**TABOR Revenue Above** (Below) **Referendum C Cap**	**$1,371.5**	**$365.2**	**$747.3**	**$727.4**
	Retained/Refunded Revenue				
11	Revenue Retained under Referendum C[3]	$3,485.1	$3,687.2	$3,823.7	$3,972.8
12	Fiscal Year Spending (*revenue available to be spent or saved*)	$18,073.2	$19,121.4	$19,827.1	$20,600.4
13	Outstanding Underrefund Amount[4]	$288.8			
14	**Revenue Refunded to Taxpayers**	**$1,660.3**	**$365.2**	**$747.3**	**$727.4**
15	TABOR Reserve Requirement	$542.2	$573.6	$594.8	$618.0

Totals may not sum due to rounding.

[1]Revenue differs from the amount in the General Fund revenue summary because of accounting adjustments across TABOR boundaries. Revenue differs from the amount in the cash fund revenue summary because of reporting discrepancies that will be resolved with publication of the annual comprehensive financial report for FY 2023-24.

[2]This forecast assumes that all enterprises will maintain enterprise status. If an enterprise is disqualified, both revenue subject to TABOR and the Referendum C cap will have equal upward adjustments.

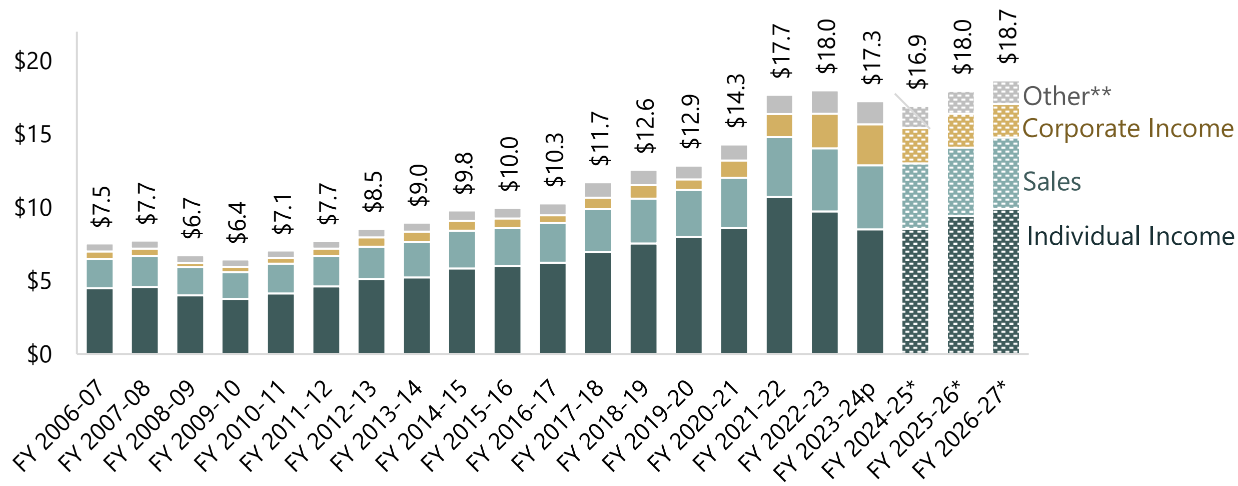
[3]Revenue retained under Referendum C is referred to as "General Fund Exempt" in the budget.

[4]This amount represents under-refunds from prior years.

General Fund Revenue

This section presents the outlook for General Fund revenue, the state's main source of funding for discretionary operating appropriations. The three primary sources of General Fund revenue are individual income tax, sales tax, and corporate income tax collections. Other sources of General Fund revenue include excise taxes (retail marijuana, tobacco, and liquor), insurance premium tax, pari-mutuel tax, court receipts, and investment income. Table 12 on page 39 summarizes preliminary General Fund revenue collections for FY 2023-24 and projections for FY 2024-25 through FY 2026-27; these are also illustrated in Figure 5, below.

Figure 5
General Fund Revenue Sources
Billions of Dollars



p = preliminary; * = Forecast.
**Other includes: use tax; retail marijuana special sales tax; cigarette, tobacco, and liquor excise taxes; Proposition EE tobacco taxes; insurance premium tax; pari-mutuel wagering tax; court receipts; investment income; and miscellaneous small sources that are not forecasted independently.
Source: Office of the State Controller and Legislative Council Staff September 2024 forecast.

Revenue forecast. Based on preliminary figures, General Fund revenue fell by 4.1 percent in FY 2023-24 compared to the prior fiscal year. Individual income tax is the largest component of General Fund revenue and is expected to fall in the current year following the enactment of large income tax credits during the 2024 legislative session. However, individual income tax revenue is expected to bolster collections with strong growth through the rest of the forecast period. Corporate income taxes are also expected to fall in the current fiscal year, following record highs. Sales tax revenue growth is expected to remain sluggish in FY 2024-25, before returning to trend growth in later years. General Fund revenue is expected to reach $18.7 billion in FY 2026-27.

Legislative adjustments. The forecast incorporates adjustments to the forecast for legislation enacted during the 2024 session. Table 10 presents the impacts of enacted legislation on General Fund revenue. Most of the bills in the table reflect individual and corporate income tax revenue. House Bill 24-1470 affects the amount of insurance premium tax revenue credited to the General Fund; House Bill 24-1036 affects numerous streams, primarily sales and use tax revenue; and House Bill 24-1356 affects nicotine tax revenue.

Table 10
2024 Legislation Affecting General Fund Revenue
Dollars in Millions

Bill Number	Bill Title	FY 2023-24	FY 2024-25	FY 2025-26
HB 24-1311	Family Affordability Tax Credit	($327.0)	($684.0)	($739.0)
HB 24-1134	Various, including Earned Income Tax Credit	($44.2)	($136.3)	($206.8)
HB 24-1052	Senior Housing Credit	($33.8)	($33.8)	
HB 24-1312	Care Workers Credit		($21.2)	($42.9)
HB 24-1340	Higher Education Expenses Credit		($18.1)	($36.7)
HB 24-1434	Affordable Housing Credit		($6.3)	($48.1)
HB 24-1439	Apprenticeships Credits		($7.5)	($15.0)
HB 24-1268	PTC Credit for Persons with Disabilities		($3.2)	($6.5)
HB 24-1358	Film Incentive Tax Credit		($2.5)	($5.0)
HB 24-1365	Opportunity Now Credit			($7.5)
HB 24-1295	Creative Industries Investment Credit			($5.0)
HB 24-1325	Quantum Industry Investment Credit			($3.9)
HB 24-1116	Contaminated Land Remediation Credit		($0.9)	($1.9)
HB 24-1001	Rural Jump-Start Credit		($0.5)	($1.1)
HB 24-1157	Employee-Owned Businesses Credit		($0.5)	($1.1)
HB 24-1249	Agricultural Stewardship Credit			($1.5)
SB 24-190	Freight Rail in Coal Transition Communities			($1.4)
SB 24-016	Tax Credits for Donations via Intermediaries	($0.2)	($0.5)	($0.5)
HB 24-1142	Social Security Income Deduction		($0.3)	($0.6)
HB 24-1316	Middle Income Housing Credit			($0.4)
SB 24-126	Conservation Easements Credit			($0.3)
SB 24-226	College Kickstarter Program	($0.0)	($0.1)	($0.1)
HB 24-1240	AmeriCorps Credit			($0.2)
HB 24-1314	Historic Structures Credit		($0.0)	($0.1)
HB 24-1235	Unleaded Aviation Gasoline Certification		($0.0)	($0.0)
HB 24-1470	Health Insurance Affordability Enterprise	$15.7	$17.3	$17.3
HB 24-1036	Various, incl. Modular Home Exemption	($0.1)	($1.4)	($1.8)
HB 24-1356	Vaping Devices Trade Practices	*	*	*
Total		**($389.7)**	**($899.8)**	**($1,110.0)**

*Assessed as an indeterminate revenue decrease.
Source: Legislative Council Staff final fiscal notes. Most revenue impacts occur in individual and corporate income tax; however, HB 24-1470 increases the amount of insurance premium tax revenue credited to the General Fund, HB 24-1036 reduces income and sales and use tax revenue, and HB 24-1356 may decrease nicotine tax revenue collected under Proposition EE.

Risks to the forecast. Risks to the General Fund revenue forecast are elevated as economic conditions remain uncertain, particularly for individual and corporate income. The expiration of many of the provisions of the 2017 Tax Cuts and Jobs Act at the end of 2025 carries bidirectional risk relative to the current income tax forecasts, as the exact impact is unknown. Stronger-than-expected wage gains could boost sales and income tax collections above the amounts projected in this forecast. Downside risks include households pulling back on spending due to budget constraints and high interest rates weighing on business activity and employment despite rate cuts, which would result in lower General Fund collections.

Income Tax

Taxable income earned by all Colorado individuals and corporations is taxed at one flat rate. **Proposition 121** reduced the income tax rate from 4.55 percent to 4.40 percent beginning in tax year 2022. Income tax revenue is credited to the General Fund and is subject to TABOR, except that:

- an amount equal to one third of one percent of taxable income is transferred to the State Education Fund (SEF) and exempt from TABOR under **Amendment 23**, approved by voters in 2000;
- beginning January 2023, an amount equal to one-tenth of one percent of taxable income is transferred to the State Affordable Housing Fund and exempt from TABOR under **Proposition 123**, approved by voters in 2022; and
- beginning January 2023, an amount raised by requiring non-corporate taxpayers with adjusted gross incomes over $300,000 to add back a portion of their federal standard or itemized deductions when computing their Colorado taxable income is credited to the General Fund, exempt from TABOR, and required to be spent for the healthy school meals program created in **Proposition FF**, approved by voters in November 2022.

This section presents forecasts separately for income taxes paid by individuals and non-corporate businesses, and for income taxes paid by corporations.

Individual Income Tax

Individual income tax revenue is the largest source of General Fund revenue, accounting for about 53 percent of revenue to the General Fund in FY 2023-24, before accounting for the SEF and affordable housing transfers.

FY 2023-24. Individual income tax collections declined by 8.3 percent in FY 2023-24 to total $10.04 billion before the SEF and affordable housing transfers. Revenue was $12.7 million less than expected in the June 2024 forecast, with lower withholding more than offsetting higher cash with returns net of refunds to close the fiscal year.

Forecast for FY 2024-25. Individual income tax revenue is expected to decline 0.9 percent and total $9.96 billion in FY 2024-25, before the SEF and affordable housing transfers. Expectations for revenue were decreased by $181.2 million relative to the June 2024 forecast. Declining revenue reflects expectations for a growing but slowing economy, with income tax refunds outpacing cash with returns due to new income tax credits enacted in the 2024 legislative session. As shown in the left panel of Figure 6, wage withholding has generally grown at rates consistent with a moderate expansion since slowing considerably in 2023, the first year when the income tax rate cut in Proposition 121 applied to withheld taxes. Wage withholding is expected to continue growth consistent with a moderate expansion in 2025, and estimated tax payments are likewise expected to reaccelerate.

For most taxpayers, final payments for tax year 2023 were due in April 2024. While data on final payments are incomplete, available data suggest that net tax receipts for the 2023 tax year were down by 5.5 percent compared with 2022 net tax receipts. Table 11 presents net tax receipts for tax years 2022 and 2023, including forecast expectations for the remaining final payments for tax year 2023. As shown in Table 11, an increase in cash with returns and withholding along with a decline in refunds was offset by a decline in estimated payments. Both refunds and cash with returns are elevated compared to pre-pandemic levels. In addition to state and federal tax policy, changes impacting taxpayers' ability to anticipate tax liability refunds and cash with returns are likely impacted by higher than usual TABOR refunds influencing taxpayer filing behavior.

The preliminary estimate for income tax revenue for FY 2023-24 is greater than estimated tax year 2023 payments because it includes accruals of anticipated tax revenue for tax year 2023.

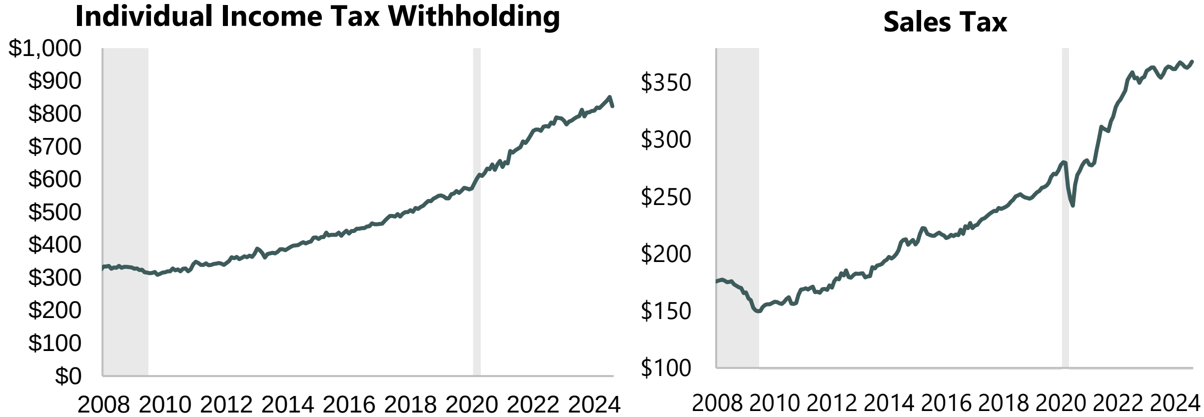
Table 11
Individual Income Tax Receipts by Source, Tax Years 2022 and 2023[1]
Dollars in Millions

	Actual Tax Year 2022	Estimated Tax Year 2023	Percent Change
Withholding	$9,222	$9,559	3.6%
Estimated Payments	$2,484	$1,369	-44.9%
Cash With Returns[2]	$1,361	$1,511	11.0%
Refunds[2]	-$2,192	-$2,165	-1.2%
Total	**$10,876**	**$10,274**	**-5.5%**

Source: Office of the State Controller; Department of Revenue; and September 2024 Legislative Council Staff forecast.
[1]For illustrative purposes, withholding and estimated payments for a tax year show receipts between February of that year and January of the following year. Cash with returns and refunds for a tax year show transactions between January and December of the following year. Tax received during these time periods may be for the current or any prior tax year, but are assumed to be representative of the tax years indicated.
[2]Cash with returns and refunds for tax year 2023 include preliminary data for August 2024 and forecasted transactions for September through December 2024. TABOR refund amounts that reduced final payments are added to refunds.

Forecast for FY 2025-26 and FY 2026-27. Individual income tax collections are expected to grow by 9.5 percent in FY 2025-26 to $10.9 billion, and by 5.0 percent in FY 2026-27 to $11.5 billion. Estimates for FY 2025-26 were revised downward on net relative to the June 2024 forecast, with expected decreases reflecting slowing growth in wages and salaries as well as employment, while estimates for FY 2026-27 are debuting with this forecast. The forecast includes downward adjustments to individual income tax revenue due to the anticipated expiration of many of the provisions of the 2017 Tax Cuts and Jobs Act at the end of 2025. Risks to the revenue outlook are elevated, owing to the substantial uncertainty surrounding the likely direction and magnitude of federal tax policy change in response to that expiration.

Figure 6
Selected General Fund Revenue Sources
Millions of Dollars in Monthly Collections



Source: Office of the State Controller with Legislative Council Staff seasonal adjustments. Data are shown as a three-month moving average on a cash basis. August 2024 collections are preliminary data from the Department of Revenue.

Legislative adjustments. This forecast includes significant adjustments for future impacts of legislation on individual income tax revenue enacted by the General Assembly during the 2024 legislative session (See Table XX). Starting for tax year 2024, **House Bill 24-1311** creates a family affordability tax credit for Coloradans with children. Building on the expansion of the state earned income tax credit from **House Bill 23-1112** and **House Bill 23B-1002, House Bill 24-1134** expands the state earned income and child and dependent care expenses tax credits. For tax year 2024 only, **House Bill 24-1052** reinstates a tax credit for senior taxpayers that was previously available in 2022. Starting for tax year 2025, **House Bill 24-1312** creates an income tax credit for care workers. Twenty-two bills enacted during the 2024 legislative session establish or extend individual income tax credits or deductions, and are expected to reduce income tax revenue by between $405 million and $1.08 billion annually during the forecast period, on an accrual accounting basis. The availability and amount of some income tax credits are dependent on state revenue conditions. This forecast assumes that all credits are triggered for full amounts.

Healthy School Meals Program Account. Revenue attributable to the income tax addition in Proposition FF is deposited in a specific account in the General Fund, exempt from TABOR, and required to be spent for the Healthy School Meals Program. Revenue is first being identified on returns for the 2023 tax year, which taxpayers began filing this spring. An amount of $42.7 million was credited to the account in FY 2022-23, representing an estimated half-year impact for tax year 2023 on an accrual accounting basis. Through September 3, 2024, an estimated 62 percent of tax year 2023 returns have been filed, generating $77.1 million in revenue.

Forecasted amounts credited to the account during FY 2024-25 and FY 2025-26 are little changed from the June 2024 forecast, while the forecast for FY 2026-27 is new in this document. Starting with amounts accrued to tax year 2026, the forecast incorporates significant downward adjustments due to the anticipated expiration of the 2017 Tax Cuts and Jobs Act, which will lower standard deduction amounts, thereby reducing the amount that taxpayers will be required to add back to calculate their state income tax liability. The following amounts are anticipated:

- $131.5 million for FY 2024-25
- $113.7 million for FY 2025-26
- $86.6 million for FY 2026-27

The December 2024 forecast will update estimates to reflect extension filings for the 2023 tax year, which are due in October 2024.

TABOR refund requirement for exceeding Proposition FF Blue Book estimate. Revenue for FY 2023-24 is now estimated to exceed the $100.7 million estimate provided to voters in the 2022 Blue Book for Proposition FF. Unless voters approve a ballot measure allowing the state to retain and spend this amount, the state will be required to refund the excess to taxpayers as required under TABOR (3)(c). Based on preliminary data reporting, the excess amount is expected to be $26.3 million.

There is no refund mechanism in place in current law to issue these refunds to taxpayers. It is assumed that refunds will not be paid via the mechanisms in place to refund revenue collected in excess of the state TABOR limit. Accordingly, this forecast shows the revenue as being credited to the funds scheduled to receive it under current law, pending future legislative action to address the constitutional requirements.

Corporate Income Tax

The corporate income tax forecast includes collections from C corporations and partnerships that have property, payroll, or sales in Colorado. Corporate income taxes have historically been a volatile revenue source because they are highly responsive to economic conditions and to federal tax policy. In addition, many corporations make strategic tax decisions about when and how to claim credits and deductions, making it more difficult to estimate the amount of corporate tax revenue.

Colorado corporate income tax revenue has greatly exceeded expectations in recent years, posting record high growth rates in each year since FY 2019-20. Preliminary figures from the Office of the State Controller indicate that revenue increased by another 18.2 percent in FY 2023-24, up to $2.8 billion. This forecast includes upward revisions for FY 2024-25 based on strong incoming data, but still expects that revenue will fall from these record highs. Recent volatility illustrates how sensitive corporate income tax collections are to policy changes and economic conditions, and points to elevated, bidirectional risk to the corporate income tax forecast.

Forecast for FY 2024-25. Corporate income tax collections are expected to total $2.4 billion in FY 2024-25, down 13.9 percent from FY 2023-24.

Forecast for FY 2025-26. Corporate income tax collections are expected to drop slightly in FY 2025-26 from the prior fiscal year, coming in around $2.3 billion, as the economic expansion matures. Changes to economic conditions or tax policy could affect this trajectory significantly.

Forecast for FY 2026-27. Corporate income tax collections are expected to total to nearly $2.3 billion in FY 2026-27, down 2.4 percent from FY 2025-26.

Why does corporate revenue continue to exceed expectations? Corporate income tax revenue has been surprisingly high in many states across the country. Data from the Colorado Department of Revenue show that many businesses have been reclassified from sole proprietorships and pass-through entities (whose taxes are counted as individual income tax revenue) to C corporations and partnerships (whose taxes are counted as corporate income tax revenue), causing a shift from individual to corporate income tax revenue. Additionally, some states report that corporations overpaid taxes for the 2022 tax year to reduce their future tax liability. Whether this trend will reverse for 2023 final payments is still unknown, but may become apparent as 2023 tax returns are processed and reported.

Sales Tax

The 2.9 percent state sales tax is assessed on the purchase of goods, except those specifically exempted, and a small collection of services. Prolonged high interest rates and weakened household balance sheets have impacted taxable consumer spending throughout FY 2023-24, a burden that is expected to continue to weigh on consumers through most of FY 2024-25. Sales tax revenue is expected to end the current year with a 2.3 percent growth rate from FY 2023-24, after growing by only 1.4 percent in FY 2023-24. Growth has likely been tempered by receding inflation and low household savings accompanied by high interest rates, which contribute to tighter lending standards. In particular, Colorado has seen a decline in sales tax revenue from the clothing, building material, and furniture industries. Sales tax revenue growth is expected to be more consistent with historical averages by FY 2025-26, as lower inflation and interest rates increase consumers’ purchasing power.

Relative to the June forecast, expectations for sales tax revenue were revised down by $43.3 million in FY 2024-25 and $69.3 million in FY 2025-26. Downward revisions reflect expectations for weak consumer spending attributable a softening labor market, cooling inflation, and household finances that are constrained by persistently high prices.

Use Tax

The 2.9 percent state use tax is due when sales tax is owed, but is not collected at the point of sale. Use tax revenue is largely driven by capital investment among manufacturing, energy, and mining firms. Use tax revenues have recorded weak figures alongside high interest rates, with year-over-year declines for 10 months out of the past year. Use tax revenues ended FY 2023-24 down 7.2 percent, a reversal from the 8.0 percent growth rate posted in FY 2022-23. Use tax revenue is likely impacted by high interest rates weighing on investment in the industries driving use tax revenues, such as oil and gas, construction, and manufacturing. Similar to sales tax revenue, use tax revenue is expected to accelerate near the end of FY 2024-25 and all of FY-2025-26 as monetary policy eases and construction activity picks up. Use tax is forecasted to grow by 0.7 percent in FY 2024-25, 7.7 percent in FY 2025-26, and 7.1 percent in FY 2026-27.

The use tax forecast for FY 2024-25 was revised down relative to the June forecast due to prolonged high interest rates taking a toll on the construction and manufacturing industries. The forecast was downgraded by $6.0 million in FY 2024-25 and $8.5 million in FY 2025-26, though growth is still expected to remain strong for those years as rate cuts begin fueling activity in industries that contribute to use tax collections. There is generally a lagged effect between interest rates being cut and the corresponding investment response.

Proposition EE Cigarette, Tobacco, and Nicotine Taxes

Proposition EE increased cigarette and tobacco taxes, created a new tax on nicotine products, and created a minimum price for cigarette sales. Revenue from the new taxes is exempt from TABOR as a voter-approved revenue change. Proposition EE revenue is deposited in the General Fund, transferred to the 2020 Tax Holding Fund, and distributed to fund preschool programs, tobacco education programs, and the General Fund. Proposition EE tax rates increased on all three types of products beginning on July 1, 2024.

Revenue from Proposition EE taxes is expected to increase by 7.8 percent to $224.1 million in the current fiscal year as the tax increases go into effect. Collections in July, which represent transactions that occurred in June, came in high as retailers stocked up on these products before taxes increased, but are expected to fall in the coming months. Table 11 shows expected revenue collections, while equivalent transfers from the General Fund to the 2020 Tax Holding Fund are shown in Table 12 on page 39.

Cigarette revenue is the largest portion of Proposition EE, making up 58 percent of total revenue in FY 2023-24. Cigarette use tends to decline over time, but consumption fell more steeply than normal in FY 2023-24, down 16.5 percent from FY 2022-23, consistent with a nationwide trend. The decline in consumption may be due to consumers having less disposable income for nonessential products. Prop EE cigarette revenue is expected to increase in the current fiscal year due to the tax rate increase.

Nicotine is the next largest revenue stream, with revenue increasing throughout the forecast period due to increased tax rates and rising prices on nicotine products. The forecast for nicotine is uncertain, as the future of federal policy and enforcement against flavored e-cigarettes is unknown. **Tobacco** makes up the rest of the Proposition EE revenue, bringing in $11.2 million in FY 2023-24. Tobacco revenue is expected to increase through the forecast period.

