Economic & Revenue Forecast

September 2026

Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

September 2026 | Economic & Revenue Forecast

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Executive Summary

This report presents the budget outlook based on current law and the September 2026 forecast for General Fund revenue, cash fund revenue, and the state TABOR outlook. It also provides a preview of the school finance outlook, which is presented in full in the December forecast. Finally, it details expectations for the U.S. and Colorado economies and provides economic indicators for nine regions of the state.

General Fund Budget Outlook

FY 2025-26

The General Fund is estimated to have ended FY 2025-26 with an 11.9 percent reserve, $140.7 million below the statutory reserve requirement, primarily owing to departmental over-expenditures relative to appropriations. This amount does not include year-end reversions, which will narrow the deficit when identified for the December forecast. General Fund revenue grew by 0.3 percent and totaled $17.23 billion. The State Controller certified that revenue fell short of the Referendum C cap by $175.9 million.

FY 2026-27

The forecast incorporates the 2026 Long Bill and all other 2026 legislation. The General Fund is expected to end FY 2026-27 with a 13.5 percent reserve, $124.5 million above the 13.0 percent statutory reserve requirement. This amount may change based on ballot measures approved at the November 2026 election. Notably, the estimate for the General Fund ending balance assumes current law appropriations, and any supplemental appropriations approved during the 2027 legislative session will affect the ending balance.

General Fund revenue is expected to grow at a robust 9.5 percent rate and total $18.86 billion, with strong growth in individual and corporate income taxes and moderate growth in sales taxes. Revenue expectations were upgraded by about $340 million relative to the June forecast. State revenue subject to TABOR is expected to exceed the Referendum C cap by $826.8 million. However, the General Fund obligation for TABOR refunds is estimated at $463.7 million, after accounting for prior-year over-refunds and House Bill 26-1419.

FY 2027-28

General Fund revenue is expected to grow 2.6 percent and total $19.36 billion, with state revenue subject to TABOR exceeding the Referendum C cap by $578.7 million. Revenue growth is expected to slow as the family affordability tax credit (FATC) and expanded earned income tax credit (expanded EITC) will be partially available for tax year 2028 after being unavailable in tax year 2027. Net of the adjustments in HB 26-1419, the TABOR refund obligation is expected to be $490.7 million. The General Fund is projected to have $685.8 million, or 3.7 percent, more available to spend or save than what is budgeted to be spent in FY 2026-27, after current law transfers and the return of the statutory reserve requirement to 15 percent as scheduled. This amount does not incorporate caseload growth, inflation, or other budgetary pressures.

The General Fund Budget Overview section presents an alternative scenario that projects additional FY 2027-28 budget obligations based on current law. Under this scenario ("Scenario B"), the year-end General Fund reserve could fall short of the reserve requirement by $1.58 billion. The outlook has worsened severely since June because Scenario B now assumes higher required Medicaid and Supplemental Nutrition Assistance Program (SNAP) expenditures. Additional explanation can be found in the discussion of Scenario B (see Table 2 on page 13).

FY 2028-29

General Fund revenue is expected to grow 3.0 percent and total $19.94 billion, with growth again slowed by the expected partial availability of the FATC and expanded EITC in both tax years 2028 and 2029. State revenue is expected to exceed the Referendum C cap by about $650 million. The state's budget situation for FY 2028-29 will depend on budget decisions made for FY 2027-28.

Risks to the Budget Outlook

The budget outlook has deteriorated since June, but most reasons for the downgrade are on the expenditures side, rather than a result of changes to the revenue forecast. Medicaid costs again exceeded appropriations in FY 2025-26 and were the largest component of FY 2025-26 overexpenditures, which totaled $213.1 million. Medicaid costs are expected again to exceed current law appropriations in FY 2026-27 and to grow quickly once more in FY 2027-28. Further, changes to federal law will create a state budget obligation for SNAP beginning in FY 2027-28. These budget drivers will crowd out space under the state TABOR limit, constraining the amounts available for other programs. With revenue expectations now firmly above the TABOR limit through the forecast period, the General Fund budget is insulated from smaller fluctuations in revenue expectations. However, an economic downturn would drop revenue below the limit, with direct impacts on the budget.

Cash Fund Revenue

Preliminary figures from the Office of the State Controller indicate that cash fund revenue subject to TABOR increased 9.5 percent in FY 2025-26 and totaled $3.03 billion. This growth mainly reflects one-time tax credit sales recorded under other cash funds. House Bills 25B-1004 and 25B-1006 authorized the sale of state insurance premium tax and corporate income tax credits, with proceeds deposited into the new Tax Credits Sale Proceeds Cash Fund. These bills generated just over $200 million in state revenue for FY 2025-26.

In FY 2026-27, cash fund revenue is projected to decline by 2.8 percent from the prior year to $2.95 billion. A significant decline in other cash funds revenue is expected to offset both the initial diversion to the Kids Matter Account within the State Education Fund and stronger revenue growth from severance taxes. In FY 2027-28, cash fund revenue is projected to increase by 3.5 percent, reaching $3.05 billion. Most major cash fund components will contribute to this growth. By FY 2028-29, total cash fund revenue subject to TABOR is forecast to reach $3.18 billion, a 4.1 percent increase over the prior year. Discussion of the cash fund revenue outlook begins on page 51.

Economic Outlook

The U.S. and state economies are forecast to continue to expand over the next few years, while risks to the forecast remain elevated on both the upside and downside. Economic output for the nation is expected to increase at a moderate pace through the forecast period, supported by AI-related business investment, but employment growth remains stuck in a "low-hire, low-fire" trajectory. While corporate profits continue to post record highs, consumer spending faces mounting headwinds from inflationary pressures and weak employment growth, and household finances are deteriorating.

Inflation remains persistently above the Federal Reserve's two percent target at the state and national levels, driven by volatile energy prices and fluctuating tariff policies. The Federal Reserve raised the federal funds rate by 25 basis points in September and is expected to implement another 25-basis point increase later in 2026 to cool price growth, a reversal from early 2026 expectations for easing. Long-term interest rates have already risen in recent weeks amidst mounting concerns over federal government debt levels.

Risks to the forecast remain elevated on both the upside and downside. AI-related investment headlines upside risks, while consumer and business resiliency could sustain stronger growth for longer. On the downside, higher interest rates due to persistent inflationary pressures and mounting federal government debt, financial market correction, weakening household finances, weak labor markets, and AI-related disruptions could derail the growth forecast. For Colorado, additional risks stem from ongoing drought and uncertain weather conditions into the fall and winter, along with a still-sluggish housing market statewide.

Discussion of the economic outlook begins on page 69, and summaries of expectations for the U.S. and Colorado economies are presented, respectively, in Tables 20 and 21 on pages 95 and 96.

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General Fund Budget Overview

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

- a budget scenario for FY 2027-28 that incorporates General Fund obligations expected under current law (Table 2);
- a summary of changes in expectations relative to the June forecast (Table 3);
- a summary of transfers to and from the General Fund (Table 4);
- transfers to transportation and capital construction funds (Table 5);
- General Fund rebates and expenditures (Table 6);
- the disposition of fiscal policies dependent on revenue conditions; and
- a complete list of cash fund transfers to and from the General Fund (Table 7), other than those included in Table 5.

Legislative Assumptions

This forecast is based on current law and incorporates all 2026 legislation that became law. The forecast does not account for provisions that would take effect only if voters approve ballot measures at the November election.

Table 1A
Funds Available in the General Fund
Dollars in Millions

Line	Funds Available	FY 2025-26 Preliminary	FY 2026-27 Estimate	FY 2027-28 Estimate	FY 2028-29 Estimate
1	Beginning Reserve	$2,408.4	$1,498.4	$1,800.3	*
2	General Fund Revenue (Table 11)	$17,233.7	$18,862.7	$19,361.6	$19,943.5
3	Transfers from Other Funds (Table 7A)	$625.3	$188.3	$47.9	$48.7
4	**Total Funds Available**	**$20,267.4**	**$20,549.5**	**$21,209.8**	*****
5	Percent Change in Funds Available	-2.8%	1.4%	3.2%	*

Asterisks ("*") indicate values that are not estimated.

Table 1B
General Fund Expenditures
Dollars in Millions

Line	Expenditures	FY 2025-26 Preliminary	FY 2026-27 Budgeted	FY 2027-28 Estimate	FY 2028-29 Estimate
6	General Fund Appropriations Subject to the Limit	$16,772.6	$17,053.8	*	*
7	Overexpenditure from General Fund	$213.1			
8	TABOR Refund Obligation (Table 10)	$0.0	$463.7	$490.7	$651.5
9	Rebates and Expenditures (Table 6)	$821.8	$533.2	$304.9	$304.4
10	Transfers to Other Funds (Table 7B)	$472.5	$495.0	$543.7	$559.8
11	Transfers to Transportation Funds (Table 5A)	$42.7	$50.5	$96.4	$96.4
12	Transfers to Capital Construction Funds (Table 5B)	$176.5	$152.9	$17.5	$17.5
13	**Total Expenditures**	**$18,499.1**	**$18,749.2**	*****	*****
14	Percent Change in Expenditures	-0.5%	1.4%	*	*
15	Accounting Adjustments	-$269.9	*	*	*

Asterisks ("*") indicate values that are not estimated.

Line 7, "Overexpenditure from General Fund," includes overexpenditures of FY 2025-26 appropriations. Of the $213.1 million shown, about $200 million was for Medical Services Premiums in the Department of Health Care Policy and Financing.

Line 15, "Accounting Adjustments," includes adjustments for HB 26-1358 (+$5.2 million) and prior year TABOR overrefunds (-$275.1 million). It does not yet include reversions of unexpended appropriations, which will be estimated in the December 2026 forecast.

Table 1C
General Fund Reserve
Dollars in Millions

Line	Reserve	FY 2025-26 Preliminary	FY 2026-27 Estimate	FY 2027-28 Estimate	FY 2028-29 Estimate
16	Year-End Reserve in General Fund	$1,498.4	$1,800.3	*	*
17	Year-End Reserve in PERA	$500.0	$500.0	*	*
18	**Total Year-End Reserve**	**$1,998.4**	**$2,300.3**	*****	*****
19	Year-End Reserve as a Percent of Appropriations	11.9%	13.5%	*	*
20	Statutorily Required Reserve	$2,139.2	$2,175.7	*	*
21	**Amount in Excess or (Deficit) of Statutory Reserve**	**-$140.7**	**$124.5**	*****	*****
22	Excess Reserve as a Percent of Expenditures	-0.8%	0.7%	*	*

Asterisks ("*") indicate values that are not estimated.

Line 20, "Statutorily Required Reserve," calculates the reserve as 13 percent (for FY 2025-26 and FY 2026-27) or 15 percent (for FY 2027-28 and beyond) of operating appropriations, minus $41.25 million in each year.

Table 1D
Budget Scenario A: Holds FY 2026-27 Appropriations Constant
Dollars in Millions

Line	Projected Reserve Under Scenario	FY 2025-26 Preliminary	FY 2026-27 Estimate	FY 2027-28 Estimate	FY 2028-29 Estimate
23	Amount in Excess or (Deficit) of 15% Reserve Requirement			**$685.8**	
24	As a Percent of Prior-Year Expenditures			3.7%	

This scenario holds appropriations in FY 2027-28 equal to appropriations in FY 2026-27 (line 6) to determine the total amount of money available relative to FY 2026-27 expenditures, net of the obligations in lines 8 through 12. Line 23 is presented relative to the 15% reserve requirement in law for FY 2027-28 and includes the year-end reserve amounts held in both the General Fund and in PERA.

Table 1E
Budget Scenario B: Projected Obligations Based on Current Law
Dollars in Millions

Line	Projected Reserve Under Scenario	FY 2025-26 Preliminary	FY 2026-27 Estimate	FY 2027-28 Estimate	FY 2028-29 Estimate
25	Amount in Excess or (Deficit) of Reserve Requirement		**-$375.5**	**-$1,579.7**	
26	As a Percent of Proposed Current-Year Expenditures		-2.0%	-7.8%	

This scenario includes assumed supplemental appropriations for Medicaid in FY 2026-27 and, for FY 2027-28: base budgets provided to the JBC on September 1, 2026; assumed increases for Medicaid, school finance, higher education, SNAP, and state employee compensation; out-year costs for capital construction and IT capital projects approved to date; and the State Architect's recommendation for controlled maintenance. See Table 2. Line 25 is presented relative to the 13% reserve requirement in law for FY 2026-27 and the 15% reserve requirement in law for FY 2027-28 and includes the year-end reserve amounts held both in the General Fund and in PERA.

Table 1F
General Fund Overview Addenda
Dollars in Millions

Line	Addendum Items	FY 2025-26 Preliminary	FY 2026-27 Estimate	FY 2027-28 Estimate	FY 2028-29 Estimate
27	Percent Change in GF Appropriations	7.4%	1.7%	*	*
28	5% of Personal Income Appropriations Limit	$23,655.2	$24,740.0	$25,908.4	$26,841.1
29	Transfers to SEF per Amendment 23	$1,188.8	$1,240.5	$1,235.6	$1,316.0

Asterisks ("*") indicate values that are not estimated.

FY 2025-26

Preliminary reports from the Office of the State Controller indicate that the General Fund ended FY 2025-26 with an 11.9 percent reserve, 140.7 million below the statutory requirement (Table 1, line 21), which is set at 13.0 percent of appropriations, less $41.25 million. The reserve amount includes money located in both the General Fund and in PERA under Senate Bill 25-310.

General Fund revenue increased by 0.3 percent and totaled $17.23 billion. Individual income taxes grew by a robust 13.2 percent, while corporate income taxes plummeted by 40.9 percent. This forecast attributes volatility, especially in corporate collections, to changes in federal tax policy under 2025 H.R. 1, the "One Big Beautiful Bill Act" (OBBBA), which first applied in tax year 2025.

The State Controller certified on September 8, 2026, that state revenue fell short of the Referendum C cap by $175.9 million. The state did not incur a TABOR refund obligation for FY 2025-26, and no refunds will be paid to taxpayers for tax year 2026 (Table 1, line 8).

The estimate of the ending balance for FY 2025-26 incorporates $213.1 million in total departmental overexpenditures from the General Fund (Table 1, line 7), of which about $200 million was for the Medicaid program. Accounting for rebates and expenditures (Table 1, line 9) includes the $500 million state warrant payment to the Public Employees Retirement Association under SB 25-310. This amount is accounted as part of the General Fund reserve while held in PERA, as shown on Table 1, line 17.

The calculation of the ending balance also includes a significant, negative accounting adjustment of -$269.9 million (Table 1, line 15). That amount includes a $5.2 million adjustment for reduced prior-year roll-forward spending authority under House Bill 26-1358 and -$275.1 million for over-refunds of prior year TABOR surpluses. In general, when taxpayers receive TABOR refunds that reduce their tax payments due, the state counts the full amount that would be paid if not for the refund as revenue, and counts the TABOR refund as an expenditure. If the state pays more in TABOR refunds than the amount of the prior-year TABOR surplus (an over-refund), the amount of prior-year TABOR surpluses is over-obligated, requiring a negative accounting adjustment to accurately show the General Fund balance. However, the amount of these over-refunds is also subtracted from TABOR refund obligations in future years, such that they are net neutral to the state budget over time.

Accounting for the ending balance does not yet include reversions of unexpended General Fund appropriations, which will add to the accounting adjustments (making them less negative) in the December 2026 forecast.

FY 2026-27

Incorporating appropriations adopted in the Long Bill and other 2026 legislation, new transfers to and from the General Fund, as well as expectations for revenue, preexisting transfers, rebates and expenditures, and the TABOR refund obligation, the General Fund is expected to end FY 2026-27 with a 13.5 percent reserve, $124.5 million above the statutory reserve requirement (Table 1, line 21), which is set at 13.0 percent of appropriations, less $41.25 million. The actual General Fund reserve amount will change due to normal forecast revisions, ballot measures approved at the November 2026 election, supplemental appropriations adopted during the 2027 legislative session, and other legislative changes to appropriations and transfers.

General Fund revenue collections are expected to increase by 9.5 percent and total $18.86 billion, with strong growth in both individual income and corporate income tax collections. Revenue is expected to exceed the Referendum C cap by $826.8 million; however, the TABOR refund obligation is expected to be $463.7 million, net of the adjustments in House Bill 26-1419 (-$87.9 million) and the adjustments for prior-year over-refunds articulated above (-$275.1 million).

FY 2027-28 (Unbudgeted)

General Fund revenue is expected to grow at a modest 2.6 percent pace. However, revenue growth understates economic expectations because it incorporates a half-year impact for the family affordability tax credit (FATC) and the expanded earned income tax credit (expanded EITC), which are expected to become partially available in tax year 2028 after being fully unavailable in tax year 2027. State revenue subject to TABOR is expected to exceed the Referendum C cap by $578.7 million; however, the TABOR refund obligation is expected to be $490.7 million, net of the adjustments in HB 26-1419. Because a budget has not yet been enacted for FY 2027-28, this forecast presents two scenarios for the General Fund budget outlook.

Scenario A: Holds appropriations constant from FY 2026-27

Scenario A, shown in Table 1D, presents the amount of revenue available to be spent or saved in FY 2027-28 assuming that appropriations equal the amount appropriated in FY 2026-27. Based on this forecast, the General Fund will have $685.8 million, or 3.7 percent, more available to spend or save than in FY 2026-27. This amount assumes current law obligations for FY 2027-28, including transfers, rebates, and expenditures (Table 1, lines 9 through 12). It also assumes the current law reserve requirement, which is scheduled to return to 15 percent of appropriations, and the projected TABOR refund obligation. The estimate is a cumulative amount that reflects the FY 2025-26 and FY 2026-27 budget situations and projected year-end balances. Any adjustments made to the budget for FY 2026-27 will carry forward into FY 2027-28. This amount holds FY 2026-27 appropriations constant and therefore does not reflect any caseload, inflationary, or other budget pressures.

Scenario B: Projected obligations based on current law

Scenario B, shown in Table 1E and Table 2, compares anticipated funds available to the 15 percent statutory reserve requirement for FY 2027-28 based on a set of projected changes to appropriations and transfers to accommodate current law budget pressures. The inclusion of Scenario B is illustrative and is not an endorsement of any of the listed actions by Legislative Council Staff. This forecast's version of Scenario B includes supplemental FY 2026-27 appropriations to accommodate current year Medicaid expenditures that are expected to exceed the current law appropriation. Under Scenario B, the General Fund would end FY 2026-27 with a 10.6 percent reserve, $375.5 million below the statutory requirement, and would end FY 2027-28 with a 6.2 percent reserve, $1.58 billion below the statutory requirement (Table 1, line 25).

Relative to the June 2026 forecast, the Scenario B outlook has deteriorated due to upward revisions to expected state budget demands. Table 2 details the assumptions used to calculate Scenario B. Some additional explanation is provided below.

Changes in General Fund appropriations for FY 2026-27. For FY 2026-27, Scenario B includes increased General Fund appropriations of $442.5 million for the current FY 2026-27, relative to current law (Table 2, line 2). The amount is driven by Medicaid payments for the Community First Choice program, which provides homemaker and personal care services to eligible members. Prior to FY 2025-26, these services were restricted to Medicaid members with disabilities in the Department of Health Care Policy and Financing's (HCPF's) 1915(c) home- and community-based waiver programs. Starting July 1, 2025, HCPF launched Community First Choice, which expands access to homemaker and personal care services. The estimate incorporates the HCPF August 2026 payments forecast and current law Medicaid spending requirements.

Increased appropriations for FY 2026-27 would incorporate a 13.0 percent reserve requirement. With the requirement, the supplemental would reduce the FY 2026-27 ending balance relative to the reserve requirement by $500.0 million, such that the ending balance would fall short of the reserve requirement by $375.5 million (Table 1, line 25). However, the beginning balance for FY 2027-28 is reduced by the appropriation only, and not the attendant reserve requirement (Table 2, line 3).

Changes in General Fund appropriations for FY 2027-28. Scenario B shows how appropriations for the largest areas of General Fund expenditure may change in FY 2027-28 relative to the current law appropriation for FY 2026-27 (Table 2, lines 4 through 10). The growth assumptions provided below are based on JBC Staff analysis of prior year budget actions and anticipated budgetary pressures, and may overstate or understate actual needed cost increases. Scenario B includes:

- -$7.3 million in base budget annualizations across all departments, matching the September 1 submittal to the JBC under House Bill 26-1408;
- $859.5 million in increased General Fund appropriations for the Department of Health Care Policy and Financing (HCPF), incorporating HCPF's August 2026 forecast; this amount is presented relative to the current law appropriation for FY 2026-27 assumed in Scenario A, and overstates the $417.0 million year-on-year increase in Scenario B after incorporating the FY 2026-27 supplemental appropriations assumed above;
- $175.0 million in increased General Fund appropriations for school finance, consistent with June 2026 Scenario B, which falls between Scenario 2 and Scenario 4 as presented in the School Finance Outlook; see Table 8 on page 29;
- $157.6 million in General Fund spending for the Supplemental Nutrition Assistance Program (SNAP), based on the state's payment error rate of between 10.0 percent and 10.1 percent, which will require the state to pay for 15 percent of SNAP benefits in federal fiscal year 2028 under the OBBBA; Scenario B assumes the entire benefit expenditure will be financed from the General Fund;
- $33.0 million in increased General Fund appropriations for higher education, a 2.7 percent increase based on inflation expectations;
- $93.8 million in increased General Fund appropriations related to total compensation, including $55.2 million for employee salaries reflecting a 1.25 percent across-the-board increase plus the step plan, and $38.6 million for health, life, and dental insurance; and
- no increase in community provider rates, following the JBC's decision to cut rates in the FY 2026-27 budget.

On net, the changes in appropriations above total $1.31 billion (Table 2, line 11). They increase the statutory reserve requirement by 15 percent of that amount, or $196.7 million (Table 2, line 16).

Changes in General Fund transfers for capital projects. Scenario B shows a total of $314.7 million in additional General Fund obligations for transfers to the Capital Construction Fund (Table 2, line 15). The amount includes out-year costs for capital construction (line 12) and IT capital (line 13) projects funded in FY 2026-27, alongside the State Architect's recommended annual allocation for controlled maintenance spending (line 14), equal to 1 percent of the current replacement value of state buildings. The costs for new projects funded with General Fund transfers in FY 2027-28 would add to this amount.

Table 2
FY 2027-28 Budget Scenario B
Projected Obligations Based on Current Law
Dollars in Millions

Line	Component	Amount
1	**FY 2027-28 Excess Reserve Under Scenario A**	**$685.8**
2	HCPF Supplemental (all decision items) for FY 2026-27	$442.5
3	**Change in FY 2027-28 Beginning Balance under Scenario B**	**-$442.5**
4	Base Budget Annualizations (all departments)	-$7.3
5	HCPF (all decision items) for FY 2027-28 relative to current law FY 2026-27 appropriation	$859.5
6	School Finance	$175.0
7	SNAP	$157.6
8	Higher Ed. Institutions	$33.0
9	Total Compensation	$93.8
10	Provider Rates (no increase following FY 2026-27 committee decisions)	$0.0
11	**Total Change in FY 2027-28 Appropriations**	**$1,311.6**
12	Out-Year Costs of FY 2026-27 Funded Capital Const. Projects	$6.8
13	Out-Year Costs of FY 2026-27 Funded IT Capital Projects	$25.0
14	State Architect Recommendation for Controlled Maintenance	$282.9
15	**Total Increase in Capital Transfers**	**$314.7**
16	**Change in Required Reserve** (15% of Line 11)	**$196.7**
17	**Total Change in FY 2027-28 General Fund Obligations from Scenario A** (Line 11 plus Line 15 plus Line 16)	**$1,823.0**
18	**FY 2027-28 Deficit Under Scenario B** (Line 1 plus Line 3 minus Line 17)	**-$1,579.7**

Source: September 2026 LCS Forecast and Joint Budget Committee Staff.

