

# STATE OF COLORADO

## OFFICE OF STATE PLANNING AND BUDGETING

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Bill Ritter Jr.  
Governor  
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Director

## MEMORANDUM

TO: Governor Bill Ritter Jr.  
Members of the General Assembly

FROM: Office of State Planning and Budgeting

DATE: September 20, 2010

SUBJECT: *September 2010 Revenue Forecast*

This memorandum presents the September 2010 Office of State Planning and Budgeting (OSPB) economic and revenue forecast. The memorandum includes a General Fund overview, General Fund and cash fund revenue forecasts, a discussion of the budget implications, and summaries of both national and Colorado economies.

### SEPTEMBER 2010 OSPB FORECAST HIGHLIGHTS

- **General Fund available to support FY 2010-11 appropriations is not projected to be sufficient** for maintaining a 4.0 percent General Fund Reserve, as required under current law. Pursuant to authority provided under 25-75-201.5, C.R.S., after adjusting for August 23 budget balancing actions taken by the Governor that resulted from the June 2010 revenue forecast shortfall, a revised current year shortfall is projected at \$256.9 million. **FY 2011-12 General Fund appropriations subject to limitation are anticipated to only increase by 4.1 percent** based on revenue projections for next fiscal year, assuming the projected current year's budget shortfall is addressed through budget reductions.
- **Gross General Fund revenues in FY 2010-11 are projected to increase 5.5 percent** (or \$355.5 million) from FY 2009-10 collections, nearly half of which is due to recent legislative changes in tax exemptions and credits and slight improvements to projected accrual accounting adjustments. **FY 2011-12 projected revenues are forecast to increase 8.7 percent** over FY 2010-11 collections, a result of anticipated economic improvement from current recessionary pressures.
- **FY 2010-11 cash fund revenues are forecast to increase 12.9 percent** (or \$269.2 million) from the prior fiscal year, returning cash fund revenue collections roughly back to FY 2008-09 levels. With less volatile natural gas prices and no new legislative impacts to factor into future revenue estimates, **cash fund revenues for FY 2011-12 and FY 2012-13 are forecast to experience historical, long-term growth rates between 6.4 percent and 7.3 percent, respectively.**
- Under the provisions of Referendum C, the State retained \$3.6 billion from FY 2005-06 through FY 2009-10. **TABOR refunds are not anticipated during the forecast period.**

## **GENERAL FUND OVERVIEW AND BUDGET IMPLICATIONS**

This section summarizes how forecasted General Fund revenues flow through the State spending structure. Table 1 reflects FY 2010-11 appropriated levels passed during the 2010 legislative session, as well as the Governor's August 23, 2010 budget balancing package, pursuant to 24-75-201.5, C.R.S. and recent 1331 Emergency Supplemental requests submitted to the Joint Budget Committee for consideration on September 20, 2010.

### ***GENERAL FUND OVERVIEW – TABLE 1***

Table 1 presents the General Fund Overview for this September 2010 OSPB revenue forecast. The top portion of the table summarizes the amount of General Fund revenue available for spending, culminating with "Total General Fund Available for Expenditure" on line 6. Lines 3 and 4 display the split of General Fund Non-Exempt and General Fund Exempt revenue - line 4 is the amount of money that the State is allowed to retain above the TABOR Revenue Limit as a result of the passage of Referendum C. These two lines include all impacts associated with previously approved legislation as outlined in the tables on page 4 of this document. Line 5 summarizes transfers both into and out of the General Fund (as summarized on page 3 of this document).

Lines 7 through 14 summarize the amount of allowable General Fund appropriations based on the limit specified in 24-75-201.1 (1)(a)(II), C.R.S. Prior to FY 2009-10, this limit was equal to the lesser of five percent of Colorado personal income or six percent growth over the prior year's total General Fund appropriation. Beginning in FY 2009-10, the limit was adjusted to equal five percent of Colorado personal income. Lines 7 and 8 reflect the General Fund appropriation limit and the forecasted variance from the limit based on appropriated or projected revenues. Line 9 represents current General Fund appropriations for expenditures under the limit specified in 24-75-201.1 (1)(a)(II), C.R.S. Lines 10 and 11 reflect adjustments to appropriated amounts in line 9, including:

- per 25.5-4-401 (c), C.R.S., the State Controller's and Governor's Office exercising to delay Medicaid payments by two-weeks at the end of FY 2009-10, estimated to equal \$28.1 million, pushing these expenditures into FY 2010-11;
- per 24-75-201.5, C.R.S, the Governor's recent budget balancing plan from August 23, 2010 reducing expenditures by \$6.2 million.;
- three 1331 Emergency Supplemental requests submitted for Joint Budget Committee consideration on September 20, 2010 from the departments of Education, Human Services, and Personnel and Administration totaling \$3.9 million; and
- the impact associated with federal actions on enhanced federal Medicaid funding, resulting in an additional General Fund expenditure need of \$67.2 million over the current FY 2010-11 Long Bill appropriation.

Line 12 includes the projected amount of General Fund expenditures under the limit that can be supported by revenues forecast in this publication, and is the sum of lines 9 through 11.

Lines 15 through 23 summarize spending that is exempted from or is outside of the General Fund appropriations limit as defined in 24-75-201.1 (1)(a)(II), C.R.S. Expenditures included on line 13 must be funded *prior* to funding General Fund appropriations under the limit. Line 20 includes projects that have been appropriated, as well as annual costs associated with capital construction projects, level I controlled maintenance and certificate of participation payment (COP) obligations.

Line 23 reflects the amount of federal Medicaid funds related to SB 09-264 which refinances General Fund with federal funds for non-“M” headnote lines.

The final section of Table 1 (the “Reserves” section) forecasts the amount of General Fund remaining at the end of each fiscal year. The amount of revenue set aside for the General Fund reserve (line 27) must equal the statutorily defined percentage of that year’s General Fund appropriations (line 9). For FY 2009-10, this reserve percentage was reduced from 4.0 percent to 2.0 percent; and for FY 2010-11, the Governor’s August 23, 2010 budget balancing plan incorporated the allowance for the reserve to equal one-half of the current 4.0 percent level, as defined in 24-75-201.5, C.R.S. All excess General Fund (line 25) is carried forward into the subsequent fiscal year, as the beginning General Fund Reserve for that year.

For informational purposes only, line 29 shows the amount of money credited to the State Education Fund. Under the provisions of Amendment 23, the State credits an amount equal to one-third of one percent of State taxable income to the State Education Fund.

*The following tables summarize transfers and revenue impacts from legislation included in the General Fund Overview (Table 1) and General Fund Revenue Summary (Table 3). Not all legislative impacts will equal fiscal note estimates for 2009 legislation as Colorado’s economic environment has changed since such fiscal estimates were calculated.*

Summary of Transfers In/(Out) of General Fund	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
HB 08-1108 Transfer Associated with the Older Coloradans Act	(\$8.0)	(\$8.0)	(\$8.0)	(\$8.0)
HB 08-1078 Cash Funds Payback to the State Veterans Trust Fund	\$0.0	\$0.0	\$0.0	\$0.0
SB 09-208 Transfers to the GF (Cash Fund Balances)	\$0.0	\$0.0	\$0.0	\$0.0
SB 09-210 Transfers to the GF (Redirect Tobacco Settlement Monies for CPPC)	\$2.4	\$0.0	\$0.0	\$0.0
SB 09-264 Transfers to the GF (FMAP for lines without the "M" Headnote)*	\$0.1	\$0.0	\$0.0	\$0.0
SB 09-269 Transfer to the GF (Revise Disbursement of Tobacco Settlement)	\$65.0	\$0.0	\$0.0	\$0.0
SB 09-270 Transfers to the GF (Interest on Tobacco Tax Revenues)	\$4.0	\$2.6	\$2.6	\$0.0
SB 09-279 Transfers to the GF (Cash Fund Balances)	\$209.4	\$0.0	\$0.0	\$0.0
HB 09-1105 (Colorado Innovation Investment)	\$0.4	\$0.4	\$0.0	\$0.0
HB 09-1223 (Tobacco Litigation Settlement Funds)	\$0.2	\$0.0	\$0.0	\$0.0
HB 10-1323 (Tobacco Litigation Funds for Health Care Programs)	\$3.3	\$4.0	\$0.0	\$0.0
HB 10-1325 (Interest on Natural Resources Damage Recovery Fund)	\$0.2	\$0.2	\$0.2	\$0.2
HB 10-1327 Transfers to the GF (Cash Fund Balances)	\$84.7	\$0.0	\$0.0	\$0.0
HB 10-1339 Transfers to the GF (Limited Gaming) - included in General Fund Revenues	\$0.0	\$0.0	\$0.0	\$0.0
HB 10-1383 CollegeInvest Transfer to the GF (Conditional)	\$29.8	\$0.0	\$0.0	\$0.0
HB 10-1388 Transfers to the GF (Cash Fund Balances)	\$0.0	\$26.6	\$0.0	\$0.0
HB 10-1389 Transfers to the GF (Capital Construction Moneys)	\$19.1	\$10.4	\$0.0	\$0.0
DPA Procurement Signing Bonus	\$0.0	\$0.8	\$0.0	\$0.0
Governor's August 2010 Balancing Plan (released 8/23/2010)	\$0.0	\$53.4	\$0.0	\$0.0
<b>Total Transfers without SB 09-279 Contingency Funds</b>	<b>\$410.5</b>	<b>\$90.3</b>	<b>(\$5.2)</b>	<b>(\$7.8)</b>
SB 09-279 Repayment of Contingency Transfer to Balance GF Budget in FY 2008-09	(\$458.1)	\$0.0	\$0.0	\$0.0
<b>Total Transfers with SB 09-279 Contingency Funds</b>	<b>(\$47.6)</b>	<b>\$90.3</b>	<b>(\$5.2)</b>	<b>(\$7.8)</b>

September 2010 Revenue Forecast

<b>Sales / Use Tax Revenue Impact</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
HB 09-1331 (Incentives for Efficient Vehicles)	\$0.0	\$0.0	\$0.0	(\$2.7)
HB 09-1342 (Eliminate Cigarette Sale Tax Exempt)	\$27.9	\$28.8	\$0.0	\$0.0
SB 09-212 (Eliminate Part of Vendor Administrative Fee)	\$33.8	\$35.6	\$0.0	\$0.0
SB 09-275 (Eliminate Remaining Vendor Administrative Fee)	\$27.5	\$28.5	\$0.0	\$0.0
HB 10-1189 - Suspend Exemption for Direct Mail Advertising	\$0.2	\$0.8	\$0.8	\$0.8
HB 10-1190 - Suspend Exemption for Industrial / Manufacturing Energy Use	\$7.2	\$37.6	\$40.2	\$0.0
HB 10-1191 - Eliminate Exemption for Candy and Soft Drinks	\$1.4	\$18.0	\$18.0	\$18.0
HB 10-1192 - Eliminate Software Exemption	\$4.6	\$23.7	\$24.1	\$24.1
HB 10-1193 - Enforce Sales Tax Collections for Online Purchases	\$0.0	\$3.9	\$4.9	\$4.9
HB 10-1194 - Eliminate Exemption for Non-Essential Food Containers	\$0.4	\$2.0	\$2.0	\$2.0
HB 10-1195 - Suspend Agricultural Compounds, Bull Semen and Pesticides Exemptions	\$0.9	\$4.6	\$4.6	\$4.6
HB 10-1285 - Fines for Commercial Vehicles	\$0.0	(\$0.3)	(\$0.8)	(\$0.8)
<b>Total Sales / Use Tax Revenue Impact</b>	<b>\$103.9</b>	<b>\$183.3</b>	<b>\$93.8</b>	<b>\$50.9</b>
<b>Individual Income Tax Revenue Impact</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
HB 09-1366 (Eliminate Capital Gains Exempt)	\$3.6	\$7.9	\$8.8	\$9.8
HB 09-1067 (Instream Flow Tax Credit)	\$0.0	(\$1.0)	(\$2.0)	(\$2.0)
HB 09-1331 (Incentives for Efficient Vehicles)	\$0.9	\$2.6	\$1.0	\$0.0
HB 10-1055 - Third Party Collection Fees	\$0.0	\$1.5	\$3.0	\$3.0
HB 10-1196 - Revise Alternative Fuel Vehicle Credits	\$0.0	\$2.7	\$2.7	\$0.0
HB 10-1197 - Limit Gross Conservation Easement Credits	\$0.0	\$18.5	\$37.0	\$37.0
SB 10-001 - PERA Unfunded Liability	(\$0.5)	(\$1.1)	(\$0.7)	(\$0.7)
SB 10-146 - PERA Contribution Change	\$0.0	(\$1.1)	\$0.0	\$0.0
HB 10-1376 - Department of Revenue Treasury Offset Program	\$0.0	\$4.2	\$4.0	\$3.1
HB 10-1376 - Department of Revenue Delinquency Billings	\$0.0	\$4.2	\$4.2	\$4.2
HB 10-1376 - Department of Revenue Conservation Easement Backlog	\$0.0	\$4.1	\$4.1	\$4.1
Department of Revenue Tax Compliance Initiatives	\$3.4	\$15.4	\$4.9	\$4.9
<b>Total Individual Income Tax Revenue Impact</b>	<b>\$7.3</b>	<b>\$57.9</b>	<b>\$67.0</b>	<b>\$63.4</b>
<b>Corporate Income Tax Revenue Impact</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
HB 09-1001 (Job Creation Incentive)	(\$1.5)	(\$4.3)	(\$7.0)	(\$11.2)
HB 09-1219 (Interest on Overpayments)	\$0.6	\$0.6	\$0.6	\$0.6
HB 10-1199 - Limit Net Operating Loss to \$250,000	\$0.0	\$8.2	\$16.5	\$16.5
HB 10-1200 - Limit Enterprise Zone Investment Tax Credit to \$250,000	\$0.0	\$4.0	\$8.0	\$8.0
<b>Total Corporate Income Tax Revenue Impact</b>	<b>(\$0.9)</b>	<b>\$8.5</b>	<b>\$18.1</b>	<b>\$13.8</b>
<b>Other Legislative Impacts to Revenues</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
SB 09-174 (Pari-mutuel Simulcast Racing)	\$0.2	\$0.3	\$0.3	\$0.4
<b>Total Other Tax Revenue Impacts</b>	<b>\$0.2</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.4</b>

**Table 1**  
**General Fund Overview**  
*(Dollar Amounts in Millions)*

Line No.		Preliminary FY 2009-10	September 2010 Estimate by Fiscal Year		
			FY 2010-11	FY 2011-12	FY 2012-13
<b>Revenue</b>					
1	Beginning Reserve	\$443.8	\$145.8	\$135.5	\$282.2
2	Gross General Fund Revenue	\$6,454.6	\$6,810.0	\$7,404.0	\$7,800.4
3	General Fund	\$6,454.6	\$6,810.0	\$7,185.0	\$7,342.2
4	General Fund Exempt	\$0.0	\$0.0	\$219.0	\$458.2
5	Net Transfers to/(from) the General Fund	(\$47.6)	\$90.3	(\$5.2)	(\$7.8)
6	<b>TOTAL GENERAL FUND AVAILABLE FOR EXPENDITURE</b>	<b>\$6,850.7</b>	<b>\$7,046.1</b>	<b>\$7,534.3</b>	<b>\$8,074.8</b>
<b>Expenditures</b>					
7	Allowable General Fund Appropriation Limit /A	\$10,616.0	\$10,385.0	\$10,560.0	\$11,000.0
8	Total Allowable General Fund Appropriation Limit not Supported by Revenues	(\$4,012.7)	(\$3,608.6)	(\$3,504.3)	(\$3,549.4)
9	<b>Current Appropriation Subject to Limit</b>	<b>\$6,631.4</b>	<b>\$6,940.3</b>	<b>N/A</b>	<b>N/A</b>
10	Budget Balancing Impacts on Expenditures Under the Limit /B	(\$28.1)	\$93.0	N/A	N/A
11	Appropriated Amount Not Supported by Projected Revenues (When Negative)	N/A	(\$256.9)	N/A	N/A
12	<b>General Fund Expenditures Possible Under the Limit</b>	<b>\$6,603.3</b>	<b>\$6,776.4</b>	<b>\$7,055.7</b>	<b>\$7,450.6</b>
13	Dollar Change (from prior year)	(\$783.8)	\$173.1	\$279.3	\$394.8
14	Percent Change (from prior year)	-10.6%	2.6%	4.1%	5.6%
15	<b>Exemptions to Limit</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
16	<b>Spending Outside Limit</b>	<b>\$101.7</b>	<b>\$134.2</b>	<b>\$196.3</b>	<b>\$326.2</b>
17	TABOR Refund	\$0.0	\$0.0	\$0.0	\$0.0
18	Rebates and Expenditures /C	\$141.9	\$124.0	\$152.2	\$154.9
19	Homestead Exemption	\$1.3	\$1.6	\$1.7	\$105.0
20	Transfers to Capital Construction /D	\$0.2	\$9.1	\$42.3	\$66.3
21	Transfers to Highway Users Tax Fund	N/A	N/A	N/A	\$0.0
22	Reversions and Accounting Adjustments	(\$39.0)	\$0.0	\$0.0	\$0.0
23	Enhanced Medicaid Match (reduces GF expenditures)	(\$2.7)	(\$0.5)	N/A	N/A
24	<b>TOTAL GENERAL FUND OBLIGATIONS</b>	<b>\$6,704.9</b>	<b>\$6,910.6</b>	<b>\$7,252.1</b>	<b>\$7,776.8</b>
<b>Reserves</b>					
25	<b>Year-End Excess General Fund Balance</b>	<b>\$145.8</b>	<b>\$135.5</b>	<b>\$282.2</b>	<b>\$298.0</b>
26	Year-End Excess General Fund as a % of Appropriations	2.2%	2.0%	4.0%	4.0%
27	<b>General Fund Statutory Reserve /E</b>	<b>\$132.1</b>	<b>\$135.5</b>	<b>\$282.2</b>	<b>\$298.0</b>
28	<b>Excess Monies Above (Below) Statutory Reserve</b>	<b>\$13.7</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
29	Addendum: State Education Fund (one-third of 1% of Colorado taxable income)	\$329.0	\$333.7	\$373.4	\$396.4

/A Per SB 09-228, this limit equals 5.0% of Colorado personal income.