Table 12
General Fund Revenue Estimates
Dollars in Millions

	Category	Preliminary FY 2023-24	Percent Change	Estimate FY 2024-25	Percent Change	Estimate FY 2025-26	Percent Change	Estimate FY 2026-27	Percent Change
	Excise Taxes								
1	Sales	$4,362.6	1.4	$4,464.8	2.3	$4,669.5	4.6	$4,891.2	4.7
2	Use	$233.2	-7.2	$234.8	0.7	$252.8	7.7	$270.7	7.1
3	Retail Marijuana Sales	$195.0	-11.3	$189.9	-2.6	$195.2	2.8	$203.9	4.5
4	Cigarette	$20.5	-14.4	$19.4	-5.0	$18.7	-4.0	$18.0	-3.8
5	Tobacco Products	$21.6	-8.9	$22.1	2.4	$23.6	6.9	$24.6	4.1
6	Liquor	$56.0	-0.6	$55.8	-0.3	$57.0	2.2	$58.2	2.1
7	Proposition EE Tobacco Taxes	$207.8	-11.6	$224.1	7.8	$236.6	5.6	$234.5	-0.9
8	Total Excise	$5,096.7	-0.3	$5,211.0	2.2	$5,453.4	4.7	$5,701.0	4.5
	Income Taxes								
9	Net Individual Income	$10,044.2	-8.3	$9,957.7	-0.9	$10,906.3	9.5	$11,450.7	5.0
10	Net Corporate Income	$2,796.6	18.2	$2,408.9	-13.9	$2,327.7	-3.4	$2,272.1	-2.4
11	Total Income Taxes	$12,840.8	-3.6	$12,366.6	-3.7	$13,234.0	7.0	$13,722.7	3.7
12	Less: Portion diverted to the SEF	-$1,209.0	13.4	-$1,084.6	-10.3	-$1,157.2	6.7	-$1,196.7	3.4
13	Less: Portion diverted for Affordable Housing	-$327.0	104.4	-$325.5	-0.5	-$347.2	6.6	-$359.0	3.4
14	Less: Portion diverted for Healthy School Meals[1]			-$131.5		-$117.5	-10.7	-$86.6	-26.3
15	Income Taxes to the General Fund	$11,304.7	-6.5	$10,825.0	-4.2	$11,612.2	7.3	$12,080.5	4.0
	Other Sources								
16	Estate	$0.0	NA	$0.0	NA	$0.0	NA	$0.0	NA
17	Insurance	$541.9	4.9	$628.8	16.0	$666.2	6.0	$686.3	3.0
18	Pari-Mutuel	$0.3	4.9	$0.3	-7.3	$0.3	-0.2	$0.3	0.5
19	Investment Income	$251.6	33.5	$211.4	-16.0	$178.0	-15.8	$160.8	-9.7
20	Court Receipts	$3.2	1.4	$3.3	3.8	$3.0	-7.9	$3.0	0.0
21	Other Income	$53.1	-37.4	$54.3	2.4	$48.9	-10.0	$47.3	-3.2
22	Total Other	$850.1	7.2	$898.1	5.6	$896.5	-0.2	$897.7	0.1
23	**Gross General Fund Revenue**	**$17,251.4**	**-4.1**	**$16,934.1**	**-1.8**	**$17,962.1**	**6.1**	**$18,679.2**	**4.0**

Totals may not sum due to rounding. NA = Not applicable. SEF = State Education Fund.
[1]Accounted as General Fund revenue in FY 2023-24; diverted to the Healthy School Meals for All Cash Fund beginning in FY 2024-25 under HB 24-1390.

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Cash Fund Revenue

This section presents the forecast for cash fund revenue subject to TABOR and for selected sources of cash fund revenue exempt from TABOR. Cash fund revenue subject to TABOR is a determinant of the state TABOR refund obligation, which is paid from the General Fund. Cash fund revenue exempt from TABOR does not have a direct impact on the General Fund budget, but revenue available for expenditure from these cash funds may trade off with spending from the General Fund.

Cash Fund Revenue Subject to TABOR

Table 13 summarizes the forecast for cash fund revenue subject to TABOR. The largest sources of cash fund revenue subject to TABOR are motor fuel taxes and other transportation-related revenue, severance taxes, and gaming taxes.

Table 13
Cash Fund Revenue Subject to TABOR
Dollars in Millions

	Preliminary FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	CAAGR*
Transportation-Related	$1,425.1	$1,545.8	$1,593.6	$1,648.4	
Percent Change	12.5%	8.5%	3.1%	3.4%	5.0%
Severance Tax	$217.3	$263.6	$261.0	$222.7	
Percent Change	-42.0%	21.3%	-1.0%	-14.7%	0.8%
Gaming Revenue[1]	$92.9	$99.9	$100.7	$103.0	
Percent Change	-23.4%	7.5%	0.9%	2.3%	3.5%
Insurance-Related	$26.9	$27.2	$27.4	$27.5	
Percent Change	1.4%	1.0%	0.8%	0.5%	0.8%
Regulatory Agencies	$96.1	$106.2	$107.7	$102.6	
Percent Change	7.5%	10.5%	1.4%	-4.7%	2.2%
2.9% Sales Tax on Marijuana[2]	$5.3	$4.9	$4.8	$4.5	
Percent Change	-25.7%	-7.3%	-3.3%	-5.7%	-5.5%
Housing Development Grant Fund	$76.9	$77.1	$78.6	$80.6	
Percent Change	7.2%	0.3%	2.0%	2.5%	1.6%
Other Cash Funds	$861.6	$887.9	$911.4	$936.7	
Percent Change	7.8%	3.1%	2.6%	2.8%	2.8%
Total Cash Fund Revenue	**$2,802.2**	**$3,012.6**	**$3,085.3**	**$3,126.1**	
Subject to the TABOR Limit	1.6%	7.5%	2.4%	1.3%	3.7%

Totals may not sum due to rounding.
* CAAGR: Compound average annual growth rate for FY 2023-24 to FY 2026-27.
[1] Gaming revenue in this table does not include extended gaming revenue from Amendments 50 and 77, because it is not subject to TABOR.
[2] Includes revenue from the 2.9 percent sales tax collected from the sale of medical and retail marijuana. This revenue is subject to TABOR.

FY 2023-24. Preliminary figures from the Office of the State Controller indicate cash fund revenue subject to TABOR totaled just over $2.8 billion in FY 2023-24, an increase of 1.6 percent from the prior fiscal year. The increase in revenue primarily came from transportation-related cash funds and other miscellaneous cash funds, the two largest sources, while collections from severance tax and gaming revenue slowed total cash revenue growth.

Relative to the June forecast, expectations were revised up $32.2 million, mainly from higher revenue from the other miscellaneous cash funds, in addition to upward revisions for regulatory agencies and the housing development grant fund. Upward revisions were partially offset by a downward revision to transportation-related revenue.

FY 2024-25. In the current budget year, cash fund revenue subject to TABOR is projected to increase 7.5 percent and come in just over 3.0 billion. Higher cash fund revenue collections are expected to be driven largely by increases in transportation-related revenue, severance tax, and other miscellaneous cash funds.

Compared to the June forecast, revenue expectations were revised up by about $109 million, with upward revisions spanning all the cash fund revenue categories, except sales tax on marijuana. Upward revisions largely include an upward revision of about $32 million in other miscellaneous cash funds revenue, $28 million revision to severance tax, and $26 million in transportation-related revenue.

FY 2025-26 through FY 2026-27. Revenue is expected to moderately increase in FY 2025-26 and FY 2026-27. In FY 2025-26, total cash fund revenue is expected to grow 2.4 percent from the prior fiscal year and total about $3.1 billion. Revenue is expected to increase by another 1.3 percent in FY 2026-27 coming in over $3.1 billion

Transportation-related revenue subject to TABOR ended FY 2023-24 up by 12.5 percent. The increase is driven primarily by legislative changes including the implementation of road usage fees, retail delivery fees, and the end of a temporary reduction in the road safety surcharge. Revenue is expected to increase by 8.5 percent in FY 2024-25, 3.1 percent in FY 2025-26, and another 3.4 percent in FY 2026-27. The forecast for transportation-related revenue is presented in Table 14.

Motor fuel revenue is the largest component of transportation revenue, making up nearly half of total collections, followed by revenue from vehicle registrations. Collections for taxes on gasoline and diesel fuel weakened in FY 2023-24, following national trends. Alongside fuel tax collections, road usage fees were introduced in April 2023 at 2 cents per gallon, increased to 3 cents per gallon in July 2023, and increased to 4 cents in July 2024. These fees will increase by an additional 1 cent per gallon in each fiscal year through the forecast period. Road usage fees brought in $89.7 million in FY 2023-24, the first full year of implementation, and is expected to bring in $121.2 million in FY 2024-25. While fuel consumption is expected to grow through the forecast period, improving vehicle fuel efficiency and permanent shifts to remote or hybrid work for some dampen expectations for growth.

Growing revenue from motor fuel and road usage fees were paired with rebounding revenue from the safety surcharge in 2022 and 2023. Senate Bill 21-260 and House Bill 22-1351 temporarily reduced the road safety surcharge by $11.10 in calendar years 2022 and 2023, and it returned to its original rate on January 1, 2024, halfway through FY 2023-24. Due to the end of the rate reduction, revenue from the road safety surcharge increased by 43.7 percent in FY 2023-24 and is expected to increase another 40.6 percent in FY 2024-25.

Table 14
Transportation Revenue by Source
Dollars in Millions

	Preliminary FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	CAAGR*
Highway Users Tax Fund (HUTF)					
Motor and Special Fuel Taxes	$648.9	$679.2	$682.4	$686.8	1.9%
Percent change	-0.5%	4.7%	0.5%	0.6%	
Road Usage Fees	$92.9	$123.8	$156.4	$189.2	26.7%
Percent change	631.2%	33.2%	26.4%	20.9%	
Total Registrations	$389.6	$433.0	$440.2	$447.5	4.7%
Percent change	18.6%	11.1%	1.7%	1.7%	
Registrations	*$242.1*	*$243.5*	*$247.2*	*$251.5*	1.3%
Road Safety Surcharge	*$104.0*	*$146.3*	*$149.3*	*$152.4*	13.6%
Late Registration Fees	*$43.5*	*$43.2*	*$43.7*	*$43.6*	0.1%
Retail Delivery Fees[1]	$21.2	$24.9	$27.3	$30.0	12.2%
Percent change	*14.3%*	*17.2%*	*9.8%*	*9.9%*	
Other HUTF Receipts[2]	$65.3	$64.9	$66.6	$68.0	1.4%
Percent change	21.2%	-0.6%	2.6%	2.2%	
Total HUTF	**$1,218.0**	**$1,325.8**	**$1,372.9**	**$1,421.5**	5.3%
Percent change	14.3%	8.8%	3.6%	3.5%	
State Highway Fund (SHF)[3]	$27.8	$29.6	$25.8	$27.2	-0.7%
Percent change	0.9%	6.3%	-12.6%	5.3%	
Other Transportation Funds	$179.3	$190.5	$194.9	$199.7	3.7%
Percent change	3.4%	6.2%	2.3%	2.5%	
Aviation Fund[4]	*$53.5*	*$56.0*	*$54.2*	*$53.4*	-0.1%
Multimodal Transportation Options Fund[1]	*$15.1*	*$17.7*	*$19.4*	*$21.3*	12.2%
Law Enforcement-Related[5]	*$6.6*	*$6.4*	*$6.2*	*$6.0*	-3.3%
Registration-Related[6]	*$104.1*	*$110.4*	*$115.0*	*$119.0*	4.6%
Total Transportation Funds	**$1,425.1**	**$1,545.8**	**$1,593.6**	**$1,648.4**	5.0%
Percent change	12.5%	8.5%	3.1%	3.4%	

Totals may not sum due to rounding.
*CAAGR: Compound average annual growth rate for FY 2023-24 to FY 2026-27.
[1]Retail delivery fees revenue is credited to the HUTF and Multimodal Transportation Options fund under SB 21-260. The Multimodal Transportation Options Fund forecast also includes revenue from interest.
[2]Includes daily rental fee, oversized overweight vehicle surcharge, interest receipts, judicial receipts, drivers' license fees, and other miscellaneous receipts in the HUTF.
[3] Includes only SHF revenue subject to TABOR. Beginning in FY 2019-20, SHF revenue subject to TABOR no longer includes local government grants and contracts.
[4]Includes revenue from aviation fuel excise taxes and the 2.9 percent sales tax on the retail cost of jet fuel.
[5]Includes revenue from driving under the influence (DUI) and driving while ability impaired (DWAI) fines.
[6] Includes revenue from Emergency Medical Services registration fees, emissions registration and inspection fees, motorcycle and motor vehicle license fees, and POST Board registration fees.

Lastly, **retail delivery fees** created by Senate Bill 21-260 went into effect on July 1, 2022. The fees totaled 27 cents per delivery in FY 2022-23, increased to 28 cents in FY 2023-24, and total 29 cents in FY 2024-25. This forecast includes only the portion of the fees that are subject to TABOR. Of this amount, $21.2 million was distributed to the HUTF and $8.6 million to the Multimodal Transportation Mitigation Options Fund in FY 2023-24. Revenue from retail delivery fees is expected to grow by 17.2 percent in FY 2024-25.

Most fuel taxes and vehicle registration fees are credited to the **Highway Users Tax Fund** (HUTF). From the HUTF, funds are disbursed to the Department of Transportation, State Patrol within the Department of Public Safety, the Division of Motor Vehicles within the Department of Revenue, the Department of Natural Resources, and to county and municipal governments. The State Patrol, Department of Revenue, and Department of Natural Resources receive HUTF funds through annual appropriations. The remaining revenue is allocated to the Department of Transportation (via the State Highway Fund), counties, and municipalities based on how much revenue is collected. Revenue is distributed based on multiple formulas that differ between revenue streams. The estimated distributions from the HUTF are shown in Table 15.

Table 15
Highway Users Tax Fund Distributions
Dollars in Millions

HUTF Distribution Forecast	Preliminary FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27
Department of Public Safety[1]	$181.9	$195.2	$208.3	$208.3
Department of Revenue[2]	$4.7	$4.5	$2.0	$2.0
Department of Natural Resources[3]	$0.3	$0.3	$0.3	$0.3
State Highway Fund	$539.7	$621.8	$680.4	$708.9
Counties	$218.5	$231.5	$254.0	$264.9
Municipalities	$153.6	$166.2	$182.3	$190.8
Total HUTF Distributions	**$1,098.7**	**$1,219.5**	**$1,327.2**	**$1,375.2**
Total Nonexempt Revenue	**$1,066.0**	**$1,218.0**	**$1,325.8**	**$1,372.9**
Assumed Exempt Revenue	$1.3	$1.5	$1.5	$2.3
Transfers to HUTF	$31.4	$0.0	$0.0	$0.0

[1] Allocations for CDPS made "off-the-top", regardless of the amount of revenue collected.
[2] Revenue is appropriated to the Department of Revenue in the Long Bill. The actual amount distributed to the department is often different from the amount appropriated due to differences in revenue collections. The amounts estimated in FY 2023-24 and FY 2024-25 reflect full appropriations.
[3] The Department of Natural Resources receives an ongoing appropriation of $300,000 for capital construction.

Severance tax revenue declined by 42 percent in FY 2023-24, largely due to a steep decline in oil and gas collections that were partially offset by increased coal, molybdenum and metals taxes, and interest earnings. In FY 2024-25, severance tax revenue subject to TABOR is expected to increase by 21.3 percent, largely reflecting more stable oil and gas markets and lower ad valorem tax credit utilization. Severance tax revenue is more volatile than other revenue sources due to the boom-bust nature of the oil and gas sector and Colorado's tax structure. The forecast for the major components of severance tax revenue is shown in Table 16.

Severance tax collections from **oil and natural gas** fell by 48.7 percent in FY 2023-24 as oil and gas markets corrected following a post-recession wave. The decrease also coincides with an expected increase in ad valorem tax credit utilization that reflects the jump in oil and gas property taxes for the 2023 property tax year. For FY 2024-25, more stable markets and fewer available ad valorem tax credits that are partly due to legislative adjustments, are expected to boost collections by 30 percent to $231.5 million. The forecast was revised up from the June 2024 forecast due to stronger-than-expected collections through August. Forecast growth also reflects stronger projected natural gas prices that will contribute to collections through the forecast period. Severance tax revenue is expected to decline slightly in FY 2025-26, then decrease further in FY 2026-27 as the value of oil production decreases.

Table 16
Severance Tax Revenue Forecast by Source
Dollars in Millions

	Preliminary FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	CAAGR*
Oil and Gas	$178.1	$231.5	$229.8	$195.2	3.1%
Percent Change	-48.7%	30.0%	-0.8%	-15.1%	
Coal	$6.6	$5.6	$5.0	$4.8	-10.1%
Percent Change	48.0%	-15.5%	-11.0%	-3.5%	
Molybdenum and Metallics	$1.7	$1.8	$1.8	$1.7	1.4%
Percent Change	173.8%	7.0%	-1.8%	-0.7%	
Total Severance Tax Revenue	**$186.4**	**$238.9**	**$236.5**	**$201.7**	2.7%
Percent Change	-47.1%	28.2%	-1.0%	-14.7%	
Interest Earnings	$30.9	$24.7	$24.6	$21.0	-12.1%
Percent Change	37.6%	-20.3%	-0.5%	-14.5%	
Total Severance Tax Fund Revenue	**$217.3**	**$263.6**	**$261.0**	**$222.7**	0.8%
Percent Change	-42.0%	21.3%	-1.0%	-14.7%	

*CAAGR: Compound average annual growth rate for FY 2023-24 to FY 2026-27.

Coal severance tax revenue increased by 48 percent in FY 2023-24 to $6.8 million. Beginning in 2022 and continuing over the next few years, policy changes are phasing out tax credits for underground mines and a tonnage exemption, boosting collections above what would be expected otherwise. As the phase-out ends, shifting market dynamics are expected to result in declining collections through the forecast period. In FY 2024-25 and FY 2025-26, ongoing reductions in demand from the electricity sector are expected to contribute to declines, consistent with national expectations and the longer-term trend.

Metal and molybdenum tax collections rose 173.8 percent to $1.7 million in FY 2023-24, a rebound after a large decline in the previous fiscal year. The market for metals and molybdenum is expected to contribute to further gains in FY 2024-25 and FY 2025-26, and remain fairly stable in FY 2026-27. Through the forecast period, collections are expected to remain below the long-term average.

Finally, **interest earnings** on severance tax revenue increased to $30.9 million in FY 2023-24. Interest earnings were stronger than anticipated through the fiscal year, partly due to higher interest rates. Interest earnings are forecast to decline more than 20 percent in FY 2024-25 and then remain stable in FY 2025-26 but fall further in FY 2026-27 from lower interest rates.

Limited gaming revenue includes taxes, fees, and interest earnings collected in the Limited Gaming Fund and the State Historical Fund. The state limited gaming tax is a graduated tax assessed on casino adjusted gross proceeds, the amount of wagers collected less the amount paid to players in winnings. The state does not collect gaming revenues from casinos on tribal lands in southwestern Colorado.

Gaming revenue is subject to TABOR except for revenue attributable to gaming expansions enacted under Amendment 50 and Amendment 77 (extended limited gaming), which is TABOR-exempt. In addition, **House Bill 24-1469** specifies that limited gaming revenue that is distributed to local governments by a constitutional requirement is considered a collection for another government, and is therefore exempt from TABOR. Thus, pre-Amendment 50 county and city distributions, as well as distributions of revenue in the State Historical Fund to gaming cities, are no longer subject to TABOR. Consequently, HB 24-1469 decreased the TABOR refund obligation from limited gaming revenue by $31.6 million in FY 2023-24, decreased the obligation by an estimated $32.9 million in FY 2024-25, an estimated $33.9 million in FY 2025-26, and an estimated $35.0 million in FY 2026-27, with comparable amounts in future years.

In years of fast growth in gaming taxes, the portion of gaming tax revenue that is subject to TABOR grows more slowly than overall tax revenue. In this case, a greater share of revenue is directed to the state and local government programs that receive revenue through Amendment 50 and Amendment 77.

Gaming revenue growth has slowed significantly since the double-digit growth posted in the two years immediately following the COVID-19 recession, likely due to weakening household balance sheets and naturally dissipating pent-up demand. Growth in gaming revenue slowed to 3.2 percent in FY 2023-24 as below-average household savings weighed on consumer activity. Growth in revenue is expected to continue to taper, with a 2.1 percent increase projected for FY 2024-25 and 1.5 percent growth projected for FY 2025-26.

The **other cash funds** line in Table XX shows revenue subject to TABOR that is collected in cash funds other than those for which a specific forecast is prepared. There are about 400 cash funds represented on this line, with the number varying across fiscal years. Other cash fund revenue is a significant portion of the overall forecast for cash fund revenue subject to TABOR, and year-to-year fluctuations in this revenue can be an important determinant of the TABOR refund obligation and the General Fund budget.

Other cash funds revenue subject to TABOR totaled $861.6 million in FY 2023-24, a 7.8 percent increase from the prior year. The Adult Dental Fund, and new Benefit Recovery Fund made up the largest changes in funds categorized under other cash funds in FY 2024-25 compared to the prior fiscal year. Revenue from the Adult Dental Fund is from receipts from the Unclaimed Property Trust Fund across TABOR district boundaries. Annual transfers from the Unclaimed Property Trust Fund to the Adult Dental Fund are required each year to fund optional dental services for adult Medicaid beneficiaries. Money in the Unclaimed Property Trust Fund is exempt from the state's constitutional spending limit because it is not considered state revenue, but rather revenue held in trust for others. The money becomes subject to the limit, however, when it is transferred to a fund in an agency that subsequently uses it for general government purposes. However, the revenue increase through April of this fiscal year mostly reflects a shifting of receipts within the fiscal year and is expected to overstate the actual year-over-year increase in revenue.

Other cash funds revenue is projected to come in at $887.9 million in FY 2024-25, an increase of 3.1 percent or $31.7 million. Revenue is expected to rise again in FY 2025-26, increasing 2.6 percent before increasing slightly to 2.8 percent growth in FY 2026-27. In addition to other legislation passed in the 2024 session that impacts the other cash funds line, the forecast was adjusted for House Bill 24-1409. This bill makes adjustments to the employer support surcharge deposits; and modifies caps for unemployment administration funds, which is expected to reduced revenue to other cash funds category by approximately $26.7 million in FY 2023-24, then by $24.5 million in FY 2024-25 and FY 2025-26.

Cash Fund Revenue Exempt from TABOR

Selected sources of TABOR-exempt cash fund revenue are presented below due to their importance as budget determinants. A few of the areas discussed include revenue subject to TABOR, such as 2.9 percent sales taxes on marijuana products, sports betting fee revenue, and unemployment support surcharges. This portion of the forecast document is not exhaustive, as there are many other sources of TABOR-exempt cash fund revenue that are not discussed here.

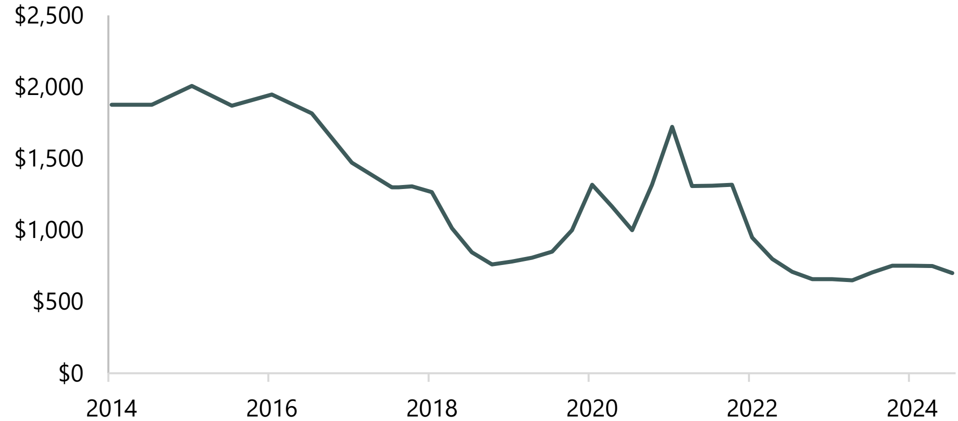
Marijuana tax revenue continues to decline, but at a slowing rate. The decline in marijuana tax revenue is largely due to falling consumption after the surge during the COVID-19 pandemic alongside falling demand as other states across the country legalize marijuana. Additionally, an oversupply of marijuana has resulted in persistently low prices at both the wholesale and retail levels. Revenue is expected to stabilize in FY 2024-25, and begin to increase in FY 2025-26 and FY 2026-27 as prices and consumption rebound.