Risks to the General Fund Budget Outlook

Revenue performance elevates bidirectional risks. Individual income tax final payments for the 2025 tax year greatly surpassed forecast expectations published before their receipt (i.e., in March 2026), suggesting that household incomes in 2025 were much higher than previously anticipated, or that OBBBA impacts on individual income tax revenue were less strongly negative than previously expected, or some combination of these factors. Current data are insufficient to segment OBBBA impacts from underlying economic performance. Meanwhile, corporate income tax receipts underperformed those same expectations.

Subsequent forecasts in June and September 2026 contain significant revisions to match the new data. However, the elevated forecast error exhibited during the spring filing season suggests that previously predictive models may not be well-calibrated to the changing economic and tax policy environment, presenting both upside and downside risks to the current revenue forecast.

Year-end accounting is incomplete and subject to change. On September 15, the State Auditor notified the Governor and legislative leadership that evidentiary documentation was insufficient to complete an audit of the State Controller's FY 2025-26 TABOR revenue certification. This forecast anticipates that year-end accounting will continue through the fall and be completed this winter, as usual. However, the incomplete audit suggests that year-end accounting changes could be more significant than usual, potentially affecting the FY 2025-26 ending balance and the amount available for each later year's budget.

Expenditure-side budget pressures are mounting. This forecast projects state expenditures for school finance only, where anticipated budgetary pressures have remained relatively stable over the past few forecasts. However, Scenario B incorporates JBC Staff-derived assumptions for broader General Fund budget pressures, which are escalating quickly. Most notably, upward revisions to the HCPF expenditures forecast have added about $900 million to Scenario B budget demands since the June forecast, reflecting growing HCPF payments forecasts for the Community First Choice program. Secondarily, SNAP program expenditures and the associated reserve requirement are now expected to obligate over $180 million in budget space, a large line item that previously did not exist in the General Fund budget at all. Growing expenditures will strain the budget more than the revenue forecast in FY 2027-28.

The economy is volatile and risk is moderate. This forecast does not assume a recession, but volatile financial markets, ongoing military conflict, a new trade war with Canada, a sputtering national labor market, high inflation, restrictive monetary policy, and rising household debt all put the economy is in an uncomfortable position. A recession would both reduce revenue and heighten demand for state services, pinching the budget from multiple angles.

Changes Between the June and September Forecasts

Table 3 presents revisions to the General Fund budget outlook relative to the March 2026 forecast. The rightmost column in Table 3 explains the changes.

Table 3
Changes in the General Fund Budget Relative to the June 2026 Forecast (Scenario A)
Dollars in Millions, Positive Amounts Reflect an Increase Relative to June

Components of Change	FY 2025-26	FY 2026-27	FY 2027-28	Description of Changes
Funds Available	**$226.9**	**$119.5**	**-$208.3**	
Beginning Balance	$0.0	-$256.7	-$23.4	Carries forward prior year end balances.
General Fund Revenue	$218.8	$337.3	-$182.5	See Table 11. Upgrades to individual and corporate income taxes, offset by triggered tax credits for FY 2027-28 only.
Transfers from Other Funds	$8.1	$39.0	-$2.4	See Table 7A. Largest change is to the expected balance of the Decarbonization Tax Credits Administration Fund, which is transferred in FY 2026-27 under HB 26-1405.
Expenditures	**$213.8**	**$142.9**	**-$21.4**	
Operating Appropriations	$0.0	$0.0	$0.0	
Overexpenditure from General Fund	$213.1	$0.0	$0.0	OSPB-reported FY 2025-26 overexpenditures, about $200 million of which were in HCPF.
TABOR Refund Obligation	$0.0	$133.8	-$30.3	See Table 10. Reflects changes to General Fund revenue expectation, offset by prior-year over-refund adjustments and a lower TABOR limit expectation for FY 2027-28.
Rebates and Expenditures	-$5.8	-$8.0	-$3.0	See Table 6.
Transportation Transfers	$0.0	$0.0	$0.0	
Capital Const. Transfers	$0.0	$0.0	$0.0	
Other Cash Fund Transfers	$6.5	$17.1	$12.0	See Table 7B. Largest changes reflect increased expectations for tobacco and nicotine tax revenue.
Required Reserve	$0.0	$0.0	$0.0	
Accounting Adjustment	-$269.9	$0.0	$0.0	-$275.1 million in prior-year TABOR over-refunds, with a small partial offset. Does not yet include FY 2025-26 reversions, which will increase this amount (make it less negative) in the December forecast.
Surplus Relative to Required Reserve	**-$256.7**	**-$23.4**	**-$186.9**	Nets the above changes.

Summary of Net Transfers Between the General Fund and Cash Funds

Statutory transfers to and from the General Fund are presented in lines 3 and 10 through 12 of Table 1. Table 4 groups these transfers and summarizes their impact on the net General Fund position. Detailed General Fund transfers for infrastructure are presented in Table 5 below. Detailed transfers not included in Table 5 are presented in Table 7 on pages 20 through 21.

Table 4
Net Transfers Between the General Fund and Cash Funds
Dollars in Millions

Transfer Category	2025-26	2026-27	2027-28	2028-29
Cash Fund Transfers to the General Fund (Table 7A)	$625.3	$188.3	$47.9	$48.7
General Fund Transfers to the State Education Fund (Table 1, Line 12)	$0.0	$0.0	$0.0	$0.0
General Fund Transfers to Transportation Funds (Table 5A)	-$42.7	-$50.5	-$96.4	-$96.4
General Fund Transfers to Capital Funds (Table 5B)	-$176.5	-$152.9	-$17.5	-$17.5
General Fund Transfers to Other Cash Funds (Table 7B)	-$472.5	-$495.0	-$543.7	-$559.8
Net General Fund Transfers	**-$66.3**	**-$510.1**	**-$609.7**	**-$624.9**

General Fund Transfers for Transportation and Capital Construction

Statutory transfers from the General Fund to transportation and capital construction funds are shown in Table 5. In the General Fund overview shown in Table 1, these transfers are included on lines 11 and 12.

Table 5A
General Fund Transfers to Transportation Funds
Dollars in Millions

Bill Number	2025-26	2026-27	2027-28	2028-29
SB 21-260	$42.7	$50.5	$96.4	$96.4
Total Transfers to Transportation Funds	**$42.7**	**$50.5**	**$96.4**	**$96.4**

Table 5B
General Fund Transfers to Capital Funds
Dollars in Millions

Bill Number	2025-26	2026-27	2027-28	2028-29
HB 15-1344	$17.5	$17.5	$17.5	$17.5
SB 25-262	$150.6			
HB 26-1179	$3.6			
HB 26-1402		$135.4		
SB 26-149	$4.8			
Total Transfers to Capital Funds	**$176.5**	**$152.9**	**$17.5**	**$17.5**

Transfers for Transportation

Senate Bill 21-260 directed annual transfers from the General Fund to the State Highway Fund ($107.0 million) and the Multimodal Transportation and Mitigation Options Fund ("Multimodal Fund"; $10.5 million) beginning in FY 2024-25. Over the past two sessions, three bills have reduced these transfers:

- Senate Bill 25-257 reduced the State Highway Fund transfers in both FY 2025-26 and FY 2026-27;
- House Bill 26-1399 eliminated the Multimodal Fund transfers for FY 2026-27 through FY 2028-29; and
- House Bill 26-1289 reduces the State Highway Fund transfer to $96.4 million in FY 2027-28 and ongoing; it also reduced the State Highway Fund transfer in FY 2026-27, but that reduction was reverted in House Bill 26-1430.

Net of these adjustments, SB 21-260 transfers are $42.7 million in FY 2025-26, including $32.2 million to the State Highway Fund and $10.5 million to the Multimodal Fund; and $50.5 million in FY 2026-27 and $96.4 million in FY 2027-28, all to the State Highway Fund.

Transfers for Capital Construction

Senate Bill 25-262, last year's capital projects bill, made a one-time, $150.6 million transfer to fund capital projects in FY 2025-26. House Bill 26-1179 made a supplemental $3.6 million transfer in FY 2025-26. Senate Bill 26-149 makes an additional $4.8 million transfer in FY 2025-26 to fund the addition of beds at the Colorado Mental Health Hospital in Pueblo.

House Bill 26-1402, this year's capital projects bill, makes a one-time, $135.4 million transfer to fund capital projects in FY 2026-27.

House Bill 15-1344 funds transfers to the National Western Center Trust Fund to make lease payments related to certificates of participation for capital projects at the National Western Center. These transfers are in the amount of the lease payment, or $17.5 million annually. In prior years, the Capital Development Committee had been authorized to request that the difference between the National Western Center lease payment and $20.0 million, or $2.5 million, be transferred annually to the Capitol Complex Master Plan Implementation Fund. The committee chose not to request this transfer for FY 2025-26. House Bill 26-1406 ends the committee-requested transfers in FY 2026-27 and repeals that cash fund.

Other Cash Fund Transfers

Table 7 on pages 20 through 21 presents forecasted transfers between the General Fund and cash funds other than those shown in Table 5. Most transfers directly increase or decrease the amount available for the General Fund budget with no other impacts on the General Fund. However, because House Bill 26-1401 transfers $72.8 million in custodial funds from the Unclaimed Property Trust Fund to the General Fund, the transferred amount increased General Fund revenue subject to TABOR, and is included in the estimate of General Fund revenue subject to TABOR for FY 2025-26 in Table 10.

Rebates and Expenditures

Table 6 on page 19 presents the outlook for rebates and expenditures, which are amounts paid from the General Fund to meet specific constitutional or statutory requirements. While many of these amounts appear in the Long Bill, they are included there for informational purposes only, since state agencies are required by the constitution or statute to pay the full amount of the required expenditure regardless of the budgeted amount. These Long Bill amounts for these items do not contribute to the General Fund reserve requirement as they are not technically appropriations.

Table 6 identifies General Fund expenditures to reimburse local governments for property taxes not collected as a result of the homestead exemption and assessed value reductions for qualified senior primary residence property under Senate Bill 24-111. In years when the state pays TABOR refunds, these reimbursements are accounted as a TABOR refund mechanism. Because the state did not collect a TABOR surplus in FY 2025-26, expenditures for the current FY 2026-27 will be paid from the General Fund budget, and not the prior year TABOR refund obligation.

Table 6
General Fund Rebates and Expenditures
Dollars in Millions

Category	Preliminary FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	Estimate FY 2028-29
Senior and Veterans Property Tax Exemptions	**$184.9**	**$198.1**	**$203.9**	**$209.6**
Portion Accounted as TABOR Refund Mechanism	-$184.9	$0.0	-$203.9	-$209.6
Percent Change in Property Tax Exemptions	6.8%	7.2%	2.9%	2.8%
Property Tax Assessed Value Reductions	**$1.6**	**$4.1**	**$0.0**	**$0.0**
Portion Accounted as TABOR Refund Mechanism	-$1.6	$0.0	$0.0	$0.0
Percent Change in Assessed Value Reductions	N/A	166.3%	-100.0%	N/A
Direct Distributions to PERA	**$664.6**	**$163.7**	**$137.5**	**$136.7**
Percent Change in Direct Distribution to PERA	N/A	-75.4%	-16.0%	-0.6%
Cigarette Rebate	**$6.1**	**$4.9**	**$4.4**	**$4.1**
Percent Change in Cigarette Rebate	-4.1%	-19.4%	-11.7%	-6.5%
Old Age Pension Fund	**$86.0**	**$96.4**	**$96.2**	**$95.7**
Percent Change in Old Age Pension Fund	-4.1%	12.1%	-0.2%	-0.5%
Aged Property Tax and Heat Credit	**$11.3**	**$11.5**	**$11.7**	**$12.0**
Percent Change in Aged Property Tax and Heat Credit	-31.1%	1.2%	2.1%	2.7%
Older Coloradans Fund	**$10.0**	**$10.0**	**$10.0**	**$10.0**
Percent Change in Older Coloradans Fund	0.0%	0.0%	0.0%	0.0%
Interest Payments for School Loans	**$16.5**	**$17.4**	**$18.0**	**$18.4**
Percent Change in Interest for School Loans	-25.6%	5.1%	3.6%	2.5%
Firefighter Pensions	**$4.3**	**$4.2**	**$4.2**	**$4.3**
Percent Change in Firefighter Pensions	6.1%	-2.6%	1.8%	1.8%
Amendment 35 Distributions	**$0.6**	**$0.5**	**$0.5**	**$0.5**
Percent Change in Amendment 35 Distributions	-3.3%	-3.5%	-7.2%	-4.5%
Marijuana Sales Tax Transfer to Local Governments	**$6.2**	**$6.0**	**$6.1**	**$6.3**
Percent Change in Marijuana Tax to Local Gov'ts	-66.9%	-2.0%	0.9%	3.2%
Business Personal Property Exemptions	**$16.2**	**$16.3**	**$16.3**	**$16.3**
Percent Change in Business Personal Prop. Exemptions	-16.9%	0.9%	0.0%	0.0%
Total Rebates and Expenditures	**$821.8**	**$533.2**	**$304.9**	**$304.4**
Percent Change in Total Rebates and Expenditures	**338.5%**	**-35.1%**	**-42.8%**	**-0.2%**

Totals may not sum due to rounding. N/A = Not applicable.
Local government reimbursements for property tax exemptions (line 1) and property tax assessed value reductions (line 4) are the first and second TABOR refund mechanisms, respectively, used to meet the prior year's refund obligation. Direct distributions to PERA (line 7) were removed from the General Fund reserve requirement and are first accounted as a rebate and expenditure in FY 2025-26. This line also includes a $500 million warrant in FY 2025-26 only.

Table 7A
Cash Fund Transfers to the General Fund
Dollars in Millions

Bill Number	Transfers to the General Fund	2025-26	2026-27	2027-28	2028-29
HB 92-1126	Land and Water Management Fund	$0.0	$0.0	$0.0	$0.0
HB 05-1262	Amendment 35 Tobacco Tax	$0.6	$0.5	$0.5	$0.5
HB 08-1216	Consumer Outreach and Education Program	$0.0	$0.0	$0.0	$0.0
SB 13-133 & HB 20-1400	Limited Gaming Fund	$27.7	$26.2	$26.6	$27.8
HB 20-1427	2020 Tax Holding Fund	$4.1	$4.1	$4.1	$4.1
SB 21-213 & HB 26-1367	Use of Increased Medicaid Match	$1.3	$0.0		
HB 23-1041	Prohibit Greyhound Wagering		$0.1		
HB 23-1272	Decarbonization Tax Credits Administration	$32.6			
SB 23-205	Universal High School Scholarship Program		$0.03		
SB 25-262	Capital Construction Fund	$7.8	$0.0	$0.0	$0.0
SB 25-264	Various Cash Funds	$53.9			
HB 25B-1004	Sale of Tax Credits	$100.3			
HB 26-1332	Legislative Department Cash Fund	$14.6	$2.2	$2.2	$2.2
HB 26-1350	Start Smart Cash Fund	$0.5			
HB 26-1360	Affordable Housing Financing Fund	$130.0			
HB 26-1361	Pay for Success Contracts Fund	$1.6			
HB 26-1378	High Risk Families Cash Fund	$0.02			
HB 26-1381	Commission on Judicial Discipline Special Cash Fund	$0.4			
HB 26-1382	Support of Coloradans with Disabilities	$21.0			
HB 26-1383	Employment Support Program Cash Fund	$0.3			
HB 26-1387	Severance Tax Operational Fund		$14.2	$14.2	$14.2
HB 26-1388	Bond Assistance Program Cash Fund	$1.8			
HB 26-1395	Wildfire Resilient Homes Grant Program	$0.1			
HB 26-1396	Disaster Emergency Fund		$0.0	$0.0	$0.0
HB 26-1401	Unclaimed Property Trust Fund	$72.8			
HB 26-1405	Various Cash Funds	$100.5	$139.3	$0.4	
HB 26-1406	Capitol Complex Renovation Fund	$15.3	$1.8		
HB 26-1407	ARPA-Related Cash Funds	$35.7			
HB 26-1416	Universal High School Scholarship Program	$2.6			
All Bills	**Total Transfers to the General Fund**	**$625.3**	**$188.3**	**$47.9**	**$48.7**

Table 7B
General Fund Transfers to Other Cash Funds
Dollars in Millions

Bill Number	Transfers from the General Fund	2025-26	2026-27	2027-28	2028-29
SB 11-047 & HB 13-1001 & SB 23-066 & HB 24-1396	Bioscience Income Tax Transfer to OEDIT	$29.4	$30.7	$32.4	$34.2
SB 14-215 & SB 25-268	Marijuana Tax Cash Fund	$120.4	$126.5	$127.6	$131.7
SB 17-267	State Public School Fund	$19.5	$19.6	$19.8	$20.4
HB 20-1116 & HB 24-1398	Procurement Technical Assistance Program	$0.2	$0.2	$0.2	$0.2
HB 20-1427	2020 Tax Holding Fund	$256.0	$268.8	$296.2	$303.8
SB 22-191	Procurement of Information Technology Resources	$0.0	$0.0	$0.0	
SB 22-195	Conservation District Grant Fund	$0.1	$0.1	$0.1	$0.1
HB 23-1041	Prohibit Greyhound Wagering	$0.05			
HB 23-1305	Continue Health Benefits in Work-Related Death	$0.2			
SB 23-005	Forestry and Wildfire Mitigation Workforce	$1.0	$1.0	$1.0	$1.0
SB 23-255	Wolf Depredation Compensation Fund	$0.4	$0.4	$0.4	$0.4
HB 24-1043	Death and Disability Payment Cash Fund	$2.1	$2.1	$2.1	$2.1
HB 24-1349	Firearms and Ammunition Excise Tax Cash Fund	$19.0	$22.6	$24.2	$26.0
HB 24-1379	Clean Water Cash Fund		$0.2	$0.2	$0.2
HB 25-1209	Marijuana Entrepreneur Fund	$0.3	$0.3		
SB 25-007	Prescribed Fire Claims Cash Fund	$0.3			
SB 25-213	Broadband Infrastructure Cash Fund	$0.8			
SB 25-254	Stationary Sources Control Fund	$5.0			
SB 25-255	Hazardous Substance Response Fund	$6.0			
SB 25-268	Marijuana Cash Fund	$2.7	$2.6	$2.6	$2.7
SB 25-269	Infrastructure Investment & Jobs Act Cash Fund	$4.0			
SB 25-308	Health-Related Social Needs	$0.0	$0.0	$0.0	
SB 25-310	Death Benefit Fund	$5.0	$5.0	$2.0	$2.0
SB 25-310	Peace Officer Training and Support Fund		$15.0	$35.0	$35.0
All Bills	**General Fund Transfers to Other Cash Funds**	**$472.5**	**$495.0**	**$543.7**	**$559.8**

SB 22-191 directs transfers of unspent prior year General Fund appropriations for IT procurement. Any transfer amount is already included in General Fund appropriations and not counted again here.

SB 25-308 directs transfers of unspent General Fund appropriations for health-related social needs. Any transfer amount is already included in General Fund appropriations and not counted again here.

Fiscal Policies Dependent on Revenue Conditions

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

Tax Credit Availability and Amounts

Since 2023, the General Assembly has adopted legislation that create income tax credits for which availability and amounts depend on revenue forecasts. The tax credits in four of these bills are reduced in tax year 2026 as a result of revenue expectations.

With the exception of the expanded family affordability credit in House Bill 26-1223, discussed below, the availability and amounts of each tax credit are determined by expectations for growth in revenue subject to TABOR. At the same time, the availability and amounts of these tax credits also influence expectations for revenue subject to TABOR by impacting individual income tax revenue. As a result, the order in which the tax credits are evaluated to determine whether revenue conditions are satisfactory to allow the credit to be offered in full can be significant.

This forecast evaluates the revenue growth criteria for each tax credit in the order that the actual amounts of the tax credits will be determined throughout the year. Forecast assumptions for each credit are described in more detail below.

Tax credits related to decarbonization in House Bill 23-1272. The bill extends and expands preexisting income tax credits for electric and plug-in hybrid electric passenger vehicles (through 2028) and trucks (through 2032). It also creates new income tax credits for installation of heat pumps or sales of electric bicycles, both through 2032. For tax year 2026, credit amounts are reduced by half based on the June 2025 LCS forecast, which anticipated that FY 2025-26 state revenue subject to TABOR would grow by less than 4 percent.

House Bill 26-1289 removes the conditionality of these credits in future years. Accordingly, the credits are available in their full amounts in tax years 2027 through 2032 and do not depend on this or future revenue forecasts.

Workforce shortage tax credit in House Bill 24-1365. The bill creates a tax credit for tax years 2026 through 2032 for facility improvement and equipment acquisition costs associated with training programs to alleviate worker shortages. Total credit certificates issued for each tax year may not exceed $15 million. This amount is reduced to $7.5 million in tax years where the preceding September forecast from either LCS or OSPB anticipates that state revenue subject to TABOR will grow by less than 4 percent.

Based on the September 2025 LCS forecast, the revenue cap for the tax credit is reduced to $7.5 million in tax year 2026. Based on this September 2026 LCS forecast, the revenue cap for the tax credit will return to $15 million in tax year 2027, unless it is reduced by the September 2026 OSPB forecast. The cap is estimated to be $7.5 million in tax year 2028 and $15 million in tax year 2029.

Expanded earned income tax credit in House Bill 24-1134 and family affordability tax credit in House Bill 24-1311. These bills expand the state earned income tax credit ("expanded EITC"; HB 24-1134) and create a family affordability income tax credit ("FATC"; HB 24-1311). Both credits applied unconditionally in tax year 2024. For tax year 2025 and later tax years, the credits in the bills may be reduced based on revenue projections for the fiscal year that begins during the tax year, as projected in the December forecast that is prepared by the agency whose forecast was selected by the Joint Budget Committee (JBC) to balance that fiscal year's budget. Based on the December 2024 OSPB forecast, both credits are allowed in full for tax year 2025. Based on the December 2025 OSPB forecast, both credits will be unavailable for tax year 2026. The same result would occur if the availability of the credits depended on this December 2025 LCS forecast instead.

This forecast expects that both tax credits will be unavailable for tax year 2027 and partially available for tax year 2028 (third-highest tier) and tax year 2029 (second-highest tier). Actual amounts will depend on future December forecast expectations.

Expanded family affordability credit in House Bill 26-1223. Beginning in 2027, the bill significantly narrows the sales and use tax exemption for downloadable software. It also creates two sales tax deductions for retail food establishments, one for gas and electricity, and one for limited amounts of taxable sales in specific months during 2027 and 2028. On net, the bill is expected to increase state sales and use tax revenue by $73.9 million in calendar year 2027.

The bill creates an expanded family affordability credit, similar to the FATC in HB 24-1311, targeted to reduce income tax revenue by the same amount as the sales and use tax increase. The bill requires that the June 2027 LCS forecast, and subsequent June LCS forecasts, calculate expanded family affordability credit amounts based on expectations for the bill's sales and use tax impacts. Credit calculations will be included in future June forecasts. This forecast anticipates that the 2027 expanded family affordability credit will equal $73.9 million, realized as refunds on income tax returns for tax year 2027 in the spring 2028 tax filing season.

Partial Refundability of the Conservation Easement Tax Credit

Through tax year 2026, the conservation easement income tax credit is available as a nonrefundable credit in tax years when the state does not refund a TABOR surplus. In tax years when the state refunds a TABOR surplus, taxpayers may claim an amount up to $50,000, less their income tax liability, as a refundable credit. The state did not collect a TABOR surplus in FY 2025-26; therefore, partial refundability of the credit is not expected to be available for tax year 2026.

Beginning for tax year 2027, the credit is partially refundable in all years under Senate Bill 24-126, and the refundable amount will increase to $200,000 per taxpayer per year.