/B Pursuant to authority provided by 25.5-4-401(c), C.R.S. (2009) and as directed in a June 7, 2010 letter to Health Care Policy and Financing from the Director of OSPB and the State Controller, FY 2009-10 includes a reduction of \$28.1 million in delayed Medicaid payments to providers. FY 2010-11 includes this additional \$28.1 million in delayed provider payments; plus the Governor's August 23, 2010 budget balancing plan impacts from the \$6.2 million expenditure reduction and the \$67.2 million enhanced FMAP loss; plus an additional \$3.9 million in combined September 20, 2010 1331 Emergency Supplemental requests from Education, Human Services, and Personnel and Administration.

/C Includes the Cigarette Rebate, Old Age Pension Fund, Property Tax, Heat, and Rent Credit, and Fire and Police Pensions Association (FPPA) contributions as outlined at the bottom of

/D Includes costs for capital requests, Level I Controlled Maintenance and certificate of participation (COP) payments appropriated from and projected for the Capital Construction Fund - see the attached capital construction forecast for additional details.

/E Per SB 09-219 and SB 09-277, the statutory General Fund reserve required per 24-75-201.1, C.R.S. was lowered to 2.0 percent for FY 2009-10. The Governor's August 23, 2010 Budget Balancing Plan assumes continuation of this reserve level for FY 2010-11.

***BUDGET IMPLICATIONS OF THE FORECAST***

***Appropriations***

***FY 2010-11***

Based on the 2010 legislative session, FY 2010-11 General Fund appropriations subject to limitation under 24-75-201.1, C.R.S. equal \$6,940.3 million (line 9, Table 1), an increase of 4.7 percent over final FY 2009-10 appropriations of \$6,631.4 million. However, due to FY 2009-10 and FY 2010-11 budget balancing measures and the anticipated reduction in federal matching funds for Medicaid, FY 2010-11 General Fund expenditure need is \$93.0 million more than currently appropriated (line 10, Table 1). Of this additional amount, \$67.2 million is due to changes at the national level regarding enhanced federal funding for Medicaid; \$28.1 million is due to the two week delay in Medicaid provider payments at the end of FY 2009-10 that increase FY 2010-11 expenditures; \$3.9 million is requested in September 20, 2010 1331 Emergency Supplemental requests to the Joint Budget Committee; and all are partially offset by a reduction of \$6.2 million in General Fund expenditures results from the Governor's August 23 budget balancing plan. After incorporating these additional General Fund obligations and based recent economic data at both the national and state level indicating continued economic sluggishness over the last few months, this forecast projects that General Fund obligations exceed projected revenues, after maintaining one-half of the current statutory reserve requirement of 4.0 percent, by \$271.1 million (line 11, Table 1).

***FY 2011-12***

This September OSPB forecast projects that expenditures under the limit defined in 24-75-201.1, C.R.S. could be appropriated as high as \$7,055.7 million, \$279.3 million (4.1 percent) over projected FY 2010-11 levels after adjusting for the current year projected shortfall. This increase in appropriations is slight considering continued high caseload levels for Medicaid and Corrections which are typical after recessionary periods, projected loss of enhanced federal financial participation in Medicaid when stimulus funding expires, and returning the General Fund reserve to a full 4.0 percent statutory level.

***K-12 Education***

The State's share of school districts' total program funding has not kept pace with threshold increases outlined in Amendment 23. Legislative actions during the 2010 session limited State support for primary education in FY 2009-10 to \$126.0 million over FY 2008-09 levels – this was however \$196.4 million below estimated formulaic growth benchmarks for pupil count and inflation plus 1.0 percent. Further reductions were then applied to State support for K-12 in FY 2010-11, reducing State financing by an additional \$119.1 million for the current year.

While not specifically worked into this forecast, the new federal Education Jobs Fund program provides \$10 billion in assistance to States to save or create education jobs for the FY 2010-11 school year, authorized in Public Law No. 111-226. The U.S. Department of Education determined the amount of funding for each State based on: (1) its relative population of individuals who are aged 5 to 24; and (2) its relative total population. Colorado's share of this \$10 billion equals \$159,521,991. Of the amount allocated, up to 2.0 percent may be used for

State-level administration, with the remainder available for distribution to Colorado school districts/LEAs.

***Referendum C and TABOR Limit***

With the Referendum C “time-out” period past, it is known that the State retained an additional \$3.6 billion in General Fund revenue between FY 2005-06 and FY 2009-10. Future TABOR revenue projections indicate that the forecasted revenue limit will not be of concern throughout the forecast period as revenues are anticipated to be roughly \$1.0 billion below this threshold.

## REVENUE FORECASTS

### *TABOR REVENUE & REFERENDUM C*

The Taxpayer's Bill of Rights (TABOR) – Article X, Section 20 of the Colorado Constitution – limits the State's revenue growth to the sum of inflation plus population growth in the previous calendar year. Under the provisions of TABOR, revenue collected above the TABOR limit must be returned to taxpayers, unless voters decide the State can retain the revenue. In November 2005, voters approved Referendum C, which allows the State to retain all revenue through FY 2009-10, during a five-year TABOR "time out."

Table 2 summarizes the forecasts of TABOR revenue, the TABOR revenue limit, and the revenue limit under Referendum C. Line 3 represents total TABOR revenue, which includes all General Fund revenue and revenue from non-exempt cash funds. Significant changes to TABOR revenues collected in FY 2009-10 include: the exclusion of cash funds related to the unemployment insurance program administered by the Department of Labor and Employment pursuant to HB 09-1363 and an extension of enterprise status for this program, additional transportation related revenues from SB 09-108, and the inclusion of fees collected from hospital providers as authorized under HB 09-1293. Other existing General Fund revenue sources are forecast to increase based on recent suspensions or eliminations of tax exemptions and credits signed into law (HB 10-1189 through HB 10-1200).

Line 6 shows the allowable TABOR growth rate based on the most recent previous calendar year's growth in population and inflation. These two growth rates are combined (line 6) and are then applied to the previous year's limit in order to compute the new TABOR limit (line 7). Note that the passage of HB 09-1363 mentioned above required that for FY 2009-10, the TABOR limit be adjusted to reflect the removal of unemployment insurance-related cash funds collected in FY 2008-09, prior to inflating the FY 2008-09 TABOR limit forward.

Under the provisions of Referendum C, the State retained an additional \$3.6 billion General Fund between FY 2005-06 and FY 2009-10 due to a relaxed spending limit for those years. Beginning in FY 2010-11, the amount of revenue that the State may retain is computed by multiplying the revenue limit between FY 2005-06 and FY 2009-10 (line 9) associated with the highest TABOR revenue year (FY 2007-08) during that same period (line 3) by the allowable TABOR growth rates (line 6) for each subsequent year. Therefore, the FY 2010-11 revenue limit is calculated assuming the FY 2007-08 limit adjusted forward to FY 2008-09 by population plus inflation; then reduced by the amount of unemployment insurance-related cash funds (due to the passage of SB 09-1363); and finally again inflated by the remaining TABOR growth rates to the appropriate fiscal year. OSPB does not project that any refunds will be required during the forecast period (line 10).

## *GENERAL FUND*

Individual projections for excise, income, and other General Fund revenue sources can be found in Table 3. Based on this September OSPB forecast, gross General Fund revenue is projected to increase at a compound average annual rate of 6.4 percent between FY 2009-10 and FY 2012-13.

### *Excise Taxes*

Continued slow recovery in employment has constrained consumers from spending on both durable and non-durable goods. In addition, household wealth has yet to stage a significant recovery, leaving personal income at suppressed levels. Based on these dampening pressures, this September OSPB forecast anticipates FY 2010-11 excise tax revenues to increase 8.1 percent, down from the previously forecasted increase of 10.2 percent in June.

Note that there are numerous legislative impacts included in the current excise tax forecast. Prior to legislative impacts, excise taxes are forecast to only increase by 0.8 percent. However, the impact of legislative changes equal to roughly \$183 million buffered this stagnant growth, resulting in a FY 2010-11 forecasted increase of excise tax revenue of 4.5 percent before adjusting for accounting accruals.

Beyond FY 2010-11, as certain suspensions of tax exemptions and credits expire, and as the national and Colorado economies recover, excise tax collections are expected to increase at more historical rates of 4.0 percent. This anticipation of improvement is reliant upon on a stronger consumer. As Colorado begins to add back jobs in late 2010 and 2011, and as personal income improves, Colorado should begin to realize better sales and use tax revenues.

### *Individual and Corporate Income Taxes*

Major economic drivers of individual income tax include personal income and employment; both experienced either significant weakness or contraction during 2009 and early 2010, and both ultimately contributed to the 5.8 percent decrease in individual income tax collections for FY 2009-10.

As the economy has been trading water since the last OSPB quarterly forecast, growth in individual income tax collections will be constrained more than previously anticipated. This September 2010 OSPB forecast continues to show an increase in tax receipts for FY 2010-11 of 4.7 percent; however, without legislative impacts adding nearly \$58.0 million and favorable accrual accounting adjustments providing an additional \$21.0 million, growth in individual income tax receipts would have been limited to 2.8 percent.

For FY 2010-11 and beyond, this September 2010 forecast has Colorado individual income tax receipts returning near long-term annual average growth rates of 8.3 percent. These forecast results include various tax exemptions and credits, some of which will phase out near the end of the forecast horizon.

Corporate income tax revenues have been revised downwards since the June OSPB forecast. Colorado's corporate revenue is built upon an apportionment of global or national-level corporate profits (based on sales in Colorado). The recent strength in U.S. corporate profits helped drive higher Colorado corporate tax revenue for FY 2009-10; however, recent downward revisions to the national corporate profits forecast have weakened near-term revenue projections. The current forecast has revenues decreasing by 3.8 percent for FY 2010-11. An unfavorable accrual adjustment of nearly \$36.0 million dollars offsets the otherwise modest increases projected in the current fiscal year. Favorable accrual adjustments as well as positive legislative impacts are projected help to support growth in corporate income tax revenue in both FY 2011-12 and 2012-13, with a large positive bounce in FY 2011-12.

The recognized slowdown in the rate of economic recovery at the national level introduces new uncertainty into the rate of recovery for Colorado - how this will translate into future revenue receipts for Colorado has yet to be seen. Ultimately, individual income tax revenue constitutes the majority of General Fund revenue for the State and is closely linked to personal income growth. Colorado revenue receipts will therefore struggle to return to healthy growth rates until personal income and employment show sustained improvement.

**Table 2**  
**TABOR Revenue & Referendum C Revenue Limit**  
*(Dollar Amounts in Millions)*

Line No.		Preliminary FY 2009-10	September 2010 Estimate by Fiscal Year		
			FY 2010-11	FY 2011-12	FY 2012-13
<b>TABOR Revenues:</b>					
1	General Fund /A <i>Percent Change from Prior Year</i>	\$6,438.4 -4.3%	\$6,776.8 5.3%	\$7,404.0 9.3%	\$7,800.4 5.4%
2	Cash Funds <i>Percent Change from Prior Year</i>	\$2,088.6 -12.0%	\$2,357.8 12.9%	\$2,508.8 6.4%	\$2,690.8 7.3%
3	<b>Total TABOR Revenues</b> <i>Percent Change from Prior Year</i>	\$8,526.9 -6.3%	\$9,134.6 7.1%	\$9,912.8 8.5%	\$10,491.2 5.8%
<b>Revenue Limit Calculation:</b>					
4	Previous calendar year population growth	1.9%	1.9%	1.8%	1.7%
5	Previous calendar year inflation	3.9%	-0.7%	1.0%	1.8%
6	<b>Allowable TABOR Growth Rate</b>	5.8%	1.2%	2.7%	3.5%
7	TABOR Limit	\$9,327.0	\$9,438.9	\$9,693.8	\$10,033.1
8	General Fund Exempt Revenue Under Ref. C /B	\$0.0	\$0.0	\$219.0	\$458.2
9	<b>Revenue Limit Under Ref. C /C</b>	<b>\$9,327.0</b>	<b>\$10,728.7</b>	<b>\$11,018.4</b>	<b>\$11,404.1</b>
10	<i>Amount Above/(Below) Limit</i>	(\$800.0)	(\$1,594.1)	(\$1,105.6)	(\$912.8)
11	TABOR Reserve Requirement	\$255.8	\$274.0	\$297.4	\$314.7

- /A** FY 2008-09 through FY 2010-11 amounts differ from the General Fund revenues reported in Table 3 (General Fund Revenues) as some double counting exists when cash funds are transferred to the General Fund (for instance, limited gaming revenues), and due
- /B** Under Referendum C, a "General Fund Exempt Account" is created in the General Fund. The account consists of monies collected in excess of the TABOR limit in accordance with voter-approval of Referendum C.
- /C** The revenue limit is calculated by applying the "Allowable TABOR Growth Rate" to either "Total TABOR Revenues" or the "Revenue Limit Under Ref. C," whichever is smaller. Beginning in FY 2010-11, the revenue limit will be based on the highest revenue total from FY 2005-06 to 2009-10 plus the "Allowable TABOR Growth Rate." This forecast anticipates that FY 2007-08 is the highest revenue year during the Referendum C period. For purposes of determining the FY 2010-11 revenue limit post Referendum C, the FY 2007-08 revenue limit increased to FY 2008-09 by the Allowable TABOR Growth Rate, then adjusted downward to reflect the impact of HB 09-1363, and then inflated for population plus inflation to FY 2010-11.