The state’s 15 percent excise tax and 15 percent sales tax, which make up the majority of the marijuana-related revenue, are voter-approved revenue exempt from TABOR. The 2.9 percent general state sales tax is assessed on medical marijuana and non-marijuana products sold at marijuana retailers, and is subject to the state’s revenue limit. The marijuana tax revenue forecast is shown in Table 17.

Prices for marijuana fell as pandemic-induced demand waned, marijuana tourism became less pronounced, and as the market matured. Tax revenue from marijuana is falling across most states where recreational marijuana is legal due to declining demand after the pandemic, but states that legalized marijuana early – like Colorado, Washington, and Oregon – are seeing the biggest declines in sales. When states first legalize marijuana, there is often a shortage of supply as cultivators slowly enter the market, which pushes up prices – a trend that contributed to the rapid growth seen in Colorado in FY 2014-15 through FY 2017-18. This is often followed by oversaturation in marijuana production, resulting in falling prices which pushes out some producers until the market reaches equilibrium. Colorado had started to experience this trend prior to the pandemic in 2018 and 2019, demonstrated by falling prices and excise tax revenue.

At the start of the pandemic, wholesale prices increased by over 30 percent between January 2020 and January 2021 as pandemic-induced restrictions resulted in surging demand for marijuana products. Prices then fell by 63 percent in the two years following, reaching a low point in April of 2023. Prices started to rebound since then, but ticked down in the most recent quarter.

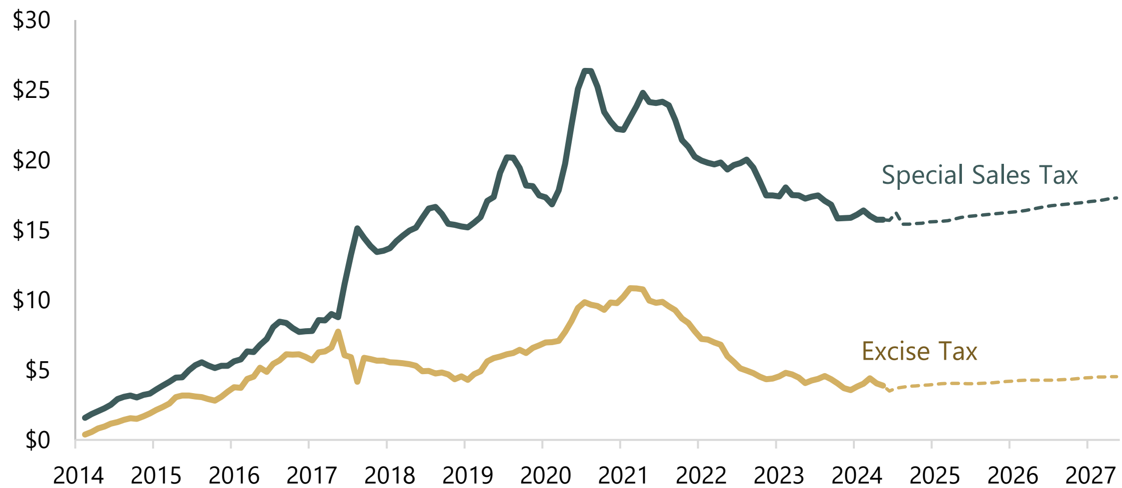
Figure 7
Wholesale Price of Bud
Dollars per Pound



Source: Colorado Department of Revenue

Marijuana tax revenue is expected to rebound in FY 2024-25, but with slower growth rates than seen historically. Expectations for excise tax and special sales tax revenue are shown in Figure 7.

Figure 8
Adult-Use Marijuana Revenue Forecast
Millions of Dollars, 3-Month Moving Average



Source: Colorado Department of Revenue and Legislative Council Staff forecast.

The **special sales tax** is the largest source of marijuana revenue, assessed when consumers purchase marijuana at retail stores. Revenue is distributed to the Marijuana Tax Cash Fund, the State Public School Fund, the General Fund, and local governments. Special sales tax revenue continues to decline, but at a slower rate than in 2022 and 2023. Weak demand for marijuana due to legalization in other states and market maturation has led to low prices and reduced consumption. However, the special tax can be quite volatile on a monthly basis, making it difficult to predict.

Special sales tax revenue is expected to stabilize over the next year, and begin showing year-over-year increases in mid-2025 as prices start to rebound. Despite modest increases in the coming months, special sales tax revenue is expected to be 2.6 percent lower in FY 2024-25 compared to the prior year, before increasing by 2.8 percent in the following fiscal year. This forecast estimates that the long run average growth will be near 5 percent, much slower than pre-pandemic as the market will be more mature, but faster than general sales tax growth.

The **excise tax** is the second-largest source of marijuana revenue, assessed when a retailer or production facility purchases marijuana from a grower. Revenue is dedicated to the BEST Fund for school construction. The excise tax is based on the calculated or actual wholesale price of marijuana when it is transferred from the cultivator or manufacturer to the retailer. Therefore, the wholesale price is a significant determinant of excise tax revenue. Falling prices have contributed to falling excise tax revenue per unit, as well as falling sales volume as cultivators exit the market because prices are too low to support their businesses. The number of licensed cultivators has fallen by 17 percent compared to the year prior.

Wholesale prices increased in 2023, but stalled recently and ticked down in the most recent quarter, painting a mixed picture for future excise tax revenue. Excise tax revenue collections are expected to fall slightly in the next few months before rising steadily through the forecast period. Revenue is expected to be about 0.5 percent lower in FY 2024-25 than the prior year and then increase by 5.8 percent in FY 2025-26 as consumption rebounds.

The **2.9 percent state sales tax** rate applies to medical marijuana and marijuana accessories purchased at a retail marijuana store. Revenue from the 2.9 percent sales tax is deposited in the Marijuana Tax Cash Fund and is subject to TABOR. The medical marijuana sales tax brought in $3.9 million in FY 2023-24, a 30 percent decline compared to the year prior. The number of medical marijuana card holders continues to decline significantly, and is expected to result in continued falling medical marijuana tax revenue throughout the forecast period. Retail marijuana dispensaries also remitted $1.2 million in 2.9 percent general sales tax in FY 2023-24. Collections are expected to increase slightly in FY 2023-24 to $1.4 million and continue to increase modestly throughout the rest of the forecast period.

Table 17
Tax Revenue from the Marijuana Industry
Dollars in Millions

	Forecast FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	CAAGR*
Exempt Tax Revenue					
15% Special Sales Tax	$195.0	$189.9	$195.2	$203.9	1.5%
State Share of Sales Tax	$175.4	$170.1	$175.3	$183.2	
Local Share of Sales Tax	$19.4	$18.9	$19.5	$20.4	
15% Excise Tax	$47.9	$47.6	$50.4	$53.0	3.4%
Total Exempt Revenue	**$242.9**	**$237.5**	**$245.6**	**$256.8**	1.9%
Percent Change	-12.5%	-2.2%	3.4%	4.6%	
Nonexempt Revenue					
2.9% Sales Tax on Medical Marijuana	$3.9	$3.4	$3.1	$2.8	-10.8%
2.9% Sales Tax on Retail Marijuana	$1.2	$1.4	$1.5	$1.6	9.0%
TABOR Interest	$0.2	$0.1	$0.1	$0.1	
Total Nonexempt Revenue	**$5.3**	**$4.9**	**$4.8**	**$4.5**	-5.5%
Percent Change	-23.0%	-7.3%	-3.3%	-5.7%	
Total Taxes on Marijuana	**$248.2**	**$242.5**	**$250.3**	**$261.3**	1.7%
Percent Change	-12.8%	-2.3%	3.2%	4.4%	

*CAAGR: Compound average annual growth rate for FY 2023-24 to FY 2026-27.

Based on the above forecasts, revenue distributed to **the Marijuana Tax Cash Fund (MTCF)** is expected to fall by 2.8 percent in FY 2024-25 to $127.8 million before increasing by 2.5 percent in FY 2025-26 to $131.0 million. MTCF revenue is expected to increase in FY 2026-27 to $136.3 million.

Federal mineral lease (FML) revenue is the state's portion of the money the federal government collects from mineral production on federal lands. Collections are mostly determined by the value of mineral production on federal land and royalty rates negotiated between the federal government and mining companies. FML revenue is exempt from TABOR.

In FY 2023-24, FML revenue decreased by 44.2 percent along with a correction in natural gas prices following a steep spike that peaked at $8.81 per million BTU in August 2022. As shown in Table 18, FML revenue is forecast to increase about 18 percent to $114.3 million in FY 2024-25 along with an improved natural gas price outlook. Natural gas prices through the forecast period were revised up from the June forecast. Along with climbing natural gas prices and a boost from new lease activity, FML revenue is expected to grow through the forecast period.

Table 18
Federal Mineral Lease Revenue Distribution
Dollars in Millions

	Preliminary FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27
Total FML Revenue	$96.9	$114.3	$139.5	$140.9
Bonus Payments (portion of total revenue)	**$0.4**	**$2.3**	**$1.4**	**$1.4**
Local Government Permanent Fund	$0.2	$1.1	$0.7	$0.7
Higher Education FML Revenue Fund	$0.2	$1.1	$0.7	$0.7
Other (non-bonus) **FML Revenue**	**$96.5**	**$112.0**	**$138.1**	**$139.5**
State Public School Fund	$46.6	$54.1	$66.7	$67.4
Colorado Water Conservation Board	$9.6	$11.2	$13.8	$13.9
DOLA Grants	$19.3	$22.4	$27.6	$27.9
DOLA Direct Distribution	$19.3	$22.4	$27.6	$27.9
School Districts	$1.6	$1.9	$2.3	$2.4
Higher Education FML Revenue Fund	$0.2	$1.1	$0.7	$0.7

DOLA = Department of Local Affairs.
Note: The table shows the actual and projected revenue distributions to the various FML recipients. It does not reflect transfers of FML revenue from the recipients and funds to other funds, such as the General Fund, that have occurred.

Sports betting was legalized after the passage of **Proposition DD** at the November 2019 election. Betting launched on May 1, 2020, and has grown significantly since its inception. Revenue collected from sports betting activity includes licensing fees, an operations fee, and tax revenue, which is set at 10 percent of casinos' net sports betting proceeds. As voter-approved revenue, sports betting tax revenue is not subject to the TABOR limit, and the Proposition DD ballot question limited sports betting tax revenue to $29 million per year. However, fee revenues are subject to TABOR.

Sports betting tax revenue increased by 18.8 percent to $30.4 million in FY 2023-24, slowing significantly from the 106 percent increase posted in FY 2022-23. It is likely that the initial ramp-up period as a result of new implementation is largely over; consequently, growth in tax revenue is expected to slow to a 9.5 percent growth rate in FY 2024-25, a 6.5 percent growth rate in FY 2025-26, and a 3.8 percent growth rate in FY 2026-27.

Proposition DD limited sports betting tax revenue to $29 million per year. However, the legislature passed **House Bill 24-1436**, which refers a measure to the November 2024 ballot asking voters to allow the state to retain and spend all additional sports betting tax revenue in excess of $29 million. If the ballot measure fails, the excess sports betting tax revenue will be refunded to casinos and licensed sports betting operators. Sports betting tax revenue came in above the $29 million limit for the first time in FY 2023-24.

Sports betting fee revenue subject to TABOR grew 4.7 percent to $2.4 million in FY 2023-24. It is expected to grow by 3.4 percent in FY 2024-25 before growth stagnates as interest rates decline, and this revenue is included in the Other Cash Funds forecast in Table 13.

Family and Medical Leave Insurance. Proposition 118, approved by voters at the November 2020 election, created a paid family and medical leave insurance (FAMLI) program for Colorado employees that provides up to 12 weeks of paid leave for eligible employees to care for themselves or a family member. Starting January 1, 2023, employers and employees were required to begin paying a payroll premium for FAMLI benefits, which eligible employees were able to use beginning January 1, 2024. Employers were required to remit payments no later than April 30, 2023, to the FAMLI Fund administered by the Colorado Department of Labor and Employment (CDLE). Through June 2024, calendar-year benefits paid were $311.1 million, with premiums collected of $576.4 million and a fund balance of approximately $1.2 billion. Revenue to the fund is exempt from TABOR. LCS will collaborate with CDLE to produce future forecasts of FAMLI premiums, benefits, and fund balances as data become available.

Forecasts for **Unemployment Insurance (UI) Trust Fund** revenue, benefit payments, and year-end balances are shown in Table 19. Revenue to the UI Trust Fund is not subject to TABOR and is therefore excluded from Table 13. Revenue to the Employment Support Fund and Benefit Recovery Fund, which receive a portion of the UI premium surcharge, is subject to TABOR and is included in the revenue estimates for other cash funds in Table 19.

The UI Trust Fund began FY 2023-24 with a balance of $286.6 million, the first time the fund has begun the year with a positive balance since FY 2020-21. Benefits paid from the fund in FY 2023-24 totaled $727.5 million, an increase of 44.8 percent from the prior year, and compared with $717.0 million projected in the June 2024 forecast. Benefit payments through the first six months of 2024 outperformed expectations given the current unemployment rate, potentially due to another surge in back payments paired with rising average weekly wages alongside continued growth in insured employment. Growth in benefit payments is expected to moderate during the forecast period as wage and employment growth slow, while total payments remain elevated due to an uptick in the unemployment rate. The forecast also anticipates an uptick in benefits paid pursuant to **Senate Bill 22-234**, which repealed the requirement that a person wait one week before becoming eligible for unemployment compensation once the balance of the UI Trust Fund reaches at least $1 billion.

Revenues to the fund increased through FY 2023-24, ending the year up 16.7 percent, to $1.076.1 million, compared with $1,066.3 million projected in the June 2024 forecast. Increases in the chargeable wage base pursuant to **Senate Bill 20-207**, estimated diversions to the fund from the Employment Support Fund (ESF) pursuant to **Senate Bill 23-232** and **House Bill 24-1409,** revenue from the solvency surcharge, as well as increasing interest earnings as the fund balance grows, offset a lower employer premium rate schedule due to improving fund balances. Beginning in FY 2023-24, SB 23-232 and HB 24-1409 created new caps on the amount of money in the ESF and other unemployment administration funds at the end of any fiscal year. The solvency surcharge was applied and employers shifted down from the highest premium rate schedule in January 2024. The solvency surcharge is expected to be applied through calendar year 2026, as fund balances reach the 0.7 percent of annual private wages threshold required to turn it off in FY 2025-26. The fund balance on June 30 of a given year determines the solvency surcharge and premium rate schedule for the following calendar year.

The UI Trust Fund ended FY 2023-24 with a balance of $726.1 million, including a $90.9 million accounting adjustment. The fund balance is expected to improve throughout the forecast period, meeting the thresholds to shift to a lower premium rate schedule in calendar year 2026 and to turn the solvency surcharge off in calendar year 2027. The modernization of the Colorado unemployment insurance premiums systems led to compromised employment and wage data for the third and fourth quarters of 2023. This, along with recent legislative changes creating diversions to the UI Trust Fund drives more uncertainty than usual in the UI forecast.

Table 19
Unemployment Insurance Trust Fund
Revenues, Benefits Paid, and Fund Balance
Dollars in Millions

	Actual FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	CAAGR*
Beginning Balance	$286.6	$726.1	$1,190.9	$1,591.6	
Plus Income Received					
UI Premium	$869.3	$962.2	$919.6	$915.5	1.7%
Solvency Surcharge	$122.2	$196.0	$206.0	$95.9	
Interest	$8.1	$21.8	$23.8	$47.7	
Other**	$76.5	$66.5	$66.5	$66.5	
Total Revenues	**$1,076.1**	**$1,246.5**	**$1,215.9**	**$1,125.6**	1.5%
Percent Change	16.7%	15.8%	-2.5%	-7.4%	
Less Benefits Paid	($727.5)	($781.7)	($815.1)	($809.5)	3.6%
Percent Change	44.8%	7.4%	4.3%	-0.7%	
Accounting Adjustment	$90.9	$0.0	$0.0	$0.0	
Ending Balance	**$726.1**	**$1,190.9**	**$1,591.6**	**$1,907.8**	
Solvency Ratio					
Fund Balance as a Percent of Total Annual Private Wages	0.40%	0.62%	0.79%	0.91%	

Totals may not sum due to rounding.
*CAAGR: Compound average annual growth rate for FY 2023-24 to FY 2026-27.
**Other income includes private loans applied to federal loans outstanding, and estimated diversions from the Employment Support Fund; the Employment, Training and Technology Fund; and the Benefit Recovery Fund pursuant to SB 23-232 and HB 24-1409.

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Economic Outlook

The U.S. and Colorado economies continued to expand at a healthy rate through the first half of this year. Despite tighter household budgets and high interest rates, household spending and business investment have remained resilient. Cooling inflation alongside slowing employment growth have cleared a path for the Federal Reserve to begin monetary policy easing.

This forecast expects continued moderate expansion in the U.S. and Colorado economies. Bucking expectations for a slowdown, economic growth has held up in 2024 relative to 2023, and is expected to continue, but at a slower rate in 2025. Receding inflation alongside interest rate reductions will boost growth, while deteriorating household balance sheets will raise headwinds. A sluggish manufacturing sector is also a near-term drag on growth.

Although data uncertainty has made the labor market picture cloudier than usual, employment growth is expected to continue to slow for both the U.S. and Colorado, as the labor market response lags a decline in interest rates. With oil prices falling below the break even price for some producers, this forecast anticipates declining Colorado oil production, a downward revision from the June forecast. Colorado's economy is expected to modestly outperform the nation's, with higher employment and income growth and a lower unemployment rate in 2025, but slightly higher inflation as the 2024 deflation in some components wanes.

Tables 20 and 21 on pages 79 and 80 present the September 2024 Legislative Council Staff forecasts for the U.S. and Colorado economies, respectively. The tables in the Appendix, beginning on page 91, present historical data for the U.S. and Colorado economies.

Gross Domestic Product

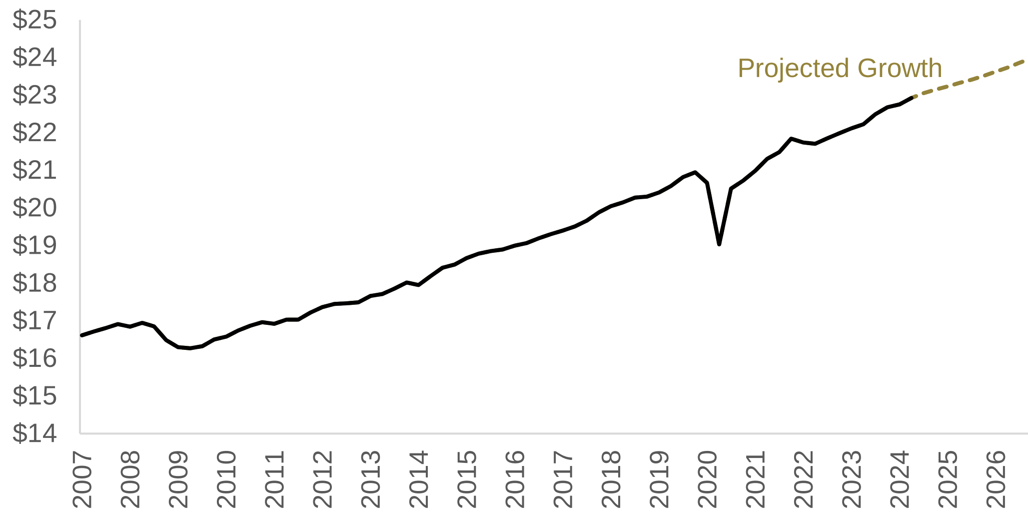
U.S. real gross domestic product (GDP), the broadest measure of economic output, continues to surpass most economists' expectations through the first half of 2024.

In the second quarter of 2024, U.S. real GDP increased at an annual rate of 3.0 percent, marking the eighth consecutive quarter of economic expansion. The U.S economy continued to improve despite a meaningful increase in imports, which the GDP calculation subtracts from U.S. economic activity. Higher spending on consumer goods, specifically on durable items such as motor vehicles and large household items, contributed to economic growth. Spending on consumer services such as personal health care also supported the economy in the second quarter of the year. Finally, business investment continues to grow at a relatively health rate.

This forecast anticipates a steady pace of expansion over 2024, 2025, and 2026. Despite headwinds from high interest rates, low available labor, and tighter household budgets, growth is expected to be slightly higher in 2024 than in 2023. The economy is expected to remain on a growth trajectory as long as household incomes increase at a sufficient level to grow consumer spending. Risks to the GDP forecast are balanced, with both upside and downside risks present.

- Real U.S. GDP growth is expected to increase by 2.7 percent in 2024, led by consumer spending as inflation wanes and interest rates begin to fall. Economic output is projected to increase more modestly at a rate of 1.7 percent in 2025 and slightly pick up to 1.8 percent in 2026.

Figure 9
U.S. Real Gross Domestic Product
2017 Dollars in Trillions



Source: U.S. Bureau of Economic Analysis and Legislative Council Staff September 2024 Forecast.

Personal consumption gained momentum in the second quarter of 2024. After increasing by 1.5 percent in the first quarter of 2024, consumer spending, the largest contributor to GDP, grew by a healthy 2.9 percent in the second quarter of 2024. The pickup was fueled by increased spending in both goods and services.

Despite a slight slowdown from the first quarter's annualized growth rate of 3.3 percent, consumption expenditures for services remained relatively healthy, growing at an annual rate of 2.9 percent. Spending in the health care and transportation services sectors was the main driver for the second quarter of the year. Spending on both durable and nondurable goods was also up in the second quarter, with a notable rebound in motor vehicle and parts. The average price for a new vehicle was $48,389 in May, slightly up from March and April.

The outlook for the overall economy depends greatly on near-term and medium-term consumer activity. The economy will expand for as long as consumers are able to sustain growth. This forecast anticipates positive consumer contributions through 2026, although tighter household budgets will slow the pace of expansion.

Business investment has been strong though the first half of 2024. Business investment, which is comprised of fixed investment in nonresident and residential projects, increased by an annualized rate of 7.5 percent in the second quarter of 2024 after posting gains of 4.4 percent in the first quarter of the year.

Since struggling through all of 2022 and the first half of 2023 because of higher interest rates, investment in residential projects has shown mixed performance. After posting a strong growth rate of 16.0 percent in the first quarter of 2024, residential investment declined by 2.0 percent the second quarter.

Investments in nonresidential projects have been steadily contributing to U.S. economic growth since late 2021, and increased at an annual rate of 3.0 percent in the second quarter of 2024. Spending on intellectual property, such as software development, research and development, and entertainment, continue to be major contributors for nonresidential investment growth.

Business investment is expected to again contribute modestly to growth in 2024, and to strengthen in 2025 and 2026 as a result of monetary policy easing.

Government spending continues to contribute to GDP. Governments have consistently made modest positive contributions to GDP since mid-2022, with state and local governments contributing more than the federal government in 2023. Public sector contributions are facing headwinds into 2025 and 2026, as American Rescue Plan Act funds must be disbursed by the end of 2024 and spending through the Inflation Reduction Act ramps down.

International trade is a net-zero contributor. The U.S. economy has recovered much more strongly from the pandemic recession than other leading national economies around the world. The net impact on U.S. GDP, calculated as total exports minus total imports, has been neutral, as American firms are generally better positioned to sell goods and services in foreign markets, and American consumers are better positioned to purchase foreign products. Weighted according to U.S. trading partners, the U.S. dollar is considerably stronger than it was before the pandemic, which boosts U.S. purchasing power for foreign imports and weakens foreign purchasing power for U.S. exports. However, appreciation of the dollar has slowed slightly over the last six months.