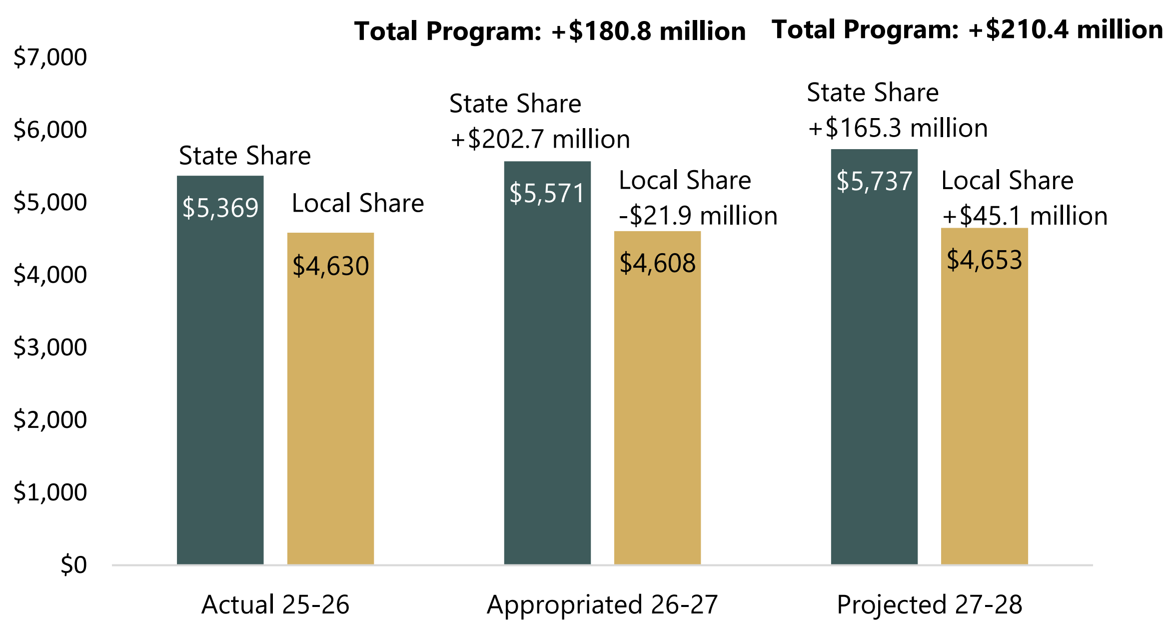
School Finance Outlook

This section presents information on the outlook for school finance for the upcoming budget year (FY 2027-28) and incorporates the following information:

- September 2026 forecasts for income tax diversions to the State Education Fund (SEF), federal mineral lease payments, marijuana tax revenue, and inflation; and
- expectations for the continued phase-in of the new school finance formula in FY 2027-28.

Figure 1 illustrates state and local shares for school funding for FY 2025-26 (actual), FY 2026-27 (appropriated), and FY 2027-28 (projected).

Figure 1
Expectations for School Finance Funding
Dollars in Millions



Summary

For FY 2026-27, total program is expected to increase by $180.8 million over the prior year. The state share will increase by $202.7 million on a year-over-year basis as a result of the required inflationary increase, policy changes to total program, and the expected $21.9 million decrease in the local share. These numbers reflect the appropriations made during the 2026 legislative session.

For FY 2027-28, the state share requirement is expected to increase by about $165.3 million on a year-over-year basis, due to the following factors:

- **Total program requirements** will increase by $210.4 million in FY 2027-28. This projection is based on an expected decrease in the funded pupil count of about 13,287, a projected inflation rate of 3.8 percent, and continued phase-in of the new school finance formula. It also includes policy changes adopted during the 2026 legislative session, including the repeal of the Teacher Recruitment Education and Preparation (TREP) program, changes to part-time homeschool enrichment programs, and implementation of smoothing, as discussed below. In addition, it includes changes to forecasted student counts in District 49 due to the dissolution of Education ReEnvisioned BOCES (ERBOCES).

- The **local share** will increase by $45.1 million on a year-over-year basis. This assumes assessed values increase by $1.6 billion (0.8 percent) relative to FY 2026-27, while specific ownership tax collections are assumed to increase by 3 percent. Local share changes are discussed more below.

New School Finance Formula

House Bill 24-1448 created a new school finance formula to distribute funding to school districts. The formula was amended during the 2025 and 2026 legislative sessions. FY 2026-27 is the second year of implementation of the new formula, which will continue to be phased in over seven years until FY 2031-32.

Implementation of the formula is paused if any of the following conditions are met:

- the change in local share of total program is less than inflation minus 2 percent over the prior year in a property tax assessment year;
- the local share decreases by at least 2 percent in a property tax non-assessment year; or
- the March revenue forecast used by the Joint Budget Committee for the budget predicts that the income tax diversion to the SEF will decrease by 5 percent or more in the current or next budget year, as long as that decrease is not the result of a correction to an error in the amount of income tax revenue deposited in the SEF.

Based on current forecasts, the year-over-year change in the income tax diversion to the SEF is expected to be 4.4 percent in FY 2026-27. As a result, these changes are not expected to pause the implementation of the new formula in FY 2027-28.

Enrollment

Enrollment is a major determinant of required total program formula funding, as funding is allocated on a per pupil basis. This update assumes FY 2027-28 enrollment estimates from the December 2025 LCS forecast for K-12 enrollment, adjusted for the repeal of the TREP program, changes in part-time homeschool enrichment programs, and the dissolution of ERBOCES.

In addition, SB 26-023 specified that beginning in a year when the formula is implemented at least 45 percent and holds districts harmless to the old formula plus one percent (FY 2027-28 under current law), a smoothing calculation will replace multi-year student count averaging in both the old and new school finance formulas.

Under this calculation, districts will receive funding for the greater of:

- current year enrollment;
- 97 percent of prior year enrollment; or

- a weighted average of current year enrollment (50 percent), prior year enrollment (30 percent), and enrollment from two years prior (20 percent).

If a 45 percent phase in and the specified hold harmless do not occur in FY 2027-28, three-year averaging is maintained for both new formulas. Regardless, beginning in FY 2027-28, the old and new formulas must utilize the same funded pupil count, including the minimum funded pupil count of 60 FTE.

The funded pupil count in FY 2027-28 is expected to be 812,562, a decrease of 13,287 FTE compared to FY 2026-27. These estimates will be updated in December 2026.

Local Share

Assessed values on real property determine a school district's property tax base, which, along with a school district's total program mill levy, is the major determinant of the local share of school district funding, along with specific ownership taxes. This forecast assumes assessed value estimates from the December 2025 LCS forecast. Assessed values are expected to total $194.1 billion in FY 2027-28, an increase of 0.8 percent from the prior year.

In FY 2027-28, the local share is expected to be $4.7 billion. This represents a year-over-year increase of $45.1 million, or 1.0 percent. Assumptions for assessed values will be updated in December 2026.

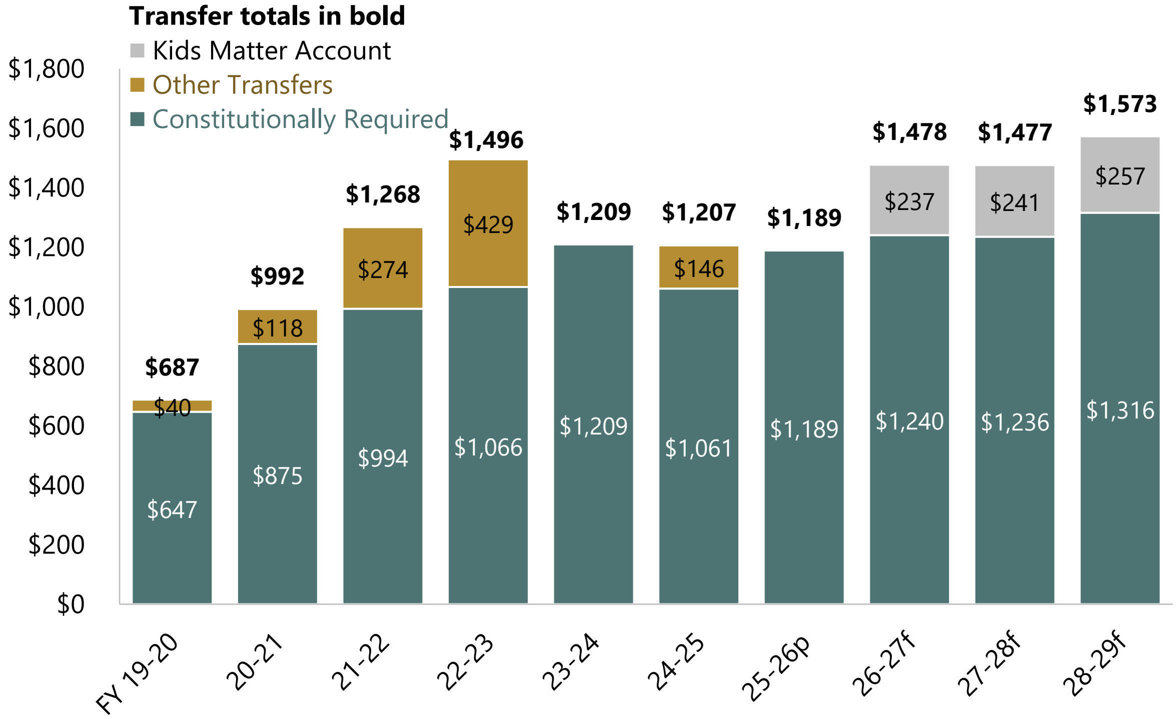
State Education Fund

Revenue to the SEF

The Colorado Constitution requires the SEF to receive one-third of one percent of taxable income. The SEF is expected to receive $1.24 billion in FY 2026-27 and $1.24 billion in FY 2027-28 from the requirement. Slightly higher amounts are expected in FY 2028-29 and in the following years of the simulation period. In addition, HB 25-1320 added an annual contribution to the Kids Matter Account within the SEF of 65 percent of one-tenth of 1 percent of federal taxable income beginning in FY 2026-27.

Figure 2 shows a history and forecast for revenue sources to the SEF through the end of the forecast period.

Figure 2
Revenue to the State Education Fund
Dollars in Millions



Source: Office of the State Controller and Legislative Council Staff forecast. p = Preliminary. f = Forecast.
"Other transfers" includes transfers under SB 19-246 for FY 2019-20, HB 20-1420 for FY 2020-21 and FY 2021-22, HB 20-1427 for FY 2020-21 through FY 2022-23, SB 21-208 for FY 2021-22, HB 22-1390 for FY 2022-23, and SB 23B-001 for FY 2024-25.
The constitutional transfers in FY 2023-24 include a one-time increase of $135.1 million to adjust for under-transfers in prior years.

Expenditures from the SEF

Historically, the General Assembly increased the General Fund contribution each year, although that has recently changed. In FY 2023-24 and FY 2024-25, the General Assembly held the General Fund contribution constant, while in FY 2025-26, the General Assembly increased the General Fund contribution by $150 million. Due to extreme budgetary pressures in FY 2026-27, the General Assembly decreased the General Fund contribution by $70 million.

Table 8 shows the projected SEF contributions to school finance and the associated ending balances in the SEF for FY 2026-27 through FY 2030-31, for each of the following General Fund contribution scenarios:

- **Scenario 1**: General Fund increases by a constant $150 million annually;
- **Scenario 2:** General Fund grows proportionately to the historical growth in overall General Fund appropriations (about 5 percent annually);
- **Scenario 3:** General Fund grows proportionately to the historical growth in contributions over the last 10 years (3.0 percent annually); and
- **Scenario 4:** General Fund contribution grows at the minimum rate sufficient to leave a $100 million ending balance in FY 2030-31 (about 3.5 percent annually).

Estimates beyond FY 2027-28 have significantly elevated uncertainty, which increases with each additional year. Additionally, these scenarios assume a contribution from the State Public School Fund of $101 million in FY 2027-28 and about $88 million after that through FY 2030-31. The elevated contribution amounts from the State Public School Fund are from revenue exceeding the Public School Capital Construction Assistance Fund revenue cap created in HB 25-1320.

Table 8
State Education Fund End Balances Under Four Scenarios
Based on varying General Fund contributions to school finance

Scenario **Description**	**Scenario 1** **Constant GF Increase** ($150M annually)	**Scenario 2** **Historical GF Appropriation Growth** (5.0% Growth)	**Scenario 3** **Historical GF Contribution Growth** (3.0% Growth)	**Scenario 4** **Needed to Maintain $100M SEF Balance** (~3.5% Growth)
FY 2026-27	$705 million	$705 million	$705 million	$705 million
FY 2027-28	$410 million	$476 million	$389 million	$411 million
FY 2028-29	$172 million	$381 million	$115 million	$181 million
FY 2029-30	$117 million	$557 million	$10 million	$145 million
FY 2030-31	$36 million	$807 million	-$129 million	$100 million

As shown in Table 8, the four scenarios result in the following impact on the fund balance:

- **Scenario 1:** If the General Fund contribution consistently increases by $150 million annually or an average of 3.3 percent, the existing balance in the SEF will be around $36 million at the end of the forecast period.
- **Scenario 2:** If the General Fund contribution grows proportionately to historical growth in overall GF appropriations (about 5 percent or an average of $233 million annually), the SEF balance will be around $807 million at the end of the forecast period.
- **Scenario 3:** If the General Fund contribution grows proportionately with the growth in historical contributions over the last 10 years (an average of 3.0 percent or about $135 million annually), the balance is expended in four years.
- **Scenario 4:** If the General Fund contribution grows by 3.5 percent or about $159 million annually, a balance of $100 million is maintained at the end of the forecast period.

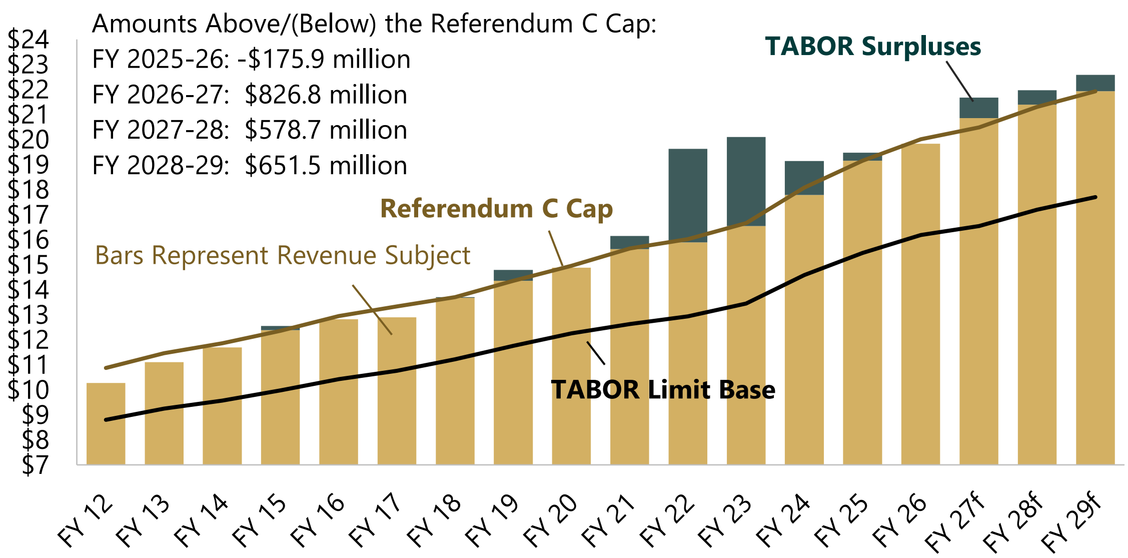
School Finance Appropriations

The final appropriation for the state share of school finance in FY 2026-27 will be made through the passage of the mid-year supplemental bill for the Colorado Department of Education. The initial appropriation for state aid in FY 2027-28 will be made through the passage of the 2027 Long Bill and 2027 School Finance Act.

TABOR Outlook

The state TABOR outlook is presented in Table 10 and illustrated in Figure 3, which also provides a history of the TABOR limit base and the Referendum C cap. Revenue subject to TABOR fell short of the Referendum C cap in FY 2025-26. Revenue is expected to exceed the cap in FY 2026-27, FY 2027-28, and FY 2028-29, creating a state obligation for TABOR refunds to be paid to taxpayers in each of FY 2027-28, FY 2028-29, and FY 2029-30.

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



Source: Office of the State Controller and Legislative Council Staff. f = forecast.
The refund amounts for FY 2026-27 and FY 2027-28 differ from the surplus amounts because they include a reduction of $87.9 million in each year under HB 26-1419. In addition, the refund amount for FY 2026-27 includes a subtraction of $275.1 million in over-refunds from prior TABOR surpluses.

FY 2025-26

On September 8, 2026, the State Controller certified that state revenue subject to TABOR fell short of the Referendum C cap by $175.9 million. On September 15, 2026, the State Auditor provided summary results of her audit of the TABOR certification. The summary explains that certain values in the report could not be verified due to insufficient documentary evidence from the Controller. This forecast uses the September 8 certification amount, and will be updated with corrected FY 2025-26 accounting when final figures are available.

Based on the data available, the state will not incur an obligation for TABOR refunds. As a result, no refunds to taxpayers are expected to be made via property tax exemptions and assessed value reductions, or refunds using the income tax form, for tax year 2026. The state obligation to reimburse counties for homestead exemptions and assessed value reductions, estimated at $202.3 million, will be paid from General Fund revenue rather than TABOR surplus dollars in FY 2026-27.

Forecasts for FY 2026-27 through FY 2028-29

Revenue is projected to exceed the Referendum C cap by $826.8 million in **FY 2026-27**, by $578.7 million in **FY 2027-28**, and by $651.5 million in **FY 2028-29**. Under House Bill 26-1419, refund obligations are expected to be adjusted downward by $87.9 million in each of FY 2026-27 and FY 2027-28. In addition, the refund obligation for the FY 2026-27 surplus will include a downward adjustment of $275.1 million for over-refunds from prior TABOR surpluses. These adjustments are explained below. Refunds of $463.7 million, $490.7 million, and $651.5 million are expected to be returned to taxpayers in the fiscal year following the collection of each surplus. The actual refund obligation in any given year will also include adjustments for any over- or under-refund of prior year surpluses. Forecasts for FY 2026-27 and FY 2027-28 include adjustments for House Bill 26-1364, which changes how inflation is calculated for the purpose of the TABOR limit in these two years only.

The forecast for FY 2026-27 and all later years incorporates adjustments for Senate Bill 26-042, which classifies certain state revenue as either damage awards or collections for another government beginning in FY 2025-26. It also includes adjustments for House Bill 26-1401. That bill makes one-time FY 2025-26 transfers from the Unclaimed Property Trust Fund (UPTF) of $72.8 million to the General Fund and $2.2 million to the Housing Development Grant Fund, causing the revenue to become subject to TABOR, and ends ongoing transfers from the UPTF to the Adult Dental Fund, causing that money to no longer become subject to TABOR.

Relative to the June forecast, FY 2025-26 revenue subject to TABOR exceeded expectations by $372.2 million. Expectations were increased by about $327 million in FY 2026-27, and decreased by about $194 million in FY 2027-28, primarily due to changed expectations for General Fund revenue. Expectations for FY 2028-29 debut with this forecast. Expectations for General Fund revenue were increased in FY 2026-27, with upward revisions to individual and corporate income tax forecasts more than offsetting downward revisions to the sales and excise tax forecasts. Expectations for cash fund revenue were little changed. For FY 2027-28, upward revisions to expected taxable income resulted in changed expectations for income tax credits that are conditional on revenue expectations. These credits are now expected to be partially available for tax year 2028, resulting in a net downward revision to the forecast for FY 2027-28.

The forecast includes adjustments for **enterprise qualification and disqualification**. The forecast assumes the requalification of the Healthy Insurance Affordability Enterprise and Adams State University for FY 2026-27, both of which were disqualified in FY 2025-26. The Road Enterprise is created as an enterprise by House Bill 26-1430, and moves fee revenue from oversize and overweight vehicles into the enterprise starting in FY 2026-27. When a state program is disqualified as an enterprise, its fee revenue becomes subject to TABOR, and an upward adjustment is made to the TABOR limit base and the Referendum C cap. Likewise, when an institution is requalified or newly qualified as an enterprise, its existing fee revenue is subtracted from the TABOR limit base and the Referendum C cap. Enterprise qualification and disqualifications are estimated to result in an adjustment of -$177.7 million to the limit in FY 2026-27.

Adjustments for Prior-Year Over-Refunds

As noted above, the forecast for the TABOR refund obligation includes two adjustments for prior-year over-refunds. These are shown on separate lines in Table 10C.

HB 26-1419 declares that the state overidentified its FY 2024-25 TABOR refund obligation, and directs the Controller to reduce the amount to be refunded in FY 2026-27 and FY 2027-28, or later years as needed, by the amount by which revenue was over-refunded in association with the OBBBA. The Controller is required to identify this amount by November 16, 2026. This forecast anticipates that the identified amount will be the amount by which FY 2025-26 revenue fell short of the Referendum C cap, or $175.9 million. This over-refund will reduce the FY 2026-27 and FY 2027-28 refund obligations in equal halves, or by $87.9 million per year.

Separately, the Controller's September 8, 2026, certification indicated that total TABOR refunds to date have exceeded prior-year identified surpluses by $275.1 million. This is a **cumulative over-refund** across many fiscal years. However, most of the over-refund is believed to be attributable to the FY 2023-24 surplus, as refund mechanisms set in September 2024 underestimated the amount that would be refunded through both the temporary income tax rate reduction and the six-tier sales and use tax refund mechanism for tax year 2024. The over-refunds primarily occurred on 2024 extension filings processed in the fall of 2025, and therefore were not identified in the September 1, 2025, TABOR certification for FY 2024-25. This amount is accounted a negative year-end accounting adjustment in Table 1, line 15, and will reduce future state TABOR refund obligations. Under this forecast, the entire reduction is expected to occur in the FY 2026-27 TABOR refund obligation.

Risks to the Forecast

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

TABOR surpluses cushion the General Fund budget from the impacts of lower-than-expected General Fund revenue. Currently projected TABOR surpluses in FY 2026-27, FY 2027-28, and FY 2028-29 are 3.9 percent, 2.6 percent, and 2.9 percent of revenue subject to TABOR, respectively, which is well within normal error for forecasts. A reduction in General Fund revenue relative to forecast expectations will result in a smaller obligation for TABOR refunds, and will impact the budget if the error is great enough to erase the projected TABOR surplus. Likewise, error in the forecast for cash fund revenue subject to TABOR also poses a risk to the outlook for the General Fund budget. Greater-than-expected revenue from cash fund sources would increase the General Fund obligation for TABOR refunds, thereby reducing the amount available for the budget.

Estimates of the state population present an additional risk to the forecast. Methodological changes forthcoming for the Census Bureau's December 2026 estimates of state populations may result in a lower estimate for the state's July 1, 2026, population, which would slow the TABOR limit growth rate for FY 2027-28.

TABOR Refund Mechanisms

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

The first ongoing refund mechanism that applies for each year in the forecast period is the local government reimbursement for **homestead property tax exemptions** for seniors, veterans with a disability, and Gold Star spouses. Based on this forecast, this mechanism is expected to be used for tax years 2027, 2028, and 2029.

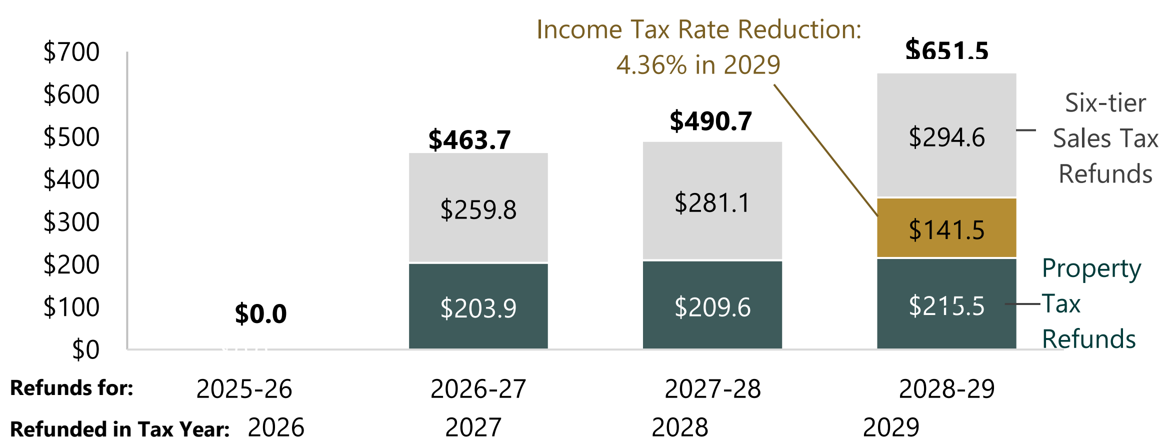
Senate Bill 24-111 established a new refund mechanism used to refund the TABOR surplus collected for FY 2024-25 and FY 2025-26 through reductions in the assessed value of owner-occupied senior primary residences for those who have previously qualified for the existing senior homestead exemption but who are currently ineligible because they moved. Local governments' foregone property tax revenue as a result of the bill is reimbursed by the state government.