**Table 3**  
**Colorado General Fund – Revenue Estimates by Tax Category**  
*(Accrual Basis, Dollar Amounts in Millions)*

Line No.	Category	Preliminary		September 2010 Estimate by Fiscal Year					
		FY 2009-10	% Chg	FY 2010-11	% Chg	FY 2011-12	% Chg	FY 2012-13	% Chg
<b>Excise Taxes:</b>									
1	Sales	\$1,825.0	-5.5%	\$1,992.3	9.2%	\$2,075.8	4.2%	\$2,150.1	3.6%
2	Use	\$155.7	-11.9%	\$160.6	3.1%	\$170.0	5.9%	\$184.4	8.5%
3	Cigarette	\$40.8	-6.0%	\$41.0	0.4%	\$41.3	0.7%	\$41.5	0.5%
4	Tobacco Products	\$16.1	22.4%	\$12.0	-25.6%	\$14.2	18.3%	\$14.6	3.1%
5	Liquor	\$35.4	1.3%	\$35.6	0.5%	\$36.5	2.4%	\$37.1	1.7%
6	<b>Total Excise</b>	<b>\$2,073.1</b>	<b>-5.7%</b>	<b>\$2,241.5</b>	<b>8.1%</b>	<b>\$2,337.7</b>	<b>4.3%</b>	<b>\$2,427.7</b>	<b>3.8%</b>
<b>Income Taxes:</b>									
7	Net Individual Income	\$4,083.8	-5.8%	\$4,276.8	4.7%	\$4,716.7	10.3%	\$5,020.6	6.4%
8	Net Corporate Income	\$372.1	27.2%	\$357.8	-3.8%	\$469.6	31.3%	\$485.0	3.3%
9	<b>Total Income</b>	<b>\$4,455.9</b>	<b>-3.7%</b>	<b>\$4,634.6</b>	<b>4.0%</b>	<b>\$5,186.4</b>	<b>11.9%</b>	<b>\$5,505.6</b>	<b>6.2%</b>
10	Less: State Education Fund Diversion	\$329.0	-3.2%	\$333.7	1.4%	\$373.4	11.9%	\$396.4	6.2%
11	<b>Total Income to General Fund</b>	<b>\$4,126.9</b>	<b>-3.7%</b>	<b>\$4,300.9</b>	<b>4.2%</b>	<b>\$4,813.0</b>	<b>11.9%</b>	<b>\$5,109.3</b>	<b>6.2%</b>
<b>Other Revenues:</b>									
12	Estate	\$0.2	700.0%	\$0.0	N/A	\$0.0	N/A	\$0.0	N/A
13	Insurance	\$186.9	-2.9%	\$192.2	2.8%	\$198.6	3.3%	\$205.3	3.3%
14	Interest Income	\$10.1	7.7%	\$15.1	49.5%	\$29.2	93.8%	\$31.1	6.3%
15	Pari-Mutuel	\$0.5	17.2%	\$0.8	54.0%	\$0.9	5.9%	\$0.9	6.5%
16	Court Receipts	\$17.8	-26.1%	\$3.8	-78.6%	\$0.0	N/A	\$0.0	N/A
17	Gaming	\$16.2	476.3%	\$33.2	104.9%	\$0.0	N/A	\$0.0	N/A
18	Other Income	\$22.8	-19.3%	\$22.5	-1.3%	\$24.6	9.3%	\$26.2	6.5%
19	<b>Total Other</b>	<b>\$254.6</b>	<b>-1.1%</b>	<b>\$267.7</b>	<b>5.1%</b>	<b>\$253.3</b>	<b>-5.3%</b>	<b>\$263.5</b>	<b>4.0%</b>
20	<b>GROSS GENERAL FUND</b>	<b>\$6,454.6</b>	<b>-4.3%</b>	<b>\$6,810.0</b>	<b>5.5%</b>	<b>\$7,404.0</b>	<b>8.7%</b>	<b>\$7,800.4</b>	<b>5.4%</b>
<b>Rebates &amp; Expenditures:</b>									
21	Cigarette Rebate	\$11.6	-3.9%	\$11.6	-0.5%	\$11.7	0.7%	\$11.7	0.5%
22	Old-Age Pension Fund	\$115.4	6.7%	\$99.9	-13.4%	\$102.5	2.6%	\$105.0	2.5%
23	Aged Property Tax & Heating Credit	\$7.6	44.0%	\$7.6	0.6%	\$7.7	1.0%	\$7.8	1.0%
24	Interest Payments for School Loans	\$2.2	-59.9%	\$0.0	-100.0%	\$0.0	N/A	\$0.0	N/A
25	Fire/Police Pensions	\$4.2	5.2%	\$4.1	-2.4%	\$29.6	613.9%	\$29.6	0.0%
26	Amendment 35 General Fund Expenditure	\$0.8	-14.1%	\$0.8	1.5%	\$0.8	1.3%	\$0.9	0.9%
27	<b>Total Rebates &amp; Expenditures</b>	<b>\$141.9</b>	<b>4.3%</b>	<b>\$124.0</b>	<b>-12.6%</b>	<b>\$152.2</b>	<b>22.7%</b>	<b>\$154.9</b>	<b>1.7%</b>

Revenue and expenditure figures above reflect actions from the 2009 and 2010 legislative sessions. Please refer to the table on page 4 of this document for a summary of these actions.

## ***CASH FUNDS***

Table 4 summarizes the forecast for seven major cash fund categories and total cash fund revenue collections. The following explains some of the main considerations that influence expectations in the September 2010 cash fund forecast. OSPB projects that \$2.4 billion in cash fund revenue will be collected in FY 2010-11, a 12.9 percent increase from FY 2009-10. The increase is due largely to expected increases in severance and transportation-related revenue collections in FY 2010-11.

### **Transportation**

Transportation-related revenue, which includes revenue to the Highway Users Tax Fund, the State Highway Fund, and other miscellaneous cash funds, is expected to increase 6.5 percent in FY 2010-11 to \$1.1 billion. This projected increase is higher than the long-run average year-over-year transportation revenue growth, and is a result from weakness in auto sales (barring the temporary impact from the federal cash-for-clunkers program) in the previous fiscal year.

In FY 2009-10, transportation-related revenue increased 14.9 percent, attributable largely to increased revenue collections for vehicle licenses and registrations, as a result of major legislative changes adopted with the passage of SB 09-108.

### **Limited Gaming**

The following table outlines anticipated collection and distribution patterns of total gaming revenues. FY 2010-11 total revenues from gaming are projected to increase 3.6 percent over FY 2009-10, to \$115.3 million. Of this total projected FY 2010-11 limited gaming revenue, \$12.1 million is anticipated to be attributable to extended limited gaming changes approved by Amendment 50 and is exempt from TABOR limitation; the remaining \$103.2 million is thus TABOR eligible revenue and is shown on Table 4 of this forecast.

Based on this September 2010 OSBP forecast, revenues will not fully support General Fund appropriations for FY 2010-11 and will therefore, per 12-47.1-701 C.R.S. (2010), cause limited gaming revenues that would otherwise be distributed to travel and tourism promotion, State Council on the Arts, new job incentives, film incentives, and the Clean Energy funds to instead flow to the General Fund. This change in distribution of gaming revenues to the General Fund will result in an additional \$33.2 million for General Fund balancing efforts, but will also result in programs within the Governor's Offices of Economic Development and Energy receiving no new revenue for FY 2011-12 (as limited gaming revenue transfers occur at the end of each fiscal year, and are available for appropriation in the subsequent fiscal years' budget).

<b>Distribution of Limited Gaming Revenues</b>	<b>FY09-10</b>	<b>FY10-11</b>	<b>FY11-12</b>	<b>FY 12-13</b>
<b>A. Total Limited Gaming Revenues</b>	<b>\$111.2</b>	<b>\$115.3</b>	<b>\$122.0</b>	<b>\$129.4</b>
Annual Percent Change	12.4%	3.6%	5.8%	6.0%
A1. Gaming Revenues Not from Taxes	\$3.6	\$2.5	\$2.5	\$2.5
A2. Gaming Revenues Related to Taxes	\$107.7	\$112.8	\$119.5	\$126.9
<b>B. Base Limited Gaming Revenues (max 3% growth)</b>	<b>\$97.8</b>	<b>\$100.7</b>	<b>\$103.7</b>	<b>\$106.8</b>
Annual Percent Change	3.0%	3.0%	3.0%	3.0%
B1. Amount Off the Top for Administration	(\$12.5)	(\$12.5)	(\$12.5)	(\$12.5)
B2. Additional Revenue not from Taxes (=A1)	\$3.6	\$2.5	\$2.5	\$2.5
<b>B3. Amount for Distribution to Existing Recipients</b>	<b>\$88.8</b>	<b>\$90.7</b>	<b>\$93.7</b>	<b>\$96.8</b>
<b>C. Extended Limited Gaming Revenues (=A-B-A1)</b>	<b>\$9.9</b>	<b>\$12.1</b>	<b>\$15.8</b>	<b>\$20.1</b>
Annual Percent Change	N/A	21.9%	30.7%	27.0%
<b>C1. Amount Off the Top for Administration</b>	<b>(\$1.4)</b>	<b>(\$1.4)</b>	<b>(\$1.4)</b>	<b>(\$1.4)</b>
<b>C2. Amount for Distribution</b>	<b>\$8.5</b>	<b>\$10.7</b>	<b>\$14.4</b>	<b>\$18.7</b>
<i>C3. Amount to Existing Recipients</i>	<i>\$0.5</i>	<i>\$0.6</i>	<i>\$0.9</i>	<i>\$1.1</i>
<i>C4. Amount to New Recipients</i>	<i>\$8.0</i>	<i>\$10.1</i>	<i>\$13.5</i>	<i>\$17.6</i>
<b>D. Total Amount to Existing Recipients (=B3+C3)</b>	<b>\$88.8</b>	<b>\$91.3</b>	<b>\$94.6</b>	<b>\$97.9</b>
<i>Amount to State Historical Society</i>	<i>\$24.9</i>	<i>\$25.6</i>	<i>\$26.5</i>	<i>\$27.4</i>
<i>Amount to Counties</i>	<i>\$10.7</i>	<i>\$11.0</i>	<i>\$11.3</i>	<i>\$11.8</i>
<i>Amount to Cities</i>	<i>\$8.9</i>	<i>\$9.1</i>	<i>\$9.5</i>	<i>\$9.8</i>
<i>Amount to Distribute to Remaining Programs</i>	<i>\$44.4</i>	<i>\$45.7</i>	<i>\$47.3</i>	<i>\$49.0</i>
<i>Amount to Local Government Impact Fund</i>	<i>\$3.8</i>	<i>\$5.9</i>	<i>\$6.1</i>	<i>\$6.4</i>
<i>Colorado Tourism Promotion Fund</i>	<i>\$14.1</i>	<i>\$0.0</i>	<i>\$21.4</i>	<i>\$21.8</i>
<i>New Jobs Incentives Fund</i>	<i>\$1.3</i>	<i>\$0.0</i>	<i>\$3.4</i>	<i>\$3.4</i>
<i>State Council on the Arts Fund</i>	<i>\$1.1</i>	<i>\$0.0</i>	<i>\$1.7</i>	<i>\$1.7</i>
<i>Film Incentives Fund</i>	<i>\$0.4</i>	<i>\$0.0</i>	<i>\$0.7</i>	<i>\$0.7</i>
<i>Colorado Office of Economic Development</i>	<i>\$0.0</i>	<i>\$0.0</i>	<i>\$0.0</i>	<i>\$0.0</i>
<i>Bioscience Discovery Evaluation Fund</i>	<i>\$5.5</i>	<i>\$5.5</i>	<i>\$5.5</i>	<i>\$0.0</i>
<i>Innovative Higher Education Research Fund</i>	<i>\$2.0</i>	<i>\$1.0</i>	<i>\$1.0</i>	<i>\$1.0</i>
<i>Colorado Department of Transportation</i>	<i>\$0.0</i>	<i>\$0.0</i>	<i>\$0.0</i>	<i>\$0.0</i>
<i>Clean Energy Fund</i>	<i>\$0.0</i>	<i>\$0.0</i>	<i>\$7.4</i>	<i>\$13.9</i>
<i>Transfer to the General Fund</i>	<i>\$16.2</i>	<i>\$33.2</i>	<i>\$0.0</i>	<i>\$0.0</i>
<b>E. Total Amount to New Recipients (=C4)</b>	<b>\$8.0</b>	<b>\$10.1</b>	<b>\$13.5</b>	<b>\$17.6</b>
<i>Community Colleges, Mesa and Adams State (78%)</i>	<i>\$6.3</i>	<i>\$7.8</i>	<i>\$10.6</i>	<i>\$13.7</i>
<i>Counties (12%)</i>	<i>\$1.0</i>	<i>\$1.2</i>	<i>\$1.6</i>	<i>\$2.1</i>
<i>Cities (10%)</i>	<i>\$0.8</i>	<i>\$1.0</i>	<i>\$1.4</i>	<i>\$1.8</i>

### Capital Construction – Interest

For information regarding capital construction, please locate the attached appendix at the end of this forecast for detailed calculations and narrative summary.

## **Regulatory Cash Funds**

The Colorado Department of Regulatory Agencies is primarily cash funded by regulated entities. The Department collects fees from professional licensing, registration, and public utilities which are set based on legislative appropriations specific to operating and regulatory oversight expenses. Cash fund revenue is expected to equal \$66.4 million in FY 2010-11, a 1.3 percent decrease from final FY 2009-10 revenues. Monthly FY 2010-11 revenue collections thus far have been down slightly since FY 2009-10, which is the primary consideration affecting the downward revision since the June 2010 forecast.

## **Insurance Related**

Insurance-related cash fund revenue includes all insurance premiums collected for major medical insurance, subsequent injury, and worker's compensation. State revenues include the per-employee surcharge collected plus any interest earned on existing fund balances for these programs. Legislative changes have notably altered revenue patterns for this category.

During the 2009 legislative session, the General Assembly passed SB 09-279, which resulted in the transfer of \$26.5 million from the Major Medical Insurance Fund to the General Fund in FY 2009-10. This effect, coupled with lower revenues from per-employee surcharges due to heightened State unemployment, resulted in revenues declining 16.7 percent in FY 2009-10, to \$42.9 million.

Beginning in FY 2010-11, revenue to the major medical insurance and subsequent injury funds is projected to be further reduced pursuant to SB 09-037. Per this legislation, annual revenues for these two programs cannot exceed the amount needed to cover annual operating expenditures from the funds in the following fiscal year, and can only be collected if and when the existing fund balances for these programs fall below a defined limit. The defined limit was set to equal the portion of the TABOR reserve currently defined to be supported by the Major Medical Insurance Fund). Prior to SB 09-037, revenue was deposited into the funds with the objective of achieving actuarial sufficiency to pay present and future claims for benefits. Based on the aforementioned influences, insurance-related revenue is anticipated to decline 55.7 percent in FY 2010-11, to \$19.0 million.

## **Hospital Provider Fees**

HB 09-1293 established the Health Care Affordability Act of 2009, which is intended to provide a payer source for some low-income and uninsured populations who would otherwise receive uncompensated care. Hospital provider fees, sanctioned by HB 09-1293, are intended to increase Medicaid reimbursements to hospitals paying the fee. Fees are paid by most hospitals in the State and will be equivalent to a per-day payment for inpatient hospital services and a percentage of charges for outpatient hospital services. The revenue collected from provider fees may be used as the State share of Medicaid expenditures to obtain a federal match.

HB 09-1293 is projected to increase cash fund revenue by \$394.1 million in FY 2010-11 and \$492.8 million in FY 2011-12. In FY 2009-10, the first year in which provider fee revenue was collected, hospital provider fee revenue totaled \$302.9 million.

## Severance Taxes and Federal Mineral Lease Revenues

Natural gas price volatility and the ad valorem property tax credit available to energy producers are the most significant sources of volatility for the severance tax forecast. Even minor changes in natural gas price assumptions can drive significant changes in severance tax revenue collections. A host of factors can dramatically influence natural gas supply and demand, and thus cause significant and immediate changes to natural gas prices. Since the publication of the June 2010 forecast, natural gas prices have weakened, and thus severance tax revenue expectations in the September 2010 forecast represent a reduction since June. Severance tax revenue collections are expected to total \$160.4 million in FY 2010-11 and \$179.5 million in FY 2011-12.

When federal lands are leased for mineral extraction, the federal government and the State of Colorado realize a share of the revenue from the leases. The table below outlines the revised Federal Mineral Lease (FML) payments by bonus and non-bonus revenues. FML revenue is augmented by bonus payments, the result of a bidding process by which mining rights on federal land are awarded. Total FML revenues are projected to increase as the economy recovers and production on federal lands increases. As FML revenues directly affect available funding for certification of participation payments for higher education and capital construction, please refer to the attached appendix for further information about how these revised forecasts affect construction obligations.