Colorado's economy also continued to expand. In 2023, the latest data available, Colorado's GDP was approximately $520.4 billion in nominal dollars (or $428.0 billion in chained 2017 dollars), representing a 2.9 percent increase in inflation-adjusted GDP from the prior year and making it the 15th largest state economy in the U.S, accounting for about 2.0 percent of the national total. The professional, scientific, and technical services industry, which contains businesses with software and legal occupations, contributed the most in terms of the market value of goods and services produced in the Colorado economy.

Coming off a period of very strong increases, economic growth in Colorado is expected to trend closer to the national average. This forecast anticipates that Colorado's economy will modestly outperform the U.S. economy through 2026, with faster employment and income growth, and lower unemployment rates.

Labor Markets

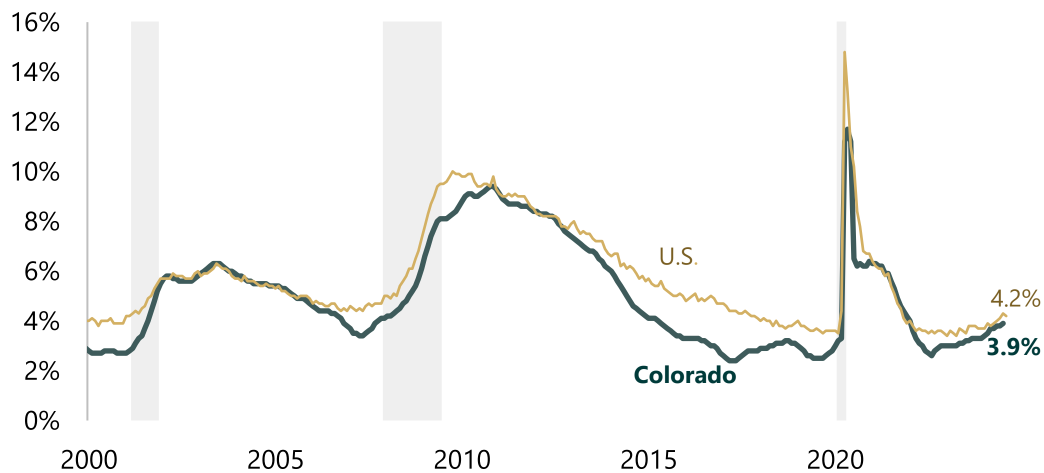
The U.S and Colorado labor markets show signs of cooling, but indicators remain consistent with an economy in a moderate expansion. Employers continue to add new employees to their payroll, but at a slower rate than in previous years as the availability of workers dwindles. Though U.S and Colorado unemployment rates remain low, they have been slowly, steadily increasing. Some of the rise in unemployment rates reflects new or returning entrants to the labor force. A slowing labor market is consistent with a tight monetary policy environment. Near-term employment growth is expected to continue to slow for both the U.S. and Colorado, as the labor market response lags declining interest rates. The impacts of the slowdown are expected to continue to be uneven, with unemployment rates, job growth, and wage growth varying significantly across workers and industries. Larger than usual expected revisions and other sources of data uncertainty make the labor market picture cloudier than usual.

- U.S. nonfarm employment is expected to grow by 1.6 percent in 2024, before slowing to 0.7 percent in 2025 and 0.3 percent in 2026. The U.S. unemployment rate is expected to average 4.0 percent in 2024, 4.1 percent in 2024, and 4.0 percent in 2026.
- In Colorado, employment is expected to grow by 1.6 percent in 2024, and to decelerate throughout the forecast period, to 1.2 percent in 2025 and 1.1 percent in 2026. The Colorado unemployment rate is expected to average 3.8 percent in 2024, before averaging 4.2 percent in 2025 and 4.0 percent in 2026.

Colorado's unemployment rate continues to drift upward. Colorado's unemployment rate ticked up by 0.1 percentage point to 3.9 percent in July 2024, as the labor force increased faster than the number of unemployed. Colorado was one of 28 states that posted a statistically significant increase in its unemployment rate from a year earlier. Only 2 states had decreases, and the remaining states saw unemployment rates essentially unchanged.

Colorado's unemployment rate was the 19th highest among the states in July 2024, equal to that of Louisiana and South Carolina. South Dakota and Vermont had the lowest unemployment rates (2.0 percent and 2.1 percent, respectively), while the highest rate belonged to Nevada (5.5 percent).

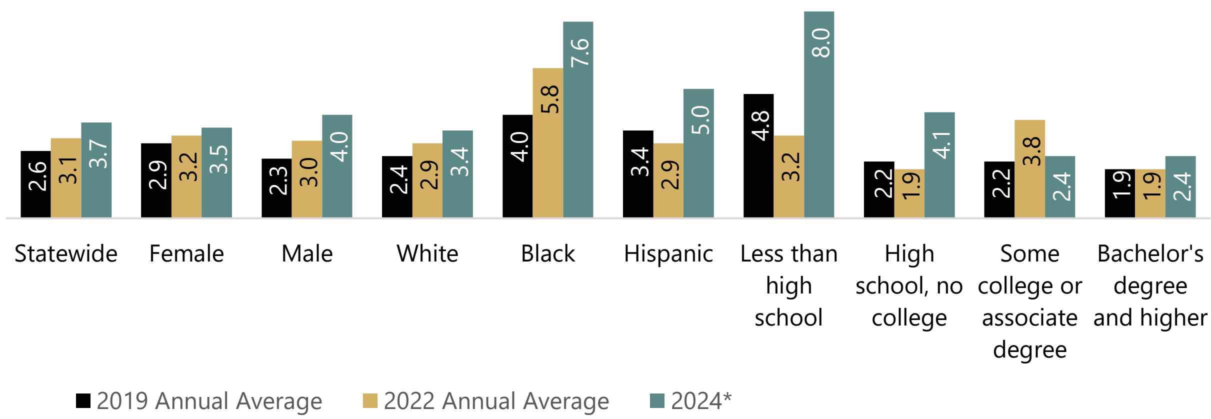
Figure 10
Unemployment Rates



Source: U.S. Bureau of Labor Statistics. Data are seasonally adjusted. U.S. data are through August 2024. Colorado data are through July 2024.

Colorado unemployment rates vary by demographic group. The impact of a slowing labor market is uneven across demographic groups, with wider disparities by race, ethnicity, and educational attainment for the 12 months ending in July 2024 compared to before the pandemic, as people of color and those without a high school diploma continue to experience higher unemployment rates (Figure 10). The gender unemployment gap, however, has reversed, with men now experiencing higher unemployment rates than women. Small sample sizes may reduce the statistical significance of these patterns in some cases.

Figure 11
Colorado Unemployment Rates by Demographic Group



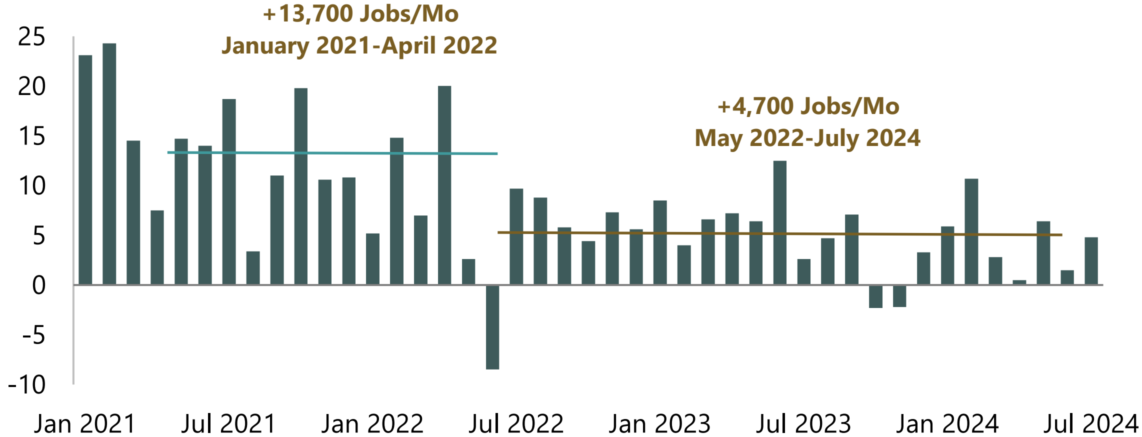
*2024 is a twelve-month average, August 2023 to July 2024.
Source: U.S. Bureau of Labor Statistics, Current Population Survey, retrieved from the Colorado Department of Labor and Employment. Data are not seasonally adjusted. Unemployment rates by educational attainment include individuals 25 and over; all other unemployment rates include individuals 16 and over. Unemployment rates shown in the chart are calculated differently than the official estimates of unemployment and should not be compared directly.

Colorado has one of the nation's highest labor force participation rates. Colorado's labor force participation rate held steady in July at 67.9 percent, down from the post-pandemic high of 68.6 percent, but still well above the national rate of 62.7 percent in the same month. Among the 50 states, Colorado has the fourth highest labor force participation rate, behind North Dakota (68.9 percent), Utah (68.6 percent), and Nebraska (68.4 percent). Mississippi continues to have the lowest labor force participation rate at 54.2 percent.

Labor force growth will be challenged by demographic shifts. While Colorado's labor force is bolstered by its higher labor force participation rate, longer term demographic shifts will challenge growth and contribute to slowing job gains. While Colorado's population is expected to increase by 10 percent between 2020 and 2030, the population aged 65 and older is expected to grow 36 percent, according to Colorado State Demography Office projections. As the Colorado population ages into groups with lower labor force participation rates, labor force growth will slow, weighing on employment growth.

Nonfarm payroll job gains continue decelerating. Nonfarm employment in Colorado and the nation was up 1.5 percent year-over-year in July 2024. Colorado employers added 4,800 nonfarm jobs in July, for an average monthly gain since May 2022 of 4,700 jobs. The immediate post-pandemic recovery saw historically higher monthly job growth, averaging 13,700 jobs per month between January 2021 and April 2022. Job gains have noticeably slowed since May 2022, which roughly coincides with the start of the Federal Reserve's interest rate hikes, as well as continued normalization post-pandemic. In 2023, the state posted two consecutive months of declining jobs from October to November (Figure 12).

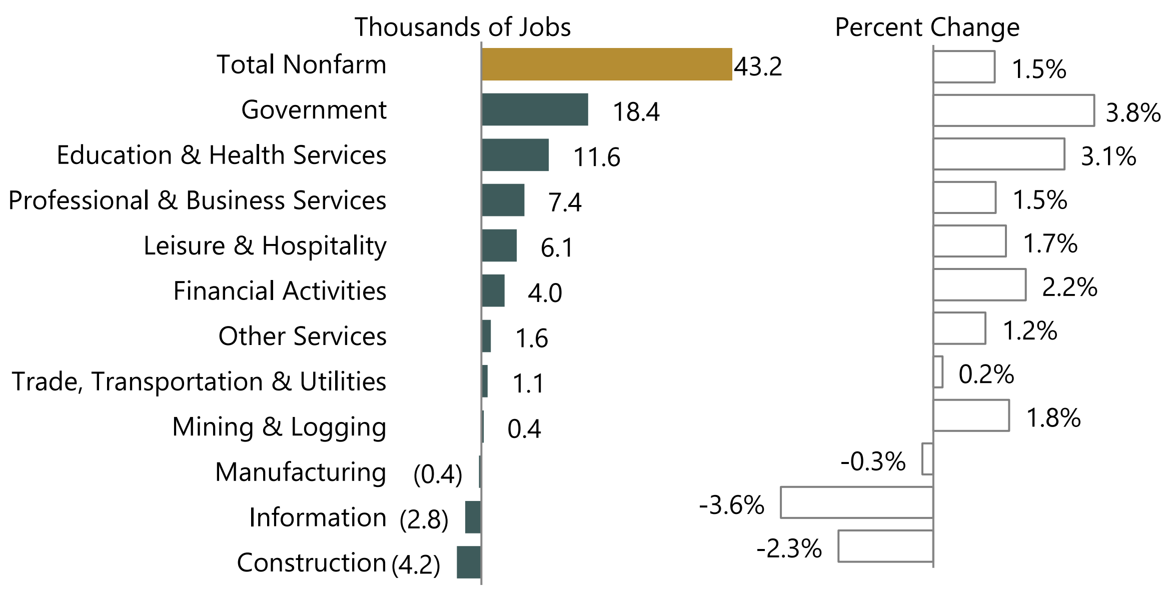
Figure 12
Monthly Change in Colorado Nonfarm Employment
Thousands of Jobs



Source: U.S. Bureau of Labor Statistics. Data are seasonally adjusted and through July 2024.

Industry employment challenged for several sectors. Some Colorado industry supersectors continue to face employment challenges, shedding jobs in the past year through July, including construction, down 4,200 jobs (2.3 percent); information, down 2,800 jobs (3.6 percent); and manufacturing, down 400 jobs (0.3 percent). Employment trends in these industries reflect ongoing impacts from higher interest rates, sluggish manufacturing and nonresidential construction, and workforce challenges.

Figure 13
Colorado Job Gains and Losses by Industry
Year-over-Year Change, July 2024

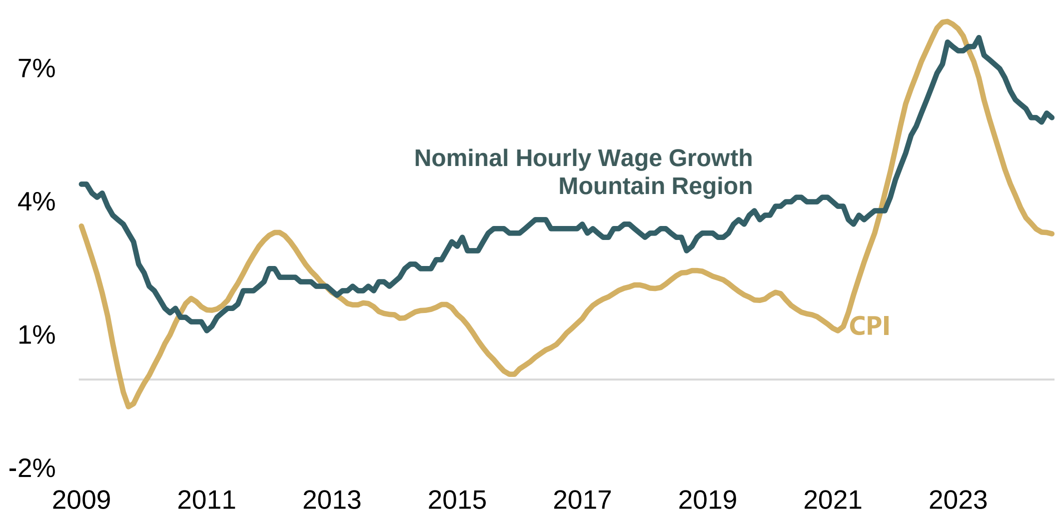


Source: U.S. Bureau of Labor Statistics. Data are seasonally adjusted

Expected revisions to nonfarm employment. Preliminary annual revisions to nonfarm payroll employment numbers are expected to be larger than in prior years, with an expected downward revision in March 2024 of 818,000 jobs in the U.S., or 0.5 percent of employment, the largest revision since 2009. Colorado is expected to have the largest absolute and percentage revision among the states, with an expected downward revision of 72,700 jobs, or 2.5 percent of employment. Applying these revisions through July 2024 erases year-over-year job growth of 1.5 percent in current official data, and instead results in a 1.0 percent decline in nonfarm employment. The anticipated revisions are not yet reflected in the official data used in Figure 13. Larger than usual expected revisions, reduced household and establishment survey response rates since the pandemic, and a system modernization that disrupted the collection of employment census data in Colorado at the end of 2023 combine to make the state employment picture cloudier than usual.

Real wage growth continues, with nominal wage growth steady. According to the Atlanta Federal Reserve Wage Growth Tracker, the 12-month moving average of median nominal wage growth (not adjusted for inflation) for the mountain region, which includes Colorado, was largely unchanged in July 2024, at 5.9 percent year-over-year, compared to 5.1 percent nationwide, and down from a peak of 7.7 percent in May 2023. Average inflation was 3.3 percent, down from a peak of 8.1 percent in November 2022. Average inflation exceeded average nominal wage growth from November 2021 to March 2023, resulting in a declining real wage and the erosion of purchasing power for more than 50 percent of workers during that period (Figure 14). Nominal wage growth has exceeded inflation on average over the past year, although national data on earnings shows significant variations across demographic groups. According to the Federal Reserve Bank of New York Equitable Growth Indicators, earnings gaps by race, ethnicity, and gender have declined in the post-pandemic period, due in part to a decline in the real earnings of white workers and men.

Figure 14
Median Nominal Hourly Wage Growth and CPI Inflation
Twelve-Month Moving Average

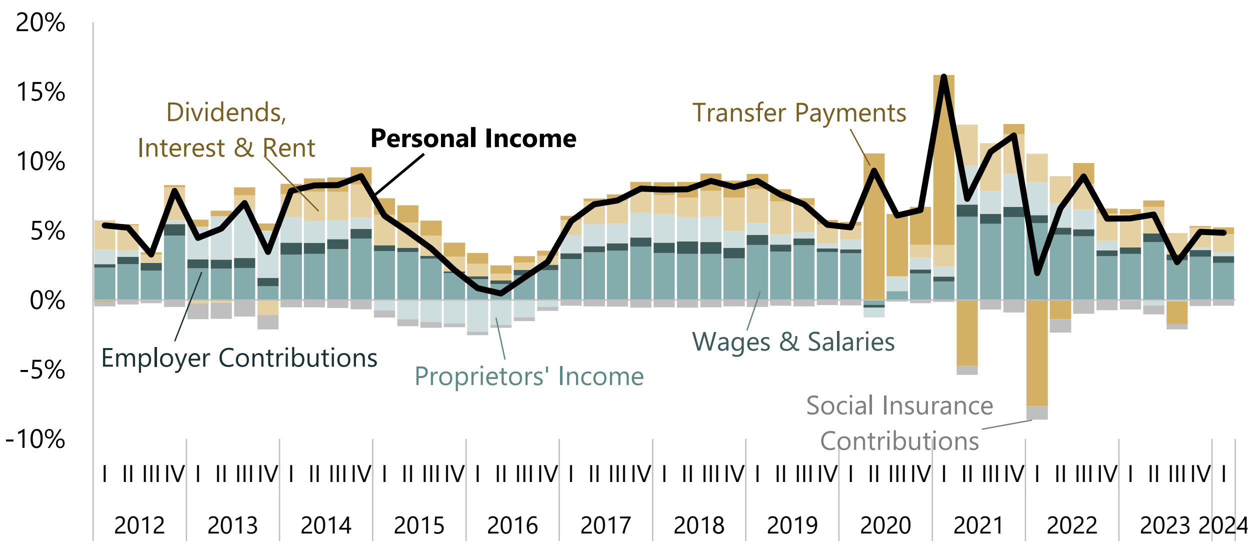


Source: Atlanta Fed Wage Growth Tracker. Data are through July 2024.

Personal Income

Personal income growth has remained steady, continuing to grow at a moderate pace in both Colorado and the nation. Personal income measures the aggregate amount of income received by individuals and households from wages and salaries, business ownership, investments, and other sources. Personal income influences state revenue streams such as individual income tax revenue, and foreshadows consumer spending and contributions to sales tax receipts. A history of year-over-year growth in nominal personal income in Colorado is shown in Figure 15.

Figure 15
Colorado Nominal Personal Income and Its Contributions
Contributions to Percent Change, Year-over-Year



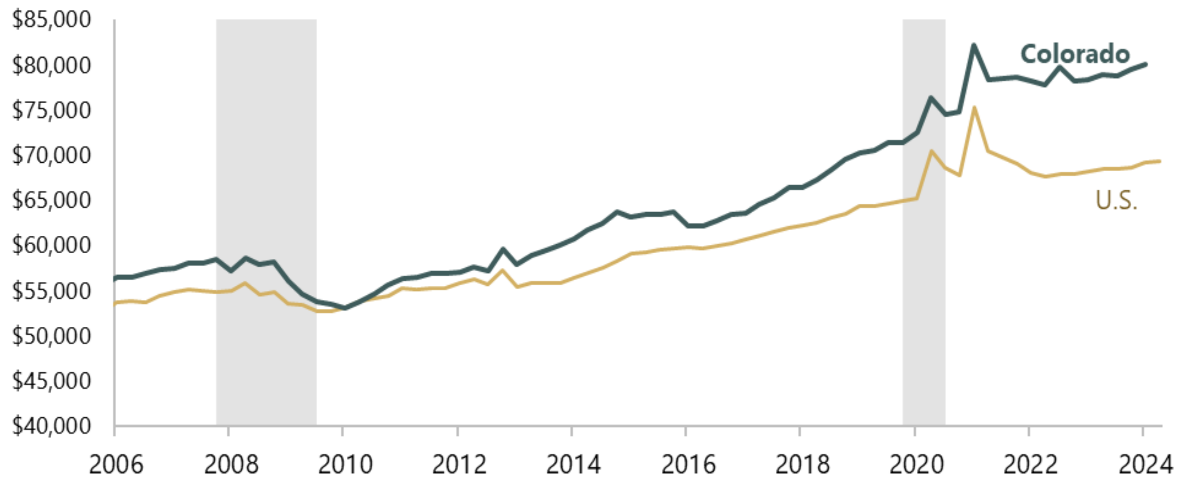
Source: U.S. Bureau of Economic Analysis with Legislative Council Staff calculations. Data are seasonally adjusted through the first quarter of 2024.

Total Colorado personal income was 4.8 percent higher in the first quarter of 2024 compared to a year prior. Wages and salaries are the largest source of personal income, and were up 5.2 percent compared to one-year prior, a bit slower than the average rate of growth before the pandemic. Dividends, interest, and rent were up 5.6 percent.

- Personal income growth is expected to remain modest at 4.7 percent nationally and 4.8 percent in Colorado in 2024.
- Wages and salaries have outpaced other sources of personal income. Growth is expected to moderate to 4.9 percent nationally and 5.0 percent in Colorado in 2024, as employment and inflation slow.

While nominal personal income continues to grow, households have also had to contend with above trend inflation. After adjusting for population and inflation, personal incomes in both Colorado and the U.S. increased slightly over the past year (Figure 16). The rate of increase is much slower than in the years prior to the pandemic, with real per-capita incomes in Colorado up 2.2 percent compared to the year prior. With inflation expected to slow through the forecast period, real per-capita personal income is expected to continue increasing modestly for both the U.S. and Colorado in 2024.

Figure 16
Real Per-Capita Personal Income
Constant 2023 Dollars



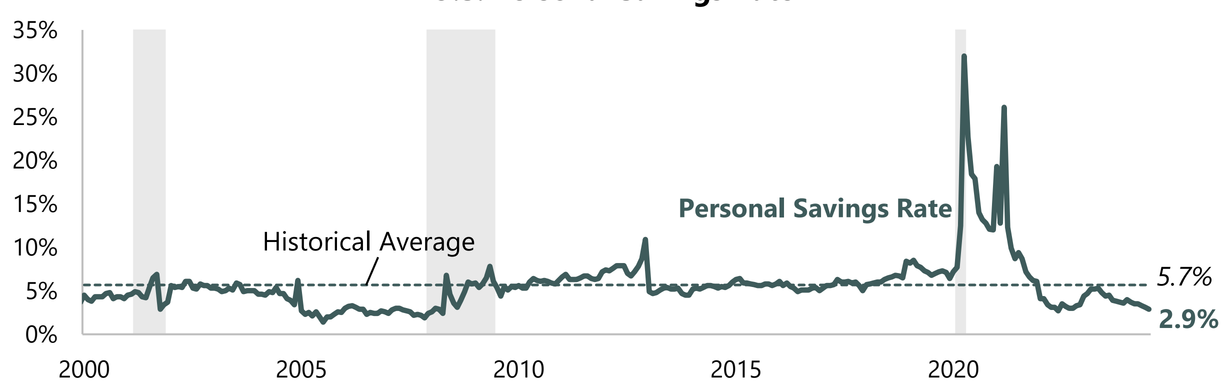
Source: U.S. Bureau of Economic Analysis, U.S. Census Bureau, and LCS calculations. Data are adjusted for inflation using the national PCE price index.