The **temporary income tax rate reduction** is expected to apply for tax year 2029 as the second TABOR refund mechanism after property tax refunds. The income tax rate will be reduced from 4.40 percent to 4.36 percent in tax year 2029, based on the expected amounts of the TABOR surplus remaining after property tax refunds in FY 2028-29.

This forecast anticipates that the income tax rate reduction mechanism will not be triggered in tax years 2027 or 2028. In subsequent years, the amount of the income tax rate reduction that is triggered depends on the amount of the TABOR surplus remaining after reimbursements to local governments for property tax exemptions.

The **six-tier sales tax refund mechanism** is expected to apply for tax years 2027, 2028, and 2029 with refund amounts based on taxpayer incomes. Table 9 presents estimated six-tier sales tax refund amounts for those tax years.

Figure 4
Expected TABOR Refunds and Refund Mechanisms
Dollars in Millions



Source: Legislative Council Staff September 2026 forecast.

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

Table 9
Projected TABOR Refunds via the Six-Tier or Identical Sales Tax Refund Mechanisms

Tax Year 2026

Refunds from FY 2025-26 TABOR Refund Obligation

Taxpayer Distribution by AGI	Single Filers	Joint Filers
up to $56,000	$0	$0
$56,001 to $115,000	$0	$0
$115,001 to $184,000	$0	$0
$184,001 to $260,000	$0	$0
$260,001 to $343,000	$0	$0
$343,001 and up	$0	$0

Tax Year 2027

Refunds from FY 2026-27 TABOR Refund Obligation

Taxpayer Distribution by AGI	Single Filers	Joint Filers
up to $57,000	$43	$86
$57,001 to $117,000	$58	$116
$117,001 to $187,000	$67	$134
$187,001 to $265,000	$79	$158
$265,001 to $349,000	$85	$170
$349,001 and up	$137	$274

Tax Year 2028

Refunds from FY 2027-28 TABOR Refund Obligation

Taxpayer Distribution by AGI	Single Filers	Joint Filers
up to $59,000	$47	$94
$59,001 to $120,000	$62	$124
$120,001 to $192,000	$71	$142
$192,001 to $272,000	$85	$170
$272,001 to $358,000	$91	$182
$358,001 and up	$147	$294

Tax Year 2029

Refunds from FY 2028-29 TABOR Refund Obligation

Taxpayer Distribution by AGI	Single Filers	Joint Filers
up to $60,000	$48	$96
$60,001 to $123,000	$65	$130
$123,001 to $197,000	$74	$148
$197,001 to $278,000	$88	$176
$278,001 to $367,000	$95	$190
$367,001 and up	$153	$306

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

Table 10A
State Revenue Subject to TABOR

Dollars in Millions

Line	TABOR Revenue	Preliminary FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	Estimate FY 2028-29
1	General Fund Revenue (see Table 11)	$16,801.1	$18,366.1	$18,834.6	$19,399.8
2	Cash Fund Revenue (see Table 12)	$3,034.3	$2,948.8	$3,051.7	$3,177.3
3	**Total TABOR Revenue**	**$19,835.4**	**$21,314.9**	**$21,886.3**	**$22,577.1**

Line 1, General Fund Revenue, differs from the amount in the General Fund revenue summary because of accounting adjustments across TABOR boundaries.

Table 10B
TABOR Revenue Limit

Dollars in Millions

Line	Revenue Limit	Preliminary FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	Estimate FY 2028-29
4	Allowable TABOR Growth Rate	3.6%	3.3%	4.0%	2.9%
5	Inflation (from Prior Calendar Year)	2.3%	2.4%	3.8%	2.2%
6	Population Growth (from Prior Calendar Year)	1.4%	0.9%	0.2%	0.7%
7	TABOR Limit Base	$16,187.7	$16,538.3	$17,199.9	$17,698.7
8	Voter Approved Revenue Change (Referendum C)	$3,647.7	$3,949.8	$4,107.8	$4,226.9
9	Total TABOR Limit / Referendum C Cap	$20,011.3	$20,488.1	$21,307.6	$21,925.6
10	**TABOR Revenue Above or Below Referendum C Cap**	**-$175.9**	**$826.8**	**$578.7**	**$651.5**

Line 9, Total TABOR Limit, assumes that all enterprises will maintain enterprise status. If an enterprise is disqualified, both revenue subject to TABOR and the Referendum C cap will have equal upward adjustments.

Table 10C
Revenue Retained and Refunded Under TABOR

Dollars in Millions

Line	Retained/Refunded Revenue	Preliminary FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	Estimate FY 2028-29
11	Revenue Retained under Referendum C	$3,647.7	$3,949.8	$4,107.8	$4,226.9
12	Fiscal Year Spending (revenue available to be spent or saved)	$19,835.4	$20,488.1	$21,307.6	$21,925.6
13	Prior Year Over-refund in HB 26-1419		-$87.9	-$87.9	$0.0
14	Prior Year Over-refund Paid to Taxpayers		-$275.1	$0.0	$0.0
15	**Revenue Refunded to Taxpayers**	**$0.0**	**$463.7**	**$490.7**	**$651.5**

Line 11, "Revenue Retained under Referendum C", is referred to as "General Fund Exempt" in the budget.
Line 13, "Prior Year Over-refund in HB 26-1419," shows adjustments accounted as over-refunds under HB 26-1419.
Line 14, "Prior Year Over-refund Paid to Taxpayers," shows adjustments for over-refunds paid to taxpayers from prior year TABOR surpluses.

Table 10D
TABOR Reserve Requirement

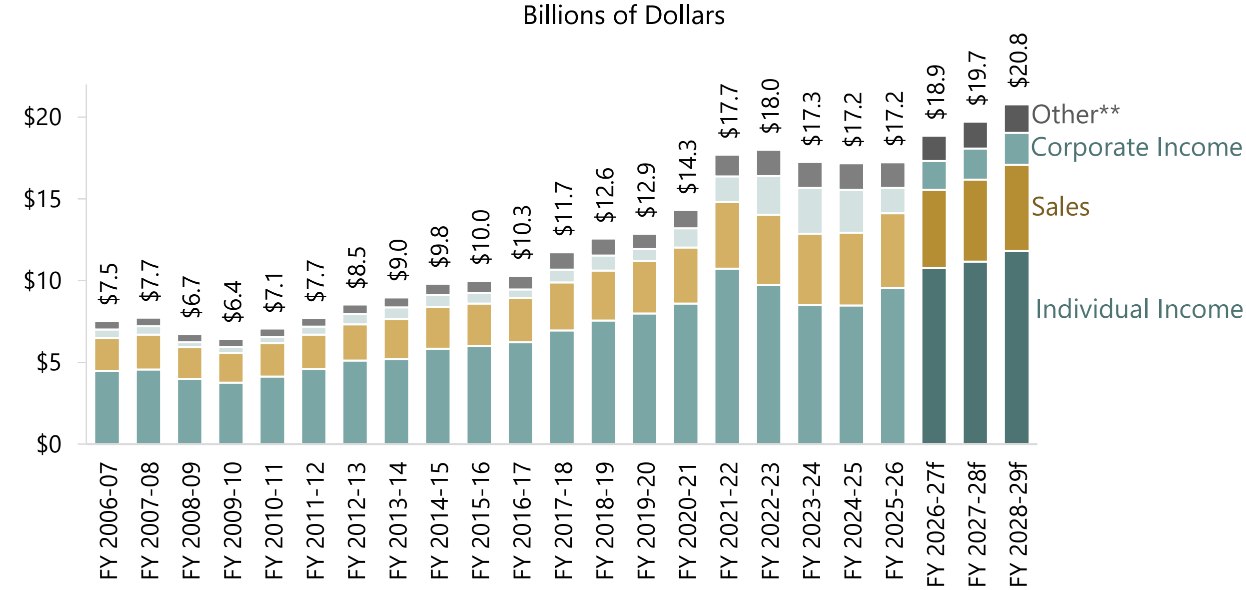
Dollars in Millions

Line	Reserve Requirement	Preliminary FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	Estimate FY 2028-29
15	TABOR Reserve Requirement	$595.1	$614.6	$639.2	$657.8

General Fund Revenue

This section provides the outlook for General Fund revenue, which is the state's main source of funding for discretionary operating appropriations. The primary sources of General Fund revenue are individual income tax, corporate income tax, and sales tax collections. Additional sources of General Fund revenue include excise taxes (retail marijuana, tobacco, and liquor), insurance premium tax, pari-mutuel tax, court receipts, and investment income. Table 11 on pages 47 through 49 summarizes General Fund revenue collections for FY 2025-26 and projections for FY 2026-27 through FY 2028-29; these are also illustrated in Figure 5, below.

Figure 5
General Fund Revenue Sources
Billions of Dollars



Amounts shown for FY 2026-27 through FY 2028-29 are forecasts. FY 2025-26 is preliminary.
The segment labeled "Other" includes: use tax; retail marijuana special sales tax; cigarette, tobacco, and liquor excise taxes; Proposition EE tobacco taxes; firearms and ammunition tax; insurance premium tax; pari-mutuel wagering tax; court receipts; investment income; and miscellaneous small sources that are not forecasted independently.
Source: Office of the State Controller and Legislative Council forecast.

FY 2025-26 Preliminary Data

Preliminary data from the Office of the State Controller indicates that General Fund revenue increased by 0.3 percent in FY 2025-26. This growth was driven by higher individual income and sales taxes, which were partially offset by a significant decline in corporate income taxes.

Individual income tax revenue increased by 13.2 percent in FY 2025-26, exceeding the June forecast by $167.4 million, primarily due to higher estimated payments. Corporate income tax collections declined 40.9 percent from the prior fiscal year as certain provisions from H.R. 1 - the One Big Beautiful Bill Act (OBBBA) reduced corporate taxable income. Sales tax revenue rose modestly in FY 2025-26, reflecting weaker consumer sentiment, but was supported by gain from House Bill 25B-1005.

Total preliminary General Fund revenue was $218.8 million higher than the June forecast, due to higher collections from individual and corporate income taxes, which offset lower revenue from insurance premium taxes and investment income.

FY 2026-27 Forecast

General Fund revenue is projected to increase 9.5 percent in FY 2026-27 due to strong growth in individual and corporate income taxes as OBBBA provisions have a smaller negative impact on revenue collections. Sales and excise taxes are also expected to show moderate growth, while investment income is expected to fall. Expectations for FY 2026-27 General Fund revenue were revised upward by $337.3 million from the June forecast, mainly due to higher projected individual and corporate income tax revenue, reflecting higher-than-expected collections in FY 2025-26. This increase was partially offset by a $124.9 million downward revision to insurance premium tax revenue.

FY 2027-28 and FY 2028-29 Forecasts

General Fund revenue is expected to grow at a slower pace for the remainder of the forecast period, increasing by 2.6 percent in FY 2027-28 and 3.0 percent in FY 2028-29. In FY 2027-28, income taxes are expected to grow by 0.9 percent on net, while sales taxes are expected to increase at a faster rate of 5.2 percent, and other revenue is expected to increase 6.4 percent. Total General Fund revenue is expected to accelerate in FY 2028-29, led by individual income taxes, use taxes, and investment income.

Risks to the forecast. Although most 2025 income tax returns have been processed and federal tax law changes are increasingly reflected in actual collections, uncertainty remains around outstanding extension filings. Amended returns, complex tax situations among higher-income taxpayers, and business pass-through income may continue to affect final liabilities. Income tax credits tied to revenue conditions also pose risks, as small changes in projected growth can significantly impact credit amounts and availability. Stronger-than-expected wage gains could increase sales and income tax collections above forecasted levels. However, a weak labor market, persistently high interest rates, or reduced household spending due to uncertainty and financial strain could lower General Fund collections below the forecast.

Income Tax

Taxable income earned by all Colorado individuals and corporations is taxed at one flat rate. Income tax revenue is credited to the General Fund and is subject to TABOR, except that:

- an amount equal to one third of one percent of taxable income is transferred to the State Education Fund (SEF) and exempt from TABOR under **Amendment 23**, approved by voters in 2000;
- an amount equal to one-tenth of one percent of taxable income is transferred to the State Affordable Housing Fund and exempt from TABOR under **Proposition 123**, approved by voters in 2022;

- an amount equal to 65 percent of one-tenth of one percent of federal taxable income is diverted to the **Kids Matter Account** in the SEF under House Bill 25-1320, starting in FY 2026-27; this amount remains subject to TABOR; and
- non-corporate taxpayers with adjusted gross incomes over $300,000 are required to add back a portion of their federal standard or itemized deductions when computing their Colorado taxable income. Revenue attributable to this addition is deposited into the Healthy School Meals for All (HSMA) Cash Fund, exempt from TABOR, and required to be spent for food and nutrition support programs, as approved by voters in **Proposition FF** in November 2022 and **Proposition MM** in November 2025.

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

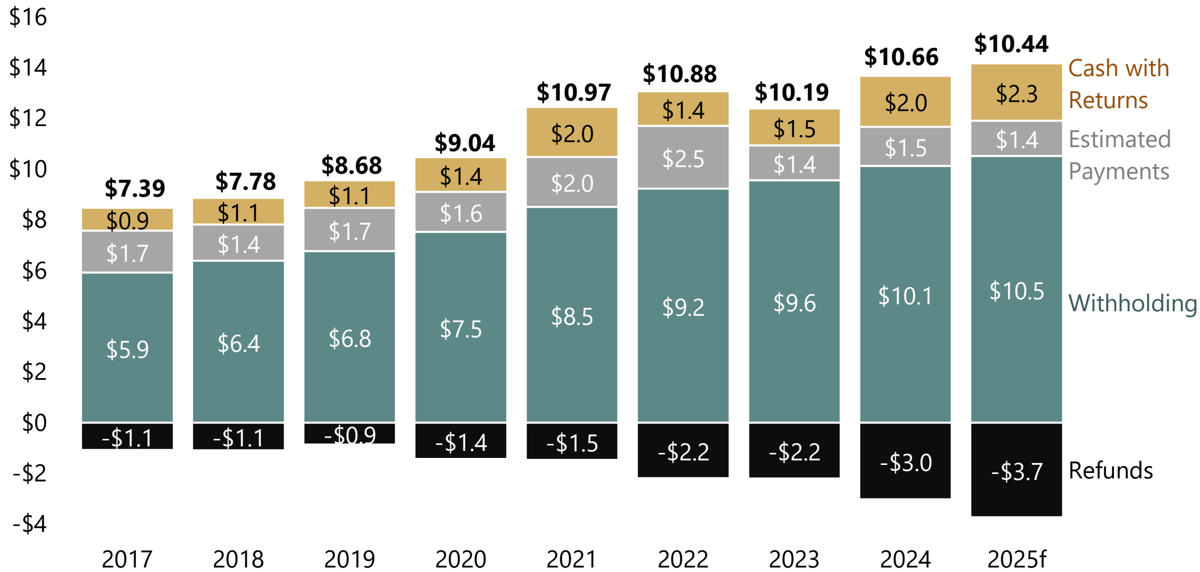
Individual Income Tax

Individual income tax revenue is the largest source of General Fund revenue, accounting for about 60 percent of revenue to the General Fund in FY 2025-26, before accounting for the SEF and affordable housing transfers.

FY 2025-26. Individual income tax collections increased by 13.2 percent in FY 2025-26, to total $11.32 billion before the SEF and affordable housing transfers. Revenue exceeded the June forecast by $167.4 million, mainly due primarily to stronger-than-expected June estimated payments.

For most taxpayers, final payments for tax year 2025 were due in April 2026. While data on final payments are incomplete, current figures indicate that net tax receipts for 2025 have decreased by 2 percent compared to 2024. Excluding refunds, tax receipts are up by 3.6 percent from 2024. Figure 6 shows net tax receipts for tax years 2017 through 2025, including forecast expectations for the remaining 2025 final payments. As shown in Figure 6, an increase in cash with returns and withholding was more than offset by a significant increase in refunds. The increase in refunds was driven by the expanded earned income tax credit and the family affordability tax credit, both of which were available in their full amounts for tax years 2024 and 2025, and by impacts of the OBBBA. Cash with returns are expected to remain elevated as state and federal tax policy changes continue to impact taxpayers’ ability to estimate their tax liability.

Figure 6
Individual Income Tax Receipts by Source and Tax Year
Dollars in Billions



Source: Office of the State Controller; Department of Revenue; and September 2026 Legislative Council Staff forecast. For illustrative purposes, withholding and estimated payments for a tax year show receipts between February of that year and January of the following year. Cash with returns and refunds for a tax year show transactions between January and December of the following year. Tax received during these time periods may be for the current or any prior tax year, but are assumed to be representative of the tax years indicated. Cash with returns and refunds for tax year 2025 include data for July and August 2026 and forecasted transactions for September through December 2026. TABOR refund amounts that reduced final payments are added to refunds.

Forecast for FY 2026-27. Individual income tax collections are expected to grow by 14.6 percent in FY 2027-28, reaching $12.97 billion before the SEF and affordable housing transfers. Revenue expectations were increased by $431.8 million relative to the June forecast. This revision is primarily due to higher collections from the prior fiscal year carrying forward into the current fiscal year, along with preliminary data on withholding collections in the current fiscal year.

Forecasts for FY 2027-28 and FY 2028-29. Individual income tax collections are expected to decline by 0.5 percent in FY 2027-28 to $12.96 billion, and to grow by 2.4 percent in FY 2028-29 to $13.27 billion. Relative to the June forecast, this represents a downward revision of $193.6 million in FY 2027-28. Expectations for FY 2028-29 revenue debut with this forecast.

Revisions are driven largely by a shift in expectations for the availability of certain income tax credits that are conditional on revenue expectations. Both the family affordability tax credit and the expanded earned income tax credit are projected to be partially available in tax year 2028 and 2029. The June forecast had anticipated that both of these tax credits would be unavailable in tax year 2028 and did not include expectations for tax year 2029. Partial availability of these tax credits will increase income tax refunds, reducing total income tax revenue. Accordingly, expected growth for FY 2027-28 revenue is lower than if conditional tax credits were expected to be unavailable. LCS estimates these credits will reduce individual income tax revenue by a combined $645 million in tax year 2028.

Legislative adjustments. This forecast includes downward adjustments for future impacts of legislation on individual income tax revenue enacted by the General Assembly during the 2026 legislative session. These changes include the creation of a new Expanded Family Affordability Credit (EFAC) in House Bill 26-1223, and the expansion of the state Earned Income Tax Credit and the Wildfire Mitigation Tax Credit included in House Bill 26-1289.

This forecast assumes tax year 2025 revenue incorporates the initial impacts of the OBBBA. It also includes adjustments for the ongoing impacts of the OBBBA.

Triggered tax credits. Neither the Family Affordability Tax Credit established in House Bill 24-1311, nor the expanded Earned Income Tax Credit established in House Bill 24-1134, will be available for tax year 2026, as determined by the December 2025 OSPB forecast.

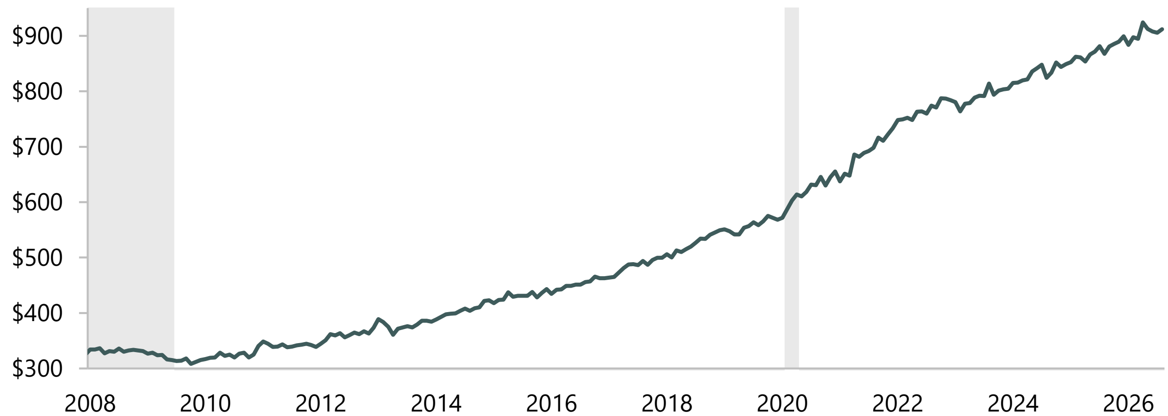
In addition, as in the June 2026 LCS forecast, neither credit is projected to be available in tax year 2027 under this September forecast. Both tax credits are expected to be partially available in tax year 2028, which is expected to reduce individual income tax revenue by a combined $645 million in tax year 2028. If the credits become fully available, LCS estimates they would reduce individual income tax revenue by a combined $1.2 billion per year.

The workforce shortage tax credit established in House Bill 24-1365 will be reduced by half in tax year 2026, as determined by the September 2025 forecast. The tax credit is expected to be fully available in tax year 2027 under this September 2026 forecast. Its availability is conditional on both the September LCS and OSPB forecasts for revenue growth.

Additionally, the innovative motor vehicle and innovative truck credit, the heat pump and thermal energy network tax credit, and the electric bicycle tax credit established in House Bill 23-1272 will only be partially available in tax year 2026, as determined by the June 2025 forecast. House Bill 26-1289 removed the triggers for the HB 23-1272 tax credits, so that they are expected to be fully available in future tax years regardless of revenue expectations.

Wage withholding. As shown in Figure 7, wage withholding—by far the largest component of income tax revenue—has grown at rates consistent with a moderate expansion. Growth slowed from 6 percent in 2024 to 4 percent in 2025, as employment growth faltered. Wage withholding is expected to pick up slightly in 2026, 2027, and 2028, reflecting expectations for employment growth, inflation, and wages.

Figure 7
Monthly Individual Income Tax Withholding Collections
Millions of Dollars



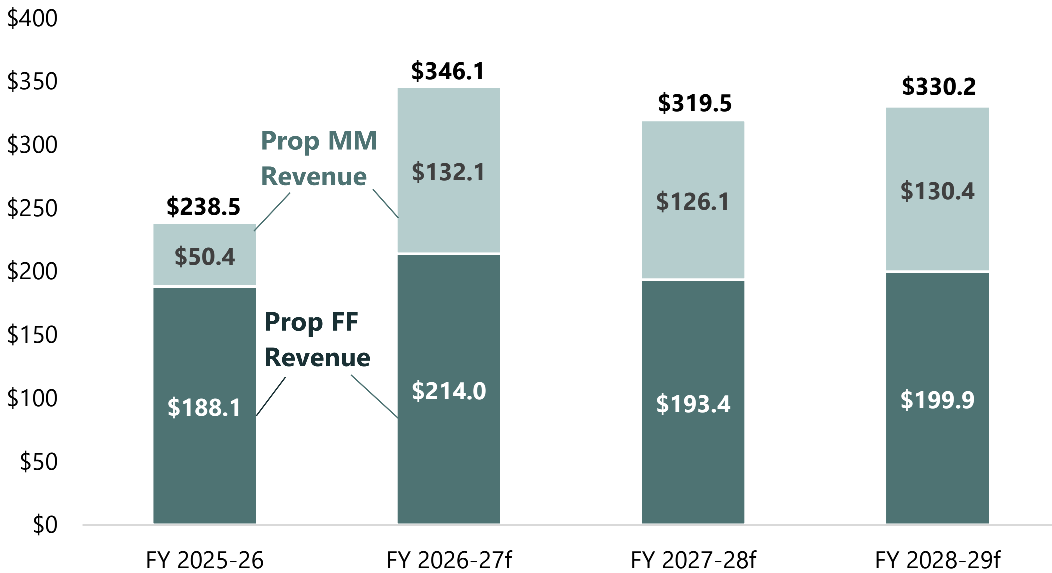
Source: Office of the State Controller with Legislative Council Staff seasonal adjustments. Data are shown as a three-month moving average on a cash basis. August 2026 collections are preliminary data from the Department of Revenue.