<b>Federal Mineral Lease (FML) Payments (in millions)</b>				
Fiscal Year	Bonus Payments	Non-Bonus Payments	Total FML	Percent Change
FY 2008-09	\$62.5	\$164.8	\$227.3	N/A
FY 2009-10	\$5.2	\$117.2	\$122.5	-46.1%
FY 2010-11	\$15.6	\$119.9	\$135.5	10.6%
FY 2011-12	\$16.0	\$123.4	\$139.4	2.9%
FY 2012-13	\$17.0	\$130.7	\$147.7	6.0%

*Note that FML revenues and other transfers from the federal government are not state-generated revenues and are therefore exempt from TABOR. As such, the amounts above are not reflected in the cash fund revenue forecast shown in Table 4.*

**Table 4**  
**Cash Fund Revenue Forecasts by Major Category**  
*(Dollar Amounts in Millions)*

Category	Preliminary	September 2010 Estimate by Fiscal Year			FY 2009-10 to FY 2012-13 CAAGR *
	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	
<b>Transportation-Related /A</b>	\$1,059.5	\$1,128.4	\$1,133.8	\$1,148.8	
Change	14.9%	6.5%	0.5%	1.3%	2.7%
<b>Limited Gaming Fund /B</b>	\$101.2	\$103.2	\$106.2	\$109.3	
Change	2.3%	2.0%	2.9%	2.9%	2.6%
<b>Capital Construction - Interest</b>	\$3.3	\$1.3	\$1.1	\$1.1	
Change	-67.4%	-59.2%	-20.0%	5.3%	-30.0%
<b>Regulatory Agencies</b>	\$67.3	\$66.4	\$67.8	\$69.4	
Change	-13.9%	-1.3%	2.1%	2.4%	1.0%
<b>Insurance-Related /C</b>	\$42.9	\$19.0	\$19.9	\$20.9	
Change	-16.7%	-55.7%	4.6%	5.2%	-21.3%
<b>Severance Tax /D</b>	\$48.2	\$160.4	\$179.5	\$181.6	
Change	-85.7%	232.4%	11.9%	1.2%	55.6%
<b>Medicaid Hospital Provider Fees</b>	\$302.9	\$394.1	\$492.8	\$634.9	
Change	N/A	30.1%	25.1%	28.8%	N/A
<b>Other Miscellaneous Cash Funds</b>	\$463.3	\$485.0	\$507.7	\$524.8	
Change	-5.0%	4.7%	4.7%	3.4%	4.2%
<b>TOTAL CASH FUND REVENUE</b>	<b>\$2,088.6</b>	<b>\$2,357.8</b>	<b>\$2,508.8</b>	<b>\$2,690.8</b>	
Change	-12.0%	12.9%	6.4%	7.3%	8.8%

\* CAAGR: Compound Annual Average Growth Rate.

/A Revenues beginning in FY 2009-10 include the impact of SB 09-108 (FASTER).

/B Revenues exclude any impact from Amendment 50 as these revenues are exempt from TABOR. Exempted revenues are projected based on the formula outlined per HB 09-1272.

/C Pursuant to SB 09-037, beginning in FY 2010-11 the Workers' Compensation surcharge that is applicable for the Major Medical and Subsequent Injury cash fund will no longer be applied until the available balance in said fund falls below the unrestricted cash fund balance plus one year's worth of direct and indirect operating expenses for these programs.

/D The forecast of severance taxes was discussed with Legislative Council Staff per SB 07-253 prior to release of this forecast.

## COLORADO ECONOMIC FORECAST

Slowing growth at the national level introduces new uncertainty at the state level. Reinforced by recent summer months providing less than expected economic improvement locally, mixed signals exist regarding the speed of economic recovery in Colorado. With little improvement seen in both employment and personal income growth in Colorado, downward revisions to previous OSPB projections are mandatory.

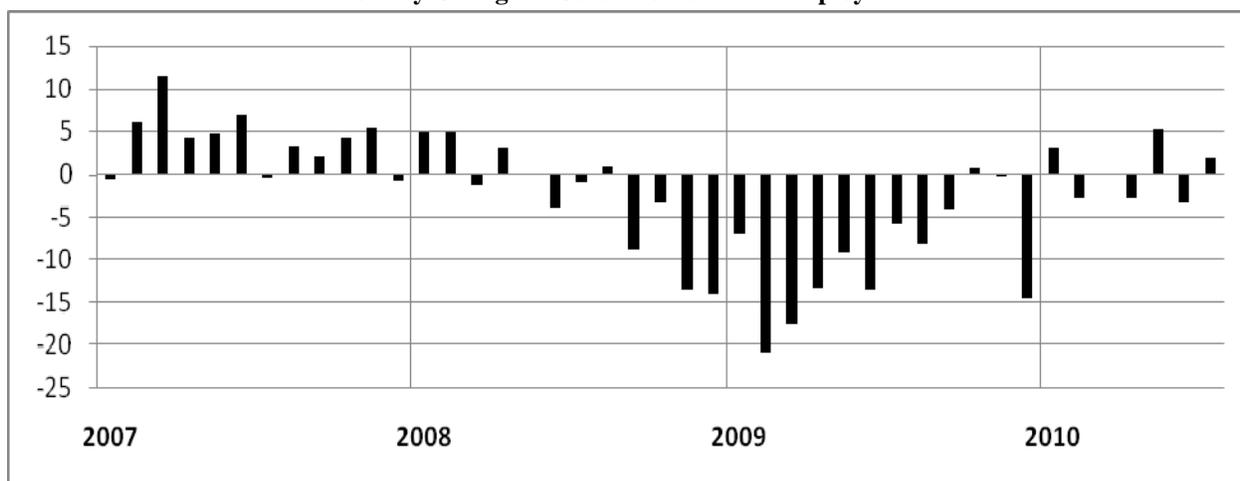
The following summary presents the OSPB forecast of the Colorado economic and demographic indices including: employment, wages and income, retail trade, non-residential and residential construction activity, inflation, and population.

### ***EMPLOYMENT***

Employment growth in Colorado has yet to develop any discernable trend. Seasonally-adjusted nonagricultural employment has continued to decrease through April 2010. After a loss in June of 3,400 jobs, Colorado added just 1,900 jobs in July.

Colorado nonagricultural employment decreased by 4.5 percent in 2009 and is expected to contract again at an annual rate of 1.7 percent for 2010. Education, health care, financial, and government sectors have been experiencing job gains through the second quarter of 2010, but it will take job gains across all of Colorado's diverse economy to erase the losses experienced during the recession. Employment growth of 1.7 percent is expected on average from 2011 through 2013.

**Monthly Change in Colorado Nonfarm Employment**

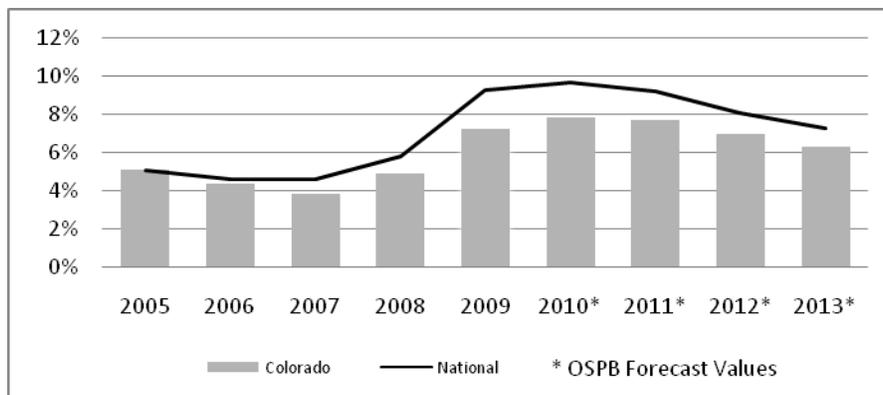


Source: U.S. Department of Labor (Bureau of Labor Statistics), Current Employment Statistics survey series SMS080000000000000001. Data is for all employees, thousands, seasonally adjusted.

The unemployment rate in Colorado is forecast at 7.9 percent for 2010. That is up from 7.3 percent for 2009; however, this 2010 projection is nearly two percentage points below the

forecasted national rate. The return of discouraged workers to the labor force will keep the unemployment rate above 6.0 percent through the forecast horizon.

**Colorado and National Unemployment Rates**



Source: U.S. Department of Labor, Bureau of Labor Statistic

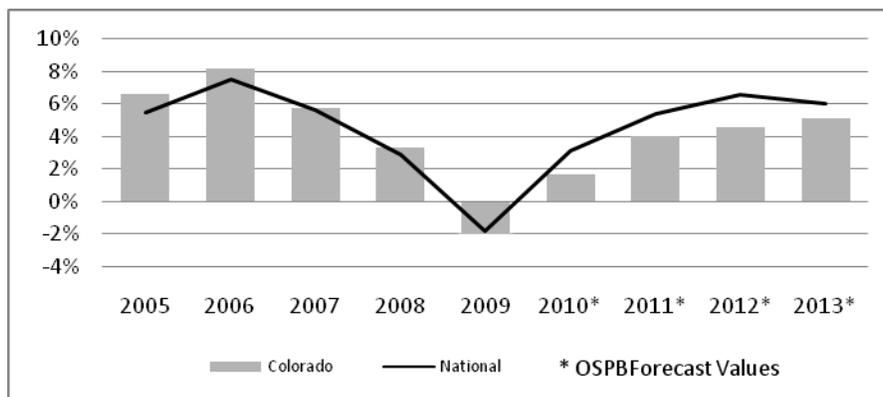
***WAGES AND INCOME***

The first quarter of 2010 was the third consecutive quarterly increase in Colorado personal income since early 2008. Although Colorado is seeing growth in personal income, the driver of that growth has not been wage growth. Rather, transfer receipts have been the supporting factor for most of the increases experienced as thousands of displaced workers continue to receive social benefits from the State. As such, despite growth in total, personal income growth attributable to economic stability has not yet materialized.

<b>Components of Personal Income</b>	<b>2009Q1</b>	<b>Percent of Total</b>	<b>2010Q1</b>	<b>Percent of Total</b>
A. Wages and Salary	114,174	54.9%	111,566	53.4%
B. Supplements to Wages and Salaries	25,756	12.4%	26,076	12.5%
C. Proprietors' Income	23,707	11.4%	23,902	11.4%
<b>D. Earnings (A+B+C)</b>	<b>163,637</b>	<b>78.6%</b>	<b>161,544</b>	<b>77.4%</b>
E. (Government Social Insurance)	(16,793)	-8.1%	(16,660)	-8.0%
F. Adjustment for Residence	441	0.2%	444	0.2%
G. Dividends, Interest, and Rent	37,225	17.9%	36,675	17.6%
H. Personal Transfer Receipts	23,591	11.3%	26,813	12.8%
<b>I. Total Personal Income (D+E+F+G+H)</b>	<b>208,101</b>		<b>208,816</b>	
J. Percent Change from 2009Q1				0.3%

Personal income is closely linked to employment growth in Colorado. As the employment situation improves and Colorado begins to experience consistent job growth, personal income should benefit. Colorado personal income is forecast to increase by 1.7 percent in 2010. Annual average growth for personal income of 4.2 percent is forecast from 2010 through 2013.

**Colorado and National Personal Income**

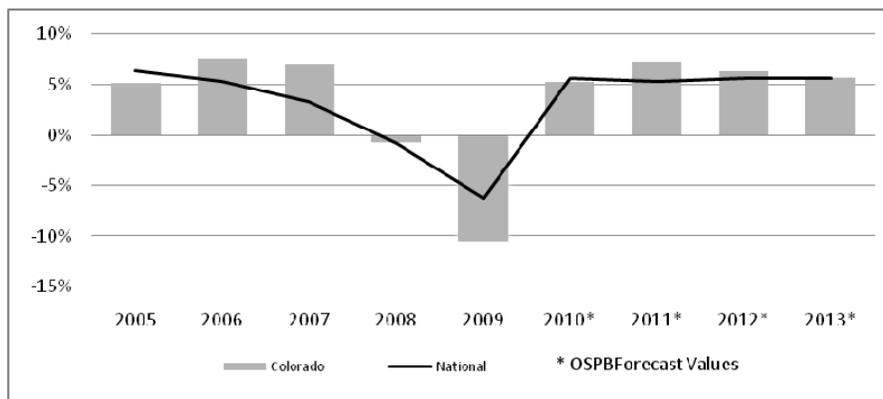


Source: U.S. Department of Labor, Bureau of Labor Statistics

***RETAIL TRADE***

The “Great Recession” has had a marked impact on the Colorado consumer. Weak labor market conditions and decreases in household wealth have introduced significant uncertainty into future consumer behavior. Retail trade decreased 10.5 percent in 2009. As labor market conditions improve and personal income increases, retail purchases are anticipated to benefit. OSPB has revised its September forecast lower based on a higher national savings rate and weakening consumer confidence throughout the summer months. Projected retail trade growth of 5.3 percent is forecast for 2010.

**Change in Colorado Retail Trade Sales**



Source: Colorado Department of Revenue

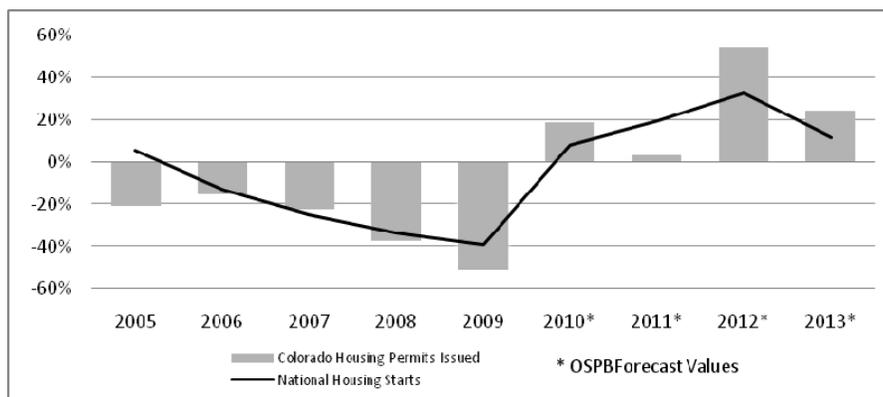
***CONSTRUCTION***

Colorado nonresidential construction activity has continued to deteriorate since 2008. Colorado experienced back to back contractions in nonresidential construction of 12.5 percent and 22.4 percent during 2008 and 2009. Calendar year 2010 is forecast to decrease another 21.0 percent. The historically low interest rate environment present in the U.S. capital markets has yet to spur

a return to nonresidential construction spending. This could be in part due to businesses' uncertain outlook towards the economy.

Residential housing permits in Colorado ended down 50.8 percent in 2009. The OSPB forecast for 2010 is an increase of 19.0 percent in permits. This is significantly reduced from the June forecast of a 44.8 percent increase. The removal of the federal home-buyer tax credit in late spring has brought new housing construction to a standstill. Weakness in both existing and new home sales has continued through the summer, and it is uncertain as to when the Colorado housing market will return to robust growth.

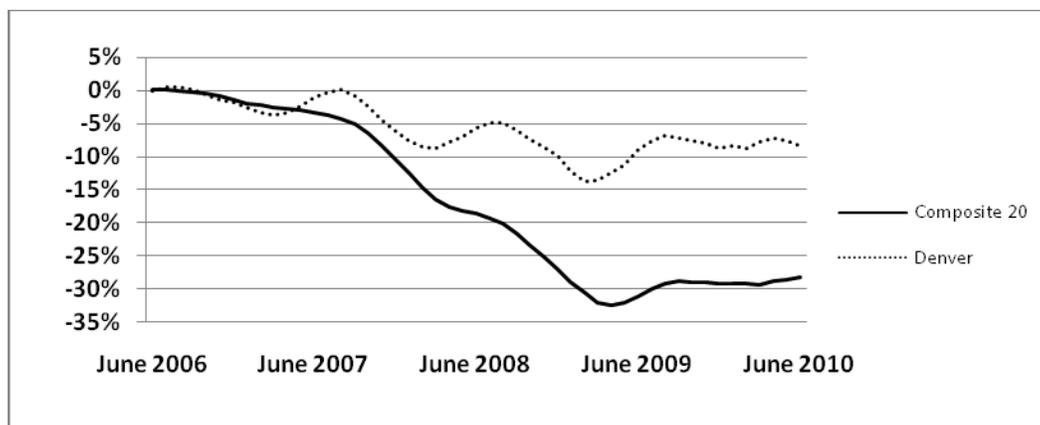
**Change in Colorado and U.S. housing starts**



***METROPOLITAN HOME PRICE VALUES***

Colorado home prices have fared better than the nation as a whole throughout the recession. The ending of the federal home-buyer tax credit may have given some artificial support to Denver area home prices throughout the spring of 2010. Although year-over-year gains are still being seen in Denver, the past three month-over-month price changes have shown declining metro-area home prices.