Household Finances

A falling personal savings rate and rising delinquencies in consumer debt indicate that the health of household finances is deteriorating. However, the total amount of borrowing remains similar to the pre-pandemic economy and mortgage debt remains healthy.

Personal savings rates are low by historical standards. The personal savings rate is below the historical average and has fallen steadily since May 2023, a concerning sign for household finances. The personal savings rate was below the historical average for all of 2022 and 2023, after spiking in the two years prior. The savings rate reached a trough of 2.7 percent in June 2022, its lowest level since 2005. Personal savings rebounded through May 2023, reaching 5.3 percent, but began falling again, down to 2.9 percent in July 2024.

Figure 17
U.S. Personal Savings Rate*



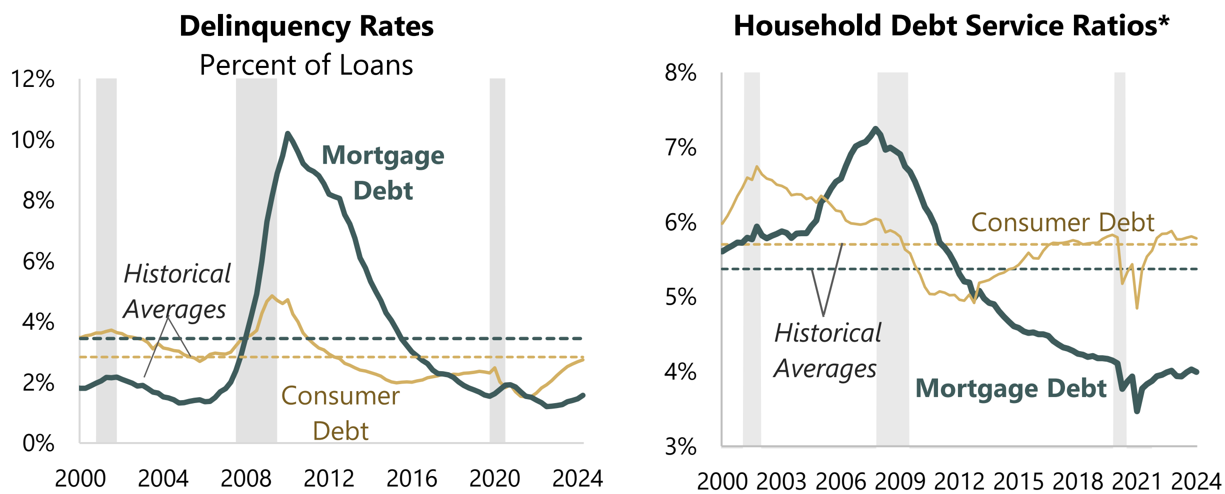
Source: U.S. Bureau of Economic Analysis. Data are shown as seasonally adjusted annual rates. Data are through July 2024.
*The personal savings rate is calculated as the ratio of personal saving as a percentage of disposable personal income. The historical average is the average from 2000 to present.

A low savings rate signals that residual inflation continues to impact household purchasing power, causing households to spend a higher percentage of their incomes for comparable levels of real consumption. This is one sign that household finances are strained, which may have a negative impact on consumer spending moving forward.

The level of household debt is consistent with a healthy economy, but delinquency rates are rising. Delinquency rates show the percentage of outstanding loan debt that is past due by thirty days or more. Delinquencies on mortgages are low by historical standards, and below where they were before the pandemic. As of the second quarter of 2024, the delinquency rate on consumer loans, which includes credit card debt and other consumer loans, was 2.7 percent, compared to about 2.3 percent before the pandemic, but are still rising. Rising delinquencies for consumer debt shows that households may be financially strained. On the other hand, debt levels from real estate appear healthy.

Debt service ratios (Figure 18, right) measure the percentage of households' disposable income that is obligated toward mortgage payments and consumer debt. Higher ratios imply that households will have a lower percentage of their incomes available to spend on additional goods and services, and may be more likely to reduce spending or default on debt due to financial stress.

Figure 18
Household Debt



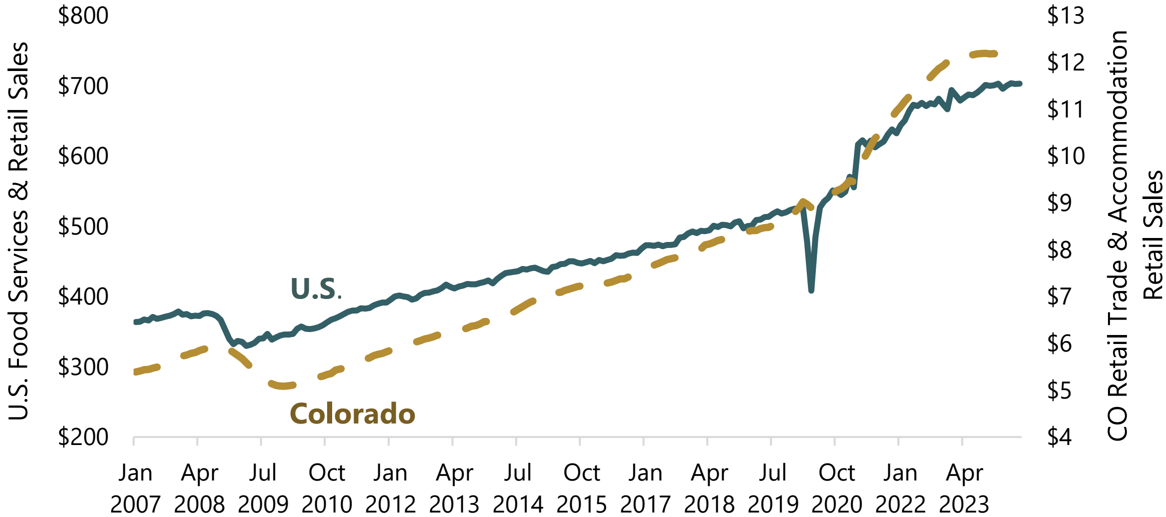
Source: Federal Reserve Board of Governors. Data are through 2024Q2 (left) and 2024Q1 (right).
*Debt service ratios are calculated as the ratio of household mortgage and consumer credit (e.g., credit card) debt payments to disposable personal income. Historical averages are calculated from 1980 to the most recent quarter of data. Data are seasonally adjusted.

Consumer debt as a percentage of disposable income stalled in 2023 and stands at a level similar to the historical average and pre-pandemic levels. Mortgage debt fell steadily between the 2008 financial crisis and the 2020 pandemic-induced recession. Similar to consumer debt, the mortgage debt ratio has held steady in 2023 and 2024. Unlike consumer debt, the mortgage debt ratio remains well below the historical average. Overall, this signals that households have more financial obligations than during the early days of the pandemic, but that borrowing remains similar to pre-pandemic levels.

Consumer Activity

Consumer contributions continue to slow but remain at resilient levels. In 2023, consumer spending performed better than expected in the face of numerous headwinds. Through the first half of 2024, the growth rate in personal consumption expenditures mirrored those posted in 2023 (slightly above 2.0 percent), indicating ongoing resiliency among consumers in the face of economic uncertainty. While consumer activity was quick to recover from the COVID-19 recession and has remained resilient since, there are signs that lower household savings, higher interest rates, tightening credit conditions, inflationary pressures, a softening labor market, and weakened household balance sheets are starting to take a toll. In the three years immediately following the COVID-19 recession, from June 2020 through May 2023, year-over-year growth in U.S. retail sales averaged 10.8 percent. In contrast, as of May 2024, year-over-year growth in nominal retail sales was just 2.3 percent.

Figure 19
U.S. Versus Colorado Retail Sales
Billions of Dollars



Source: U.S. Census Bureau, advanced monthly retail trade report (U.S.). Colorado Department of Revenue, sales reports (Colorado). Data are seasonally adjusted and through May 2024.

Amidst high interest rates, some industries are faring better than others. In the first half of 2024, real personal consumption expenditures on motor vehicles and parts declined by over 4 percent compared to the first half of 2023, marking the fifth consecutive period of quarter-over-quarter declines. Similarly, single family home sales in Colorado have declined by 2.8 percent year-over-year as of July 2024, while sales of condos and townhomes fell even further, by 13.7 percent, demonstrating the unequal impact of weakening household balance sheets on consumers across income levels. Similarly, retail trade industries concentrated on home-improvement, such as furniture and home furnishings and building and garden supplies, have seen overall declines in 2024, down 6.8 percent and 4.3 percent year-over-year, respectively, through May. Though the first of a series of interest rate cuts is to occur in September 2024, it takes time for consumers to respond; therefore, consumer contributions to the overall economy are expected to continue to slow through the remainder of the year and into early 2025.

Despite weakening, consumer activity remains well above recessionary levels. Nine out of the 13 industries within the retail trade and food services sector continued to post year-over-year growth through May 2024, indicating that consumers are continuing to buoy the economy by spending on more than just necessities. In addition, services—which were extremely limited during the COVID-19 recession in 2020 and are less directly impacted by higher interest rates—have since posted quarter-over-quarter and year-over-year growth for every quarter since the recession, reaching the fastest year-over-year growth rate in two years, growing at 2.8 percent year-over-year in the second quarter of 2024.

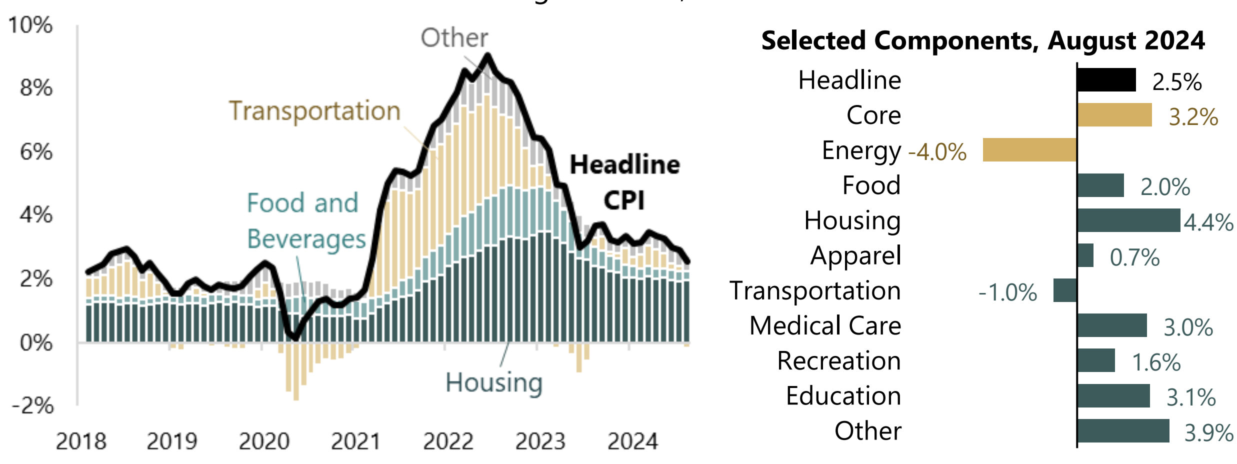
Consumers are expected to continue responding to tighter credit market conditions by slowing spending through the latter half of 2024 and into early 2025 before inflation falls to target levels and monetary policy relaxes. Lower-income households are expected to be more heavily impacted by tight credit market conditions, while higher-income households continue to buoy consumer spending above recessionary levels. Consumer activity is projected to reaccelerate by mid-2025, once lower interest rates and falling inflation contribute to tighter labor market expectations and stronger household finances.

Inflation

Inflation remains elevated nationwide. Inflation remains above its historical average but has shown signs of softening in recent months. As measured by the U.S. city average consumer price index (CPI-U), inflation fell below 3 percent in July for the first time since 2021, and continued to fall in August down to 2.5 percent. The recent disinflation was primarily driven by transportation costs, including declining prices for gasoline and vehicle sales (Figure 20). These declining prices were partially offset by the rising cost of auto insurance, which is up 16.5 percent compared to a year ago.

- Headline inflation for U.S. urban consumers is expected to slow throughout the forecast period to 3.0 percent in 2024 and 2.5 percent in 2025.

Figure 20
Contributions to U.S. Consumer Price Index (CPI-U) Inflation
Percent Change in Prices, Year-over-Year



Source: U.S. Bureau of Labor Statistics.
Headline inflation includes all products and services. Transportation includes new and used vehicles, vehicle parts, and motor fuel. Housing includes the cost of rent, homeowner rental equivalent, utilities, and other housing costs.

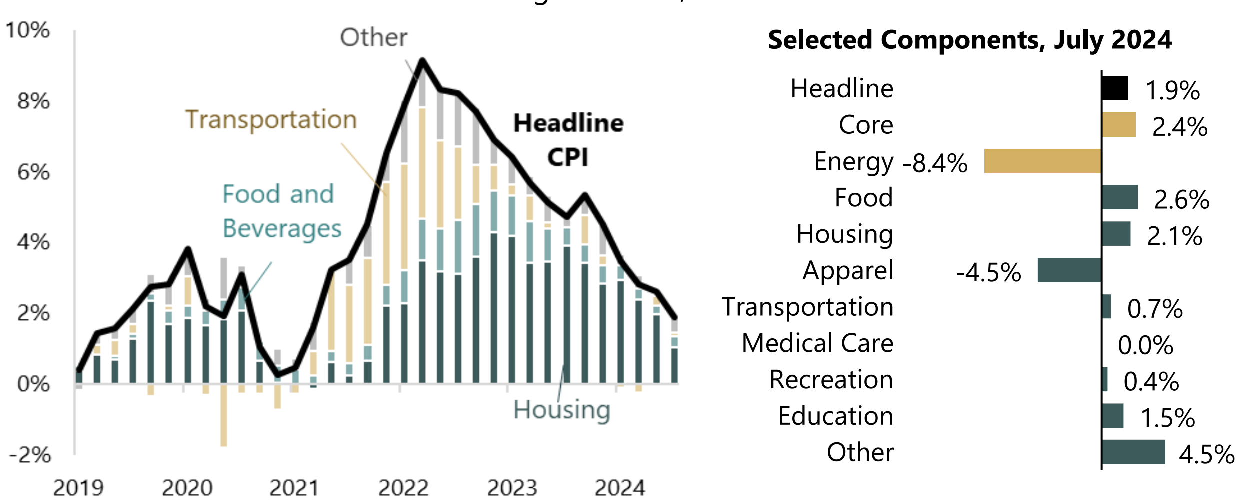
Year-over-year inflation is still driven primarily by rising housing costs, which are up 4.4 percent year-over-year as of August, down from a peak of 8.2 percent in February 2023. Housing is by far the largest component of the CPI and currently makes up about 45 percent of U.S. consumer prices. The housing component includes costs for rent payments (or for homeowners, the cost a homeowner would pay to rent their home), utilities, and other housing-related goods and services. Because the housing component of the CPI includes rents (or owner equivalent rents) paid by all households rather than rental prices actively on the market, the housing component tends not to change quickly, as most renters' payments are not subject to change on a monthly basis. A cooling labor market is expected to contribute to slowing housing inflation in 2024 and 2025.

Inflation in Denver-Aurora-Lakewood has fallen sharply. Inflation in the Denver-Aurora-Lakewood area ("the Denver area") fell to 1.9 percent in July, its lowest value in 2 years. Figure 21 (left) shows the recent path of headline inflation and inflation among select components, as measured by the Denver area consumer price index. Housing inflation has softened substantially, while vehicle and gas prices also contribute to retreating headline inflation.

Transportation prices have fallen compared to a year ago, but are expected to pick up in 2024 and 2025. In particular, motor fuel prices fell substantially in late 2023, but are now up 27 percent compared to January 2024. Motor fuel prices are expected to increase slightly in the coming months. Used vehicle prices have also fallen over the past year, contributing to the downward price pressure in transportation. Inflation data for auto insurance is not available for the Denver area.

- Headline inflation in the Denver-Aurora-Lakewood combined statistical area is expected to remain below that of the U.S. over the next year, falling to 2.7 percent in 2024 and increasing to 2.9 percent in 2025.

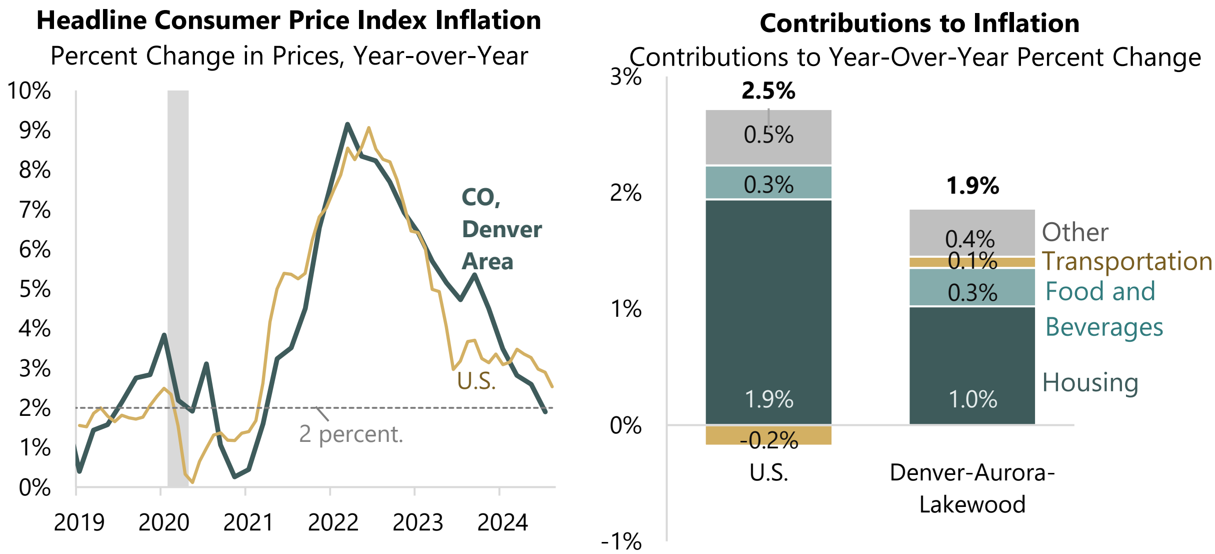
Figure 21
Denver-Aurora-Lakewood Consumer Price Index (CPI-U) Inflation
Percent Change in Prices, Year-over-Year



Source: U.S. Bureau of Labor Statistics and Legislative Council Staff calculations.
Headline inflation includes all products and services. Transportation includes new and used vehicles, vehicle parts, and motor fuel. Housing includes the cost of rent, homeowner rental equivalent, utilities, and other housing costs.

Housing and transportation inflation differ between the U.S. and Colorado. Headline inflation in the Denver area is significantly lower than that of the nation, driven almost entirely by differences in housing inflation. Figure 22 (right) presents contributors to the current rates of inflation for the nation compared to the Denver area.

Figure 22
Comparing U.S. and Colorado Inflation



Source: U.S. Bureau of Labor Statistics and Legislative Council Staff calculations.
Note: The "Contributions to Inflation" chart (right) shows U.S. inflation for August and Denver-Aurora-Lakewood inflation for July, reflecting the most recent data available. Totals may not sum due to rounding.

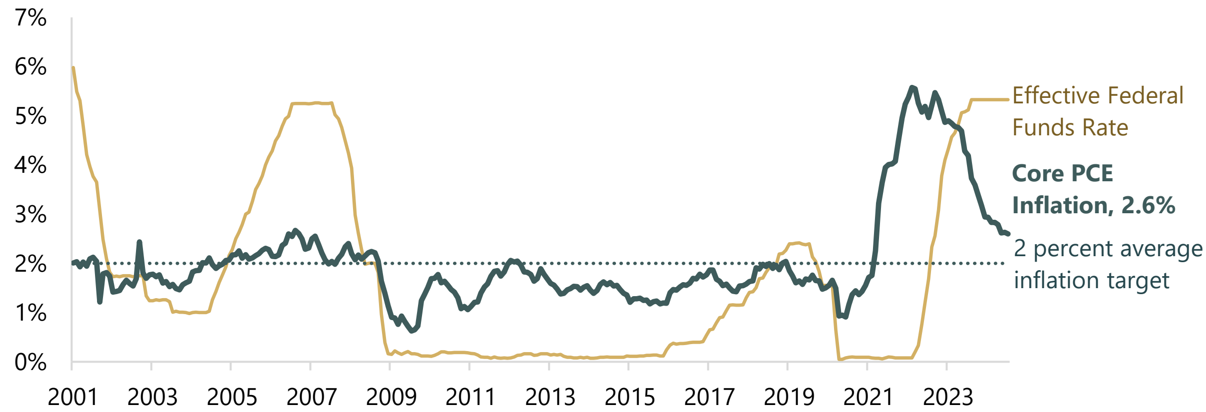
Housing prices in the U.S. are 4.4 percent higher than they were a year ago, compared to just 2.1 percent growth in the Denver area. Inflation is lower in the Denver area across most types of housing costs, including rents and owner equivalent rents, as well as auxiliary housing costs such as utilities and household furnishings. Prices for rent payments (or for homeowners, the cost a homeowner would pay to rent their home) were up by 5.2 percent year-over-year for the U.S. compared to just 3.0 percent in the Denver area.

Monetary Policy

The Federal Reserve cuts the federal fund rate in September 2024. The Federal Reserve uses changes to its balance sheet and its benchmark interest rate, the federal funds rate, to promote maximum employment and a long-term average of 2 percent inflation. In response to high inflation, the Federal Reserve increased the range for the federal funds rate to between 5.25 and 5.5 percent by the end of 2023. However, the Federal Reserve has signaled that it will begin reducing this rate in September 2024 in response to slowing inflation and a cooling labor market.

The Federal Reserve uses the personal consumption expenditures price index excluding food and energy, also known as core PCE, as its primary measure of trend inflation. Core PCE has continued to fall closer to the Federal Reserve's 2 percent average inflation target, reaching 2.6 percent in the most recent reading (Figure 23).

Figure 23
Personal Consumption Expenditures Inflation and the Federal Funds Rate
Percent / Year-Over-Year Percent Change



Source: Federal Reserve and U.S. Bureau of Economic Analysis.

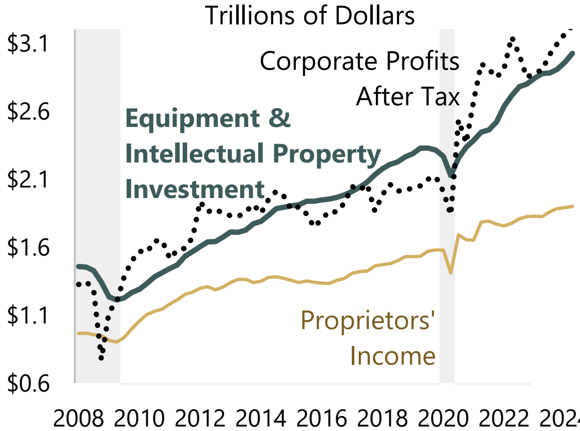
In conjunction with rate hikes, the Fed also began reducing its balance sheet, first by tapering asset purchases and then by allowing a portion of its traditional portfolio of U.S. treasuries to mature without replacement. While increasing the federal funds rate increases other short- and medium-term interest rates and asset prices, reducing the balance sheet increases long-term interest rates and asset prices. The Fed continues to reduce its balance sheet, but has slowed the pace of this reduction beginning in June 2024.

Business Activity

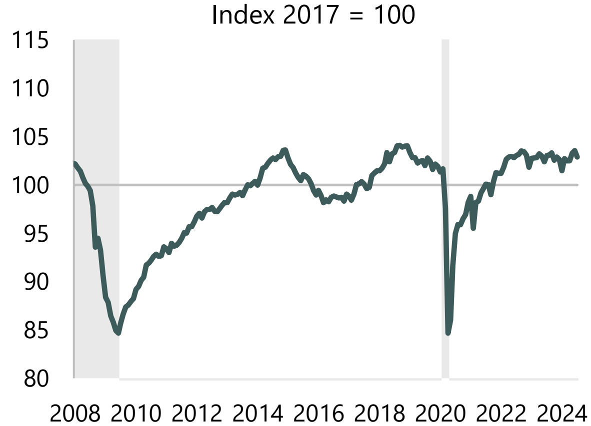
Key business activity indicators for U.S. companies are mixed amidst high interest rates, high borrowing costs, and slowing overall economic activity. Corporate profits are at historical highs, while production from key industries such as manufacturing, mining, and utilities, remains sluggish.