Healthy School Meals for All. Revenue attributable to Proposition FF for the Healthy School Meals for All Program is deposited into the Healthy School Meals for All Cash Fund. In tax year 2024, Proposition FF revenue totaled $142.2 million, an increase of 30.5 percent over the amount collected for tax year 2023.

Preliminary data on collections for tax year 2025 show that approximately 169,112 tax returns with Proposition FF revenue totaling $131.6 million were filed through September 1, 2026. This represents a 25 percent increase over the amount of revenue collected during the same time period for tax year 2024.

Starting in tax year 2026, the forecast incorporates upward adjustments for Proposition LL and Proposition MM, which were approved by voters in November 2025. Tax year 2025 collections are assumed to incorporate impacts of the OBBBA, which expanded federal standard and itemized deductions, thereby increasing the amount that taxpayers are required to add back to calculate their state income tax liability.

Figure 8
Healthy School Meals for All Revenue Forecast
Millions of Dollars



Source: Office of State Planning and Budgeting, Office of the State Controller, and Legislative Council Staff forecast. Proposition FF revenue includes anticipated impacts of Proposition LL.
f = forecast.

On an accrual basis, Proposition FF revenue totaled $188.1 million in FY 2025-26, up from $132.3 million in FY 2024-25. Proposition MM revenue totaled $50.4 million in FY 2025-26. Proposition FF revenue and Proposition MM revenue are expected to come in as shown in Figure 8. Reflecting collections data through September 1, 2026, as well as revised expectations for inflation, the forecast has been revised downward by $10.4 million in FY 2026-27 and by $8.6 million in FY 2027-28. Expectations for FY 2028-29 debut with this forecast.

Proposition MM revenue is forecast at $132.1 million in FY 2026-27, which would exceed the $95.0 million amount printed in the ballot question and could necessitate either approval of another ballot question to retain the excess, or that the excess be refunded to taxpayers.

The amount of revenue remaining in the Healthy School Meals for All Cash Fund after administrative costs and payments of reimbursements for school meals in FY 2026-27 is expected to be at least 35 percent. This meets the threshold to fully fund the grant programs for technical assistance, wages or stipends for food service workers, and local food purchasing included in Proposition FF, as well as expenditures related to the Supplemental Nutrition Assistance Program (SNAP) included in Proposition MM.

Corporate Income Tax

The corporate income tax forecast covers collections from C corporations and partnerships with property, payroll, or sales in Colorado. These tax revenues vary with economic conditions and changes in federal and state tax policies. Additionally, corporations may strategically time tax credits and deductions, which increases the complexity of revenue estimation.

FY 2025-26. Corporate income tax revenue totaled $1.55 billion in FY 2025-26, $157.0 million higher than expected in the June forecast, but still representing a 40.9 percent decline from the previous fiscal year. This decrease was driven by lower estimated payments and cash payments made with returns, as well as a substantial increase in corporate income tax refunds. Refunds nearly doubled in FY 2025-26, reflecting accounting and tax-planning uncertainty following the enactment of the OBBBA. The legislation altered the timing and availability of several business deductions, including bonus depreciation, requiring taxpayers to reconcile payments made under previous assumptions with lower tax liabilities resulting from new federal provisions. These factors contributed to unusually large overpayments and refunds during FY 2025-26.

Forecast for FY 2026-27. Corporate income tax revenue is projected to increase by 13.4 percent to $1.76 billion in FY 2026-27. Strong corporate profits are anticipated to support a recovery in estimated payments. However, cash payments made with returns are expected to remain subdued, as lower tax liabilities resulting from recent federal tax changes continue to affect return settlements. Refunds are expected to remain elevated as taxpayers continue to reconcile prior-year liabilities and adjust estimated payments in response to recent federal tax changes. Compared to the June forecast, corporate income tax revenue was revised upward by $135.6 million.

Forecasts for FY 2027-28 and FY 2028-29. Corporate income tax revenue is projected to reach nearly $1.90 billion in FY 2027-28, representing an 8.0 percent increase from the prior fiscal year. Revenue is expected to increase by an additional 4.1 percent to almost $2.0 billion by FY 2028-29. The forecast assumes that payment patterns will gradually stabilize and refunds will decline toward typical levels as the effects of recent federal tax changes and prior-year overpayments diminish.

Legislative adjustments. Because Colorado's corporate income tax is based on federal taxable income, OBBBA is projected to reduce corporate tax revenue by $151.3 million in FY 2026-27 and $149.7 million in FY 2027-28. Additionally, House Bill 25B-1002 establishes a state income tax addition equivalent to the federal deduction for foreign-derived deduction-eligible income (FDDEI), effective for tax year 2026. This legislation is expected to increase corporate income tax revenue by $72.2 million in FY 2026-27 and $73.0 million in FY 2027-28.

Risks to the forecast. Risks to the corporate income tax forecast remain elevated. Corporate income tax collections are highly volatile and are concentrated among a relatively small number of taxpayers. The timing of estimated payments, payments made with returns, and refunds can cause significant fluctuations from year to year. Uncertainty surrounding the magnitude and timing of recent federal tax changes, as well as changes in corporate profitability, presents both upside and downside risks to the forecast.

Insurance Premium Tax

The insurance premium tax is imposed on the gross amount of all insurance premiums. Most insurers are subject to a two percent tax rate, while different rates apply to certain types of insurance, including surplus lines insurance. A portion of insurance premium tax revenue is retained in the Division of Insurance Cash Fund to cover the division’s administrative expenses, while the remaining revenue is credited to the General Fund.

Preliminary data indicates that insurance premium tax collections declined by 7.1 percent in FY 2025-26, after a robust 21.7 percent increase in the prior fiscal year. After strong increases in revenue in the second half of 2025, insurance premium tax revenue decreased by 15.7 percent from January through June 2026 compared with the same period in the previous year. This decline occurred despite rising insurance premiums and is attributable, at least in part, to a substantial increase in tax credits claimed against premium tax. Insurance companies claimed 51.9 percent more insurance premium credits in tax year 2025 than in the prior year. Conservation easement credits were a significant factor, with insurers claiming approximately $22.0 million in tax year 2025. Senate Bill 24-126 allowed insurance companies to claim conservation easement tax credits transferred to them against their insurance premium tax liability beginning in tax year 2025. The expanded use of other credits, such as the low-income housing credit and the Colorado Climber tax credits, also continues to reduce net collections.

The use of tax credits remains a significant source of uncertainty in the forecast. House Bill 25B-1004 authorized the sale of insurance premium and corporate income tax credits, directing up to $100 million in proceeds to the General Fund. Separately, House Bill 25B-1006 authorized credit sales to generate up to $100 million for the Health Insurance Affordability Enterprise, subject to the bill's specified conditions. Because the timing of when the credits will be claimed are uncertain, the forecast assumes that their revenue impact will occur over multiple fiscal years. In addition, the forecast projects that ongoing use of conservation easements and other allowable credits will moderate growth in net premium tax revenue throughout the forecast period. In FY 2026-27, insurance premium tax revenue is expected to increase by only 1.5 percent, but is expected to accelerate to 7.6 percent in FY 2027-28 and 7.5 percent in FY 2028-29, reaching $720.4 million by the end of the forecast period.

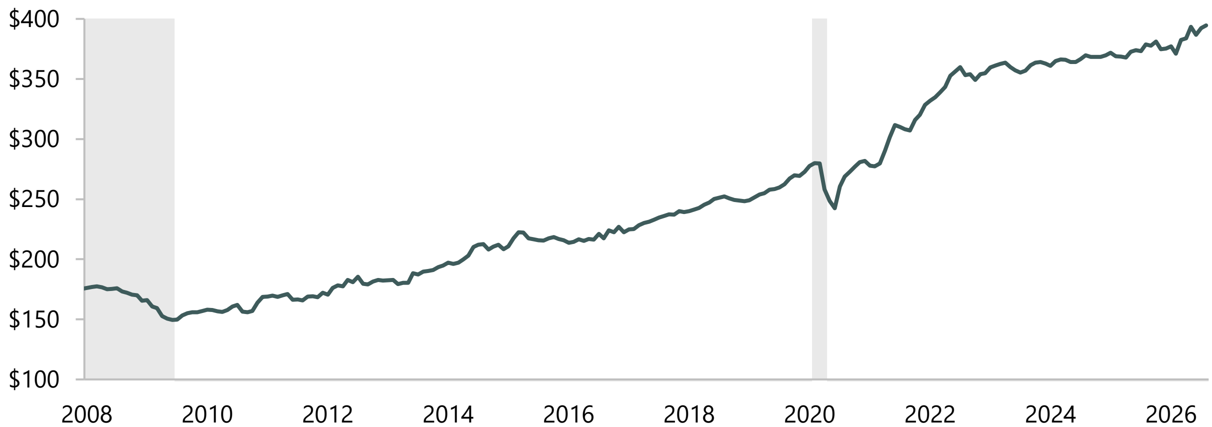
Sales Tax

The 2.9 percent state sales tax applies to the purchase of most goods, except those specifically exempted, and a small collection of services. Sales tax collections grew at a slow-to-moderate 3.3 percent in FY 2025-26 and are expected to accelerate somewhat to 4.3 percent growth to $4.78 billion in FY 2026-27, 5.2 percent to $5.03 billion in FY 2027-28, and 4.6 percent to $5.26 billion in FY 2028-29. Sales tax collections to date are shown in Figure 9.

Growth in FY 2025-26 and FY 2026-27 is partly attributable to House Bill 25B-1005, which disallowed retailers from retaining a portion of sales tax revenue to cover the costs of collecting sales tax revenue on behalf of the state beginning January 1, 2026. Forecasted growth is also partly attributable to House Bill 26-1223, which narrows the software sales tax exemption beginning January 1, 2027, boosting collections that have been strained by Colorado's relative underperformance in consumer spending compared to the nation in recent years.

Other legislative impacts to the forecast from HB 26-1223 include the reinstatement of the special sales tax deduction for food establishments, the expansion of the retail food establishment sales tax deduction for gas and electricity. House Bill 26-1289 additionally includes smaller, bidirectional impacts to the sales tax base and revenue, including temporarily disallowing the space flight exemption beginning January 1, 2027 and the extending the sales tax exemption for wood from salvaged trees killed or infested by certain beetles.

Figure 9
Monthly Sales Tax Collections
Millions of Dollars



Source: Office of the State Controller with Legislative Council Staff seasonal adjustments. Data are shown as a three-month moving average on a cash basis. July and August 2026 collections are preliminary data from the Department of Revenue.

Use Tax

The 2.9 percent state use tax is due when sales tax is owed, but is not collected at the point of sale. Use tax revenue is largely driven by capital investment among manufacturing, energy, and mining firms. Elevated input costs have led to declining or slow-growing revenues in recent years, though revenue increased slightly by 1.0 percent to $218.8 million in FY 2025-26.

While the ongoing war in the Middle East may encourage increased energy activity in the state and nation, elevated input costs and rising short-term interest rates are expected to put downward pressure on use tax collections. As result, revenue is expected to remain relatively flat in FY 2026-27, increasing by 0.2 percent. In addition, labor supply constraints and a weak construction outlook will weigh on growth in the near term. Use tax revenue is expected to grow at a slightly faster 4.3 percent in FY 2027-28 and another 9.5 percent in FY 2028-29 as current pressures wane.

Proposition EE Cigarette, Tobacco, and Nicotine Taxes

Proposition EE increased cigarette and tobacco taxes, created a new tax on nicotine products, and created a minimum price for cigarette sales. Revenue from the new taxes is exempt from TABOR as a voter-approved revenue change. Proposition EE revenue is deposited in the General Fund, transferred to the 2020 Tax Holding Fund, and distributed to fund preschool programs, tobacco education programs, and the General Fund. Tax rates under Proposition EE will increase starting on July 1, 2027.

Based on preliminary data, revenue in FY 2025-26 was higher than the prior June forecast as cigarette collections declined less than anticipated. For the fiscal year, tax collections totaled $256.0 million. In FY 2025-26, revenue increased by 5.1 percent with strong growth in nicotine tax collections. The forecast for FY 2026-27 was increased since June based on higher-than-expected nicotine collections in the first quarter of the fiscal year. Nicotine taxes are expected to continue to grow through the forecast period. Proposition EE revenue is also expected to increase during the forecast period due to the aforementioned tax rate increases scheduled under current law. Table 11 shows expected revenue collections, while equivalent transfers from the General Fund to the 2020 Tax Holding Fund are shown in Table 7B on page 21.

Cigarette revenue is the largest portion of Proposition EE, making up 51 percent of total Proposition EE revenue in FY 2025-26. Cigarette use has declined over time, but consumption has fallen more steeply than normal in the past few years since the Proposition EE taxes went into effect. Proposition EE cigarette revenue is expected to decrease by 6.0 percent in FY 2026-27. However, a higher tax rate is expected to temporarily boost revenue growth for FY 2027-28.

Nicotine is the next largest revenue stream, with revenue increasing throughout the forecast period due to higher tax rates and rising prices for nicotine products. Data indicate that the rate of adult e-cigarette use has increased modestly since 2022. Revenue increased by 17.5 percent in FY 2025-26. Based on strong collections in the first two months of the fiscal year, revenue is expected to grow by 19.2 percent in FY 2026-27, then increase by 10.3 percent in FY 2027-28 as higher tax rates go into effect.

Tobacco makes up the rest of the Proposition EE revenue, comprising about 7 percent of revenue in FY 2025-26. In FY 2025-26, tobacco revenue fell by 11.4 percent to $18.0 million in as many tobacco products, such as cigars, are imported and consumption may have decreased due to tariffs. Total tobacco consumption is projected to remain modest throughout the rest of the forecast period, with revenue remaining flat in FY 2026-27. In FY 2027-28, revenue is expected to jump temporarily due to an increase in the tax rate.

Table 11A
Total General Fund Revenue Estimates
Dollars in Millions

Category	Preliminary FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	Estimate FY 2028-29
Sales, Use, and Excise Taxes	**$5,354.9**	**$5,562.0**	**$5,848.6**	**$6,115.3**
Percent Change in Sales, Use, and Excise Taxes	3.2%	3.9%	5.2%	4.6%
Income Tax to the General Fund	**$11,086.0**	**$12,529.6**	**$12,692.5**	**$12,947.1**
Percent Change in Income Tax to the General Fund	-0.2%	13.0%	1.3%	2.0%
Other General Fund Revenue	**$792.9**	**$771.1**	**$820.4**	**$881.1**
Percent Change in Other General Fund Revenue	-10.4%	-2.7%	6.4%	7.4%
Gross General Fund Revenue	**$17,233.7**	**$18,862.7**	**$19,361.6**	**$19,943.5**
Percent Change in Gross General Fund Revenue	**0.3%**	**9.5%**	**2.6%**	**3.0%**

Table 11B
Sales, Use, and Excise Taxes
Dollars in Millions

Category	Preliminary FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	Estimate FY 2028-29
Sales Tax	**$4,586.8**	**$4,783.5**	**$5,030.7**	**$5,260.6**
Percent Change in Sales Tax	3.3%	4.3%	5.2%	4.6%
Use Tax	**$218.8**	**$219.1**	**$228.6**	**$250.5**
Percent Change in Use Tax	1.0%	0.2%	4.3%	9.5%
Retail Marijuana Sales Tax	**$176.3**	**$172.8**	**$174.4**	**$180.0**
Percent Change in Retail Marijuana Sales Tax	-5.4%	-2.0%	0.9%	3.2%
Cigarette Tax	**$18.6**	**$17.6**	**$15.5**	**$14.5**
Percent Change in Cigarette Tax	-5.0%	-5.4%	-11.7%	-6.5%
Tobacco Products Tax	**$22.3**	**$22.3**	**$22.4**	**$22.3**
Percent Change in Tobacco Products Tax	-6.0%	-0.1%	0.5%	-0.2%
Liquor Tax	**$57.2**	**$55.4**	**$56.6**	**$57.6**
Percent Change in Liquor Tax	6.0%	-3.2%	2.2%	1.7%
Proposition EE Tobacco Taxes	**$256.0**	**$268.8**	**$296.2**	**$303.8**
Percent Change in Proposition EE Tobacco Taxes	5.1%	5.0%	10.2%	2.6%
Firearms and Ammunition Tax	**$18.9**	**$22.6**	**$24.2**	**$26.0**
Percent Change in Firearms and Ammunition Tax	381.5%	19.1%	7.5%	7.1%
Total Sales, Use, and Excise Taxes	**$5,354.9**	**$5,562.0**	**$5,848.6**	**$6,115.3**
Percent Change in Sales, Use, and Excise Taxes	**3.2%**	**3.9%**	**5.2%**	**4.6%**

Table 11C
Income Taxes
Dollars in Millions

Category	Preliminary FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	Estimate FY 2028-29
Net Individual Income Tax	**$11,320.4**	**$12,969.3**	**$12,963.4**	**$13,270.2**
Percent Change in Net Individual Income Tax	13.2%	14.6%	0.0%	2.4%
Net Corporate Income Tax	**$1,549.0**	**$1,756.1**	**$1,895.8**	**$1,974.5**
Percent Change in Net Corporate Income Tax	-40.9%	13.4%	8.0%	4.1%
Total Income Taxes	**$12,869.3**	**$14,725.4**	**$14,859.3**	**$15,244.7**
Percent Change in Total Income Taxes	2.0%	14.4%	0.9%	2.6%
Less: Portion Diverted to the SEF	**-$1,188.8**	**-$1,240.5**	**-$1,235.6**	**-$1,316.0**
Percent Change in SEF Diversion	12.1%	4.4%	-0.4%	6.5%
Less: Portion Diverted to Kids Matter Account	**$0.0**	**-$237.1**	**-$240.9**	**-$256.6**
Percent Change in Kids Matter Diversion		N/A	1.6%	6.5%
Less: Portion Diverted for Affordable Housing	**-$356.1**	**-$372.1**	**-$370.7**	**-$394.8**
Percent Change in Affordable Housing Diversion	12.3%	4.5%	-0.4%	6.5%
Less: Portion Diverted for Healthy School Meals	**-$238.5**	**-$346.1**	**-$319.5**	**-$330.2**
Percent Change in School Meals Diversion	80.2%	45.1%	-7.7%	3.3%
Income Tax to the General Fund	**$11,086.0**	**$12,529.6**	**$12,692.5**	**$12,947.1**
Percent Change in Income Tax to the General Fund	**-0.2%**	**13.0%**	**1.3%**	**2.0%**

Table 11D
Other General Fund Revenue
Dollars in Millions

Category	Preliminary FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	Estimate FY 2028-29
Insurance Premium Tax to General Fund	**$612.8**	**$622.3**	**$669.9**	**$720.4**
Percent Change in Insurance Premium Tax	-7.1%	1.5%	7.6%	7.5%
Pari-Mutuel Wagering Tax	**$0.2**	**$0.2**	**$0.2**	**$0.2**
Percent Change in Pari-Mutuel Wagering Tax	-15.0%	-5.0%	-7.8%	-0.2%
General Fund Investment Income	**$142.4**	**$108.5**	**$107.5**	**$116.8**
Percent Change in Investment Income	-14.6%	-23.8%	-0.9%	8.7%
Court Receipts to General Fund	**$1.2**	**$1.2**	**$1.2**	**$1.2**
Percent Change in Court Receipts	-42.6%	4.7%	-2.0%	-4.5%
Other General Fund Income	**$36.2**	**$38.9**	**$41.6**	**$42.5**
Percent Change in Other General Fund Income	-35.9%	7.3%	7.1%	2.1%
Total Other General Fund Revenue	**$792.9**	**$771.1**	**$820.4**	**$881.1**
Percent Change in Other General Fund Revenue	**-10.4%**	**-2.7%**	**6.4%**	**7.4%**

Cash Fund Revenue

This section forecasts cash fund revenue subject to TABOR and selected exempt sources. Revenue subject to TABOR determines the state's TABOR refund obligation, paid from the General Fund. Although exempt cash fund revenue does not directly impact the General Fund budget, some expenditures may offset General Fund spending.

Cash Fund Revenue Subject to TABOR

Table 12 summarizes the forecast for cash fund revenue subject to TABOR. The primary sources are transportation-related revenue, other cash funds, severance taxes, and gaming taxes.

Table 12
Cash Fund Revenue Subject to TABOR
Dollars in Millions

Line	Revenue Source	Preliminary FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	Estimate FY 2028-29	CAAGR
1	Transportation-Related	$1,486.2	$1,504.3	$1,558.9	$1,608.6	
2	Transportation Percent Change	-0.5%	1.2%	3.6%	3.2%	2.7%
3	Severance Tax	$108.7	$187.1	$179.1	$214.7	
4	Severance Tax Percent Change	62.4%	72.1%	-4.3%	19.9%	25.5%
5	Gaming	$94.4	$99.1	$100.8	$102.4	
6	Gaming Percent Change	0.0%	5.0%	1.7%	1.6%	2.7%
7	Insurance-Related	$24.2	$26.8	$27.1	$27.4	
8	Insurance-Related Percent Change	-13.0%	10.8%	0.8%	1.1%	4.1%
9	Regulatory Agencies	$125.4	$126.9	$129.6	$132.9	
10	Regulatory Agencies Percent Change	7.9%	1.2%	2.2%	2.5%	2.0%
11	2.9% Sales Tax on Marijuana	$4.3	$4.2	$4.2	$4.6	
12	Marijuana Sales Tax Percent Change	-8.0%	-3.2%	1.8%	7.8%	2.0%
13	Housing Development Grant Fund	$43.4	$42.9	$46.2	$50.0	
14	HDGF Percent Change	24.7%	-1.1%	7.6%	8.2%	4.8%
15	Kids Matter Account in SEF		$237.1	$240.9	$256.6	
16	Kids Matter Account Percent Change		N/A	1.6%	6.5%	
17	Other Cash Funds	$1,147.7	$720.4	$764.9	$780.2	
18	Other Cash Funds Percent Change	23.3%	-37.2%	6.2%	2.0%	-12.1%
19	**Total Cash Fund Revenue Subject to the TABOR Limit**	**$3,034.3**	**$2,948.8**	**$3,051.7**	**$3,177.3**	
20	Cash Fund Revenue Percent Change	9.5%	-2.8%	3.5%	4.1%	1.5%

Totals may not sum due to rounding.
CAAGR is the compound average annual growth rate for FY 2023-24 to FY 2026-27.
Line 5, Gaming revenue in this table does not include extended gaming revenue from Amendments 50 and 77, because it is not subject to TABOR.
Line 11, Marijuana revenue in this table includes revenue from the 2.9 percent sales tax collected from the sale of medical and retail marijuana. This revenue is subject to TABOR.

FY 2025-26

Preliminary figures from the Office of the State Controller indicate cash fund revenue subject to TABOR increased 9.5 percent from FY 2024-25 and reached $3.03 billion.