**Change in Metropolitan Home Price Values**



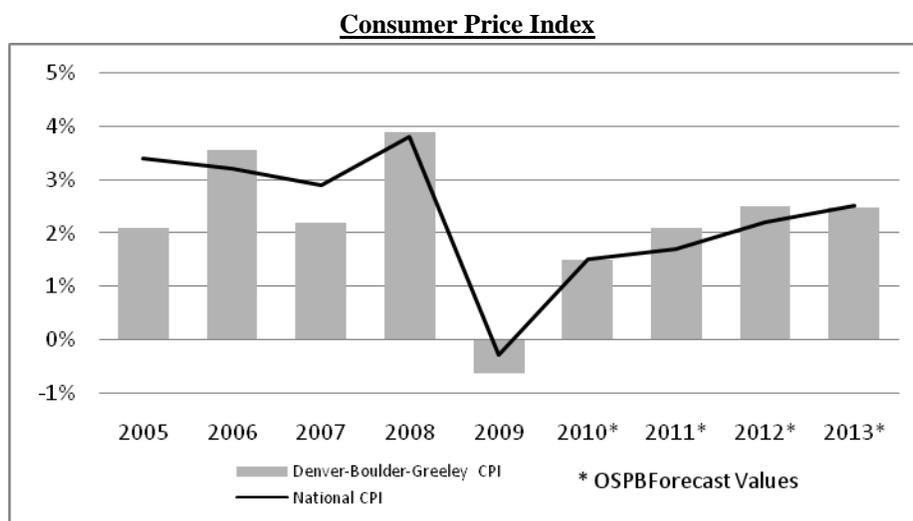
Source: S&P/Case-Shiller Home Price Indices (not seasonally adjusted)

***INFLATION***

The U.S. consumer price index (CPI) is a measure of the average change in prices over time. The index represents spending behavior for urban consumers and wage earners who represent roughly 87.0 percent of the total U.S. population. The index is a basket of “representative” goods and services such as food, housing, medical care, transportation and education among others. The percentage change in the CPI, period to period, is the inflation rate. The Denver-Boulder-Greeley CPI is measured by the Bureau of Labor Statistics at a bi-annual frequency.

As is the case at the national level, inflation expectations in Colorado are quite moderate in the near term. Calendar year 2009 realized an annual deflation rate of 0.7 percent in Colorado. Sluggish employment growth and weak personal consumption should hold inflation below historical averages in 2010.

This OSPB forecast is unchanged from June and projects 1.5 percent annual inflation in Colorado during 2010 with only modest increases throughout the forecast horizon.



Source: U.S. Department of Labor, Bureau of Labor Statistics

***POPULATION AND MIGRATION***

Population in Colorado is forecast to grow by 1.7 percent in 2010. The population growth rate has remained relatively steady over the past five years and is forecast to remain near 1.7 percent through 2013. The 2010 forecast shows migration of 43,659 equating individual reactions to Colorado receiving attention throughout the recession for being a job creation leader.

***RISKS TO THE FORECAST***

Colorado's recovery from the "Great Recession" continues at a slow pace. The summer of 2010 has brought forth new uncertainties as to the strength of the recovery at the national level. Colorado has yet to experience significant job growth which leaves households in a weaker financial state and the consumer reluctant to spend. Businesses are still weary as to the path of the recovery. That uncertainty coupled with tight credit-market conditions has left businesses unwilling to spend and take on new investments. Until employment conditions improve and increases in personal income are realized, the recovery will continue, albeit at a slower rate.

**Table 5  
History and Forecast for Key Colorado Economic Variables (Calendar Years 2006-2013)**

Line No.		Actual				Forecast			
		2006	2007	2008	2009	2010	2011	2012	2013
<b>Current Income</b>									
1	Personal Income (Billions) /A	\$194.4	\$205.5	\$212.3	\$207.7	\$211.2	\$220.0	\$230.0	\$242.0
2	Change	8.2%	5.7%	3.3%	-2.2%	1.7%	4.2%	4.5%	5.2%
3	Wage and Salary Income (Billions)	\$105.8	\$112.6	\$116.6	\$112.6	\$113.0	\$118.3	\$124.2	\$131.0
4	Change	7.0%	6.4%	3.6%	-3.5%	0.4%	4.7%	5.0%	5.5%
5	Per-Capita Income (\$/person)	\$40,912.0	\$42,444.0	\$42,985.0	\$40,961.6	\$40,959.6	\$41,987.9	\$43,194.1	\$44,656.9
6	Change	6.2%	3.7%	1.3%	-4.7%	0.0%	2.5%	2.9%	3.4%
<b>Population &amp; Employment</b>									
7	Population (Thousands)	4,802.7	4,892.1	4,982.9	5,070.6	5,156.3	5,239.6	5,324.8	5,419.1
8	Change	1.9%	1.9%	1.9%	1.8%	1.7%	1.6%	1.6%	1.8%
9	Net Migration (Thousands)	47.9	49.1	51.9	47.5	43.7	39.2	40.9	63.1
10	Civilian Unemployment Rate	4.4%	3.9%	4.9%	7.3%	7.9%	7.7%	7.0%	6.3%
11	Total Nonagricultural Employment (Thousands)	2,279.1	2,331.3	2,350.3	2,244.2	2,207.0	2,235.0	2,280.2	2,326.7
12	Change	2.4%	2.3%	0.8%	-4.5%	-1.7%	1.3%	2.0%	2.0%
<b>Construction Variables</b>									
13	Total Housing Permits Issued (Thousands)	38.3	29.5	19.0	9.4	11.2	12.0	18.5	22.9
14	Change	-16.4%	-23.2%	-35.5%	-50.5%	19.3%	7.0%	54.2%	23.8%
15	Nonresidential Construction Value (Millions) /B	3,242.0	3,578.8	3,130.7	2,430.5	1,921.1	2,502.1	2,571.9	2,722.1
16	Change	-2.2%	10.4%	-12.5%	-22.4%	-21.0%	30.2%	2.8%	5.8%
<b>Prices &amp; Sales Variables</b>									
17	Retail Trade (Billions) /C	\$70.4	\$75.4	\$74.8	\$66.9	\$70.5	\$75.6	\$80.4	\$85.0
18	Change	7.6%	7.0%	-0.8%	-10.5%	5.4%	7.2%	6.3%	5.7%
19	Denver-Boulder-Greeley Consumer Price Index (1982-84=100)	197.7	202.0	209.9	208.5	210.5	214.3	219.5	224.8
20	Change	3.6%	2.2%	3.9%	-0.6%	1.0%	1.8%	2.4%	2.4%

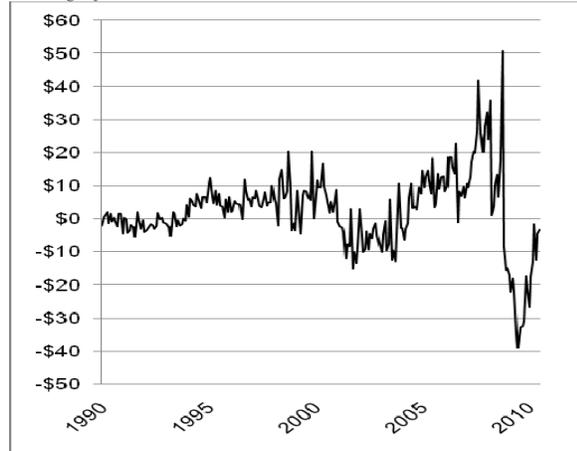
- /A Personal Income as reported by the federal Bureau of Economic Analysis includes: wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory and capital consumption adjustments, rental income of persons with capital consumption adjustments, personal dividend income, personal interest income, and personal current transfer receipts, less contributions from government social insurance.
- /B Nonresidential Construction Value is reported by Dodge Analytics (McGraw-Hill Construction) and includes new construction, additions, and major remodeling projects predominately at commercial (excluding hotels) and manufacturing facilities, educational institutions (excluding dormitories), medical and government buildings. Nonresidential does not include non-building projects (such as streets, highways, bridges and utilities).
- /C Retail Trade includes motor vehicles and automobile parts, furniture and home furnishings, electronics and appliances, building materials, sales at food and beverage stores, health and personal care, sales at convenience stores and service stations, clothing, sporting goods / books / music, and general merchandise found at warehouse stores and internet purchases. In addition, the above dollar amounts include sales from food and drink vendors (bars and restaurants).

## NATIONAL ECONOMIC FORECAST

Despite stabilization in a number of areas and growth in private final demand and employment, the national economy's recent rate of growth introduces new uncertainty throughout the forecast horizon. Since the release of the June 2010 forecast, revisions to key national economic data, namely a downward revision to advance second quarter real GDP growth estimates (from 2.4 percent to 1.6 percent) and an upward revision to the saving rate (from 4 percent to 6 percent), and continued job losses have mitigated expectations of a strong second half in 2010. In his recent speech to the Federal Reserve Bank of Kansas City Economic Symposium, Chairman Bernanke attributed much of the recent unexpected slowing to the household sector, where consumer spending and the demand for housing have both grown less quickly than was anticipated. This is particularly significant as consumer spending generally accounts for about seventy percent of GDP.

### Commercial / Industrial Loans at Commercial Banks

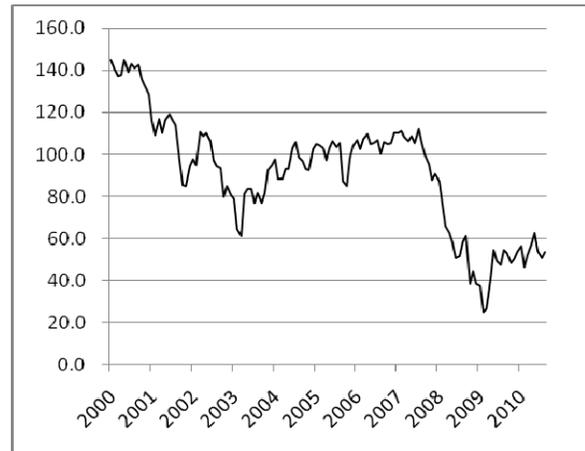
*Change from Prior Year, Dollars in Billions*



Source: St. Louis Federal Reserve.

### Consumer Confidence Index (CCI)

*Benchmarked to 1985 = 100*



Source: Pollingreport.com

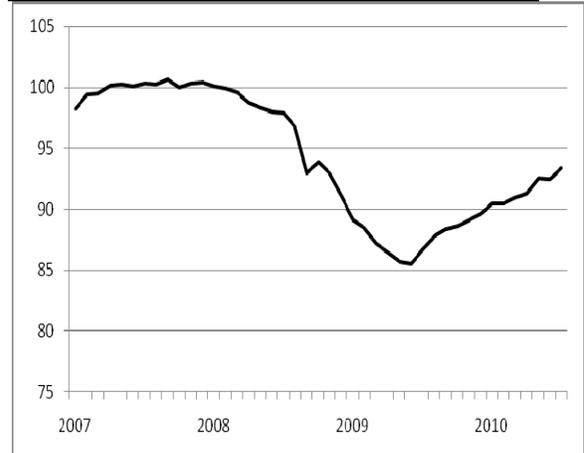
### National Initial Unemployment Insurance Claims



*Data in thousands, seasonally adjusted.*

Source: U.S. Department of Labor.

### Industrial Production and Capacity Utilization



*Benchmarked to 2002=100, seasonally adjusted.*

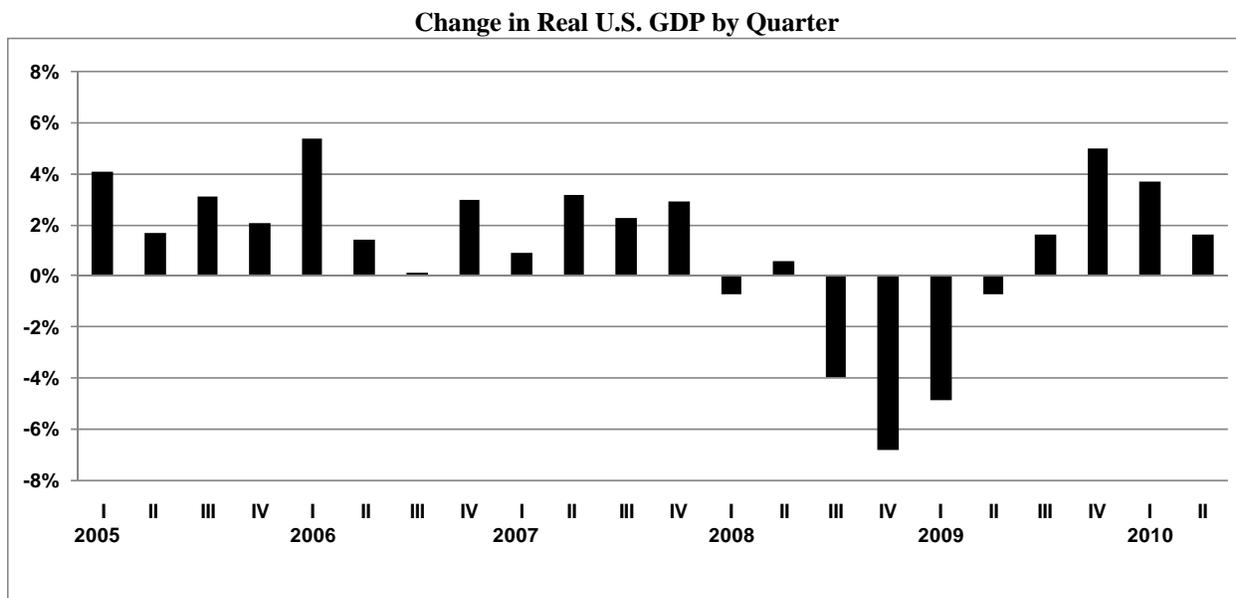
This OSPB forecast anticipates improvement in the national economy in calendar years 2010 and 2011, yet generally at rates less than those projected in June 2010. Labor market circumstances and the condition of household balance sheets will remain critical to the strength of the recovery.

**GROSS DOMESTIC PRODUCT**

Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given time period. GDP in the United States is reported quarterly by the U.S. Department of Commerce’s Bureau of Economic Analysis. GDP is estimated as the sum of final-expenditure components: personal consumption expenditures (consumer spending), gross private domestic investment, net exports (exports of goods and services less imports of goods and services) and government consumption expenditures and gross investment (government spending).

According to the U.S. Bureau of Economic Analysis (BEA), real GDP increased 1.6 percent from the first quarter of 2010 to the second quarter of 2010. This increase reflects positive contributions from nonresidential fixed investment personal consumption expenditures, exports, federal government spending, private inventory adjustment, and residential fixed investment.

This forecast projects real GDP in 2010 to increase 2.9 percent above the annual 2009 level. Real annual GDP is expected to increase 3.5 percent in 2011.



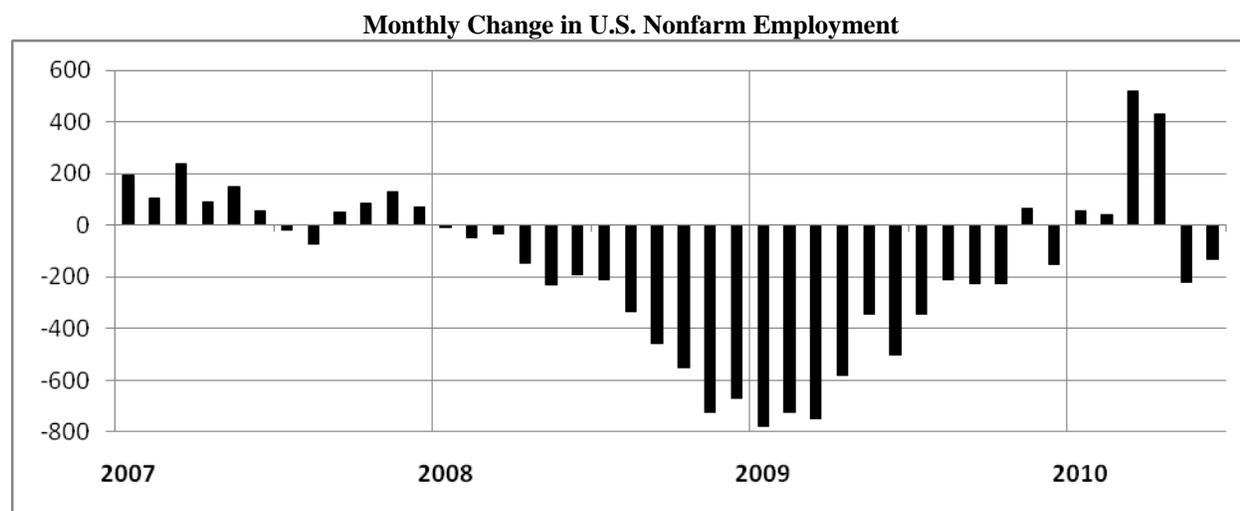
Source: U.S. Department of Commerce, Bureau of Economic Analysis. Data is provided on a quarterly basis, seasonally adjusted, and based on chained 2005 dollars.