Figure 24
Selected U.S. Indicators of Business Activity

Business Investment, Income and Profits
Trillions of Dollars



Industrial Production Index
Index 2017 = 100



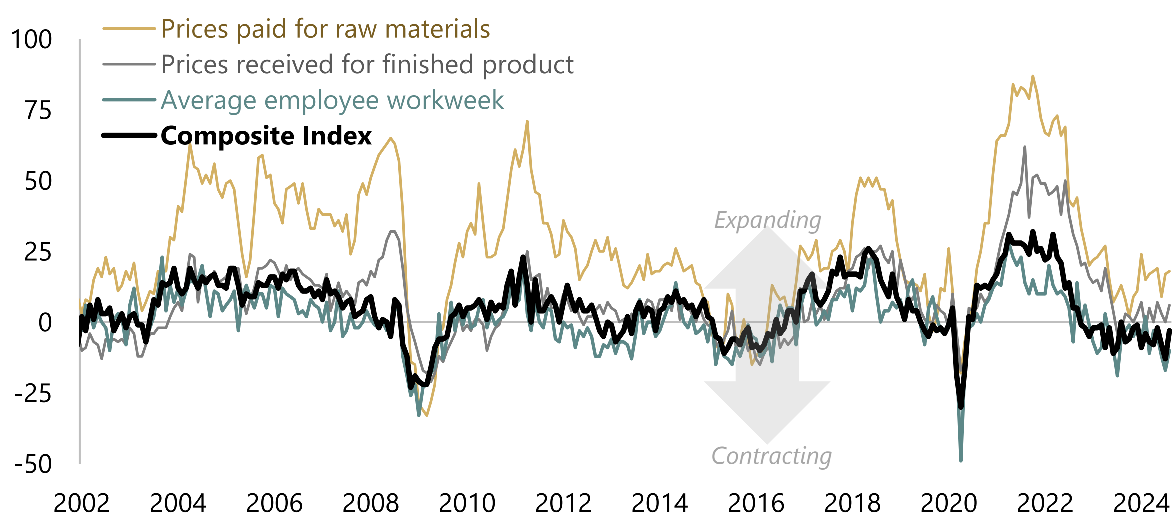
Sources: U.S. Bureau of Economic Analysis data (left), not adjusted for inflation, through the second quarter of 2024. Federal Reserve Board of Governors data (right) through July 2024.

Corporate profits continue to advance but at a slower pace. U.S. corporate profits after tax reached record levels in 2022 as rising prices from supply chain disruptions and strong global demand because of the war in Ukraine added to these pressures by disrupting crude oil, agricultural, and metal markets. Corporate profits declined in the second half of the 2022 as some of these pressures eased and tightening monetary policy slowed economic growth (Figure 24, left). Since the first quarter of 2023, corporate profits have been steadily increasing each quarter, but at a slowing rate. In the first quarter of 2024, corporate profits reached a new record of nearly $3.27 trillion, up 2.3 percent from the prior quarter.

Industrial production. The industrial production index, which measures real output from manufacturing, mining, and utilities compared to output in 2017, has been sluggish since mid-2022, with activity in July 2024 down 0.2 percent over the year (Figure 24, right). The shift in industrial production follows the post-pandemic surge in manufacturing and rebound in other sectors.

Manufacturing continues to struggle, with new orders down, inventories up. Following the post-pandemic surge, the manufacturing sector has struggled. The Federal Reserve Bank of Kansas City produces a monthly manufacturing index for the Tenth District region, which includes Colorado and several surrounding states (Figure 25). The composite index has been mildly negative since late 2022, indicating contracting manufacturing activity. Respondents were more likely to report decreases than increases in production, volume of shipments, and volume of new orders. With new orders down and inventories up, manufacturing activity is likely to remain sluggish in the near term, as uncertainty related to Federal Reserve policy and the presidential election weighs on activity through the third quarter of 2024.

Figure 25
Tenth District Manufacturing Index
Diffusion Index



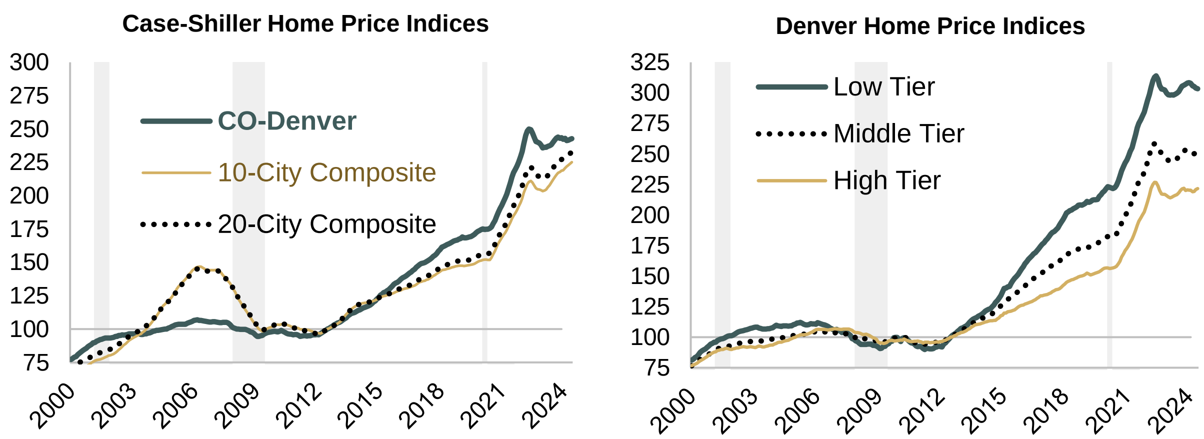
Source: Federal Reserve Bank of Kansas City. Data are seasonally adjusted. Data through August 2024. A value above zero indicates expansion; below zero indicates contraction.

Real Estate and Construction Activity

U.S. and Colorado home prices recovering, slow growth expected in 2024. Home prices across the nation fell from their mid-2022 peak through the first half of 2023 following the Federal Reserve's rapid monetary policy tightening and post-pandemic surge in demand (Figure 26). Peak to trough, home prices across the cities included in the Case-Shiller 20-city composite index fell 4 percent. Prices fell further in Denver, dropping by 5.9 percent from June 2022 to January 2023. Home prices improved over the latter half of 2023, but Denver's recovery has proceeded more slowly. In June 2024, Denver prices increased by 1.8 percent compared to 6.4 percent for the 20-city composite, and remain below peak levels.

While the forecast expects mortgage interest rates to continue to fall in response to Federal Reserve rate cuts, elevated interest rates may continue to weigh on home values over the next year. In September, the 30-year fixed rate mortgage averaged 6.5 percent. The rate has eased from a high of 7.6 percent in October 2023, and the forecast anticipates further easing. Low home inventory across the country and Colorado will support some price growth, and affordability concerns for potential buyers will remain present.

Figure 26
Selected Home Price Indicators
Index 100 = July 2012



Source: S&P Dow Jones Indices LLC. Data are seasonally adjusted and are through June 2024.

Market conditions lead to slower homebuilding activity. National housing starts stabilized in the final quarter of 2023. Notably, homebuilding among single-family and multifamily has had different trends since interest rates began climbing. Up until early 2023, the steep decline in single-family units was partially offset by continued growth in multifamily. Through the end of 2023, multifamily starts declined significantly while the single family market rebounded somewhat, before declining again beginning in the spring of 2024. In Colorado, builders continue to face considerable headwinds in responding to low inventory, including a shortage of skilled labor.

- The number of residential construction permits issued in Colorado is expected to fall 24.5 percent in 2024, then pick up in 2025 by 6.4 percent and 12.3 percent in 2026. However, construction is expected to remain below peak levels through the forecast period.

Nonresidential construction expands in the U.S., but slows in Colorado. After struggling in the in the two years following the pandemic recession, nonresidential construction rebounded strongly in 2023. Real (inflation-adjusted) nonresidential private investment in structures rose in each quarter and ended the year near pre-pandemic levels. As tracked by the Census Bureau, the value of U.S. nonresidential construction including both public and private spending, not adjusted for inflation, rose 19.5 percent in 2023. Manufacturing construction specifically was up by 60.5 percent year-over-year in December, driven by construction for computer, electronic, and electrical manufacturing as a result of investments made through recent federal legislation. Public spending on highways and streets also jumped, rising 25.9 percent year-over-year in December.

In contrast to the nation, Colorado's nonresidential construction grew by just 0.1 percent in 2023, and through July 2024, on average, the value of new nonresidential construction projects was down about 20 percent compared to the same seven-month period last year. Nonresidential construction has been largely impacted by steep declines in warehousing, office buildings, and other commercial buildings. However, a surge in manufacturing, investment in renewable energy, and street and highway projects offset most of the contraction. Manufacturing has been bolstered by large announced projects, including a large-scale semiconductor manufacturing facility near Colorado Springs, a CS Wind expansion in Pueblo, an expansion of Vestas in Northern Colorado, and a large manufacturing expansion for Agilent Technologies near Frederick. New nonresidential construction also reflects the state's largest utilities pushing into renewable energy generation and transmission projects. Many of these large construction projects will be built in multiple phases and are expected to support construction through the forecast period.

- The value of nonresidential construction starts in Colorado is expected to be steady through the remainder of 2024 as conditions continue to improve. Activity is expected to pick up slightly in 2025 by 5.9 percent, before slowing to 5.4 percent in 2026. Challenges from falling but still elevated interest rates, as well as a skilled labor shortage, will limit gains.

Energy Markets

Expectations for oil prices have decreased and natural gas prices have increased; markets remain balanced. The price of West Texas Intermediate crude oil is 33 percent below the mid-2022 peak, reaching an average of $76.87 in August 2024 (Figure 27, left). For the year, oil is expected to average $80.06 per barrel, down from a forecast of $83.22 in June 2024. In its latest outlook, the U.S. Energy Information Administration (EIA) noted that fear of a global economic slowdown has recently dampened oil prices and the near-term outlook, including slower projected demand in China, leading to a downward revision for 2024. Despite the downward revision, oil prices are still expected to rise by 3.1 percent in 2024 year-over-year. Over the forecast period, expiring voluntary OPEC cuts are projected to boost global production, and along with growing production in the U.S. and other countries, production is expected to outpace global demand. Larger projected inventories are expected to push prices down by 2026. Through the forecast period, a major risk to the outlook continues to be tension in the Middle East and other potential supply disruptions.

- The price of West Texas Intermediate crude oil is expected to average $80.06 per barrel in 2024, rise to $81.25 per barrel in 2025, and then fall to $76.84 per barrel in 2026.

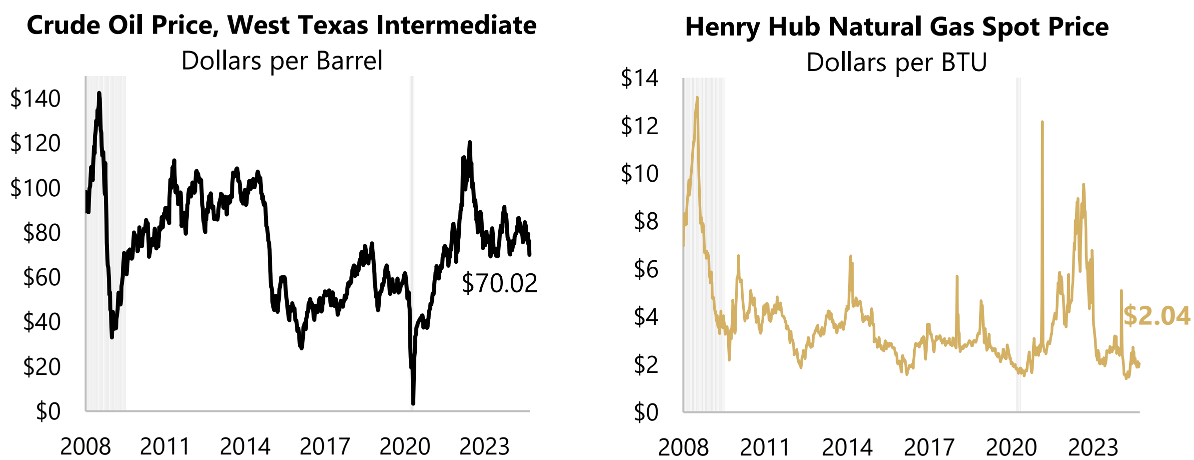
Natural gas prices have fallen to pandemic-era levels after rising as high as $8.13 in May 2022 as supply outpaced demand over the past couple of years. Since the June 2024 forecast, the outlook for natural gas prices has been revised up through the forecast period. The Henry Hub spot price has recently climbed from a low of $1.51 in March, averaging $1.99 per million BTU in August 2024 as some producers curtailed or stopped production in response to low prices, and a hot summer boosted demand for electricity. Although U.S. production remains near all-time highs, production was down in the U.S. year-over-year in the second quarter for the first time since the first quarter of 2021. Contributing to stronger price expectations is a fairly stable production outlook through the forecast period. Prices are also expected to be supported by an expected ramp up in liquified natural gas.

- In 2024, the Henry Hub spot price is expected to average $2.30 per million BTU, rising to $3.27 in 2025 and $3.54 in 2026.

Colorado's retail gasoline prices ease down in 2024. Colorado's retail gasoline prices have declined year-over-year through the first 8 months of 2024, and more so than recorded nationally. By the end of August, the average price of a gallon of regular gasoline in Colorado was $3.27, down 16 percent from year-ago levels, while the U.S. average was $3.31, down 13 percent year-over-year. Prices in both Colorado and the nation remain well below the peak in June 2022 when prices were hovering around $5.00. In 2023, Colorado's prices were temporarily pushed up due to a refinery outage, but have since trended below the national average.

In 2024, U.S. prices are expected to average $3.38 per gallon, a downward revision from $3.54 expected in the June forecast. In 2025, the EIA anticipates the price of gasoline will fall slightly.

Figure 27
Select Energy Price Indicators



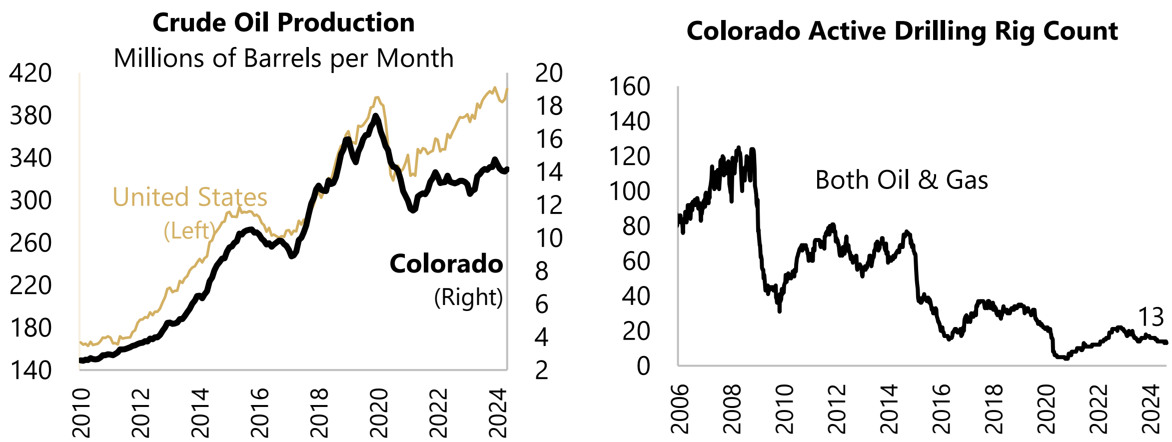
Source: U.S. Energy Information Administration. Weekly average prices. Data are not seasonally adjusted and are through the week of September 13, 2024.

Colorado's oil and gas production expected to trend downward. Following the pandemic recession, U.S. crude oil production rebounded, while Colorado's production experienced a larger pull-back and a slower recovery that stalled in the latter half of 2022 (Figure 28, left).

Production in the state improved modestly in 2023 and ended the year up 3.9 percent over 2022 levels. In contrast, U.S. production was up 8.5 percent over the same period. With the revised price outlook discussed above, expected Colorado oil production has been revised downward since June 2024. Colorado's production is expected to remain flat in 2024, and to lag U.S. production, which is expected to grow at a slow but positive rate. Colorado's production is expected to decline in 2025, by 1.9 percent, then decline further, by 0.5 percent, in 2026. As of August 2024, Colorado had 13 active drilling rigs, down from 22 in December 2022, and from a monthly average of 30 active rigs in 2019 (Figure 28, right).

Colorado's natural gas production is expected to rise by 3.4 percent in 2024, higher than expected in the June 2024 forecast on stronger prices than previously anticipated. The state's natural gas production is expected to remain nearly flat in 2025 before declining by 0.7 percent in 2026.

Figure 28
Select Energy Production Indicators



Sources: U.S. Energy Information data (left) shown as a three-month moving average, not seasonally adjusted, through May 2024. Baker Hughes data (right) not seasonally adjusted, through August 2024.

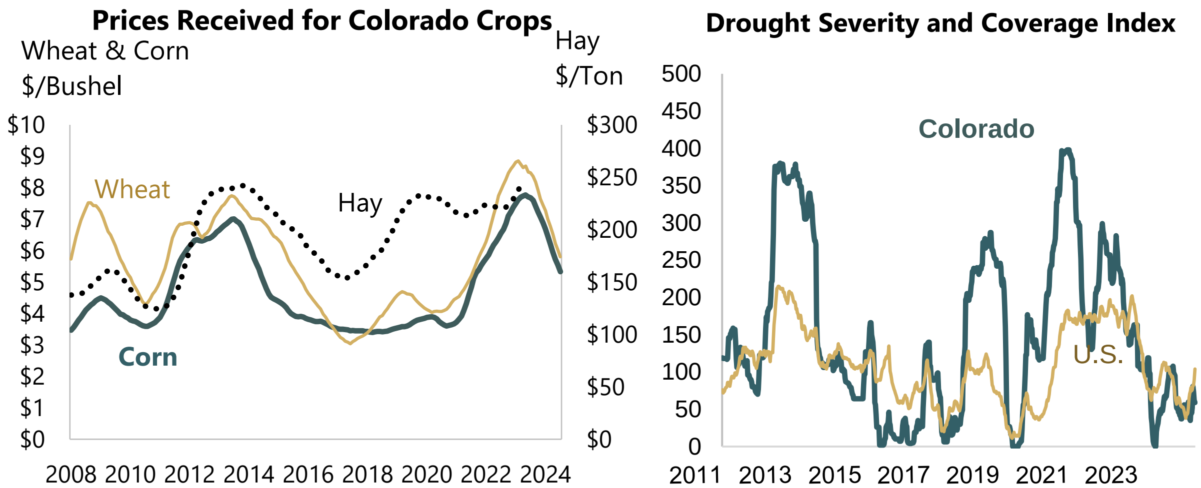
Agriculture

Conditions in the U.S. agriculture industry have softened from a year ago, with higher input costs and expensive financing alongside still-elevated commodity prices and favorable growing conditions. While profit margins are expected to be thinner through 2024, strength in recent years will continue to bolster the sector's financial health. The U.S. Department of Agriculture (USDA) forecasts net farm income, a broad measure of profits, to fall again in 2024 after a 16.0 percent decrease in 2023. Colorado producers are relatively well-positioned, as prices for Colorado's key outputs are strong, and drought conditions in the state remain favorable.

Commodity prices are trending upward after two years of declines. After declining by 17 percent from its peak in June 2022 to January 2024, the USDA's nationwide index of prices received began to increase through the first half of 2024 with avian flu contributing to a sharp rise in poultry and egg prices. Prices received are higher than the average of the past decade, but still 4.2 percent lower through July 2024 than they were through the first 7 months of 2023. As shown in the left panel of Figure 29, prices for Colorado's key crops have followed a similar pattern, with wheat, corn, and hay prices well above pre-pandemic levels but below 2022 peaks.

Cattle prices have also remained strong, with the nationwide cattle inventory at its lowest level since 1951. With the statewide cattle inventory little changed over the year, Colorado producers are well-positioned to benefit from higher cattle prices in the year ahead.

Figure 29
Selected Agricultural Indicators



Source: National Agricultural Statistics Service (left); data shown as twelve-month moving averages through July 2024. U.S. Drought Monitor (right); data through August 27, 2024.

Tightened credit conditions create varied profit opportunities by farm type. After multiple years of strong growth, U.S. farm income moderated in 2023, and production costs remained elevated. While strong cattle prices have boosted margins for many ranches and feedlots, crop producers face weakening profit opportunities. The USDA forecasts another drop in incomes in 2024, citing year-over-year commodity price decreases alongside still-high costs for labor and input goods and historically high interest rates for agricultural loans. Farm income is up just 0.2 percent year-over-year for the first quarter of 2024. However, even as interest costs remain elevated, banks in the Federal Reserve's Tenth District[1] report an increase in demand for agricultural loans alongside a decline in loan repayment rates through the first half of 2024. Growth in farmland values slowed, but remained strong. Farm incomes in the mountain states proved resilient, despite sharp declines elsewhere in the district.

Late-season precipitation improves water outlook for 2024. Drought conditions have remained relatively stable through 2024 and have seen improvement compared to 2023, according to the U.S. drought monitor. The Drought Severity and Coverage Index showed worsening drought conditions over the latter half of 2023; in contrast, August 2024 conditions are actually better than they were at the start of the water year (Figure 29, right). As of late August 2024, 51 percent of the state is completely drought free, and another 41 percent is unusually dry, but has not reached drought levels. Drought is concentrated in the Denver metropolitan area and spreads slightly north of the city. Following late-season snowstorms, precipitation has continued to be relatively consistent and generally above median levels statewide. As of September 2024, precipitation accumulation levels ranged from 96 percent of

[1] "Early Signs of Financial Pressure." *Ag Credit Survey*, Federal Reserve Bank of Kansas City. August 12, 2024. https://www.kansascityfed.org/agriculture/ag-credit-survey/early-signs-of-financial-pressure/.

the median in the South Platte to 112 percent in the Gunnison river basin. The USDA forecasts relatively healthy water supply levels for Colorado through the remainder of 2024, with most downside risk for the San Miguel-Dolores-Animas-San Juan River basin where reservoir storage levels have remained well below average since 2020.

Global Economy and International Trade

Coming off the high inflation period following the pandemic, disinflation is slowing for some countries, posing ongoing yet relatively low risk for a global downturn. Economic risks are unique to each country but concentrated in those experiencing regional conflicts, trade disruptions, and persistently high prices.

The International Monetary Fund projections remain little changed, but economies diverge. The International Monetary Fund (IMF) expects economic output to grow 3.2 percent in 2024, roughly in line with the 2023 rate, and 3.3 percent in 2025, with accelerating growth in some economies offsetting deceleration in others. Going into 2024, national economies had been diverging in their monetary policy responses to inflation, but overall the global economy showed signs of strength through the first quarter of 2024.

European economies struggled in 2023, with Germany experiencing a recession and the United Kingdom barely realizing any growth at a 0.1 percent rate. However, the European Central Bank announced an interest rate cut on June 5, 2024, and growth in the European economy is on track to accelerate through 2024 and 2025. In the euro area and Canada, inflation has been falling more quickly than in the United States, giving those areas a head-start in the easing cycle. In contrast to the weak-yet-strengthening economic activity in Europe, Japan's economy showed signs of weakness in the first quarter of 2024 in part due to a trade disruption caused by the shutdown of a key automobile plant.

Among developing economies, projected output in 2024 has largely been revised downward, as regional conflicts and low oil production weigh on economies in Central Asia and the Middle East, where economic activity was weaker than expected in the first quarter of 2024. Flooding in Brazil has contributed to downward revisions in the outlook for Latin America, but effects are expected to be temporary and reversed in 2025 as necessary reconstruction occurs. On the other hand, India continues to realize strong growth as some countries continue to shift trade away from China.