This growth mainly reflected one-time tax credit sales recorded under other cash funds. House Bills 25B-1004 and 25B-1006 authorized the sale of state insurance premium tax and corporate income tax credits, with proceeds deposited into the new Tax Credits Sale Proceeds Cash Fund. These bills generated just over $200 million in state revenue for FY 2025-26. After administrative costs, HB 25B-1006 required the next $100 million in proceeds to be transferred to the Health Insurance Affordability (HIA) Fund within the Health Insurance Affordability Enterprise (HIAE). This transfer disqualified the HIAE as an enterprise, making fees and interest earnings in the cash fund subject to TABOR for FY 2025-26 only. Any proceeds above $100 million in the Tax Credits Sale Proceeds Cash Fund after the credit to the HIAE were transferred to the General Fund as required by HB 25B-1004.

These one-time proceeds from the sale of income tax credits and the enterprise disqualification more than offset revenue reductions from 2025 and 2026 legislation and transportation-related cash fund revenue.

Total cash fund revenue expectations for FY 2025-26, subject to TABOR, increased by $78.8 million compared to the June forecast. The reclassification of aviation fuel as TABOR exempt under Senate Bill 26-042 was offset by higher-than-expected revenue for transportation, severance tax, and other cash funds. Additionally, House Bill 26-1401 reduced the transfer from the UPTF to the HDGF from $30.0 million to $2.2 million. The transfer amount is subject to TABOR because it originates as custodial funds and is being transferred for use by the state government.

FY 2026-27

Cash fund revenue is projected to decline in FY 2026-27, decreasing by 2.8 percent from the prior year to nearly $2.95 billion. A significant decline in other cash funds revenue is expected to offset both the initial diversion to the Kids Matter Account within the State Education Fund and stronger revenue growth from severance taxes. House Bill 25-1320 requires that, starting July 1, 2026, income tax revenue equaling 65 percent of one-tenth of one percent of federal taxable income be deposited into the Kids Matter Account. Funds must be used exclusively for school finance total program funding and categorical programs, subject to annual appropriation by the General Assembly. Expectations for cash fund revenue subject to TABOR have been revised up by $1.4 million compared to the June forecast.

FY 2027-28 and FY 2028-29

Cash fund revenue is projected to increase by 3.5 percent in FY 2027-28, reaching $3.05 billion. Most major cash fund components will contribute to this growth. Severance tax revenue, however, is expected to slightly decline as larger ad valorem credits offset gains in taxable income. By FY 2028-29, total cash fund revenue subject to TABOR is forecast to reach $3.18 billion, a 4.1 percent increase over the prior year.

Transportation-Related Revenue

Transportation-related revenue subject to TABOR declined by 0.5 percent to $1.48 billion in FY 2025-26. Collections are expected to increase to $1.50 billion in FY 2026-27, a 1.2 percent rise, and to $1.56 billion in FY 2027-28, as shown in Table 13A. For FY 2026-27 and FY 2027-28, this is respectively a $13.5 million and $5.9 million upgrade from the June 2026 forecast, largely attributable to less aviation revenue than expected being exempted as a collection for another government under Senate Bill 26-042.

Upgrades to aviation revenues are offset by downgrades to motor fuel taxes and registration fee revenue. Current year collections are additionally dampened by Senate Bill 25-258, which temporarily reduces the road safety surcharge by $3.70 from September 1, 2025, to September 1, 2027. See Table 13 for the transportation-related revenue forecast.

Motor fuel revenue is the largest source of transportation funding, accounting for nearly half of total collections, though that proportion has been on the decline in recent years as motor fuel tax collections remain largely flat while inflation-adjusted fees such as the **road usage fee** post double-digit growth. The road usage fee is collected alongside motor fuel taxes. Road usage fee collections grew 32.5 percent in FY 2025-26 and are expected to maintain double-digit growth rates through the forecast period, while motor fuel tax collections are expected to remain below the FY 2024-25 peak. House Bill 26-1289 reduced the percent of taxes owed that fuel tax filers can deduct from their tax liability to cover losses, offsetting the effect of slowing fuel consumption nationwide. After declining 3.0 percent to $625.1 million in FY 2025-26, motor fuel tax revenue is expected to increase by 0.7 percent in FY 2026-27 and another 1.1 percent in FY 2027-28, before declining 0.5 percent to $632.6 million in FY 2028-29.

Collections from **vehicle registrations, including the road safety surcharge** declined by 3.7 percent in FY 2025-26, largely attributable to SB 25-258's temporary reduction in the road safety surcharge rate paired with House Bill 26-1102, which diverts certain registration fee revenue from the HUTF to the DRIVES Fund, resulting in declines to the HUTF registration revenue forecast but no change to the total transportation-related revenue forecast. Registration-related revenue is expected to decline for a second consecutive year, by 1.2 percent in FY 2026-27, before accelerating to 6.1 percent growth in FY 2027-28 as the reduction in road safety surcharge rates expires.

Jet fuel taxes and fees are deposited into the **aviation fund** and distributed to airports each month based on fuel tax collections at these airports, before the remaining revenue is used to fund the Division of Aeronautics and grants administered by the Colorado Aeronautical Board. Senate Bill 26-042 exempted a portion of aviation fuel revenue from TABOR beginning in FY 2025-26, resulting in a 49 percent decline in collections to the aviation fund, from $42.6 million to $21.8 million. Only aviation fuel revenue distributed to another government is exempted from TABOR. The June 2026 forecast assumed this would be virtually all revenue in the aviation fund. As such, this forecast has been upgraded by $24.9 million in FY 2026-27 and $22.6 million in FY 2027-28.

Finally, various transportation-related fees are deposited into the **State Highway Fund**, including oversize-overweight permit fees. Beginning January 1, 2027, House Bill 26-1430 requires these fees to be collected under the newly created Road Enterprise, resulting in a decrease in transportation revenues subject to TABOR of $3.8 million in FY 2026-27 and $7.5 million in FY 2027-28 and future years.

Table 13A
Transportation Revenue by Source
Dollars in Millions

Line	Revenue Source	Preliminary FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	Estimate FY 2028-29	CAAGR*
1	Highway Users Tax Fund (HUTF)	$1,294.3	$1,312.4	$1,379.6	$1,420.9	2.4%
2	Non-HUTF	$191.9	$192.0	$179.3	$187.6	-0.6%
3	**Total Transportation Funds**	**$1,486.2**	**$1,504.3**	**$1,558.9**	**$1,608.6**	2.0%
4	Total Transportation Percent Change	-0.5%	1.2%	3.6%	3.2%	

Totals may not sum due to rounding.
* CAAGR is the compound average annual growth rate for FY 2025-26 to FY 2028-29.

Table 13B
Highway Users Tax Fund Revenue
Dollars in Millions

Line	Revenue Source	Preliminary FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28	Forecast FY 2028-29	CAAGR
5	Motor and Special Fuel Taxes	$625.1	$629.2	$636.0	$632.6	0.3%
6	Motor and Special Fuel Taxes Percent Change	-3.0%	0.7%	1.1%	-0.5%	
7	Road Usage Fees	$159.1	$175.0	$206.5	$235.0	10.2%
8	Road Usage Fees Percent Change	32.5%	9.9%	18.0%	13.8%	
9	Total Registrations	$418.7	$413.8	$438.9	$449.6	1.8%
10	Total Registrations Percent Change	-3.7%	-1.2%	6.1%	2.4%	
11	*Total Registrations - Registrations*	*$245.3*	*$244.6*	*$248.9*	*$252.3*	0.7%
12	*Total Registrations - Road Safety Surcharge*	*$129.3*	*$125.0*	*$146.4*	*$152.3*	4.2%
13	*Total Registrations - Late Registration Fees*	*$44.1*	*$44.2*	*$43.7*	*$44.9*	0.5%
14	Retail Delivery Fees	$24.7	$27.4	$30.0	$33.1	7.6%
15	Retail Delivery Fees Percent Change	9.6%	10.6%	9.5%	10.5%	
16	Other HUTF Receipts	$66.7	$67.0	$68.2	$70.6	1.4%
17	Other HUTF Receipts Percent Change	-1.0%	0.5%	1.7%	3.6%	
18	**Total HUTF**	**$1,294.3**	**$1,312.4**	**$1,379.6**	**$1,420.9**	2.4%
19	Total HUTF Percent Change	0.4%	1.4%	5.1%	3.0%	

Totals may not sum due to rounding.
"CAAGR" is the compound average annual growth rate for FY 2025-26 to FY 2028-29.
Line 14, "Retail Delivery Fees", includes retail delivery fee revenue credited to the HUTF under SB 21-260.
Line 16, "Other HUTF Receipts", includes daily rental fee, oversized overweight vehicle surcharge, interest receipts, judicial receipts, drivers' license fees, and other miscellaneous receipts in the HUTF.

Table 13C
Non-HUTF Transportation Revenue Subject to TABOR
Dollars in Millions

Line	Revenue Source	Preliminary FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28	Forecast FY 2028-28	CAAGR
20	State Highway Fund (SHF)	$41.9	$33.3	$31.6	$33.2	-5.6%
21	SHF Percent Change	19.0%	-20.4%	-5.1%	5.1%	
22	Other Transportation Funds	$150.0	$158.6	$147.7	$154.4	0.7%
23	Other Percent Change	-11.7%	5.8%	-6.9%	4.6%	
24	*Other - Aviation Fund*	*$23.0*	*$26.0*	*$23.8*	*$25.0*	2.1%
25	*Other - Multimodal Transp. Options Fund*	*$14.4*	*$15.9*	*$17.4*	*$19.2*	7.6%
26	*Other - Law Enforcement-Related*	*$6.6*	*$6.4*	*$6.2*	*$5.9*	-2.8%
27	*Other - Registration-Related*	*$106.1*	*$110.3*	*$100.3*	*$104.3*	-0.4%
28	**Total Non-HUTF**	**$191.9**	**$192.0**	**$179.3**	**$187.6**	-0.6%
29	Total Non-HUTF Percent Change	-6.4%	0.0%	-6.6%	4.7%	

Totals may not sum due to rounding.
"CAAGR" is the compound average annual growth rate for FY 2025-26 to FY 2028-29.
Line 20, SHF includes only SHF revenue subject to TABOR. Beginning in FY 2019-20, SHF revenue subject to TABOR no longer includes local government grants and contracts.
Line 24, Aviation Fund includes revenue from aviation fuel excise taxes and the 2.9 percent sales tax on the retail cost of jet fuel. SB 26-042 makes the portion of this distributed to local governments exempt from TABOR beginning in FY 2025-26.
Line 26, Law Enforcement-related includes revenue from driving under the influence (DUI) and driving while ability impaired (DWAI) fines.
Line 27, Registration-Related includes revenue from Emergency Medical Services registration fees, emissions registration and inspection fees, motorcycle and motor vehicle license fees, and POST Board registration fees.

Most fuel taxes and vehicle registration fees are credited to the **Highway Users Tax Fund** (HUTF). From the HUTF, funds are disbursed to the Department of Transportation, the State Patrol within the Department of Public Safety, the Division of Motor Vehicles within the Department of Revenue, the Department of Natural Resources, and to county and municipal governments. The State Patrol, Department of Revenue, and Department of Natural Resources receive HUTF funds through annual appropriations. The remaining revenue is allocated to the Department of Transportation (via the State Highway Fund), counties, and municipalities. Revenue is distributed based on multiple formulas that differ between revenue streams. Senate Bill 25-258 temporarily adjusted the formula for Funding Advancements for Surface Transportation and Economic Recovery Act of 2009 (FASTER) revenue streams, decreasing the amount distributed to the HUTF and increasing the amount distributed to counties and municipalities from September 1, 2025, to September 1, 2027. Impacted revenue streams include the unregistered vehicle fine, daily rental fee, road safety surcharge, late registration fees, and oversize/overweight fees. The estimated distributions from the HUTF are shown in Table 14 below.

Table 14
Highway Users Tax Fund Distributions
Dollars in Millions

Line	HUTF Distribution Forecast	Preliminary FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	Estimate FY 2028-29
1	Department of Public Safety	$217.7	$234.0	$234.0	$234.0
2	Department of Revenue	$3.8	$4.9	$4.9	$4.9
3	Department of Natural Resources	$0.3	$0.3	$0.3	$0.3
4	State Highway Fund	$646.2	$643.1	$691.6	$715.9
5	Counties	$246.7	$247.1	$258.1	$276.7
6	Municipalities	$181.6	$182.9	$190.6	$198.1
7	**Total HUTF Distributions**	**$1,296.3**	**$1,312.4**	**$1,379.6**	**$1,420.9**
8	**Total Nonexempt Revenue**	**$1,294.3**	**$1,312.4**	**$1,379.6**	**$1,420.9**
9	Assumed Exempt Revenue	$1.9	$0.0	$0.0	$0.0
10	Transfers to HUTF	$0.0	$0.0	$0.0	$0.0

Line 1, "Department of Public Safety," allocations are made "off-the-top" to CDPS, regardless of the amount of revenue collected.
Line 2, "Department of Revenue," revenue is appropriated to the Department of Revenue in the Long Bill. The actual amount distributed to the department is often different from the amount appropriated due to differences in revenue collections. The preliminary amount in FY 2025-26 is the actual amount distributed to the department. The amount estimated in FY 2026-27 reflects the full amounts appropriated in current law.
Line 3, "Department of Natural Resources," receives an ongoing appropriation of $300,000 for capital construction.

Severance Tax

Severance tax is imposed on income received from the production or extraction of oil and gas, metallic minerals, molybdenum, oil shale, and coal. Severance tax is imposed at a graduated rate depending on gross income. Severance tax revenue is more volatile than other revenue sources due to the boom-bust nature of the oil and gas sector and Colorado's tax structure. Severance taxpayers are allowed to claim a credit against their severance tax liability, known as the ad valorem tax credit. The size of the ad valorem tax credit is related to how much they have owed in local property taxes based on production in previous years.

Following very low collections in FY 2024-25, severance tax revenue increased by 146.8 percent in FY 2025-26 to $91.5 million, largely due to 178.3 percent growth in revenue from **oil and gas**. Large property tax bills for operators in recent years increased ad valorem tax credits for oil and gas, which reduced revenue significantly in FY 2024-25 but likely had a smaller impact in FY 2025-26. Severance tax refunds have been larger in recent years than their historical average. The Department of Revenue is not able to disclose confidential information related to tax filings; therefore, the exact nature of the refunds is not known. However, ad valorem taxes as a percent of gross income on oil and gas has increased since 2008. One factor that may be contributing to higher refunds is the possibility that oil and gas is being produced in areas that have higher property tax mill levies than in previous years, resulting in higher ad valorem credits. As a result, required withholding of one percent of gross income may ultimately be higher than effective tax rates for some taxpayers after ad valorem credits, resulting in more refunds.

Severance tax collections from oil and natural gas are expected to increase from low collections in recent years, as shown in Table 15. Oil prices are expected to be lower than April and May highs for the remainder of 2026, but still elevated, contributing to oil and gas severance tax revenue increasing by 95.1 percent to $152.0 million.

Due to weak collections and large refunds, the outlook for FY 2026-27 has been revised down despite high oil prices. Further weighing on collections will be a return to a higher ad valorem credit percent for the 2027 tax year. In FY 2027-28, oil and gas collections are expected to fall by 3.5 percent with larger ad valorem credits. Revenue is expected to increase 24.0 percent in FY 2028-29 once changes to the ad valorem credit are fully phased in.

Table 15
Severance Tax Revenue Forecast by Source
Dollars in Millions

Revenue Source	Preliminary FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	Estimate FY 2028-29	CAAGR*
Oil and Gas Taxes	$77.9	$152.0	$146.6	$181.9	
Oil and Gas Percent Change	178.3%	95.1%	-3.5%	24.0%	32.7%
Coal Taxes	$8.4	$6.6	$5.3	$5.4	
Coal Percent Change	21.3%	-22.1%	-19.3%	2.0%	-13.8%
Molybdenum and Metallics Taxes	$5.2	$3.8	$3.1	$2.9	
Molybdenum and Metallics Percent Change	143.8%	-26.5%	-19.6%	-6.0%	-17.8%
Total Severance Tax Revenue	**$91.5**	**$162.4**	**$155.0**	**$190.2**	
Total Severance Tax Revenue Pct. Change	146.8%	77.4%	-4.5%	22.7%	27.6%
Interest Earnings	$17.2	$24.7	$24.0	$24.5	
Interest Earnings Percent Change	-42.5%	44.0%	-2.7%	2.0%	12.6%
Total Severance Tax Fund Revenue	**$108.7**	**$187.1**	**$179.1**	**$214.7**	
Severance Tax Fund Revenue Pct. Change	62.4%	72.1%	-4.3%	19.9%	25.5%

CAAGR: Compound average annual growth rate for FY 2025-26 to FY 2028-29.

Coal severance tax revenue increased by 21.3 percent in FY 2025-26 to $8.4 million. Over the next two fiscal years, shifting market dynamics are expected to result in declining collections. In the next few years, the coal-fired Craig Station is set to close. Along with the power plant closure, the Colowyo Mine in Moffat County closed in December 2025. The mine ramped up production and storage prior to closing to fuel power plant operations for the next few years, a factor that may have contributed to strong coal severance tax collections in FY 2025-26. With less demand from the electric power sector in future years, collections are expected to decrease 22.1 percent in FY 2026-27 and 19.3 percent in FY 2027-28. Collections are expected to normalize in FY 2028-29 at lower levels of production and increase by 2.0 percent.

Metal and molybdenum tax collections rose 143.8 percent to $5.2 million in FY 2025-26, increasing for the third-consecutive year after a large decline in FY 2022-23. Through the forecast period, collections are expected to fall back to levels closer to those of the last few years.

Finally, **interest earnings** in severance tax funds fell by nearly half in FY 2025-26, due to legislative adjustments that credited interest in the Just Transition Cash Fund and the Local Government Severance Tax Cash Fund to the General Fund. Starting in FY 2026-27, interest earnings for the Local Government Severance Tax Fund will once again be credited to that fund, while interest earnings from the Just Transition Fund will continue to be diverted to the General Fund.

Limited Gaming Revenue

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

Gaming revenue is subject to TABOR except for revenue attributable to gaming expansions enacted under Amendment 50 and Amendment 77 (extended limited gaming), and revenue that is distributed to local governments by a constitutional requirement, which was reclassified as exempt from TABOR as a collection for another government under House Bill 24-1469.

Total gaming revenue increased 3.2 percent to $186.8 million in FY 2025-26 as the new casino in Cripple Creek boosted activity in the area. Statute only allows for pre-Amendment 50 revenue (subject to TABOR) to grow by 3 percent annually, so in years such as FY 2025-26 where projected gaming revenue growth is above that threshold, extended limited gaming revenue (TABOR-exempt) grows faster than total gaming revenue. This is not expected to happen again through the forecast period. Total gaming revenue came in $0.9 million lower than forecast for FY 2025-26, and the forecast for future years was correspondingly minimally downgraded compared to the June 2026 forecast.

Collections from gaming are expected to grow a slower but still-healthy 2.9 percent in FY 2026-27, 1.4 percent in FY 2027-28, and 1.9 percent in FY 2028-29. Accelerations from the new casino are forecasted to wane in mid-FY 2026-27, but wage growth and inflation conditions are expected to improve through the forecast period, contributing to growth in the out years.

Other Cash Funds

The other cash funds line in Table 12 shows revenue subject to TABOR that is collected in cash funds other than those for which a specific forecast is prepared. The amount of cash funds varies across fiscal years and is the second-largest source of the overall forecast for cash fund revenue subject to TABOR. Other cash fund sources are volatile, and year-to-year fluctuations in these sources can be an important determinant of the TABOR refund obligation and the General Fund budget.

FY 2025-26. Preliminary figures from the Office of the State Controller show other cash funds revenue grew 23.3 percent to about $1.15 billion. Revenue growth is principally from House Bills 25B-1004 and 25B-1006, which permit the sale of insurance premium and corporate income tax credits. The bills raised $202.4 million for FY 2025-26 only. Proceeds are first credited to the nonexempt Tax Credit Sale Proceeds Cash Fund and then transferred to the HIA Fund and the General Fund, in that order.

Of the $200 million in proceeds, $100 million was transferred to the HIA Fund within the HIAE. This transfer caused more than 10 percent of HIAE's revenue to come from state support, disqualifying it as an enterprise and making its fee and interest revenue subject to TABOR for FY 2025-26 only. Federal funds remained exempt. The HIAE is expected to requalify as an enterprise in FY 2026-27. Any proceeds above $100 million in the Tax Credits Sale Proceeds Cash Fund, after the HIAE credit, must be transferred to the General Fund as required by HB 25B-1004. The forecast for other cash funds revenue in FY 2025-26 now incorporates House Bill 26-1377 and House Bill 26-1384, which reroute certain payments from state agencies that had previously been re-received by the state as cash fund revenue to other agencies.

Compared to the June forecast, revenue expectations for FY 2025-26 for other cash funds were increased by $33.7 million due to higher year-to-date collections.

FY 2026-27. Other cash funds revenue is projected to decrease by 37.2 percent, totaling approximately $720.4 million. This decline is due to the absence of one-time revenue from the prior fiscal year and changes in 2026 legislation. Tax credit sales under HB 25B-1004 and HB 25B-1006 will end after FY 2025-26. The HIAE is expected to requalify as an enterprise in FY 2026-27, which will exempt fee and interest revenue from TABOR. Additionally, House Bill 26-1401 repealed a $63.5 million transfer from the UPTF to the Adult Dental Fund in FY 2026-27. This is expected to reduce other cash funds revenue by $70.6 million in FY 2027-28 and by similar amounts in future years.

House Bill 26-1372 continues to provide appropriations to the Auraria Higher Education Center (AHEC) directly from the General Fund, rather than through reappropriated funds from individual higher education institutions. Since AHEC is a state entity, these payments were counted as revenue against the state's TABOR limit, even though the same amount was already counted when received in the General Fund. This change is expected to reduce other cash funds by $31.4 million in FY 2026-27. Compared to the June forecast, revenue expectations decreased by only $1.6 million.

FY 2027-28 and FY 2028-29. Other cash funds revenue is expected to increase 6.2 percent and total $764.9 million in FY 2027-28. The forecast was decreased by $3.8 million relative to June, reflecting lower expectations for FY 2025-26 and FY 2026-27 as discussed above. Finally, other cash fund revenue is expected to reach $780.2 million by FY 2028-29, a 2.0 percent increase from the prior fiscal year.

Cash Fund Revenue Exempt from TABOR

Key sources of TABOR-exempt cash fund revenue are presented below due to their importance as budget factors. A few of the areas discussed include revenue subject to TABOR, such as the 2.9 percent sales tax on marijuana products, sports betting fee revenue, and unemployment support surcharges. This section is not comprehensive, as many other sources of TABOR-exempt cash fund revenue are not included.

Marijuana Tax Revenue

Marijuana tax revenue continues to decline, although the rate of decrease has slowed. The primary factors contributing to this trend include lower prices, diminished demand resulting from legalization in other states, and expanded access to intoxicating hemp. The number of licenses for cultivators continues to decline, along with daily plant counts. Licenses for retail marijuana establishments appear to have stabilized, but they continue to decline for medical marijuana establishments. Revenue is projected to decrease through FY 2026-27, stabilize in FY 2027-28, then increase modestly in FY 2028-29.

The state's 15 percent excise tax and 15 percent special sales tax, which constitute the majority of marijuana-related revenue, are voter-approved and exempt from TABOR. In contrast, the 2.9 percent general state sales tax that applies to medical marijuana and non-marijuana products sold at marijuana retailers is subject to TABOR. The marijuana tax revenue forecast is presented in Table 16.