- **Consumer spending (roughly 70 percent of GDP):** Real personal consumption expenditures increased 2.0 percent in the second quarter of 2010 after it increased 1.9 percent in the first quarter. This forecast projects personal income to increase 3.1 percent in 2010 and increase 5.4 percent in 2011.

- Business investment (roughly 14 percent of GDP):** According to the BEA, the change in real private inventories added 0.6 percentage points to the second quarter change in real GDP. Private businesses increased inventories \$63.2 billion in the second quarter, following an increase of \$44.1 billion in the first quarter. Real nonresidential fixed investment, which consists of purchases of both nonresidential structures and equipment and software, increased 17.6 percent in the second quarter of 2010. Real residential fixed investment, which consists of purchases of private residential structures and residential equipment that is owned by landlords and rented to tenants, increased 27.2 percent.
- Government spending (roughly 16 percent of GDP):** Real federal government consumption expenditures and gross investment increased 9.1 percent in the second quarter. National defense increased 7.3 percent and nondefense increased 12.9 percent. Real state and local government consumption expenditures and gross investment increased 1.2 percent.

### EMPLOYMENT

The U.S. Bureau of Labor and Statistics (BLS) August 2010 release of employment data indicated that nonfarm payroll employment decreased by 131,000 in July. The unemployment rate was unchanged at 9.5 percent. According to the BLS, in July 2010, the number of long-term unemployed (those jobless for at least 27 weeks) was little changed at 6.6 million. Long-term unemployed persons comprise 44.9 percent of unemployed persons.



Source: U.S. Department of Labor (Bureau of Labor Statistics), Current Employment Statistics survey series CES0000000001. Data is for all employees, thousands, seasonally adjusted.

This forecast projects a national unemployment rate of 9.7 percent in 2010 and 9.2 percent in 2011. Total nonagricultural employment is expected to be 130.2 million in 2010 and 132.1 million in 2011, exhibiting little growth over actual 2009 employment of 130.9 million, as job creation typically lags in the course of economic recoveries.

### ***INTEREST RATES***

Interest rates affect virtually every component of aggregate demand. The federal funds rate is the interest rate at which banks lend to each other in order to maintain the minimum amount of reserves required by the Federal Reserve. The Federal Reserve will target a particular rate through buying and selling government securities on the open market. Through the process of raising or lowering the federal funds rate, the Federal Reserve will indirectly affect interest rates offered by lenders in order to control the rate of inflation and promote full employment. In order to realize its strategic objectives, the Federal Reserve reduced the federal funds rate to between 0.00 and 0.25 percent in December 2008.

This forecast projects the federal funds rate to average 0.2 percent in 2010 and 0.6 percent in 2011. 30-year Treasury constant maturity rates are also expected to increase as the economy recovers. In 2009, U.S. banks posted their sharpest decline in lending since 1942, which continues to affect the rate of economic recovery. Banking activity remains low as banks maintain conservative lending positions. While the Federal Reserve will eventually raise interest rates, the timing of such an action is difficult to determine and is contingent upon how quickly the economy improves.

### ***INFLATION***

The Consumer Price Index, reported by the U.S. Bureau of Labor and Statistics (BLS), is a measure of the average change in prices over time of goods and services purchased by households. The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.3 percent in July 2010 on a seasonally adjusted basis, and has increased 1.2 percent over the course of the last 12 months before seasonal adjustment.

The consumer price index is expected to increase 1.5 percent in 2010 and 1.7 percent in 2011 as consumer spending increases and the labor market stabilizes. The high degree of slack present in the labor market is still expected to minimize upward wage and price pressures in 2010 and 2011.

### ***RISKS TO THE FORECAST***

As seen in recent months, the rate of recovery remains inconsistent and uncertain. Labor market conditions and consumer expectations are critical to the recovery and discernable, continuous improvement in these variables remains unobservable. Personal income, retail trade, and price pressure are greatly contingent on employment growth assumptions, and the trajectory of employment growth remains volatile and thus cumbersome to forecast. Other risks to the forecast include energy price volatility, central bank policy changes, and ambiguity regarding the direction of potential fiscal policy at the federal level.

**Table 6  
History and Forecast for Key National Economic Variables (Calendar Years 2006-2013)**

Line No.		Actual				Forecast			
		2006	2007	2008	2009	2010	2011	2012	2013
<b>Inflation-Adjusted &amp; Current Dollar Income Accounts</b>									
1	Inflation-Adjusted Gross Domestic Product (Billions) /A	\$12,972.0	\$13,227.0	\$13,225.0	\$12,888.0	\$13,264.0	\$13,732.0	\$14,300.0	\$14,789.0
2	Change	2.6%	2.0%	0.0%	-2.5%	2.9%	3.5%	4.1%	3.4%
3	Gross Domestic Product (Billions)/A	\$13,396.0	\$14,058.0	\$14,364.0	\$14,128.0	\$14,666.0	\$15,387.0	\$16,256.0	\$17,155.0
4	Change	6.0%	4.9%	2.2%	-1.6%	3.8%	4.9%	5.6%	5.5%
5	Personal Income (Billions) /B	\$11,268.1	\$11,912.0	\$12,391.0	\$12,175.0	\$12,553.0	\$13,235.0	\$14,110.0	\$14,959.0
6	Change	7.5%	5.7%	4.0%	-1.7%	3.1%	5.4%	6.6%	6.0%
7	Per-Capita Income (\$/person)	\$37,673.4	\$39,443.7	\$40,652.9	\$39,593.5	\$40,545.9	\$42,515.3	\$44,850.6	\$47,026.1
8	Change	6.2%	4.7%	3.1%	-2.6%	2.4%	4.9%	5.5%	4.9%
<b>Population &amp; Employment</b>									
9	Population (Millions)	299.1	302.0	304.8	307.5	309.6	311.3	314.6	318.1
10	Change	1.2%	1.0%	0.9%	0.9%	0.7%	0.5%	1.1%	1.1%
11	Civilian Unemployment Rate	4.6%	4.6%	5.8%	9.3%	9.7%	9.2%	8.1%	7.3%
12	Total Nonagricultural Employment (Millions)	136.1	137.6	137.0	130.9	130.2	132.1	134.9	137.6
13	Change	1.8%	1.1%	-0.4%	-4.5%	-0.5%	1.5%	2.1%	2.0%
<b>Financial Markets</b>									
14	30-Year T-Bond Rate	4.9%	4.8%	4.3%	4.0%	4.2%	4.5%	5.0%	5.5%
15	3 Month T-Bond Rate	4.7%	4.4%	1.4%	0.1%	0.1%	0.7%	2.8%	5.4%
16	Prime Rate	8.0%	8.1%	5.1%	3.3%	3.3%	3.7%	5.9%	8.4%
17	Federal Fund Rate	5.0%	5.0%	1.9%	0.2%	0.2%	0.6%	2.9%	5.4%
<b>Price Variables</b>									
18	Consumer Price Index (1982-84=100)	201.6	207.3	215.2	214.5	217.8	221.5	226.4	232.0
19	Change	3.2%	2.9%	3.8%	-0.3%	1.5%	1.7%	2.2%	2.5%
20	Producer Price Index (1982=100)	160.4	166.6	177.2	172.6	179.2	183.3	189.2	194.3
21	Change	3.0%	3.9%	6.3%	-2.6%	3.8%	2.3%	3.2%	2.7%
<b>Other Key Indicators</b>									
22	Industrial Production Index (2007=100)/C	97.4	100.0	96.7	87.7	92.7	97.7	102.9	107.1
23	Change	-9.2%	2.7%	-3.3%	-9.3%	5.7%	5.4%	5.3%	4.1%
24	Corporate Profits After Tax (Billions)/A	\$1,356.3	\$1,246.0	\$1,213.2	\$1,450.8	\$1,568.6	\$1,651.7	\$1,683.4	\$1,745.2
25	Change	30.0%	-8.1%	-2.6%	19.6%	8.1%	5.3%	1.9%	3.7%
26	Housing Starts (Millions)	1,800.9	1,355.0	905.5	552.0	600.0	714.9	1,000.1	1,110.0
27	Change	-12.9%	-24.8%	-33.2%	-39.0%	8.7%	19.2%	39.9%	11.0%
28	Retail Trade (Billions)	4,312.7	4,454.4	4,409.4	4,131.8	4,367.2	4,599.5	4,859.6	5,130.5
29	Change	5.4%	3.3%	-1.0%	-6.3%	5.7%	5.3%	5.7%	5.6%

/A BEA revised NIPA component

Personal Income as reported by the federal Bureau of Economic Analysis includes: wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory and capital consumption adjustments, rental income of persons with capital consumption adjustments, personal dividend income, personal interest income, and personal current transfer

/B receipts, less contributions from government social insurance.

/C Base year revised by the Federal Reserve (2007=100)

## **GOVERNOR'S REVENUE ESTIMATING ADVISORY COMMITTEE**

The Governor's Office of State Planning and Budgeting would like to thank the following individuals that provided valuable feedback on key national and Colorado-specific economic indices included in this forecast. All of these individuals possess expertise in a number of economic and financial disciplines and were extremely generous of their time and knowledge.

- John Cuddington – W.J. Coulter Professor of Mineral Economics and Professor of Economics and Business, Colorado School of Mines; President, JTC Economics+Finance LLC
- Elizabeth Garner - State Demographer, Colorado Department of Local Affairs
- Alexandra Hall - Labor Market Information Director, Colorado Department of Labor and Employment
- David McDermott, CPA - State Controller, Department of Personnel and Administration
- Ronald New - Vice President, Stifel Nicolaus
- Patricia Silverstein - President, Development Research Partners
- Richard Wobbekind - Associate Dean, Leeds School of Business; University of Colorado, Boulder

**Capital Construction Forecast September 2010**  
**Office of State Planning and Budgeting**

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**OSPB Capital Construction Fund Projection and Corresponding General Fund Transfer – September 20, 2010**

**Capital Construction**

FY 2009-10

The last forecast for FY 2009-10 was in June 2010.

FY 2010-11

The General Assembly passed and the Governor signed the Long Bill (HB 10-1376) which delineates the FY 2010-11 capital construction appropriation. These are the projects as appropriated and as reflected in this forecast:

OSPB Priority	Department	Request Title	FY 2010-11 Appropriation
			CCF
1	Corrections	Colorado State Penitentiary II – Certificates of Participation Payment	\$1,393,460
2	Higher Education	Anschutz Medical Campus Certificates of Participation	\$1,996,149
3	Higher Education/Treasury	Federal Mineral Lease Certificates of Participation Annual Payments	\$0
4	Personnel and Administration	Level I Controlled Maintenance	\$2,695,589
5	Revenue	Colorado Integrated Tax Architecture	\$10,177,308
	Total		\$16,262,506

The General Fund transfer for FY 2010-11 was reduced by applying available fund balances from State Land Board funds in the amounts of \$405,892 from fund 707 and \$7,028,107 from fund 853 for the Public Buildings Trust. These sources are letternoted in HB 10-1376.

The three COP payments had less Capital Construction Funds appropriated because of offsets from other fund sources. The Lease Purchase of Academic Facilities at Anschutz Medical Campus was offset by Fitzsimons fund balance, the Lease Purchase of Colorado State Penitentiary II was offset by Corrections Expansion Reserve Fund (CERF) funds, and the Lease Purchase of Academic Facilities (Federal Mineral Lease or FML), pursuant to Section 23-19.9-102, C.R.S. (2010), was covered by the Higher Education FML Revenues Fund. All three series of COPs were refinanced in FY 2009-10. The refinancing savings in FY 2010-11 reduced the General Fund transfer to the Capital Construction Fund (CCF). Please see the attached pricings at Tables CC-D, CC-E, and CC-F.

Due to budget balancing, Controlled Maintenance was funded at \$10.1 million total funds for FY 2010-11. Capital Construction Funds contributed \$2,695,589 of this amount, and the balance was offset by State Land Board funds (\$405,892 from fund 707 and \$7,028,107 from fund 853 [ $\$10,129,588 - \$405,892 - \$7,028,107 = \$2,695,589$ ]).

### FY 2011-12 and FY 2012-13

No new projects for the out years have been added at this time. Continuation projects are assumed to be funded. The Governor will submit any additional projects recommended for funding on November 1, 2010.

However, a reduction has been applied to the assumption for Controlled Maintenance. As a part of budget balancing for FY 2011-12, the General Fund transfer for Controlled Maintenance has been reduced from \$20 million estimated in June 2010 to \$10 million. The rest of the FY 2011-12 budget balancing plan will be announced on November 1, 2010 as a part of the Governor's annual budget request.

The projected out-year annual payments required to meet the pricing schedule for certificates of participation are presented at Tables CC-D, CC-E, and CC-F.

### Summary

Typically each September, OSPB updates the capital construction forecast with the annual FY10 Capital Construction Available Report typically posted in September by the State Controller's Office. However, this report is not available at this time and the uncommitted balance from prior year is not available. Therefore, OSPB has used the FY 2010-11 estimate from September 2009 to derive the FY 2010-11 uncommitted balance. These calculations are provided at Table CC-A. The non-CERF transfers into the Capital Construction Fund during the 2010 session were \$9,125,506 pursuant to HB 10-1389. See "Transfer" tab and Table CC-I, rows G and H.

For the interest calculation, OSPB updated the interest rates with information from the State Treasurer's Office as of September 14, 2010. The rates have been lowered since last forecast. The interest from FY 2009-10 that is available for expenditure in FY 2011-12 is \$2,899,727 per the State Controller's Office September 9, 2010.

OSPB assumed that the fund balance is spent at a rate of 7.69% each month. This is based on two years of historical data showing that in both years, exactly 7.69% is spent on average each month, an analysis that was completed by OSPB in September 2009. OSPB

then applied an annualized interest rate on the Capital Construction Fund using the Treasurer's recommended annualized interest rates for projection purposes.

The CERF Appropriations do not include the impact of HB 07-1040 so it is handled in the same way as done by Legislative Council.

OSPB has calculated the following as the General Fund transfer need for the Capital Construction Fund.

	FY 2010-11	FY 2011-12	FY 2012-13
<b>General Fund Transfer Need</b>	\$0	\$42,345,336	\$66,294,028

**Federal Mineral Lease**

The FML projection is provided at Tables CC-B (Revenues Fund) and CC-C (Maintenance and Reserve Fund).

The Federal Mineral Lease Higher Education Revenues Fund was intended to fund the annual payments for the Federal Mineral Lease for the Colorado Higher Education Capital Construction Lease Purchase Refinancing Certificates of Participation, Series 2009. When fund balance is insufficient, an increased General Fund transfer is required. There is no spillover from Federal Mineral Lease revenues projected for any of the years in the forecast. FY 2009-10 end of year balance from the State Controller’s Office September 9, 2010 which includes interest, plus the balance in the Treasurer's Expenses Fund of approximately \$1,788,000 as of August 31, 2010 per the Colorado State Treasury, less the annual payment amount for FY 2010-11 and less the HB 10-1389 transfer \$7,000,000 in FY 2010-11 out of the fund into the General Fund yields the end of year balance for FY 2011-12. The FY 2010-11 payments will be \$3,982,430 and \$4,895,120. Payments are made May 1 and November 1 annually.

The tables show that there is still not enough revenue projected from this source to fully cover the out year annual payments (shown in Table CC-D), so a General Fund need is projected in Table CC-A. The refinancing of the FML certificates of participation reduced payments from the Revenues Fund in the short term. Table CC-B provides a detailed projection of the FML Revenues Fund.

The Higher Education Maintenance and Reserve Fund projection was updated at Table CC-C using current data from the State Controller’s Office.