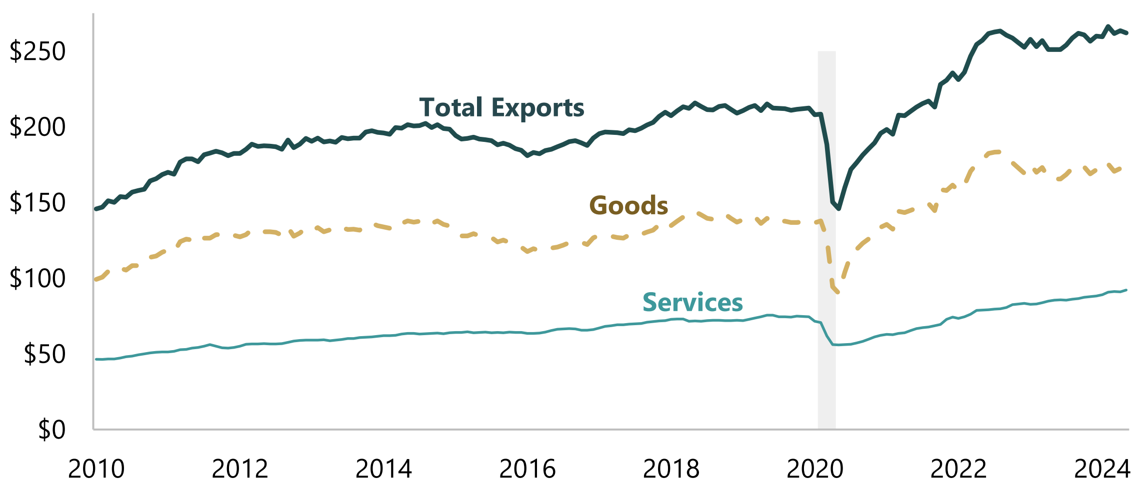
Services prices remain inflated globally. The demand for services increased following the pandemic; and ongoing strong demand has contributed to more persistent inflation for services compared to most goods. This has led to delayed interest rate cuts for some countries, and the IMF has correspondently revised its forecast for disinflation, predicting it to slow through 2024 and into 2025 before targeted inflation levels are met by the end of 2025. However, the potential escalation of trade tensions poses a risk to the disinflation process as world trade volume is currently projected to reach 3.1 percent growth in 2024, a stark contrast to the 0.8 percent growth realized in 2023.

The impact of conflict on the U.S. and global economy. Despite ongoing conflict in the Middle East paired with the Russian-Ukraine war, global trade has remained stable, as countries relying on exports from areas in conflict have largely been able to shift trading patterns. The attacks in the Red Sea—through which nearly 15 percent of seaborne trade travels—have only minimally impacted U.S. and global trade. While there is always risk for global conflict to escalate, trade is expected to remain resilient, keeping the risk of resurgent inflation stemming from supply shocks to a minimum, barring any escalations.

U.S. trade volume is up after a slower 2023. The dollar value of U.S. trade in the first half of 2024 is up 2.9 percent compared to the same time last year, after ending 2023 down 3.9 percent, according to data from WiserTrade. Oil and gas products, industrial and electric machinery, vehicles, and aircraft are the top categories of U.S. exports. The U.S.'s top three export markets are Canada, Mexico, and China; however, trade with China has significantly decreased since 2022 as the U.S. aims to decouple its economy from China. The total trade value of imports and exports from China declined over $115 billion from 2022 to 2023 and continues to decline through the first half of 2024.

In the second quarter of 2024, U.S. exports increased for the first time since 2022. Through the first half of the year, exports grew by 3.65 percent, a reversal from the 0.30 percent decline posted in the first quarter of 2024. The growth is partially attributable to a recent uptick in industrial machinery exports to Mexico, and increased trade with the Netherlands. The United States has also been growing its trade partnership with Singapore, and year-over-year exports are up nearly 21 percent through the first half of 2024. Aside from exports, U.S. imports were also bolstered by double-digit percent increases in imports from Korea, Vietnam, Taiwan, and Ireland. Overall trade is expected to continue to increase at a sluggish pace through 2024 and into 2025, before accelerating as interest rates fall and consumer demand picks up.

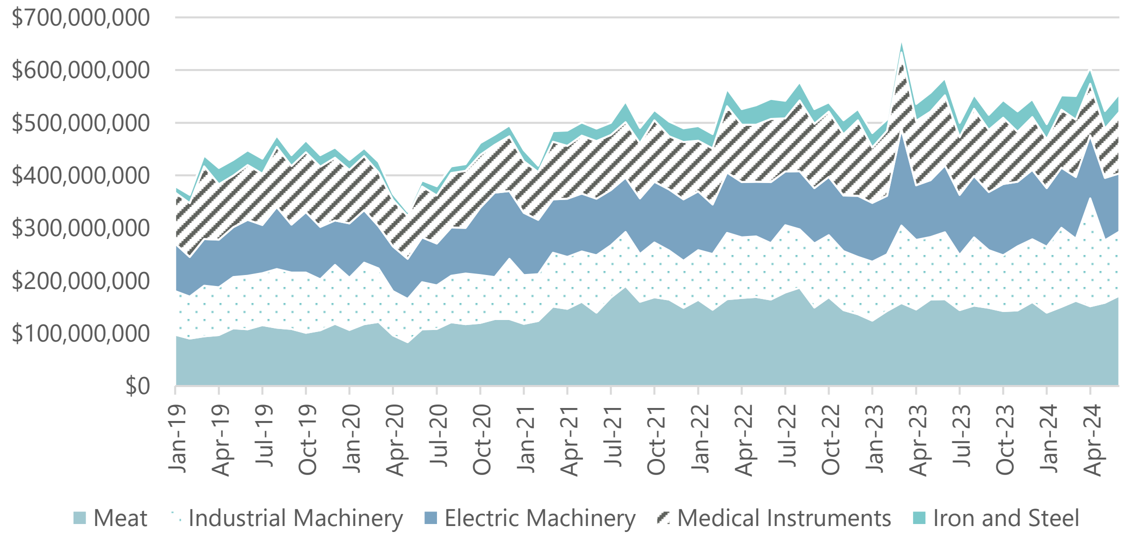
Figure 30
U.S. Monthly Exports
Billions of Dollars



Source: U.S. Bureau of Economic Analysis (balance of payments basis). Data are seasonally adjusted but not adjusted for inflation. Data are through June 2024.

Colorado total trade continues to decline. Through June 2024, Colorado is on track to realize another year of year-over-year declines in total trade value, facing sharp decreases in trade with Canada and imports from Mexico, Colorado's two largest trade partner besides China. Most notably, Colorado is posting double-digit percent decreases in imports of electric machinery, industrial machinery, and medical instruments—all of which are among Colorado's top five imports. Similarly, Colorado saw declines year-to-date for exports of electric machinery, medical instruments, aircraft, organic chemicals, and plastics—all of which are among Colorado's top ten exports. Colorado's exports by commodity can be found in Figure 31 below.

Figure 31
Colorado Exports by Commodity Over Time
Nominal Dollars in Billions



Source: Wiser Trade Data through May 2024. Legend of commodities is listed from bottom to top.

Risks to the Forecast

This forecast identifies several downside and upside economic risks that could cause economic and revenue performance to deviate from the expectations presented in this document.

Downside risks are led by weak household finances, compounded by election-related uncertainty. Household balance sheets continue to deteriorate, with already-low and falling savings rates alongside rising delinquency rates the most concerning indicators presented in the outlook above, given the key role of consumers in driving economic growth. Poor finances could portend softening consumer activity, while election-related uncertainty is an additional, albeit short-term, weight on consumer and business confidence. This forecast anticipates slower consumer contributions to GDP, but a more severe pullback could cause real consumer spending to decline, which would likely signal a recession. Business finances are relatively healthy, but high borrowing costs could discourage investment. While the U.S. unemployment rate remains below long-run historical averages, employers may be slow to respond to lower interest rates, risking continued deterioration in labor market conditions. Finally, the U.S. economy is the strongest in the world at present. While many national economies in Europe, Asia, and elsewhere have passed low points in their business cycles, a poor global economy and strained international relationships pose contagion risks for the U.S.

A more aggressive monetary policy easing than expected will provide some upside risks. This forecast expects a series of cuts to interest rates beginning this fall. Falling inflation and cooling labor markets could motivate more aggressive cuts than expected, which would boost real wage growth and benefit household balance sheets. Resolution to international conflicts could untangle supply chains and ease prices globally, producing a healthier economy worldwide. While upside risks would result in less significant deviation from forecast expectations, they are about as likely to occur as the downside risks presented above.

Table 20
National Economic Indicators

Calendar Years	2019	2020	2021	2022	2023	Legislative Council Staff Forecast 2024	2025	2026
Real GDP (Billions, 2017 dollars) [1]	$20,692.1	$20,234.1	$21,407.7	$21,822.0	$22,376.9	$22,981.1	$23,377.5	$23,804.4
Percent Change	2.5%	-2.2%	5.8%	1.9%	2.5%	2.7%	1.7%	1.8%
Nonfarm Employment (Millions) [2]	150.9	142.2	146.3	152.5	156.1	158.6	159.8	160.3
Percent Change	1.3%	-5.8%	2.9%	4.3%	2.3%	1.6%	0.7%	0.3%
Unemployment Rate [2]	3.7%	8.1%	5.4%	3.6%	3.6%	4.0%	4.1%	4.0%
Personal Income (Billions) [1]	$18,356.3	$19,629.0	$21,407.7	$21,840.8	$22,961.3	$24,042.2	$25,141.4	$26,250.5
Percent Change	4.7%	6.9%	9.1%	2.0%	5.1%	4.7%	4.6%	4.4%
Wage and Salary Income (Billions) [1]	$9,325.0	$9,464.7	$10,312.6	$11,116.0	$11,798.1	$12,372.7	$12,934.1	$13,447.3
Percent Change	4.8%	1.5%	9.0%	7.8%	6.1%	4.9%	4.5%	4.0%
Inflation [2]	1.8%	1.2%	4.7%	8.0%	4.1%	3.0%	2.5%	2.4%

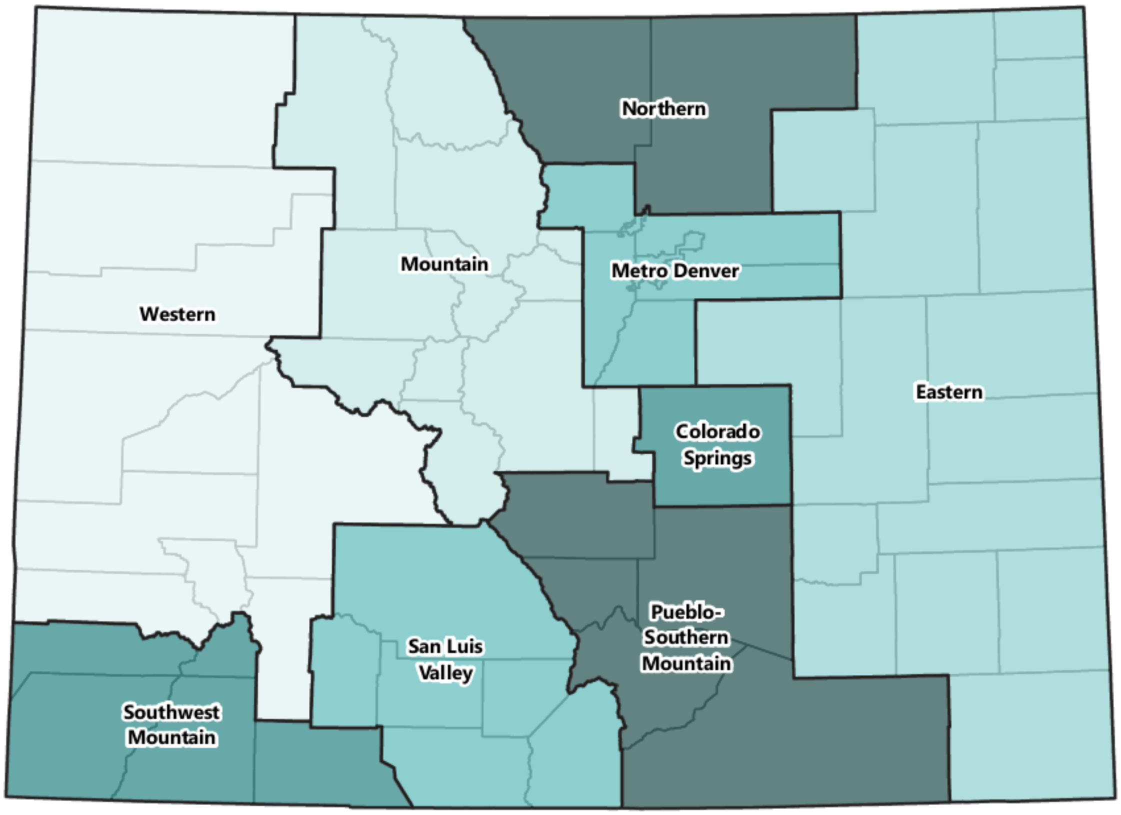
Sources:
[1]U.S. Bureau of Economic Analysis. Real gross domestic product (GDP) is adjusted for inflation and shown in 2017 dollars. Personal income and wages and salaries not adjusted for inflation.
[2]U.S. Bureau of Labor Statistics. Inflation shown as the year-over-year change in the consumer price index for all urban areas (CPI-U).

Table 21
Colorado Economic Indicators

Calendar Years	2019	2020	2021	2022	2023	Legislative Council Staff Forecast 2024	2025	2026
Population (Thousands, as of July 1) [1]	5,758.5	5,773.7	5,811.6	5,841.0	5,877.6	5,939.0	6,001.2	6,068.4
Percent Change	1.1%	0.3%	0.7%	0.5%	0.6%	1.0%	1.0%	1.1%
Nonfarm Employment (Thousands) [2]	2,789.9	2,652.6	2,751.0	2,869.9	2,942.6	2,990.0	3,026.1	3,058.6
Percent Change	2.3%	-4.9%	3.7%	4.3%	2.5%	1.6%	1.2%	1.1%
Unemployment Rate [2]	2.7%	6.8%	5.5%	3.1%	3.2%	3.8%	4.2%	4.0%
Personal Income (Millions) [3]	$351,373	$375,158	$417,968	$442,213	$463,852	$486,258	$510,104	$535,782
Percent Change	7.1%	6.8%	11.4%	5.8%	4.9%	4.8%	4.9%	5.0%
Wage and Salary Income (Millions) [3]	$182,962	$187,834	$205,570	$224,332	$239,196	$251,192	$264,368	$277,815
Percent Change	7.1%	2.7%	9.4%	9.1%	6.6%	5.0%	5.2%	5.1%
Retail Trade Sales (Millions) [4]	$105,547	$112,431	$131,528	$144,145	$145,707	$143,895	$153,539	$162,367
Percent Change	5.0%	6.5%	17.0%	9.6%	1.1%	-1.2%	6.7%	5.7%
Housing Permits (Thousands) [1]	38.6	40.5	56.5	48.3	39.4	29.7	31.7	35.6
Percent Change	-9.4%	4.8%	39.7%	-14.5%	-18.5%	-24.5%	6.4%	12.3%
Nonresidential Construction (Thousands) [5]	$5,161.5	$5,607.5	$5,693.0	$6,653.8	$6,660.4	$6,658.1	$7,050.0	$7,433.8
Percent Change	-36.5%	8.6%	1.5%	16.9%	0.1%	0.0%	5.9%	5.4%
Denver-Aurora-Lakewood Inflation [6]	1.9%	2.0%	3.5%	8.0%	5.2%	2.7%	2.9%	2.3%

Sources:
[1]U.S. Census Bureau. 2020 population numbers reflect the 2020 Census, while other numbers reflect the July 1 estimates. Residential housing permits are the number of new single- and multifamily housing units permitted for building.
[2]U.S. Bureau of Labor Statistics.
[3]U.S. Bureau of Economic Analysis. Personal income and wages and salaries not adjusted for inflation.
[4]Colorado Department of Revenue.
[5]F.W. Dodge.
[6]U.S. Bureau of Labor Statistics. Inflation shown as the year-over-year change in the consumer price index.

Colorado Economic Regions



The tables in the following sections provide economic indicators for nine regions in Colorado. Beginning with the March 2024 forecast, detailed regional narratives describing trends and the outlook for each region will be replaced by summary tables for the December, March, and September forecasts. Each year for the June forecast document, detailed regional profiles and outlooks will be prepared as in past publications. The most recent regional narratives are included in the June 2024 forecast document.

Note on data revisions. Economic indicators reported in this forecast document are often revised by the publisher of the data and are therefore subject to change. Employment data are based on survey data from a "sample" of individuals representative of the population as a whole. Monthly employment data are based on the surveys received at the time of data publication, and data are revised over time as more surveys are collected to more accurately reflect actual employment conditions. Because of these revisions, the most recent months of employment data may reflect trends that are ultimately revised away. Additionally, employment data are revised in March of each year. This annual revision may affect one or more years of data values.

Like the employment data, residential housing permits and agricultural data are also based on surveys. These data are revised periodically. Nonresidential construction data in the current year reflects reported construction activity. These data are revised the following year to reflect actual construction.

Metro Denver Region

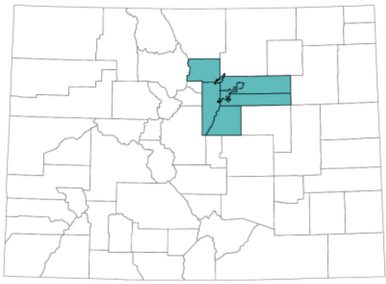


Table 22
Metro Denver Region Economic Indicators
Adams, Arapahoe, Broomfield, Boulder, Denver, Douglas, and Jefferson Counties

	2020	2021	2022	2023	YTD 2024
Employment Growth[1]					
Denver-Aurora-Lakewood MSA	-4.9%	3.9%	5.0%	2.2%	-0.2%
Boulder MSA	-5.4%	3.5%	4.2%	1.9%	2.4%
Unemployment Rate[2]	7.0%	5.4%	3.0%	3.1%	3.8%
Wages[3]					
Average Weekly Wage Growth	7.8%	6.5%	5.2%	3.1%	
Level	$1,431	$1,524	$1,604	$1,654	
Housing Permit Growth[4]					
Denver-Aurora-Lakewood Single Family	1.5%	16.3%	-22.3%	-10.2%	19.6%
Boulder Single Family	-6.2%	-34.4%	42.7%	22.8%	-37.0%
Nonresidential Construction Growth[5]					
Value of Projects	-9.5%	2.8%	35.4%	-15.8%	-12.0%
Square Footage of Projects	-6.7%	32.4%	28.1%	-48.9%	-19.8%
Level (*Thousands*)	14,701	19,470	24,951	12,740	5,835
Number of Projects	1.0%	14.4%	14.6%	12.7%	18.2%
Level	689	788	903	1018	663
Housing Market[6]					
Average Sale Price – Single Family	8.7%	19.4%	10.8%	-0.4%	2.7%
Level (Thousands)	$597	$712	$790	$787	$811
Inventory – Single Family	-38.2%	-46.4%	102.3%	13.6%	45.5%
Home Sales – Single Family	7.8%	1.9%	-21.1%	-16.3%	3.9%
Retail Sales Growth[7]	0.1%	17.4%	11.4%	-0.1%	1.3%

MSA = Metropolitan statistical area. NA = Not available.
[1]U.S. Bureau of Labor Statistics, CES (establishment survey). Seasonally adjusted. Data through July 2024.
[2]U.S. Bureau of Labor Statistics, LAUS (household survey). Data through July 2024.
[3]U.S. Bureau of Labor Statistics, QCEW. Data through 2024Q1.
[4]U.S. Census. Growth in the number of residential building permits. Data through July 2024.
[5]F.W. Dodge. Data through July 2024.
[6]Colorado Association of Realtors. Data through August 2024.
[7]Colorado Department of Revenue. Data through May 2024.

Northern Region

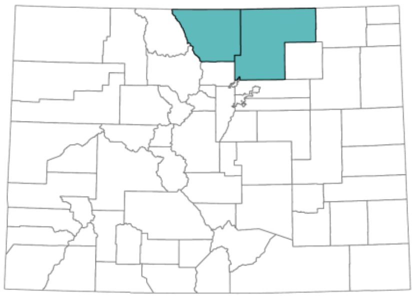


Table 23
Northern Region Economic Indicators
Weld and Larimer Counties

	2020	2021	2022	2023	YTD 2024
Employment Growth[1]					
Fort Collins MSA	-4.7%	3.7%	4.2%	3.2%	3.1%
Greeley MSA	-7.2%	-0.2%	4.6%	4.2%	2.1%
Unemployment Rate[2]	6.2%	5.2%	3.0%	3.0%	3.6%
Wages[3]					
Average Weekly Wages	6.4%	3.8%	6.2%	5.3%	
Level	$1,106	$1,149	$1,219	$1,284	
State Cattle and Calf Inventory Growth[4]	1.9%	4.0%	-1.0%	-7.5%	-1.6%
Natural Gas Production Growth[5]	8.3%	-2.8%	-2.3%	0.8%	7.1%
Oil Production Growth[5]	-11.9%	-10.3%	-0.1%	0.8%	5.3%
Housing Permit Growth[6]					
Fort Collins MSA Total	-0.3%	13.3%	-19.5%	7.7%	-19.6%
Fort Collins MSA Single Family	34.7%	-0.1%	-36.1%	-7.5%	8.5%
Greeley MSA Total	9.1%	15.5%	17.8%	-14.1%	-26.7%
Greeley MSA Single Family	28.1%	3.8%	-9.8%	-6.9%	-7.2%
Nonresidential Construction Growth[7]					
Value of Projects	85.4%	-26.9%	60.9%	34.2%	-13.4%
Square Footage of Projects	8.1%	-1.5%	161.8%	-51.8%	-21.9%
Level (Thousands)	2,619	2,581	6,756	3,255	1,027
Number of Projects	-9.4%	-5.4%	20.5%	-17.8%	44.3%
Level	242	229	276	227	166
Housing Market[8]					
Average Sale Price - Single Family	7.4%	16.5%	12.3%	1.4%	2.6%
Level (Thousands)	$457	$532	$598	$606	$621
Inventory - Single Family	-21.7%	-44.3%	53.4%	14.5%	15.8%
Home Sales - Single Family	9.8%	2.3%	-20.4%	-19.0%	-1.2%
Retail Sales Growth[9]					
Larimer County	7.6%	13.0%	12.3%	4.1%	0.9%
Weld County	-2.3%	13.6%	16.2%	3.7%	0.6%

MSA = Metropolitan statistical area. NA = Not available.
[1]U.S. Bureau of Labor Statistics, CES (establishment survey). Seasonally adjusted. Data through July 2024.
[2]U.S. Bureau of Labor Statistics, LAUS (household survey). Data through July 2024.
[3]U.S. Bureau of Labor Statistics, QCEW. Data through 2024Q1.
[4]National Agricultural Statistics Service. Cattle and calves on feed. Data through August 2024.
[5]Colorado Oil and Gas Conservation Commission. Data through June 2024.
[6]U.S. Census. Growth in the number of residential building permits. Data through July 2024.
[7]F.W. Dodge. Data through July 2024.
[8]Colorado Association of Realtors. Data through August 2024.
[9]Colorado Department of Revenue. Data through May 2024.