Table 16A
Tax and Interest Revenue from the Marijuana Industry
Dollars in Millions

TABOR Status	Preliminary FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28	Forecast FY 2028-29
Exempt	$215.8	$213.9	$216.5	$224.2
Nonexempt	$4.4	$4.2	$4.2	$4.6
Total	**$220.1**	**$218.1**	**$220.7**	**$228.7**
Percent Change in Total Revenue	**-6.2%**	**-0.9%**	**1.2%**	**3.6%**

Table 16B
Exempt Revenue from the Marijuana Industry
Dollars in Millions

Revenue Source	Preliminary FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28	Forecast FY 2028-29
Special Sales Tax	**$176.3**	**$172.8**	**$174.4**	**$180.0**
Percent Change in Special Sales Tax	-5.4%	-2.0%	0.9%	3.2%
Excise Tax	**$38.9**	**$38.1**	**$38.8**	**$40.8**
Percent Change in Excise Tax	-3.1%	-2.1%	1.9%	5.0%
Interest	**$3.0**	**$3.0**	**$3.3**	**$3.4**
Percent Change in Interest	-13.6%	1.2%	10.4%	1.7%
Total Exempt Revenue	**$218.2**	**$213.9**	**$216.5**	**$224.2**
Percent Change in Total Exempt	**-5.2%**	**-1.9%**	**1.2%**	**3.5%**

Table 16C
Nonexempt Revenue from the Marijuana Industry
Dollars in Millions

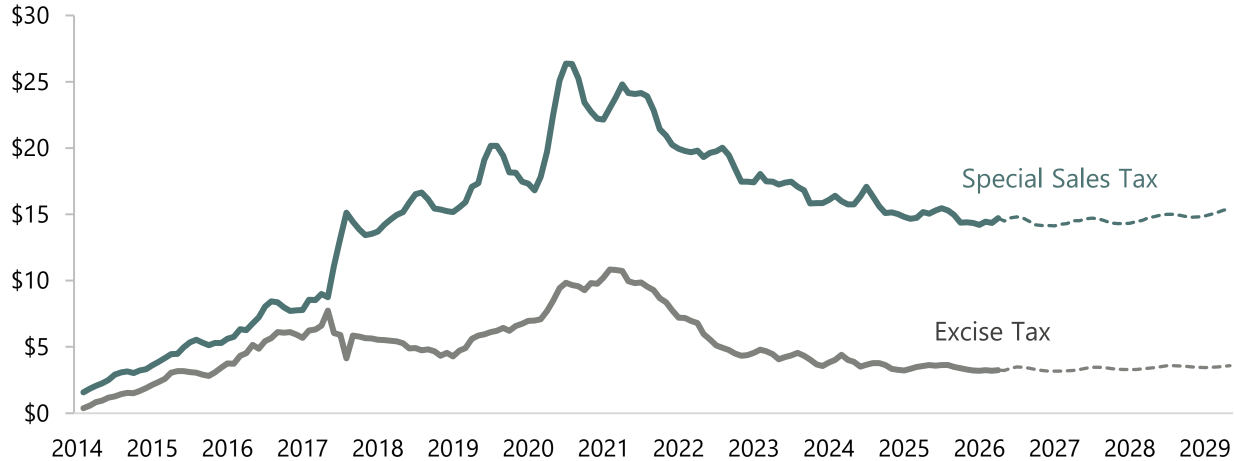
Revenue Source	Preliminary FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28	Forecast FY 2028-29
Sales Tax on Medical Marijuana	**$2.0**	**$1.3**	**$0.9**	**$0.7**
Percent Change in Medical Marijuana	-34.9%	-36.0%	-30.0%	-21.0%
Sales Tax on Non-Marijuana Products	**$2.3**	**$2.8**	**$3.2**	**$3.7**
Percent Change in Non-Marijuana Sales	49.7%	22.2%	15.4%	15.3%
Interest Income	**$0.1**	**$0.1**	**$0.1**	**$0.1**
Percent Change in Interest	-15.0%	-11.0%	15.0%	15.0%
Total Nonexempt Revenue	**$4.4**	**$4.2**	**$4.2**	**$4.6**
Percent Change in Nonexempt Revenue	**-6.5%**	**-4.7%**	**1.8%**	**7.8%**

The **marijuana special sales tax** is the largest source of marijuana revenue, assessed when consumers purchase marijuana at retail stores. Revenue is distributed to the Marijuana Tax Cash Fund (MTCF), the State Public School Fund, the General Fund, and Marijuana Cash Fund. House Bill 26-1409 modified the distribution of special sales tax revenue by eliminating the distribution to local governments and increasing the distribution to the MTCF.

Special sales tax revenue continues to fall, but at a slowing rate compared to prior years. Special sales tax revenue is expected to continue to fall in FY 2026-27, then begin recovering in FY 2027-28 with modest increases in consumption and prices. A federal ban on most intoxicating hemp products is scheduled to take effect November 2026, which is expected to modestly boost marijuana tax collections. As a result, revenue is expected to stabilize in the latter half of FY 2026-27, before posting slight increases beginning in FY 2027-28. Additionally, price pressures and population increases will eventually put sufficient upward pressure on tax revenue to reverse the recent downward trend.

The **marijuana excise tax** is the second-largest source of marijuana revenue, assessed when a retailer or production facility purchases marijuana from a grower. Revenue is dedicated entirely to the BEST Fund for school construction. The excise tax is based on the calculated or actual wholesale price of marijuana when it is transferred from the cultivator or manufacturer to the retailer. Therefore, wholesale prices are a significant determinant of excise tax revenue. Persistently low prices have contributed to lower excise tax revenue per unit, as well as falling sales volume as cultivators exit the market because prices are too low to support their businesses. Wholesale prices for bud were 10.6 percent lower year-over-year for the third quarter of 2026, and the number of licensed cultivators was down by more than 14.0 percent in the second quarter. Revenue is expected to be 2.1 percent lower in FY 2026-27 increase by a modest 1.9 percent in FY 2027-28, then increase by 5.0 percent in FY 2028-29.

Figure 10
Adult-Use Marijuana Revenue Forecast
Millions of Dollars, 3-Month Moving Average



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

The **2.9 percent state sales tax** rate applies to medical marijuana and non-marijuana products purchased at retail marijuana stores. Revenue from the 2.9 percent sales tax is deposited in the MTCF and is subject to TABOR. The medical marijuana sales tax brought in $2.0 million in FY 2025-26, a 34.9 percent decline year-over-year. Medical marijuana sales tax is expected to continue to trend down through the forecast period. Retail marijuana dispensaries also remitted $2.3 million in general sales tax in FY 2025-26, a 49.7 percent increase. Collections are expected to grow throughout the rest of the forecast period.

Table 17
Distributions of Marijuana Revenue
Dollars in Millions

Marijuana Revenue Distribution	Preliminary FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28	Forecast FY 2028-29
Marijuana Tax Cash Fund	$127.7	$133.6	$135.1	$139.7
BEST Fund	$38.9	$38.1	$38.8	$40.8
General Fund	$25.1	$24.2	$24.4	$25.2
State Public School Fund	$19.5	$19.6	$19.8	$20.4
Marijuana Cash Fund	$2.7	$2.6	$2.6	$2.7
Local Distributions	$6.2	$0.0	$0.0	$0.0
Total Distributions	**$220.1**	**$218.1**	**$220.7**	**$228.7**
Percent Change in Total Distributions	**-6.2%**	**-0.9%**	**1.2%**	**3.6%**

Federal Mineral Lease

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

In FY 2025-26, FML revenue increased by 6.2 percent after two consecutive years of declines. As shown in Table 18, FML revenue is forecast to increase by 8.8 percent to $98.2 million in FY 2026-27 as provisions in the One Big Beautiful Bill Act (OBBBA) take effect. Although gas prices spiked to in January 2026, prices have quickly receded and have been revised down slightly through the forecast period. Natural gas prices are expected to remain subdued through the rest of 2026 and into 2027 and increase through the latter half of 2027 and into 2028, which is expected to increase non-bonus lease revenue in FY 2027-28 and FY 2028-29.

Provisions in the OBBBA are expected to modestly increase FML revenue on net over the forecast period. The OBBBA decreases royalty rates for natural gas and coal, which will decrease revenue. However, lease sale requirements, noncompetitive bidding, and other incentives in the OBBBA for natural gas are expected to increase production overall and offset the effect of reduced royalty rates. Coal production is still expected to decline in the state through the forecast period, and offset some growth.

Table 18
Federal Mineral Lease Revenue Distribution
Dollars in Millions

Item	Preliminary FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	Estimate FY 2028-29
Total FML Revenue	**$90.2**	**$98.2**	**$108.5**	**$110.5**
Bonus Payments (portion of total revenue)	**$0.9**	**$1.2**	**$1.4**	**$1.5**
Local Government Permanent Fund	$0.5	$0.6	$0.7	$0.8
Higher Education FML Revenue Fund	$0.5	$0.6	$0.7	$0.8
Other FML Payments (non-bonus revenue)	**$89.3**	**$97.0**	**$107.1**	**$108.9**
State Public School Fund	$43.1	$46.9	$51.7	$52.6
Colorado Water Conservation Board	$8.9	$9.7	$10.7	$10.9
DOLA Grants	$17.9	$19.4	$21.4	$21.8
DOLA Direct Distribution	$17.9	$19.4	$21.4	$21.8
School Districts	$1.5	$1.6	$1.8	$1.9
Higher Education FML Revenue Fund	$0.5	$0.6	$0.7	$0.8

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

Sports Betting

Sports betting was legalized after the passage of **Proposition DD** at the November 2019 election. Betting launched on May 1, 2020, and has grown significantly since its inception. While Proposition DD limited sports betting revenue to $29 million per year, voters approved **Proposition JJ** in the November 2024 election, which allows the state to retain sports betting revenue above $29 million to fund water projects. Revenue collected from sports betting activity includes licensing fees, an operations fee, and tax revenue, which is set at 10 percent of casinos' net sports betting proceeds. As voter-approved revenue, sports betting tax revenue is not subject to the TABOR limit, but fee revenue is subject to TABOR.

TABOR-exempt sports betting revenue, which consists of taxes and interest, grew 28.1 percent to $48.1 million in FY 2025-26. Growth is attributed to new entrants, riskier bets, and the effects of House Bill 25-1311, which decreases the amount of free bets sports betting operators may deduct from their taxes owed beginning in FY 2025-26, and disallows free bet deductions in FY 2026-27 onwards. Accordingly, TABOR-exempt sports betting revenue is expected to increase another 34.5 percent in FY 2026-27 to $64.6 million, before slowing to 1.3 percent growth in FY 2027-28 and 6.3 percent in FY 2028-29. Growth will be minimally offset by Senate Bill 26-131, which disallows sports betting deposits from credit cards and places advertisement limitations on sports betting operators.

Sports betting fee revenue subject to TABOR—which includes gaming licenses, operations fees, interest, and other charges for service—declined for a second-consecutive year by 22.8 percent in FY 2025-26 to $1.5 million in FY 2025-26, indicative of turnover from smaller sports betting operators. Sports betting revenue subject to TABOR is expected to rebound somewhat in FY 2026-27, growing 8.1 percent to $1.6 million, before falling 5.3 percent in FY 2027-28 and increasing 2.8 percent to $1.5 million in FY 2028-29.

Firearms Tax

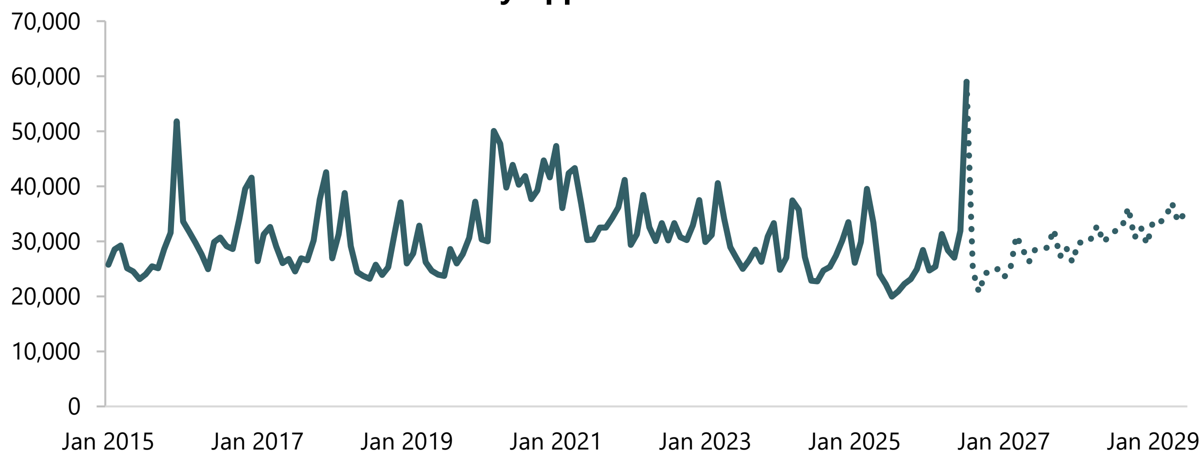
Approved by voters in the November 2024 election, **Proposition KK** created a new 6.5 percent tax on firearms, certain firearm parts, and ammunition (firearms tax). Firearms dealers, manufacturers, and ammunition vendors making less than $20,000 per year in retail sales are exempt, as are sales to peace officers, law enforcement agencies, and active-duty military servicepersons. Implementation of the new tax began on April 1, 2025. Revenue from the tax is TABOR exempt as a voter-approved revenue change, while interest earned on the tax revenue is subject to TABOR.

Proposition KK revenue is deposited in the General Fund, transferred to the new Firearms and Ammunition Excise Tax Cash Fund then distributed as follows after paying administrative costs:

- the first $30 million in the first fiscal year, adjusted for inflation in each fiscal year thereafter, is transferred to the Colorado Crime Victim Services Fund (Victim Services Fund) in the Division of Criminal Justice of the Department of Public Safety for crime victim services grants;
- the next $5 million in each fiscal year is transferred to the Behavioral and Mental Health Cash Fund for the continuation and expansion of the Veterans Mental Health Services program;
- the next $3 million in each fiscal year is transferred to the Behavioral and Mental Health Cash Fund for the continuation and expansion of access to behavioral health crisis response system services for children and youth; and
- the next $1 million in each fiscal year is transferred to the School Disbursement Program Cash Fund and is subject to annual appropriation by the General Assembly. If revenue is left over after making the required annual distributions, it will remain available for future use as determined by the state legislature.

Based on current firearms tax and inflation projections, revenue received will result in distributions to only the first stream of funding recipients through the forecast period. Firearms tax revenue totaled $18.9 million in FY 2025-26 and is expected to grow 22.2 percent to $22.6 million in FY 2026-27, 7.5 percent to $24.2 million in FY 2027-28, and 7.5 percent to $26.0 million in FY 2028-29. Compared to the June 2026 forecast, this is a $4.0 million downgrade in FY 2026-27 and a $7.6 million downgrade in FY 2027-28. Prior to the August 2026 implementation of Senate Bill 25-003, which requires completion of qualifying firearm-related courses in order to purchase certain semiautomatic firearms, approved firearms transactions in Colorado increased by 44 percent year-over-year in June and another 196 percent year-over-year in July. As a result, firearms purchases are expected to decline for the remainder of the year and into FY 2027-28, before consumer spending patterns begin to normalize (Figure 11).

Figure 11
Actual and Forecasted Monthly Approved Firearm Transactions in Colorado



Source: Colorado Bureau of Investigation; monthly approved firearm transactions. Data through July 2026.

Unemployment Insurance Trust Fund

The Unemployment Insurance Trust Fund (UITF) is funded by the UI standard premium, the employer support surcharge, and interest. A solvency surcharge may also be applied when the trust fund balance is low. Premium and surcharge rates are based on the previous fiscal year's reserve ratio, which is the fund balance as a percentage of total wages. A higher fund balance corresponds to lower premium and surcharge rates in the following calendar year. The fund pays unemployment insurance benefits to Coloradans who have lost a job through no fault of their own. Benefit payments are determined by an individual's prior wages.

Forecasts for UITF revenue, benefit payments, and year-end balances are shown below in Table 19. Revenue to the UITF is not subject to TABOR and is therefore excluded from Table 12. Revenue to the Employment Support Fund and Benefit Recovery Fund, which receive a portion of the UI premium surcharge, is subject to TABOR and is included in the revenue estimates for other cash funds in Table 12.

Table 19A
Unemployment Insurance Trust Fund Balance
Dollars in Millions

Component	Preliminary FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	Estimate FY 2028-29
Beginning Balance	$1,231.5	$1,669.5	$1,948.4	$2,062.3
Total Revenue	$1,440.1	$1,284.3	$1,121.9	$1,140.6
Less: Benefits Paid	$998.1	$1,005.4	$1,007.9	$1,038.3
Other Net Changes	-$4.0	$0.0	$0.0	$0.0
Ending Balance	**$1,669.5**	**$1,948.4**	**$2,062.3**	**$2,164.6**
Ending Reserve Ratio	**0.84%**	**0.93%**	**0.93%**	**0.92%**

Table 19B
Unemployment Insurance Trust Fund Revenue
Dollars in Millions

Source	Preliminary FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	Estimate FY 2028-29
UI Premium	$1,062.8	$1,028.7	$1,045.4	$1,062.8
UI Premium Percent Change	4.5%	-3.2%	1.6%	1.7%
Solvency Surcharge	$293.3	$159.6	$0.0	$0.0
Solvency Surcharge Percent Change	18.9%	-45.6%	-100.0%	N/A
Interest	$37.9	$52.0	$57.8	$57.1
Interest Percent Change	81.7%	37.0%	11.2%	-1.1%
Employer Support Surcharge Diversions	$46.1	$44.1	$18.7	$20.7
Employer Support Surcharge Percent Change	37.4%	-4.5%	-57.6%	10.5%
Total Revenue	**$1,440.1**	**$1,284.3**	**$1,121.9**	**$1,140.6**
Percent Change in Total Revenue	**9.5%**	**-10.8%**	**-12.6%**	**1.7%**

Totals may not sum due to rounding.

FY 2025-26. UITF revenue rose by 9.5 percent in FY 2025-26, driven by a higher wage base in 2026. Additionally, benefits paid increased by over 25 percent as a result of Senate Bill 22-232, which repealed the requirement that a person wait one week before becoming eligible for unemployment compensation once the UITF balance reaches at least $1 billion. Claimants began receiving their first week of benefits beginning in July 2025. The fund balance was $1.67 billion at the end of the fiscal year, an increase of $438.0 million compared to FY 2024-25, as revenue exceeded benefits payments. The reserve ratio rose to 0.84 percent, which results in lower premium rates in 2027 than in 2026. Additionally, the solvency surcharge is directed to be turned off in the calendar year following the fiscal year when the reserve ratio exceeds 0.7 percent, so the solvency surcharge will be turned off beginning in 2027.

FY 2026-27. UITF revenue is projected to fall in FY 2026-27 as the solvency surcharge turns off and the UI premium rate falls. Interest revenue is projected to reach $52.0 million as the fund balance rises and interest rates remain elevated. Diversions from the employer support surcharge are expected to fall as the surcharge rate falls. Benefits payments are expected to increase only slightly, about 0.7 percent, as the number of UI claims is expected to fall while average weekly benefits increase. The UITF is projected to end the year with a balance of $1.95 billion.

FY 2027-28. UITF revenue is expected to decline again in FY 2027-28 as solvency surcharge revenue falls to zero. Standard premium revenue is projected to increase to $1.05 billion, a 1.6 percent increase, as the premium rate remains unchanged in 2028 relative to 2027. Benefits payments are expected to increase by 0.3 percent primarily due to rising wages causing higher average weekly benefits. Diversions from the employer support surcharge are expected to fall as the Unemployment Insurance Program Support Fund and Workforce Development Fund are expected to have lower starting fund balances which allows these funds to retain more employer support surcharge revenue without exceeding the fund balance caps, resulting in less revenue being diverted to the UITF. The UITF is projected to end the year with a balance of $2.06 billion.

FY 2028-29. UITF revenue is expected to grow by just 1.7 percent in FY 2028-29 as rising wages result in higher collections from the UI standard premium. Standard premium revenue is projected to increase to $1.06 billion, as the premium rate remains unchanged in 2029 relative to 2027 and 2028. Benefits payments are expected to increase due to slight upticks in unemployment claims and rising wages causing higher benefits payments. The UITF is projected to end the year with a balance of $2.16 billion.

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Economic Outlook

The U.S. and state economies are forecast to continue to expand over the next few years. Risks remain elevated on both the upside and downside. Downside risks of recession have abated since June as consumers and businesses remain resilient, while other downside risks with uncertain impacts have arisen. In addition to other indicators, this forecast includes an updated outlook for the trajectory of energy prices and inflation, and their potential impacts on monetary policy, consumer spending, and personal income.

Real gross domestic product (GDP) slowed to an annualized rate of 1.5 percent in the second quarter of 2026, down from 2.1 percent in the first quarter, although underlying private domestic demand remained strong. Real U.S. GDP is projected to grow by 2.2 percent in 2026 and 2027, supported by strong business investment, particularly AI-related spending on computing equipment and data centers. Consumer spending, the largest component of GDP, faces headwinds as rising energy prices, slow jobs growth, and fragile household finances weigh on purchases.

Employment growth in the state remains stuck in what has been characterized as a “low-hire, low-fire” environment. U.S. nonfarm employment is expected to grow 0.3 percent in 2026, while Colorado employment grows more slowly, at 0.1 percent, as it recovers from contraction in 2025. Nationally, job openings and hirings have remained subdued, with impacts most striking among younger and older workers. The unemployment rate remains low both statewide and nationally, although this conceals rising long-term unemployment. Concerningly, the labor force participation rate in Colorado continues its 3-year decline, with lower international migration and an aging population weighing on labor supply. Since the June forecast, continued uncertainty and elevated inflation in the wake of the conflict with Iran has led to a downgrade in the current-year employment forecast.

Despite recent data indicating abating inflation in Colorado, inflation remains above the Federal Reserve’s two percent target at the state and national levels, driven by volatile energy prices and fluctuating tariff policies. With an unexpectedly strong reading for U.S. employment in August, the FOMC announced a 25-basis-point increase in the federal funds rate to cool price growth. An additional rate hike in 2026 is likely. Rate changes in 2027 will depend on how inflation and employment evolve. Savings rates are expected to continue to dip as inflationary pressures erode purchasing power.

There are both upside and downside risks to the forecast. AI-related investment headlines upside risks, while consumer and business resiliency could sustain stronger growth for longer. On the downside, higher interest rates due to persistent inflationary pressures and mounting federal government debt, financial market correction, weakening household finances, weak labor markets, and AI-related disruptions could derail the growth forecast. For Colorado, additional risks stem from ongoing drought and uncertain weather conditions into the fall and winter, along with a still-sluggish housing market statewide.

Tables 20 and 21 on pages 95 and 96 present the September 2026 Legislative Council Staff forecasts for the U.S. and Colorado economies, respectively. The tables in the Appendix, beginning on page 106, present historical data for the U.S. and Colorado economies.

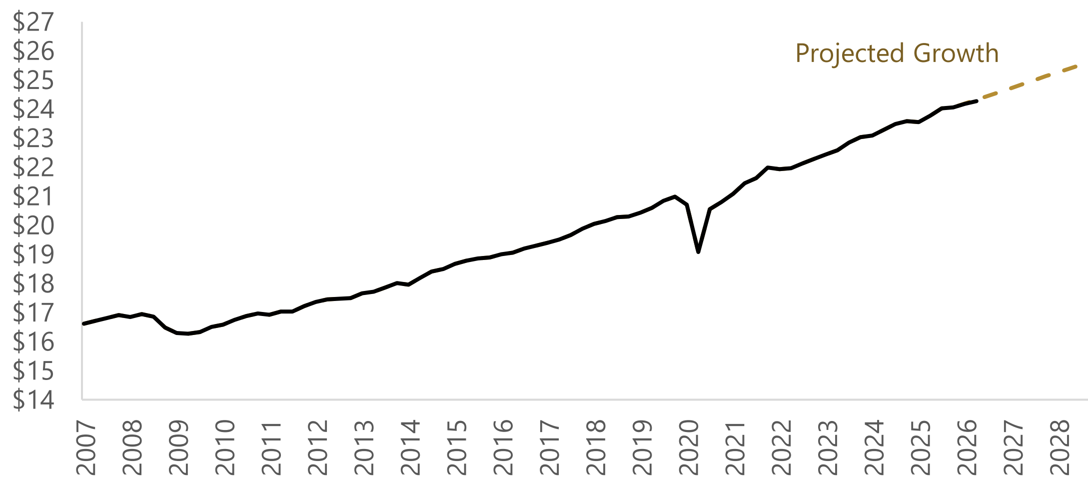
Gross Domestic Product

U.S. economic growth slowed in the second quarter, though private demand remained strong. U.S. real gross domestic product (GDP), which measures the inflation-adjusted value of all goods and services produced within the country, increased at an annual rate of 1.5 percent, slowing from 2.1 percent in the first quarter. Consumer spending accelerated, business investment continued to increase, while exports also contributed to growth. However, accelerating imports and declining government spending offset some gains.