Table CC - A					
		FY 2010-11	FY 2011-12	FY 2012-13	
A	Uncommitted balance from prior year	\$5,137,000	\$899,727	\$0	The annual FY10 Capital Construction Available Report typically posted in September is not available from the State Controller's Office at this time. Therefore the uncommitted balance from prior year is not available. Therefore, FY 2010-11 estimate from September 2009 is used to derive the FY 2010-11 uncommitted balance.
B	Interest Annual Percentage	2.00%	2.00%	2.00%	Colorado State Treasurer State Controller recommendations for projection purposes as of September 14, 2010. Monthly factor is Annual Interest Percentage multiplied by 30 and divided by 360.
C	Non-CERF transfers into CCF during 2010 session	\$9,125,506	\$0	\$0	HB 10-1389. See "Transfer" tab and Table CC-I, rows G and H
D	Interest from Prior Year	\$2,899,727	\$1,330,219	\$1,064,754	FY 2010-11 per State Controller's Office September 9, 2010. Out years projected below.
E	<b>Funds available</b>	<b>\$17,162,233</b>	<b>\$2,229,946</b>	<b>\$1,064,754</b>	Rows A + D
F	Lease Purchase of Academic Facilities at Anschutz Medical Campus (Fitzsimons)	(\$1,996,149)	(\$5,144,350)	(\$6,646,801)	See Table CC - E. The savings in FY 2010-11 from refinancing COPs reduced the General Fund transfer to the Capital Construction Fund. FY 2010 11 source is HB 10-1376 page 237. Tobacco cash funds offset estimated at \$8 million a year for FY 2011-12 forward [maximum pursuant to C.R.S. 23-20-136, (3.5) (a)] reduce the need for General Fund. Tobacco cash funds are appropriated at \$7,698,527 for FY 2010-11.
G	Lease Purchase of Colorado State Penitentiary II	(\$1,393,460)	(\$16,736,038)	(\$17,942,356)	Due to refinancing the COPs, the FY 2010-11 payment is reduced to \$8,048,292, of which \$6,654,832 was appropriated from CERF cash funds. The need for a General Fund transfer in FY 2011-12 is \$17,141,139 CCF to make the payment of \$18,434,900, offset by the CERF balance (projected on the following page). See Table CC - F.
H	Lease Purchase of Academic Facilities Pursuant to Section 23-19.9-102 (FML)	\$0	(\$4,066,510)	(\$18,585,375)	See Tables CC - B and CC - D. Because of refinancing the COPs,\$7 million in FY 2010-11 will be transferred from the FML Revenues Fund to the General Fund pursuant to HB 10-1389. Some General Fund is needed for FY 2011-12 and FY 2012-13.
I	Level I Controlled Maintenance	(\$2,695,589)	(\$10,000,000)	(\$20,000,000)	The FY 2010-11 Level I Controlled Maintenance appropriation is \$10,129,588, offset by State Land Board funds (\$405,892 from fund 707 and \$7,028,107 from fund 853 [\$10,129,588 - \$405,892 - \$7,028,107 = \$2,695,589]. Source of FY 2010-11 is HB 10-1376. As part of budget balancing, controlled maintenance is recommended for reduction to \$10 million in FY 2011-12.
J	Colorado Integrated Tax Architecture	(\$10,177,308)	(\$8,628,383)	(\$4,184,250)	SB 09-259, HB 10-1376, September 1, 2010 Capital Request.
K	<b>Subtotal of Approved Projects</b>	<b>(\$16,262,506)</b>	<b>(\$44,575,281)</b>	<b>(\$67,358,782)</b>	Does not include any new FY 2011-12 or FY 2012-13 requests. For FY 2010 11, does not include CDOT appropriation. Additional projects may be recommended in the Governor's Prioritized list to be submitted on November 1, 2010.
L	Funds Available after Approved Projects	\$899,727	(\$42,345,336)	(\$66,294,028)	
M	<b>General Fund Transfer Need</b>	<b>\$0</b>	<b>\$42,345,336</b>	<b>\$66,294,028</b>	
N	<b>End of Year Balance</b>	<b>\$899,727</b>	<b>\$0</b>		

Interest Projection Summary		
Total Interest for FY 2010-11	\$2,899,727	State Controller's Office September 9, 2010
Total Interest for FY 2011-12	\$1,330,219	Sum of projected FY 2010-11 interest, below
Total Interest for FY 2012-13	\$1,064,754	Sum of projected FY 2011-12 interest, below
Total Interest for FY 2013-14	\$1,121,013	Sum of projected FY 2012-13 interest, below

Interest Projection Detail					CERF Balance Projection	
09-10	FY 2009-10 Fund Balance per State Controller's Office	\$93,370,780			End FY 2009-10 CERF balance as reported by State Controller's Office September 10, 2010 (includes HB 10-1389 transfer)	\$4,367,813
	2010-11 Transfer	\$9,125,506			2010 revenue to CERF (see Table CC-G)	\$2,859,396
10-11	<b>0.001667</b>	Estimated Balance	Interest Amount	Expended per Month	Amount used to fund HB 10-1376, page 235, CSP II COP Payment	(\$6,654,832)
	Jul	\$94,614,322	\$157,691	7.69%	<b>Subtotal for FY 2010-11</b>	<b>\$572,377</b>
	Aug	\$87,338,481	\$145,564	7.69%	Revenue for FY 2011-12	\$1,126,485
	Sep	\$80,622,152	\$134,370	7.69%	Subtotal for FY 2011-12	\$1,698,862
	Oct	\$74,422,308	\$124,037	7.69%	Used for FY 2011-12 CSPII COP Payment	(\$1,698,862)
	Nov	\$68,699,233	\$114,499	7.69%	<b>Subtotal for FY 2011-12</b>	<b>\$0</b>
	Dec	\$63,416,262	\$105,694	7.69%	Revenue for FY 2012-13	\$488,144
	Jan	\$58,539,551	\$97,566	7.69%	Used for FY 2012-13 CSPII COP Payment	(\$488,144)
	Feb	\$54,037,860	\$90,063	7.69%	<b>Subtotal for FY 2012-13</b>	<b>\$0</b>
	Mar	\$49,882,348	\$83,137	7.69%	Revenue for FY 2013-14	\$0
	Apr	\$46,046,396	\$76,744	7.69%	Used for FY 2013-14 CSPII COP Payment	\$0
	May	\$42,505,428	\$70,842	7.69%	<b>Subtotal for FY 2013-14</b>	<b>\$0</b>
	Jun	\$78,006,960	\$130,012	7.69%		
	11-12	<b>0.001667</b>	Estimated Balance	Interest Amount	Expended per Month	
Transfer Into Fund		<b>\$42,000,000</b>				
Jul		\$72,008,225	\$120,014	7.69%		
Aug		\$66,470,793	\$110,785	7.69%		
Sep		\$61,359,189	\$102,265	7.69%		
Oct		\$56,640,667	\$94,401	7.69%		
Nov		\$52,285,000	\$87,142	7.69%		
Dec		\$48,264,283	\$80,440	7.69%		
Jan		\$44,552,760	\$74,255	7.69%		
Feb		\$41,126,653	\$68,544	7.69%		
Mar		\$37,964,013	\$63,273	7.69%		
Apr		\$35,044,580	\$58,408	7.69%		
May		\$32,349,652	\$53,916	7.69%		
Jun		\$90,786,564	\$151,311	7.69%		

12-13	0.001667	Estimated Balance	Interest Amount	Expended per Month
	Transfer Into Fund	<b>\$66,000,000</b>		
Jul		\$83,805,077	\$139,675	7.69%
Aug		\$77,360,467	\$128,934	7.69%
Sep		\$71,411,447	\$119,019	7.69%
Oct		\$65,919,907	\$109,867	7.69%
Nov		\$60,850,666	\$101,418	7.69%
Dec		\$56,171,250	\$93,619	7.69%
Jan		\$51,851,680	\$86,419	7.69%
Feb		\$47,864,286	\$79,774	7.69%
Mar		\$44,183,523	\$73,639	7.69%
Apr		\$40,785,810	\$67,976	7.69%
May		\$37,649,381	\$62,749	7.69%
Jun		\$34,754,144	\$57,924	7.69%
7.69% from State Controller's Office, Average of "Report of Revenues and Expenditures By Period" for FY 2007-08 and FY 2008-09 for Fund 461, September 11, 2009; provided in December 2009 Forecast.				

**Table CC - B  
Higher Education Federal Mineral Lease Revenues Fund  
Spillover Projection for SB 08-233 Annual Payments  
September 2010**

<b>Fiscal Year</b>	<b>Spillover Projection</b>	<b>Annual Payments</b>	<b>Expense Fund Balance</b>	<b>Transfer from FML Revenues Fund to General Fund</b>	<b>Net</b>	<b>Interest</b>	<b>Final/Projected Balance</b>	<b>General Fund to Replace Shortfall</b>
FY 2009-10	\$0	\$0	\$0	\$0	\$0	\$0	\$22,305,030	\$22,305,031
FY 2010-11	\$0	(\$8,877,550)	\$1,788,000	(\$7,000,000)	\$8,215,480	\$164,310	\$8,379,790	\$0
FY 2011-12	\$0	(\$12,446,300)	\$0	\$0	(\$4,066,510)	\$0	(\$4,066,510)	\$4,066,510
FY 2012-13	\$0	(\$18,585,375)	\$0	\$0	(\$18,585,375)	\$0	(\$18,585,375)	(\$18,585,375)

There is no spillover projected for any of the years in the forecast. FY 2009-10 end of year balance from the State Controller's Office September 9, 2010. FY 2009-10 interest is a part of that balance at \$598,742 for the Revenues Fund. The balance in the Treasurer's Expenses Fund is approximately \$1,788,000 in the State Expense Fund as of August 31, 2010 per the Colorado State Treasury. Annual payments are made May 1 and November 1 annually. HB 10-1389 will transfer \$7,000,000 in FY 2010-11 out of the fund into the General Fund. The FY 2010-11 payments will be \$3,982,430 and \$4,895,120.

**Table CC - C  
Higher Education Federal Mineral Lease Maintenance and Reserve Fund  
Projection for Higher Education Controlled Maintenance  
September 2010**

<b>Fiscal Year</b>	<b>Prior Balance</b>	<b>Spillover Projection</b>	<b>Projected Interest</b>	<b>Reduction per August 23, 2010 Budget Balancing Plan</b>	<b>Accruing Total</b>
FY 2010-11	\$403,506	\$7,794,938	\$163,969	(\$9,422,741)	(\$1,060,328)
FY 2011-12	\$0	\$8,019,401	\$160,388	\$0	\$8,179,789
FY 2012-13	\$8,179,789	\$8,497,597	\$333,548	\$0	\$17,010,934

FY 2009-10 end of year balance from the State Controller's Office September 9, 2010. FY 2009-10 interest is a part of that balance at \$23,996 for the Maintenance and Reserve Fund.

A budget balancing plan will be submitted to address the FY 2010-11 shortfall in the fund.

**Table CC - D**  
**Colorado Higher Education Capital Construction Lease Purchase Refinancing**  
**Certificates of Participation, Series 2009**

Year	Fiscal Year	[A] Original Total Base Rentals	[B] Savings	[C] = [A] - [B] Total Base Rentals	[D] Non-State Base Rentals [Paid by Institutions]	[E] = [C] - [D] New State Annual Payments	Average for SB 233 Calculation
1	FY 2008-09	\$11,410,038	\$0	\$11,410,038	\$1,413,531	<b>\$9,996,507</b>	
2	FY 2009-10	\$18,830,200	\$832,360	\$17,997,840	\$2,177,475	<b>\$15,820,365</b>	
3	FY 2010-11	\$18,829,275	\$7,777,000	\$11,052,275	\$2,174,725	<b>\$8,877,550</b>	
4	FY 2011-12	\$18,823,450	\$4,207,175	\$14,616,275	\$2,169,975	<b>\$12,446,300</b>	
5	FY 2012-13	\$18,830,425	(\$1,932,800)	\$20,763,225	\$2,177,850	<b>\$18,585,375</b>	
6	FY 2013-14	\$18,824,300	(\$1,936,900)	\$20,761,200	\$2,173,225	<b>\$18,587,975</b>	
7	FY 2014-15	\$18,832,156	(\$1,936,375)	\$20,768,531	\$2,180,975	<b>\$18,587,556</b>	
8	FY 2015-16	\$18,832,400	(\$1,934,200)	\$20,766,600	\$2,178,788	<b>\$18,587,813</b>	
9	FY 2016-17	\$18,827,763	(\$1,936,275)	\$20,764,038	\$2,174,100	<b>\$18,589,938</b>	
10	FY 2017-18	\$18,824,013	(\$1,937,625)	\$20,761,638	\$2,173,850	<b>\$18,587,788</b>	\$15,866,717
11	FY 2018-19	\$18,736,950	(\$1,935,300)	\$20,672,250	\$2,172,225	<b>\$18,500,025</b>	
12	FY 2019-20	\$18,741,975	(\$1,934,675)	\$20,676,650	\$2,178,525	<b>\$18,498,125</b>	
13	FY 2020-21	\$18,742,038	(\$1,934,175)	\$20,676,213	\$2,177,381	<b>\$18,498,831</b>	
14	FY 2021-22	\$18,737,150	(\$1,933,550)	\$20,670,700	\$2,174,025	<b>\$18,496,675</b>	
15	FY 2022-23	\$18,736,038	(\$1,937,425)	\$20,673,463	\$2,171,600	<b>\$18,501,863</b>	
16	FY 2023-24	\$18,741,469	(\$1,935,550)	\$20,677,019	\$2,179,581	<b>\$18,497,438</b>	
17	FY 2024-25	\$18,741,488	(\$1,934,363)	\$20,675,850	\$2,175,463	<b>\$18,500,388</b>	
18	FY 2025-26	\$18,736,988	(\$1,936,925)	\$20,673,913	\$2,173,988	<b>\$18,499,925</b>	
19	FY 2026-27	\$18,742,988	(\$1,936,300)	\$20,679,288	\$2,176,738	<b>\$18,502,550</b>	
20	FY 2027-28	\$18,741,600	\$16,896,600	\$1,845,000	\$2,178,300	\$0	\$16,649,582
		\$368,262,701	\$680,697	\$367,582,004	\$42,752,319	\$325,162,985	\$32,516,298

**Table CC - E**  
**State of Colorado Refinancing UCDHSC Fitzsimons Academic Projects**  
**Certificates of Participation, Series 2009**

Year	Fiscal Year	[A] Original Total Base Rentals	[B] Savings	[C] = [A] - [B] Total Base Rentals	[D] = Less Cash Funds from Tobacco Master Settlement	[E] = [C] - [D] General Fund Transfer Need
1	FY 2009-10	\$13,142,063	\$4,196,981	\$8,945,082	\$8,000,000	\$945,082
2	FY 2010-11	\$13,143,213	\$3,448,537	\$9,694,676	\$7,698,527	\$1,996,149
3	FY 2011-12	\$13,144,713	\$363	\$13,144,350	\$8,000,000	\$5,144,350
4	FY 2012-13	\$13,141,563	(\$1,505,238)	\$14,646,801	\$8,000,000	\$6,646,801
5	FY 2013-14	\$13,143,650	(\$1,504,288)	\$14,647,938	\$8,000,000	\$6,647,938
6	FY 2014-15	\$13,142,888	(\$1,506,013)	\$14,648,901	\$8,000,000	\$6,648,901
7	FY 2015-16	\$13,143,038	(\$1,505,063)	\$14,648,101	\$8,000,000	\$6,648,101
8	FY 2016-17	\$13,145,388	(\$1,500,688)	\$14,646,075	\$8,000,000	\$6,646,075
9	FY 2017-18	\$13,141,838	(\$1,507,875)	\$14,649,713	\$8,000,000	\$6,649,713
10	FY 2018-19	\$13,143,213	(\$1,504,913)	\$14,648,125	\$8,000,000	\$6,648,125
11	FY 2019-20	\$13,141,963	(\$1,505,413)	\$14,647,375	\$8,000,000	\$6,647,375
12	FY 2020-21	\$13,142,213	(\$1,506,788)	\$14,649,000	\$8,000,000	\$6,649,000
13	FY 2021-22	\$13,142,963	(\$1,503,913)	\$14,646,875	\$8,000,000	\$6,646,875
14	FY 2022-23	\$13,143,213	(\$1,506,538)	\$14,649,750	\$8,000,000	\$6,649,750
15	FY 2023-24	\$13,141,963	(\$1,338,663)	\$14,480,625	\$8,000,000	\$6,480,625
16	FY 2024-25	\$13,145,806	\$526,838	\$12,618,969	\$8,000,000	\$4,618,969
17	FY 2025-26	\$13,142,356	\$10,298,419	\$2,843,938	\$2,843,938	\$0
18	FY 2026-27	\$13,143,594	\$0	\$13,143,594	\$8,000,000	\$5,143,594
19	FY 2027-28	\$13,142,375	\$0	\$13,142,375	\$8,000,000	\$5,142,375
20	FY 2028-29	\$13,146,375	\$0	\$13,146,375	\$8,000,000	\$5,146,375
21	FY 2029-30	\$13,146,250	\$0	\$13,146,250	\$8,000,000	\$5,146,250
22	FY 2030-31	\$13,145,625	\$0	\$13,145,625	\$8,000,000	\$5,145,625
		\$289,156,257	\$575,749	\$288,580,511	\$170,542,465	\$118,038,046