Colorado Springs Region

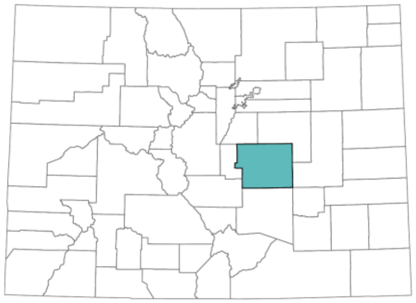


Table 24
Colorado Springs Region Economic Indicators
El Paso County

	2020	2021	2022	2023	YTD 2024
Employment Growth[1]					
Colorado Springs MSA	-2.7%	4.1%	4.3%	3.3%	2.1%
Unemployment Rate[2]	6.8%	5.7%	3.3%	3.3%	3.9%
Wages[3]	7.5%	4.8%	4.6%	4.4%	
Average Weekly	7.5%	4.8%	4.6%	4.4%	
Level	$1,088	$1,140	$1,192	$1,244	
Housing Permit Growth[4]					
Total	25.7%	34.7%	-5.5%	-40.0%	-30.1%
Single Family	24.4%	0.7%	-28.4%	-26.2%	2.6%
Nonresidential Construction Growth[5]					
Value of Projects	47.1%	0.8%	-26.2%	7.3%	-3.3%
Square Footage of Projects	124.5%	-48.2%	-31.8%	-31.8%	43.6%
Level (Thousands)	6,719	3,480	2,374	1,620	1,207
Number of Projects	16.3%	-26.4%	17.8%	-43.2%	146.7%
Level	435	320	377	214	259
Housing Market[6]					
Average Sale Price – Single Family	13.8%	18.0%	10.1%	-0.2%	4.0%
Level (Thousands)	$417	$492	$542	$541	$561
Inventory – Single Family	-34.7%	-30.0%	117.7%	8.0%	25.8%
Home Sales – Single Family	6.2%	4.0%	-17.5%	-24.3%	-5.7%
Retail Sales Growth[7]	8.6%	18.3%	8.5%	0.1%	2.6%

MSA = Metropolitan statistical area. NA = Not available.
[1] U.S. Bureau of Labor Statistics, CES (establishment survey). Seasonally adjusted. Data through July 2024.
[2] U.S. Bureau of Labor Statistics, LAUS (household survey). Data through July 2024.
[3] U.S. Bureau of Labor Statistics, QCEW. Data through 2024Q1.
[4] U.S. Census. Growth in the number of residential building permits. Data through July 2024.
[5] F.W. Dodge. Data through July 2024.
[6] Colorado Association of Realtors. Data through August 2024.
[7] Colorado Department of Revenue. Data through May 2024.

Pueblo – Southern Mountains Region

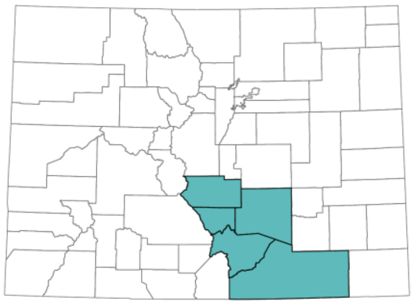


Table 25
Pueblo Region Economic Indicators
Custer, Fremont, Huerfano, Las Animas, and Pueblo Counties

	2020	2021	2022	2023	YTD 2024
Employment Growth					
Pueblo Region[1]	-2.7%	0.4%	1.6%	-0.4%	-1.0%
Pueblo MSA[2]	-2.8%	0.7%	2.7%	0.7%	0.3%
Unemployment Rate[1]	7.6%	7.8%	4.5%	4.5%	5.3%
Wages[3]					
Average Weekly Wage	7.0%	3.8%	5.3%	3.8%	
Level	$904	$939	$988	$1,026	
Housing Permit Growth[4]					
Pueblo MSA Total	18.4%	24.0%	-22.9%	-43.8%	-20.8%
Pueblo MSA Single Family	19.4%	24.0%	-22.9%	-43.8%	-20.8%
Nonresidential Construction Growth[5]					
Value of Projects	26.2%	175.3%	-63.6%	160.2%	-83.7%
Square Footage of Projects	37.7%	278.3%	-69.6%	183.1%	-71.6%
Level (*Thousands*)	438	1,658	504	1,426	357
Number of Projects	86.5%	2.9%	-23.9%	33.3%	55.0%
Level	69	71	54	72	62
Housing Market[6]					
Average Sale Price – Single Family	17.5%	22.9%	4.2%	2.8%	-1.4%
Level (*Thousands*)	$265	$326	$340	$349	$348
Inventory – Single Family	-23.9%	-27.0%	68.7%	31.4%	26.7%
Home Sales – Single Family	14.1%	7.3%	-6.2%	-17.5%	-12.3%
Retail Sales Growth[7]	4.2%	13.4%	14.5%	-1.7%	-7.0%

MSA = Metropolitan statistical area. NA = Not available.
[1] U.S. Bureau of Labor Statistics, LAUS (household survey). Data through July 2024.
[2] U.S. Bureau of Labor Statistics, CES (establishment survey). Seasonally adjusted. Data through July 2024.
[3] U.S. Bureau of Labor Statistics, QCEW. Data through 2024Q1.
[4] U.S. Census. Growth in the number of residential building permits. Data through July 2024.
[5] F.W. Dodge. Data through July 2024.
[6] Colorado Association of Realtors. Data through August 2024.
[7] Colorado Department of Revenue. Data through May 2024.

Eastern Region

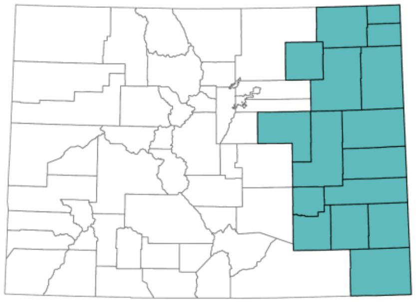


Table 26
Eastern Region Economic Indicators
Baca, Bent, Cheyenne, Crowley, Elbert, Kiowa, Kit Carson, Lincoln, Logan, Morgan, Otero, Phillips, Prowers, Sedgwick, Washington, and Yuma Counties

	2020	2021	2022	2023	YTD 2024
Employment Growth[1]	-3.8%	-1.9%	1.0%	0.0%	0.3%
Unemployment Rate[1]	4.2%	4.5%	2.8%	2.8%	3.3%
Wages[2]					
Average Weekly Wage	5.4%	4.1%	5.3%	4.3%	
Level	$838	$872	$918	$957	
Crop Price Changes[3]					
Wheat ($/Bushel)	6.3%	37.7%	42.2%	-14.3%	-33.9%
Corn ($/Bushel)	-4.6%	53.8%	30.9%	-7.0%	-34.9%
Alfalfa Hay (Baled, $/Ton)	-6.6%	2.5%	2.8%	14.5%	-17.9%
Dry Beans $/hundredweight					
Livestock[3]					
State Cattle and Calf Inventory Growth	1.9%	4.0%	-1.0%	-7.5%	-1.6%
Milk Production	7.1%	2.4%	0.7%	-1.9%	-0.7%
Housing Permit Growth[4]	22.3%	21.7%	-26.2%	-25.9%	-9.7%
Housing Market[5]					
Average Sale Price – Single Family	8.0%	16.6%	7.7%	-1.2%	0.4%
Level (Thousands)	$328	$382	$412	$407	$426
Inventory – Single Family	-22.6%	-28.9%	65.9%	23.6%	6.2%
Home Sales – Single Family	4.2%	9.9%	-6.8%	-10.3%	1.8%
Retail Sales Growth[6]	3.3%	12.5%	18.9%	-0.3%	1.8%

[1] U.S. Bureau of Labor Statistics, LAUS (household survey). Data through July 2024.
[2] U.S. Bureau of Labor Statistics, QCEW. Data through 2024Q1.
[3] National Agricultural Statistics Service statewide data. Data through July 2024.
[4] F.W. Dodge. Data through July 2024.
[5] Colorado Association of Realtors. Data through August 2024.
[6] Colorado Department of Revenue. Data through May 2024.

Mountain Region

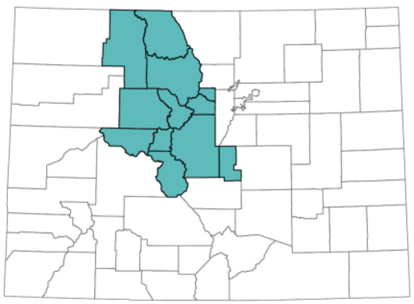


Table 27
Mountain Region Economic Indicators
Chaffee, Clear Creek, Eagle, Gilpin, Grand, Jackson, Lake, Park, Pitkin, Routt, Summit, and Teller Counties

	2020	2021	2022	2023	YTD 2024
Employment Growth[1]	-7.9%	2.0%	3.4%	1.8%	1.7%
Unemployment Rate[1]	7.8%	4.7%	2.7%	2.7%	3.1%
Wages[2]					
Average Weekly Wages	11.6%	4.8%	8.4%	4.1%	
Level	$981	$1,028	$1,114	$1,159	
Housing Permit Growth[3]	-38.7%	30.7%	41.1%	-33.8%	20.0%
Nonresidential Construction Growth[3]					
Value of Projects	87.8%	-55.1%	36.5%	-14.0%	-19.2%
Square Footage of Projects	24.7%	-21.7%	10.1%	-18.5%	-35.7%
Level *(Thousands)*	1,141	893	983	801	269
Number of Projects	76.1%	7.4%	14.9%	-33.0%	22.9%
Level	81	87	100	67	43
Housing Market[4]					
Average Sale Price - Single Family	34.0%	19.5%	4.0%	6.1%	8.9%
Level *(Thousands)*	$1,261	$1,507	$1,568	$1,662	$1,755
Inventory - Single Family	-30.7%	-43.2%	29.6%	23.6%	35.2%
Home Sales - Single Family	22.3%	1.3%	-27.0%	-15.6%	-4.3%
Retail Sales Growth[5]	3.8%	21.0%	17.0%	4.0%	1.3%

[1]U.S. Bureau of Labor Statistics, LAUS (household survey). Data through July 2024.
[2]U.S. Bureau of Labor Statistics, QCEW. Data through 2024Q1.
[3]F.W. Dodge. Data through July 2024.
[4]Colorado Association of Realtors. Data through August 2024.
[5]Colorado Department of Revenue. Data through May 2024.

Western Region

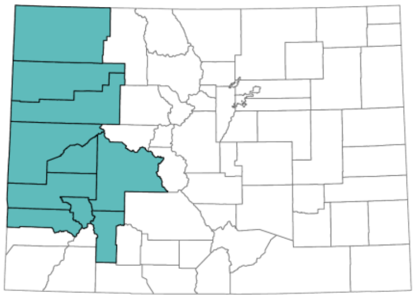


Table 28

Western Region Economic Indicators

Delta, Garfield, Gunnison, Hinsdale, Mesa, Moffat, Montrose, Ouray, Rio Blanco, and San Miguel Counties

	2020	2021	2022	2023	YTD 2024
Employment Growth					
Western Region[1]	-5.3%	1.3%	2.1%	1.0%	0.6%
Grand Junction MSA[2]	-5.3%	3.9%	2.5%	1.3%	0.4%
Unemployment Rate[1]	6.7%	5.5%	3.3%	3.3%	3.8%
Wages[3]					
Average Weekly Wages	5.7%	3.5%	7.4%	4.6%	
Level	$922	$954	$1,025	$1,072	
Natural Gas Production Growth[4]	-7.7%	-9.1%	-5.8%	-17.0%	-4.6%
Housing Permit Growth[5]	31.5%	20.8%	-10.8%	26.6%	-31.4%
Nonresidential Construction Growth[4]					
Value of Projects	-66.9%	244.5%	-12.4%	-23.4%	34.1%
Square Footage of Projects	-26.4%	61.6%	0.0%	-10.0%	11.7%
Level (*Thousands*)	479	774	773	696	403
Number of Projects	22.5%	34.5%	6.8%	-8.8%	37.3%
Level	87	117	125	114	92
Housing Market[6]					
Average Sale Price - Single Family	21.3%	23.3%	3.3%	11.3%	7.9%
Level (*Thousands*)	$421	$519	$536	$597	$619
Inventory - Single Family	-26.9%	-42.4%	25.2%	15.2%	12.8%
Home Sales - Single Family	12.4%	1.6%	-21.8%	-16.9%	0.1%
Retail Sales Growth[7]	1.7%	19.2%	11.4%	4.8%	2.8%
National Park Recreation Visits[8]	-0.1%	12.7%	-3.9%	0.1%	-44.0%

MSA = Metropolitan statistical area. NA = not available.
[1]U.S. Bureau of Labor Statistics, LAUS (household survey). Data through July 2024.
[2]U.S. Bureau of Labor Statistics, CES (establishment survey). Seasonally adjusted. Data through July 2024.
[3]U.S. Bureau of Labor Statistics, QCEW. Data through 2024Q1.
[4]Colorado Oil and Gas Conservation Commission. Data through June 2024.
[5]F.W. Dodge. Data through July 2024.
[6]Colorado Association of Realtors. Data through August 2024.
[7]Colorado Department of Revenue. Data through May 2024.
[8]National Park Service. Recreation visits for Black Canyon of the Gunnison National Park, Colorado National Monument, Dinosaur National Monument, and Curecanti National Recreation Area. Data through August 2024.

Southwest Mountain Region

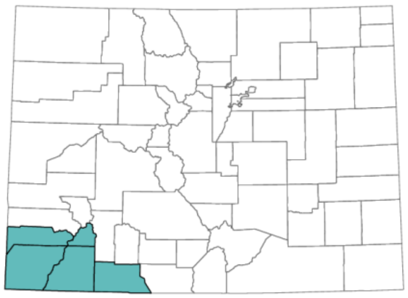


Table 29
Southwest Mountain Region Economic Indicators
Archuleta, Dolores, La Plata, Montezuma, and San Juan Counties

	2020	2021	2022	2023	YTD 2024
Employment Growth[1]	-5.2%	-0.3%	2.2%	0.1%	0.2%
Unemployment Rate[1]	6.7%	5.6%	3.2%	3.2%	3.7%
Wages[2]					
Average Weekly Wages	6.9%	4.8%	4.5%	5.1%	
Level	$904	$948	$991	$1,042	
Housing Permit Growth[3]	12.4%	18.4%	-21.9%	16.9%	32.8%
Housing Market[4]					
Average Sale Price - Single Family	19.9%	21.2%	14.2%	7.4%	-0.7%
Level (Thousands)	$541	$656	$750	$805	$768
Inventory - Single Family	-29.3%	-47.5%	12.4%	8.9%	27.2%
Home Sales - Single Family	31.3%	-1.2%	-23.3%	-18.9%	-6.6%
Retail Sales Growth[5]	10.3%	20.1%	4.9%	1.4%	2.3%
National Park Recreation Visits[6]	-48.1%	87.2%	-8.2%	2.3%	-3.5%

NA = Not available.
[1]U.S. Bureau of Labor Statistics, LAUS (household survey). Data through July 2024.
[2]U.S. Bureau of Labor Statistics, QCEW. Data through 2024Q1.
[3]F.W. Dodge. Permits for residential units. Data through July 2024.
[4]Colorado Association of Realtors. Seasonally adjusted. Data through August 2024.
[5]Colorado Department of Revenue. Seasonally adjusted. Data through May 2024.
[6]National Park Service. Recreation visits for Mesa Verde National Park and Hovenweep National Monument. Data through August 2024.

San Luis Valley Region

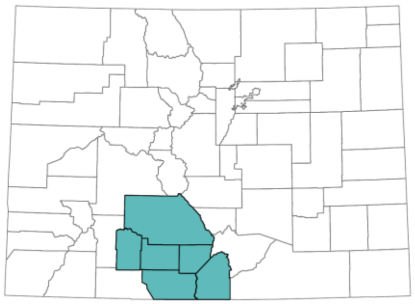


Table 30
San Luis Valley Region Economic Indicators
Alamosa, Conejos, Costilla, Mineral, Rio Grande, and Saguache Counties

	2020	2021	2022	2023	YTD 2024
Employment Growth[1]	-4.2%	-1.8%	2.0%	-0.7%	-0.6%
Unemployment Rate[1]	6.2%	6.1%	3.7%	3.7%	4.4%
Wages[2]					
Average Weekly Wages	7.0%	4.6%	6.3%	5.2%	
Level	$770	$805	$856	$901	
Crop Production and Values[3]					
Barley					
Acres Harvested	47,000	47,000	40,000	51,000	
Crop Value ($/Acre)	$709	$548	$628	$1,000	
Potatoes					
Acres Harvested	53,800	52,400	52,900	54,800	
Crop Value ($/Acre)	$4,494	$4,674	$7,169	$4,928	
Housing Permit Growth[4]	13.9%	28.6%	-21.6%	-6.3%	26.0%
Housing Market[5]					
Average Sale Price – Single Family	19.6%	27.2%	2.5%	3.7%	5.8%
Level (Thousands)	$270	$343	$352	$365	$379
Inventory – Single Family	-25.3%	-44.0%	18.6%	32.9%	34.6%
Home Sales – Single Family	27.8%	7.1%	-25.4%	-14.8%	0.8%
Retail Sales Growth[6]	8.8%	17.1%	9.0%	2.3%	-1.4%
National Park Recreation Visits[7]	-12.5%	30.6%	-18.1%	3.8%	-15.0%

NA = Not available.
[1]U.S. Bureau of Labor Statistics, LAUS (household survey). Data through July 2024.
[2]U.S. Bureau of Labor Statistics, QCEW. Data through 2024Q1.
[3]National Agricultural Statistics Service, statewide data. Data through July 2024.
[4]F.W. Dodge. Data through July 2024.
[5]Colorado Association of Realtors. Data through August 2024.
[6]Colorado Department of Revenue. Data through May 2024.
[7]National Park Service. Recreation visits for Great Sand Dunes National Park and Preserve. Data through August 2024.

Appendix: Historical Data

National Economic Indicators

Calendar Years	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GDP ($ Billions) [1]	$15,049.0	$15,599.7	$16,254.0	$16,880.7	$17,608.1	$18,295.0	$18,804.9	$19,612.1	$20,656.5	$21,521.4	$21,322.9	$23,594.0	$25,744.1	$27,360.9
Percent Change	3.9%	3.7%	4.2%	3.9%	4.3%	3.9%	2.8%	4.3%	5.3%	4.2%	-0.9%	10.7%	9.1%	6.3%
Real GDP ($ Billions, 2017 dollars) [1]	$16,789.8	$17,052.4	$17,442.8	$17,812.2	$18,261.7	$18,799.6	$19,141.7	$19,612.1	$20,193.9	$20,692.1	$20,234.1	$21,407.7	$21,822.0	$22,376.9
Percent Change	2.7%	1.6%	2.3%	2.1%	2.5%	2.9%	1.8%	2.5%	3.0%	2.5%	-2.2%	5.8%	1.9%	2.5%
Unemployment Rate [2]	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%	8.1%	5.4%	3.6%	3.6%
Inflation [2]	1.6%	3.1%	2.1%	1.5%	1.6%	0.1%	1.3%	2.1%	2.4%	1.8%	1.2%	4.7%	8.0%	4.1%
10-Year Treasury Note [3]	3.2%	2.8%	1.8%	2.4%	2.5%	2.1%	1.8%	2.3%	2.9%	2.1%	0.9%	1.4%	3.0%	4.0%
Personal Income ($ Billions) [1]	$12,556.6	$13,309.6	$13,917.8	$14,068.8	$14,784.1	$15,473.7	$15,887.7	$16,662.8	$17,528.2	$18,356.3	$19,629.0	$21,407.7	$21,840.8	$22,961.3
Percent Change	4.1%	6.0%	4.6%	1.1%	5.1%	4.7%	2.7%	4.9%	5.2%	4.7%	6.9%	9.1%	2.0%	5.1%
Wage & Salary Income ($ Billions) [1]	$6,372.5	$6,626.2	$6,928.1	$7,114.0	$7,476.3	$7,859.5	$8,091.3	$8,474.4	$8,899.8	$9,325.0	$9,464.7	$10,312.6	$11,116.0	$11,798.1
Percent Change	2.0%	4.0%	4.6%	2.7%	5.1%	5.1%	2.9%	4.7%	5.0%	4.8%	1.5%	9.0%	7.8%	6.1%
Nonfarm Employment (Millions) [2]	130.3	131.9	134.2	136.4	138.9	141.8	144.3	146.6	148.9	150.9	142.2	146.3	152.5	156.1
Percent Change	-0.7%	1.2%	1.7%	1.6%	1.9%	2.1%	1.8%	1.6%	1.6%	1.3%	-5.8%	2.9%	4.3%	2.3%

Sources:
[1]U.S. Bureau of Economic Analysis. Real gross domestic product (GDP) is adjusted for inflation. Personal income and wages and salaries not adjusted for inflation.
[2]U.S. Bureau of Labor Statistics. Inflation shown as the year-over-year change in the consumer price index for all urban areas (CPI-U).
[3]Federal Reserve Board of Governors.

Colorado Economic Indicators

Calendar Years	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Nonfarm Employment (Thousands) [1]	2,221	2,257	2,312	2,381	2,463	2,541	2,602	2,660	2,727	2,790	2,653	2,751	2,870	2,943
Percent Change	-1.0%	1.6%	2.4%	3.0%	3.5%	3.2%	2.4%	2.2%	2.5%	2.3%	-4.9%	3.7%	4.3%	2.5%
Unemployment Rate [1]	9.2%	8.7%	8.0%	6.8%	5.0%	3.8%	3.1%	2.6%	3.0%	2.7%	6.8%	5.5%	3.1%	3.2%
Personal Income ($ Millions) [2]	$206,053	$223,874	$236,033	$247,817	$268,453	$279,696	$283,679	$303,367	$328,113	$351,373	$375,158	$417,968	$442,213	$463,852
Percent Change	2.9%	8.6%	5.4%	5.0%	8.3%	4.2%	1.4%	6.9%	8.2%	7.1%	6.8%	11.4%	5.8%	4.9%
Per Capita Income ($) [2]	$40,827	$43,732	$45,490	$47,082	$50,244	$51,394	$51,306	$54,171	$57,794	$61,258	$64,848	$71,920	$75,708	$78,918
Percent Change	1.4%	7.1%	4.0%	3.5%	6.7%	2.3%	-0.2%	5.6%	6.7%	6.0%	5.9%	10.9%	5.3%	4.2%
Wage & Salary Income ($ Millions) [2]	$113,670	$118,415	$124,947	$129,521	$138,626	$146,578	$151,168	$160,940	$170,790	$182,962	$187,834	$205,570	$224,332	$239,196
Percent Change	1.3%	4.2%	5.5%	3.7%	7.0%	5.7%	3.1%	6.5%	6.1%	7.1%	2.7%	9.4%	9.1%	6.6%
Retail Trade Sales ($ Millions) [3]	$65,151	$69,874	$74,100	$77,639	$83,395	$87,379	$90,627	$95,890	$100,503	$105,547	$112,431	$131,528	$144,145	$145,707
Percent Change	6.8%	7.2%	6.0%	4.8%	7.4%	4.8%	3.7%	5.8%	4.8%	5.0%	6.5%	17.0%	9.6%	1.1%
Housing Permits [4]	11,591	13,502	23,301	27,517	28,698	31,871	38,974	40,673	42,627	38,633	40,469	56,524	48,341	39,404
Percent Change	23.9%	16.5%	72.6%	18.1%	4.3%	11.1%	22.3%	4.4%	4.8%	-9.4%	4.8%	39.7%	-14.5%	-18.5%
Nonresidential Construction ($ Millions) [5]	$3,147	$3,923	$3,695	$3,624	$4,351	$4,991	$5,988	$6,151	$8,132	$5,161	$5,608	$5,693	$6,654	$6,660
Percent Change	-6.2%	24.7%	-5.8%	-1.9%	20.1%	14.7%	20.0%	2.7%	32.2%	-36.5%	8.6%	1.5%	16.9%	0.1%
Denver-Aurora-Lakewood Inflation [1]	1.9%	3.7%	1.9%	2.8%	2.8%	1.2%	2.8%	3.4%	2.7%	1.9%	2.0%	3.5%	8.0%	5.2%
Population (Thousands, July 1) [4]	5,029.2	5,121.9	5,193.7	5,270.8	5,352.6	5,454.3	5,543.8	5,617.4	5,697.2	5,758.5	5,773.7	5,811.6	5,841.0	5,877.6
Percent Change	1.1%	1.8%	1.4%	1.5%	1.6%	1.9%	1.6%	1.3%	1.4%	1.1%	0.3%	0.7%	0.5%	0.6%

Sources:
[1]U.S. Bureau of Labor Statistics. Inflation shown as the year-over-year change in the consumer price index for Denver-Aurora-Lakewood metro area.
[2]U.S. Bureau of Economic Analysis. Personal income and wages and salaries not adjusted for inflation.
[3]Colorado Department of Revenue.
[4]U.S. Census Bureau. Residential housing permits are the number of new single and multi-family housing units permitted for building. 2010 and 2020 population numbers reflect the decennial Census, while other numbers reflect July 1 estimates.
[5]F.W. Dodge.