**Table CC - F**  
**State of Colorado Refinancing Department of Corrections' Colorado State Penitentiary II**  
**Certificates of Participation, Series 2009**

June 2010				
Year	Fiscal Year Ending	Previous Payment Schedule	Payment Schedule	Savings
1	FY 2009-10	\$13,942,350	\$2,857,175	\$11,085,175
2	FY 2010-11	\$13,940,350	\$8,048,292	\$5,892,058
3	FY 2011-12	\$13,938,850	\$18,434,900	(\$4,496,050)
4	FY 2012-13	\$13,983,250	\$18,430,500	(\$4,447,250)
5	FY 2013-14	\$13,939,000	\$18,431,100	(\$4,492,100)
6	FY 2014-15	\$13,937,250	\$18,430,950	(\$4,493,700)
7	FY 2015-16	\$13,937,000	\$18,430,500	(\$4,493,500)
8	FY 2016-17	\$13,937,000	\$18,432,500	(\$4,495,500)
9	FY 2017-18	\$13,936,000	\$16,422,250	(\$2,486,250)
10	FY 2018-19	\$13,937,750	\$9,758,500	\$4,179,250
11	FY 2019-20	\$13,935,750	\$9,757,000	\$4,178,750
12	FY 2020-21	\$13,938,750	\$9,754,500	\$4,184,250
	<b>Sum of All Years</b>	<b>\$164,401,125</b>	<b>\$164,330,992</b>	
		<b>Estimated Present Value Savings:</b>		<b>\$70,133</b>

FY 2009-10	TF	CCF	CERF
Amount of savings identified in March 2010 forecast	\$11,085,175		
Deappropriation requested on December 10, 2010	(\$13,942,350)	(\$8,175,782)	(\$5,766,568)
Less \$2,000 Administrative Costs made from interest balance	\$2,000	\$2,000	
Net June 2010 1331	(\$2,855,175)	(\$2,855,175)	\$0

**Table CC-G****Summary of Corrections Expansion Reserve Fund Appropriations to the Capital Construction Fund**

Revenue Appropriations to the CCF					
	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
<i>Transfers to the CCF Required from Legislation</i>					
HB 06-1011 (Internet Crimes Against Children)	\$523,164	\$523,164	\$0	\$0	\$0
HB 06-1145 (Meth Task Force)	\$43,597	\$43,597	\$0	\$0	\$0
SB 06-206 (Smuggling of Humans)	\$523,164	\$523,164	\$0	\$0	\$0
SB 06-207 (Trafficking in Humans)	\$523,164	\$523,164	\$0	\$0	\$0
SB 06S-004 (Extortion of Immigrants)	\$0	\$69,755	\$0	\$0	\$0
HB 07-1326 (Sex Offender Registration of Email Addresses)	\$75,099	\$0	\$0	\$0	\$0
SB 07-096 (Theft from At-Risk Individuals)	\$150,198	\$750,990	\$750,990	\$0	\$0
HB 08-1115 (Retaliation against a Judge)	\$0	\$112,649	\$0	\$112,649	\$0
HB 08-1194 (Increasing Penalties for Drunk Driving)	\$12,517	\$0	\$0	\$0	\$0
SB 08-239 (Penalty Leaving a Scene Involving Death)	\$125,165	\$137,682	\$375,495	\$375,495	\$0
HB 10-1277 (Sexual Conduct In Correctional Facility)	\$0	\$83,861	\$0	\$0	\$0
HB 10-1081 (Money Laundering Criminal Fraud)	\$0	\$91,370	\$0	\$0	\$0
HB 10-1389 (Capital Construction Transfers, reverses SB 06-206, SB 06-207, HB 06-1011, SB 07-096, HB 07-1326, and HB 08-1194)	(\$1,807,306)	\$0	\$0	\$0	\$0
	\$168,762	\$2,859,396	\$1,126,485	\$488,144	\$0

**Table CC-H  
FY 2010-11 Appropriations**

Bill #	Department	Division or Institution	Project	Type	CCF	CF	RF	FF	TF	Letternotes
10-1376	Corrections	Limon Correctional Facility	Door Controls Replacement and Perimeter Security Improvement	CM	\$0	\$635,083	\$0	\$0	\$635,083	State Land Board Funds
10-1376	Corrections	Colorado Territorial Correctional Facility	Critical Improvements, Cellhouse I	CM	\$0	\$458,116	\$0	\$0	\$458,116	State Land Board Funds
10-1376	Corrections	Arkansas Valley Correctional Facility and Fremont Correctional Facility	Perimeter Security Improvements	CM	\$618,968	\$0	\$0	\$0	\$618,968	
10-1376	Corrections	Correctional Industries	Minor Construction Projects	CC	\$0	\$945,063	\$0	\$0	\$945,063	Correctional Industries
10-1376	Corrections	Colorado State Penitentiary II	Lease Purchase of Colorado State Penitentiary II	CC	\$1,393,460	\$6,654,832	\$0	\$0	\$8,048,292	Cash is CERF
10-1376	Education	School for the Deaf and Blind	Electrical Distribution Upgrades	CM	\$0	\$621,672	\$0	\$0	\$621,672	State Land Board Funds
10-1376	Governor	Office of Information Technology	Replace Microwave Site Towers - A	CM	\$0	\$800,614	\$0	\$0	\$800,614	State Land Board Funds
10-1376	Higher Education	Western State College	Life Safety Projects	CM	\$65,000	\$0	\$0	\$0	\$65,000	
10-1376	Higher Education	Fort Lewis College	Reconstruction of Eighth Avenue, Phase 2 of 3	CM	\$0	\$567,035	\$0	\$0	\$567,035	State Land Board Funds
10-1376	Higher Education	University of Colorado, Boulder	Fire Safety Upgrades	CM	\$0	\$518,063	\$0	\$0	\$518,063	State Land Board Funds
10-1376	Higher Education	University of Colorado, Colorado Springs	Upgrade Fire Sprinkler System, University Hall	CM	\$0	\$497,152	\$0	\$0	\$497,152	State Land Board Funds
10-1376	Higher Education	University of Colorado, Health Sciences Center	Lease Purchase of Academic Facilities at Fitzsimons	CC	\$1,996,149	\$7,698,527	\$0	\$0	\$9,694,676	Cash is Fitzsimons Trust Fund
10-1376	Higher Education	Colorado School of Mines	Replace Failed Corroded Piping	CM	\$0	\$410,730	\$0	\$0	\$410,730	State Land Board Funds
10-1376	Higher Education	Pueblo Community College	SCCC West Campus, Refurbish/Repair Waste Water Lagoon System and Replace Main Water Feed	CM	\$0	\$599,390	\$0	\$0	\$599,390	State Land Board Funds
10-1376	Higher Education	Front Range Community College	Westminster Campus, Replace High Voltage Electrical System	CM	\$0	\$309,761	\$0	\$0	\$309,761	State Land Board Funds
10-1376	Higher Education	Colorado Historical Society	Healy House, Structural Reinforcement	CM	\$0	\$206,250	\$0	\$0	\$206,250	State Land Board Funds
10-1376	Higher Education	Colorado Historical Society	Cumbres and Toltec Scenic Railroad, Chama Depot, Electric and HVAC Upgrade	CM	\$0	\$100,600	\$0	\$0	\$100,600	State Land Board Funds
10-1376	Higher Education	Colorado Historical Society	New Colorado History Museum	CC	\$0	\$5,000,000	\$0	\$0	\$5,000,000	\$2 million from State Historical Fund and \$3 million from State Museum Cash Fund
10-1376	Higher Education	Colorado Historical Society	Regional Museum Preservation Projects	CC	\$0	\$600,001	\$0	\$0	\$600,001	\$500,000 from State Historical Fund and \$100,001 from gifts, grants, and donations
10-1376	Human Services	Office of Information Technology Services	Automated Child Support Enforcement System (ACSES) Migration and Modernization	CC	\$0	\$2,677,500	\$0	\$5,197,500	\$7,875,000	Cash is child support collections and fraud refunds.
10-1376	Human Services	Mental Health and Alcohol and Drug Abuse Services	Mental Health Institute at Fort Logan, Replace Fire Alarm Systems	CM	\$0	\$762,647	\$0	\$0	\$762,647	State Land Board Funds
10-1376	Human Services	Mental Health and Alcohol and Drug Abuse Services	Colorado AWARE VR Case Management System	CC	\$0	\$0	\$0	\$1,747,584	\$1,747,584	
10-1376	Human Services	Youth Corrections	Upgrade Electronic Security Systems	CM	\$0	\$439,864	\$0	\$0	\$439,864	State Land Board Funds
10-1376	Labor and Employment	Division of Oil and Public Safety	Consolidated Enterprise System	CC	\$0	\$641,287	\$0	\$213,762	\$855,049	\$342,020 from the Petroleum Storage Tank Fund, \$171,010 from the Boiler Inspection Fund, \$111,157 from the Conveyance Safety Fund, \$8,550 from the Public Safety Inspection Fund, \$8,550 from the Liquefied Petroleum Gas Inspection Fund.
10-1376	Military and Veterans Affairs	Alamosa Readiness Center	Construction	CC	\$0	\$853,568	\$0	\$610,702	\$1,464,270	Cash from Veterans Trust Fund

Bill #	Department	Division or Institution	Project	Type	CCF	CF	RF	FF	TF	Letternotes	
10-1376	Military and Veterans Affairs	Grand Junction Readiness Center	Construction	CC	\$0	\$3,688,553	\$0	\$0	\$3,688,553	Cash from Veterans Trust Fund	
10-1376	Military and Veterans Affairs	Windsor Readiness Center	Construction	CC	\$0	\$1,888,105	\$0	\$714,315	\$2,602,420	\$1,730,226 from Real Estate Proceeds and \$157,879 from the Veterans Trust Fund.	
10-1376	Natural Resources	Parks and Outdoor Recreation	Park Infrastructure and Facilities	CC/CM	\$0	\$9,107,049	\$0	\$1,405,500	\$10,512,549	\$9,416,574 from GOCO; \$5,840,475 from Parks Lottery; \$300,000 HUTF.	
10-1376	Natural Resources	Parks and Outdoor Recreation	Staunton State Park, New Park Development	CC/CM	\$0	\$5,500,000	\$0	\$0	\$5,500,000		
10-1376	Natural Resources	Parks and Outdoor Recreation	Land and Water Acquisitions	CC/CM	\$0	\$950,000	\$0	\$0	\$950,000		
10-1376	Natural Resources	Cash	Motorboat Access on Lakes and Streams	CC/CM	\$0	\$128,045	\$0	\$384,135	\$512,180	Cash is Wildlife Cash Funds	
10-1376	Natural Resources	Wildlife	Land and Water Acquisitions	CC/CM	\$0	\$4,500,000	\$0	\$0	\$4,500,000	Wildlife Cash Funds	
10-1376	Natural Resources	Wildlife	Infrastructure and Real Property Maintenance	CC/CM	\$0	\$681,030	\$0	\$0	\$681,030	Wildlife Cash Funds	
10-1376	Natural Resources	Wildlife	Asset Development or Improvements	CC/CM	\$0	\$2,471,600	\$0	\$0	\$2,471,600	Wildlife Cash Funds	
10-1376	Personnel and Administration	Not Applicable	Emergency Controlled Maintenance	CM	\$2,000,000	\$0	\$0	\$0	\$2,000,000		
10-1376	Personnel and Administration	Not Applicable	State Office Building, Replace Main Transformer	CM	\$11,621	\$203,478	\$0	\$0	\$215,099	Cash is State Land Board Funds	
10-1376	Personnel and Administration	Not Applicable	1570 Grant Street, Replace Fire Alarm System	CM	\$0	\$303,544	\$0	\$0	\$303,544	Not specified (but should be State Land Board Funds)	
10-1376	Public Health and Environment	Not Applicable	Brownsfield Cleanup Program	CC	\$0	\$250,000	\$0	\$0	\$250,000	Hazardous Substance Response Fund	
10-1376	Revenue	Not Applicable	Colorado Integrated Tax Architecture Upgrade	CC	\$10,177,308	\$0	\$0	\$0	\$10,177,308		
10-1376	Revenue	Not Applicable	Port-of-Entry Mobile Scale Replacement	CC	\$0	\$258,284	\$0	\$0	\$258,284	HUTF	
10-1376	Revenue	Not Applicable	Limon Port-of-Entry, Westbound Building Replacement	CC	\$0	\$487,451	\$0	\$0	\$487,451	HUTF	
10-1376	Revenue	Not Applicable	Dumon Port-of-Entry, Westbound Scale Lane Pavement	CC	\$0	\$768,678	\$0	\$0	\$768,678	HUTF	
10-1376	Revenue	Not Applicable	Limon Port-of-Entry, Westbound Scale Lane Replacement	CC	\$0	\$814,623	\$0	\$0	\$814,623	HUTF	
10-1376	Transportation	Not Applicable	Highway Construction Projects	CC	\$500,000	\$0	\$0	\$0	\$500,000		
10-1376	Treasury	Not Applicable	Lease Purchase of Academic Facilities, Pursuant to Section 23-19.9-102, C.R.S.	CC	\$0	\$8,877,550	\$0	\$0	\$8,877,550	FML Revenues	
<b>TOTALS</b>						<b>\$16,762,506</b>	<b>\$72,875,745</b>		<b>\$10,273,498</b>	<b>\$99,911,749</b>	
Subtotal Controlled Maintenance						<b>\$2,695,589</b>	<b>\$7,433,999</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,129,588</b>	
					Long Bill	\$16,762,506	\$72,875,745	\$0	\$10,273,498	\$99,911,749	\$10,129,588 check

Check

Bill #	Department	Division or Institution	Project	Type	CCF	CF	RF	FF	TF	Letternotes
			<b>Cash Sources</b>							
			GOCO		\$9,416,574					
			FML Revenues		\$8,877,550					
			Wildlife Cash Funds		\$7,780,675					
			Fitzsimons Trust Fund		\$7,698,527					
			State Land Board Funds		\$7,130,455					
			CERF		\$6,654,832					
			Parks Lottery Proceeds		\$5,840,475					
			Veterans Trust Fund		\$4,700,000					
			State Museum Cash Fund		\$3,000,000					
			DHS child support collections and fraud refunds		\$2,677,500					
			HUTF		\$2,629,036					
			State Historical Fund		\$2,500,000					
			DMVA Real Estate Proceeds		\$1,730,226					
			Correctional Industries		\$945,063					
			Petroleum Storage Tank Fund		\$342,020					
			Unspecified		\$303,544					
			Hazardous Substance Response		\$250,000					
			Boiler Inspection Fund		\$171,010					
			Conveyance Safety Fund		\$111,157					
			Gifts, grants, donations		\$100,001					
			Public Safety Inspection Fund		\$8,550					
			Liquified Petroleum Gas Inspection Fund		\$8,550					
			<b>Sum Cash</b>		<b>\$72,875,745</b>					
					\$0					

**Table CC - I  
Legislative Transfers**

Row	Fiscal Year	From	Amount	To	Bill
A	FY 2009-10	Capital Construction Fund	\$13,317,845	General Fund	HB 10-1389
B		HED FML Revenues Fund	\$750,000	General Fund	HB 10-1389
C		Fitzsimons Trust Fund	\$5,054,918	General Fund	HB 10-1389
D		CERF	\$1,807,306	General Fund	HB 10-1389
E	FY 2010-11	HED FML Revenues Fund	\$7,000,000	General Fund	HB 10-1389
F		Fitzsimons Trust Fund	\$3,448,537	General Fund	HB 10-1389
G		General Fund	\$8,625,506	CCF	HB 10-1389
H		General Fund Exempt	\$500,000	CCF	HB 10-1389
I	FY 2009-10	HED Maintenance and Reserve Fund	\$2,300,000	General Fund	HB 10-1327
J	FY 2010-11 GF	FY 2009-10 Interest	\$2,500,000		HB 10-1376 pg 232
K		Fund Balance	\$5,137,000		HB 10-1376 pg 232
L		Transfers to CCF, above	\$9,125,506		
M			\$16,762,506		
N		Check from Long Bill	\$16,762,506		HB 10-1376 pg 245
O		MATCH	\$0		

Use of State Land Board Monies in HB 10-1376	
Fund 707	\$405,892
Fund 853	\$7,028,107
Total	\$7,433,999
Check	\$7,130,455
Plus Unspecified	\$7,433,999
MATCH	\$0