Despite the relatively modest headline growth rate, underlying domestic demand was considerably stronger. Real final sales to private domestic purchasers increased at a strong 4.2 percent annual rate, up from 1.7 percent in the previous quarter. That statistic emphasizes strong contributions from private investment and consumers, while excluding the now-volatile effects of trade and government spending.

- Real U.S. GDP is projected to grow by 2.2 percent in 2026 and 2027, supported by strong business investment, particularly AI-related spending, and modest consumer spending growth. Economic growth is expected to moderate to 2.1 percent in 2028.

Figure 12
U.S. Real Gross Domestic Product
2017 Dollars in Trillions, Seasonally Adjusted, Annualized



Source: U.S. Bureau of Economic Analysis and Legislative Council Staff September 2026 Forecast.

Consumer spending accelerated in the second quarter following relatively modest growth in the first quarter. Personal consumption expenditures rose at an annual rate of 3.4 percent in the second quarter of the year, compared to 0.5 percent in the previous quarter. Spending increased across both goods and services, particularly health care. This acceleration in consumer spending supported overall economic activity and contributed to strong growth in underlying private domestic demand.

Consumer spending, which accounts for nearly 70 percent of U.S. GDP, remains a central factor in the economic outlook. The forecast projects continued growth in consumer spending through 2028. However, slower job growth, cautious hiring, elevated inflation, and higher tariffs may limit household spending. Despite these challenges, ongoing income growth and consumer resilience are expected to sustain positive contributions to economic growth throughout the forecast period.

Business investment continued to grow in the second quarter of 2026, supported by AI-related spending. Business investment increased at an annual rate of 2.7 percent, down from 7.9 percent in the prior quarter. Businesses continued to invest heavily in equipment and intellectual property products, such as computing equipment, software, and research and development. Equipment investment rose across multiple categories, especially in information processing. Intellectual property investment grew at an annual rate of 8.8 percent. Gains were partially offset by reduced investment in nonresidential structures, including manufacturing facilities. Investment in AI infrastructure, computing capacity, and data centers is expected to remain a significant contributor to business investment growth.

Government spending declined in the second quarter of 2026. Following a rebound in the first quarter, government spending declined in the second quarter, reducing its contribution to economic growth. The decline marked a reversal from the strong increase in federal spending earlier in the year following the federal government shutdown in late 2025. Public sector contributions to economic growth, particularly at the federal level, are expected to remain minimal or negative through the forecast period as slower federal spending offsets continued state and local government activity.

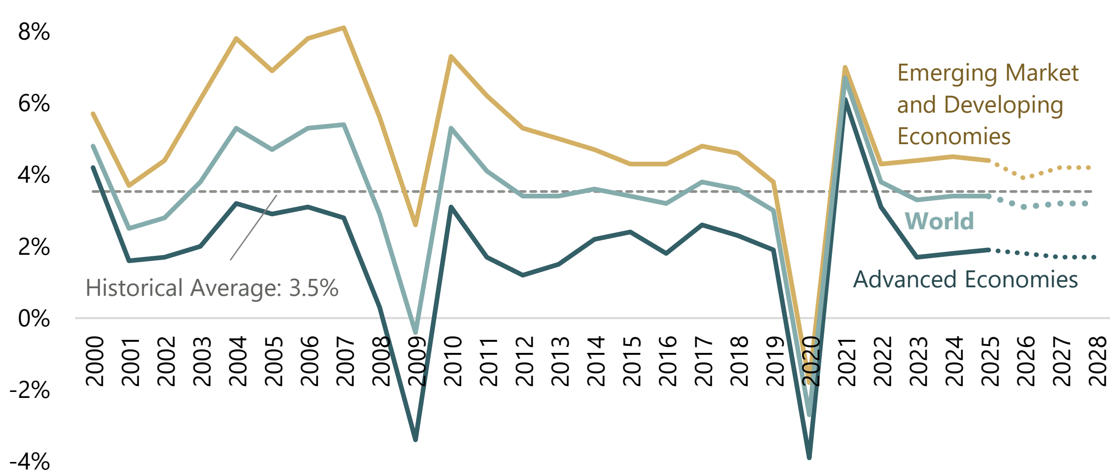
Trade volumes jumped in the second quarter, with imports growing more rapidly. U.S. exports increased in the second quarter, led by goods exports, particularly petroleum and related products. However, export growth slowed from the first quarter as services exports declined. Imports also increased, driven largely by capital goods, including telecommunications equipment, semiconductors, and industrial equipment. Because imports are a subtraction from U.S. GDP, stronger import growth offset some of the gains from consumer spending, business investment, and exports. Higher tariffs and continued uncertainty surrounding U.S. trade policy are expected to suppress trade volumes in the near future forecast period.

Colorado's economy continued to expand at a moderate pace in early 2026. Colorado real GDP increased at an annual rate of 1.4 percent in the first quarter of 2026, ranking 17th among states and trailing the U.S. growth rate of 2.1 percent. Growth was unchanged from the fourth quarter of 2025, indicating that the state economy continued to expand, but at a relatively modest pace. Information and professional, scientific, and technical services helped support economic activity, consistent with Colorado's large concentration of technology and professional services industries.

Global Economy and International Trade

The International Monetary Fund (IMF) downgraded its 2026 baseline projection for global GDP growth by 0.1 percentage points to a slow-to-moderate 3.0 percent in July 2026, but upgraded its 2027 outlook by 0.3 percentage points to 3.4 percent, just below the historical average. The IMF notes uneven global momentum driven by two opposing shocks. Countries exposed to the energy price shock due to the war in the Middle East have struggled as the supply shock has pushed up prices, impacted consumption, and hampered investment. On the other hand, countries that are key to the AI-related technology boom have blossomed and continue to outperform expectations. Additionally, China's economy continues to expand faster than agency expectations. The IMF notes that inflation expectations remain anchored despite the war, and monetary policy remains broadly accommodative compared with historical standards. Although risks are more balanced in the outlook since April, the IMF estimates they are weighted to the downside.

Figure 13
Actual and Projected Real GDP Growth
Year-over-Year Percent Change



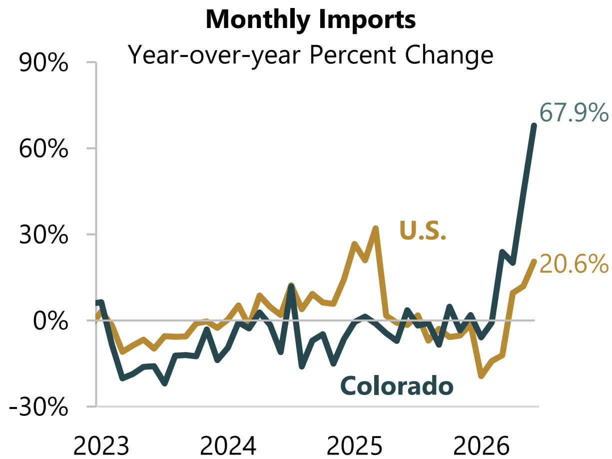
Source: International Monetary Fund (IMF); data through 2025, projections from 2026 through 2027.

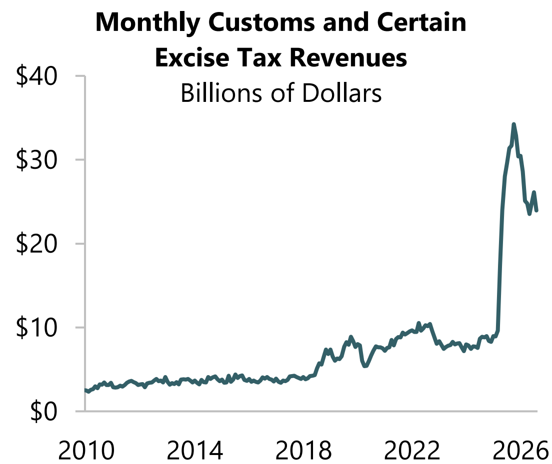
Tariff payments moderate, but are expected to remain high. U.S. tariff policy, or taxes paid on imported goods, has fluctuated significantly since early 2025. The Tax Foundation reports that U.S. tariff policy has changed more than 50 times since January 2025. Tariffs have been imposed by the White House through various sections of U.S. Code including the International Emergency Economic Powers Act (IEEPA), the Tariff Act of 1930, the Trade Expansion Act of 1962, and the Trade Act of 1974. These sections enable the President to impose tariffs related to national emergencies, national security, and discriminatory or unfair trade practices.

Following the rapid change in policy in early 2025, the effective tariff rate, or the amount of customs duties revenue received as a percent of the value of imported goods, increased from an estimated 2.2 percent in January 2025, to a peak of 10.9 percent in October 2025. After the Supreme Court ruled in February 2026 that the IEEPA did not authorize many of the tariffs imposed by the White House, the effective tariff rate, and accompanying customs duties fell. In June 2026, the effective tariff rate decreased to an estimated 6.8 percent, and monthly customs duties revenue decreased to $24.8 billion (Figure 14, right).

Despite the decrease, overall tariff rates are expected to remain elevated over the forecast period. The White House has already issued proclamations for higher tariffs on Canadian goods not covered by the U.S.-Mexico-Canada Agreement, and further announcements are expected following investigations into unfair labor practices under the Trade Act of 1974. The forecast anticipates the effective tariff rate will rise and remain around 8 percent through the forecast period. Ongoing trade negotiations and administration trade policy decisions will continue to be a source of risk and uncertainty to the forecast, affecting a wide range of economic indicators.

Figure 14
Trade Statistics





Source: U.S. Treasury Department Fiscal Data, Daily Treasury Statements. Data through August 2026. https://fiscaldata.treasury.gov/datasets/daily-treasury-statement/operating-cash-balance (left). U.S. Census Bureau, Economic Indicators Division; U.S. Import and Export Merchandise trade statistics through June 2026 (right).

AI adoption, tariffs, and war are impacting U.S. and Colorado trade. In the second quarter of 2026, U.S. imports spiked and approached the peak recorded in the first quarter of 2025. With the ongoing investment in AI and data centers, and the threat of new tariffs, U.S. imports of computer and electronic products jumped more than 49 percent year-to-date through June 2026 and were the nation's largest category of imports.

The spike in imports in Colorado has been more pronounced through the first half of 2026 than the U.S. (Figure 14, left). Colorado is on pace to record its highest level of imports since the last peak in 2022, with computer and electronics products driving most of the increase. Year-to-date, Colorado's imports of computer and electronic products from South Korea are nearly nine times higher than the first half of 2025. Imports from Vietnam, Singapore, Taiwan, and India are also up significantly. Although Colorado is not a primary data center market, companies have added significant amounts of data center space, and Colorado's multinational technology footprint relies heavily on global trade. Colorado also has a strong, globally integrated aerospace and national defense industry presence.

The rapid investment in data processing and technology, along with the war in Iran, has also impacted U.S. exports. The value of U.S. exports continues to expand, and was up 15 percent year-to-date through the first half of 2026. Export growth has been led in large part due to a 27 percent year-to-date jump in computer and electronic products, and a 36 percent increase in exports of oil and gas. The growing contributions of these export products to the nation's economy will help offset the negative impacts of the war and tariffs on consumer prices for areas of the country that have strong industry concentrations in these products.

Labor Markets

The labor market remains tepid as both employers and workers navigate uncertainty from multiple sources, resulting in a "low-hire, low-fire" environment. Employers in Colorado have added jobs on net in 2026 through July, albeit at a lackluster pace and with job gains not widespread across industries. The official unemployment rate remains low and steady, although alternative measures of labor force and labor utilization indicate rising challenges, including a longer duration of unemployment and greater impacts on younger and older workers. Employment growth is expected to continue to be dampened by weak business and consumer confidence, a sharp decline in immigration, AI-related disruptions, geopolitical uncertainty, and potential monetary policy tightening. Since the June forecast, continued uncertainty and elevated inflation has led to a downgrade in the current-year employment forecast as employers remain hesitant to add jobs while the outlook for consumer spending remains unclear. Risks to the labor market outlook remain elevated.

- U.S. nonfarm employment is expected to grow by 0.3 percent in 2026, 0.7 percent in 2027, and 0.5 percent 2028. The U.S. unemployment rate is expected to average 4.3 percent in 2026 before ticking down to an average of 4.2 percent in 2027 and 2028.
- In Colorado, employment is expected to grow by 0.1 percent in 2026, 0.6 percent in 2027, and 0.8 percent in 2028. The Colorado unemployment rate is expected to average 3.9 percent in 2026, and 3.6 percent in 2027 and 2028.

Colorado employment growth expected to remain tepid. Colorado employers added a net of 14,300 jobs in 2026 through July, bringing year-over-year employment growth to 0.4 percent (Figure 15, right). U.S. employment was up 0.2 percent year-over-year during the same time period. Average Colorado monthly job gains of 2,000 year-to-date in 2026 are well below pre-pandemic gains of 5,000 jobs per month in 2018 and 2019. Nationally, average monthly job openings, hires, and layoffs through July 2026 are little changed compared with the same period last year, while quits are down slightly, by 3.7 percent.

The education and health services supersector led job gains year-over-year through July 2026, up 3.9 percent, or 15,500 jobs. Without growth in this supersector, Colorado would have lost 3,400 jobs during the same time period. Strength in the health care job market tends to reflect long term demographic shifts toward an aging population, which boosts demand for health care jobs regardless of the overall health of the economy. The supersector with the second largest increase in employment year-over-year in July was leisure and hospitality, up 9,000 jobs, or 2.6 percent. These gains reflect a dip in employment in the supersector last summer. Persistent weakness across multiple supersectors weighs on the labor market outlook. Industries in the state that remain challenged include the information supersector, down 5,600 jobs, or 8.0 percent, where AI-related disruptions will continue to weigh on employment.

Overall, data are consistent with a continued low-hire, low-fire environment in which both employers and employees remain reluctant to make major employment moves in the face of continued uncertainty related to federal immigration and trade policy, conflict with Iran, and unfolding AI impacts in the workplace. Employment growth is expected to remain tepid through

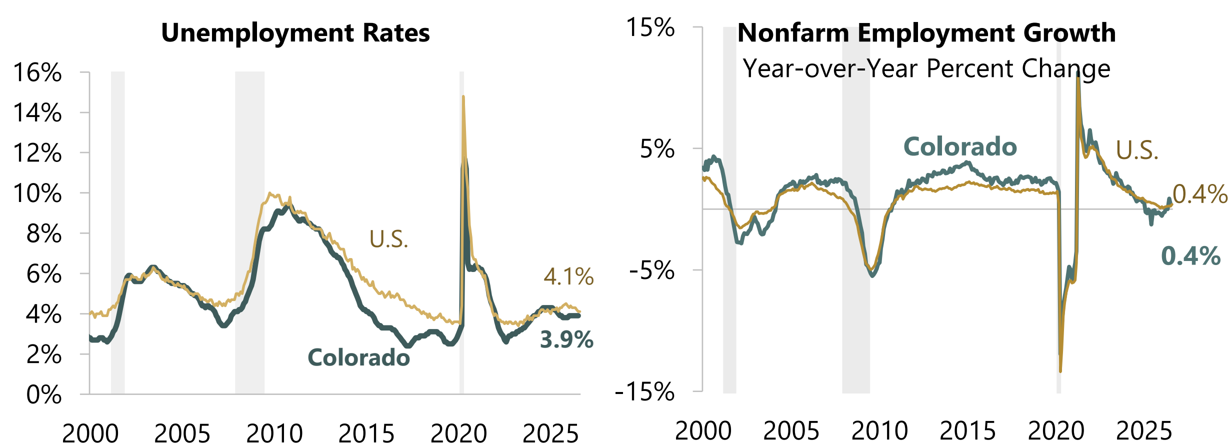
2026. Employment gains will accelerate through the forecast period as some uncertainty resolves, boosting labor demand, but supply side constraints on labor will continue to weigh on employment growth.

Colorado's unemployment rate holds steady as labor force continues to decline. Colorado's unemployment rate has held steady at 3.9 percent for the first seven months of 2026 (Figure 15, left). The unemployment rate is expected to remain relatively low through the forecast period, suppressed by a declining labor force.

Alongside increasing labor productivity, a growing labor force is a key determinant of long-term economic growth. Colorado's labor force has registered sustained declines since late 2024, a notable shift that historically has occurred only during a significant economic downturn or disruption such as the pandemic or the Great Recession (Figure 15, left). Year-over-year through July 2026, the labor force was down 2.0 percent, or almost 67,000 workers.

The trend likely reflects the combined impacts of several factors, both reflecting drag in the working-age population and reduced labor force participation. Long-term aging tends to suppress labor force growth slowly over time as the working-age population grows more slowly than the total population. Within the working-age population, the labor force participation rate fell to 65.5 percent in July 2026, its lowest level since at least 1976 outside the COVID-19 pandemic. Shifts in federal immigration policy, rising affordability concerns, lackluster wage and job growth, and strong returns in equity markets are shorter-term factors which may have contributed to recent declines in domestic and international migration and Colorado's labor force.

Figure 15
Selected Colorado and U.S. Labor Market Indicators

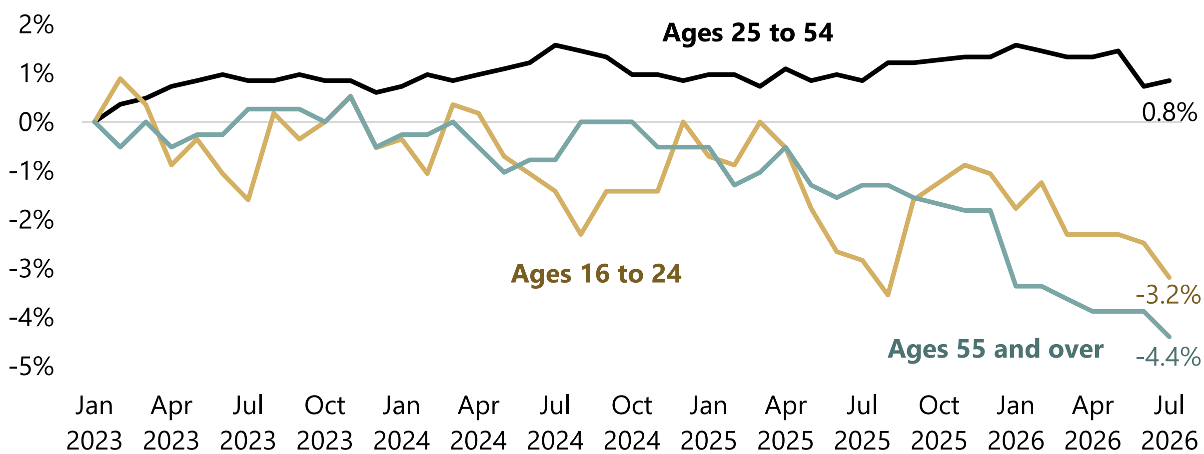


Source: U.S. Bureau of Labor Statistics. Data are
seasonally adjusted. U.S. data are through August 2026. Colorado data are through July 2026.

The steady unemployment rate conceals rising long-term unemployment. The steady unemployment rate in both the state and the nation conceals labor market weakness associated with the low-hire, low-fire labor market. Within the group of unemployed workers, the share of the long-term unemployed in the U.S., those unemployed for 6 months or longer, crept up from 17.8 percent in February 2023 to 27.0 percent in August 2026. This is slightly below the June reading of 27.3 percent, its highest share in the last decade outside the pandemic. Prolonged absences from employment are associated with greater financial strain and loss of job skills for individuals, and contribute to rising household indebtedness, dampened consumer spending, and loss of human capital.

Impacts of labor market conditions vary by age group. Younger and older workers are more likely to be impacted by current labor market conditions than prime-age workers. Figure 16 shows the percentage point change in employment to population ratios for different age groups of workers since January 2023. While the share of the prime age population that is employed has remained relatively steady, the share of those ages 16 to 24 who are employed is down by 3.2 percent. The share of those ages 55 and older who are employed is down 4.4 percent. This may indicate that younger workers seeking to enter employment are bearing the brunt of the low-hire, low-fire labor market and remaining unemployed for longer as employers add fewer jobs and opt not to fill vacancies. In addition, workers considering retirement may be benefiting from strong gains in equity markets, and, wary of AI-related changes in work, may be opting to leave employment sooner.

Figure 16
Cumulative Percentage Change in U.S. Employment to Population Ratios by Age Group



Source: U.S. Bureau of Labor Statistics. Data are seasonally adjusted and through July 2026.

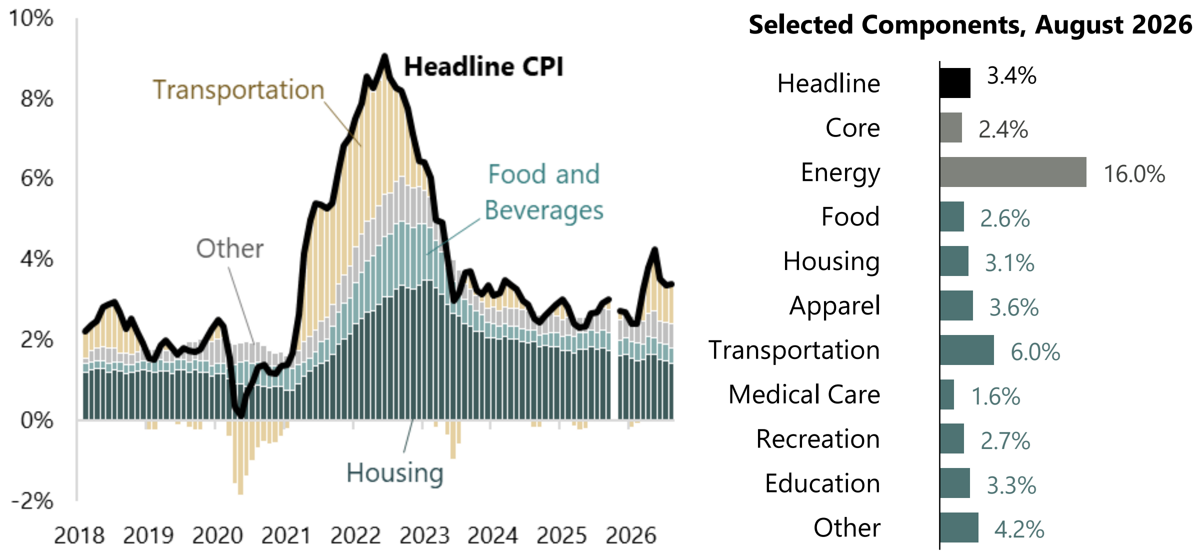
Inflation

The U.S. urban average consumer price index (CPI) measures changes in the prices of final goods and services purchased by urban consumers in the U.S. The CPI tracks the prices of a fixed basket of consumer goods and services. The only Colorado index is for the Denver-Aurora-Lakewood area ("the Denver area"), which LCS uses as proxy for price changes statewide.

U.S. inflation softens to 3.4 percent after peak energy prices. Energy prices are up 16.0 percent year-over-year, reflecting the oil supply shock stemming from the conflict in Iran. This includes high prices for gasoline and diesel, which impact the transportation component, and household utilities, which impact the housing component. As measured by the CPI, motor fuel prices are below their May peak, but have started to rise again, posing an upside risk to overall inflation. Meanwhile, prices for new and used vehicles are down 0.5 percent year-over-year due to weak demand and affordability concerns, and motor vehicle insurance prices have fallen 5.1 percent.

U.S. inflation is expected to accelerate to 3.5 percent in 2026, with energy inflation remaining elevated through the first three quarters of the year as conflict in the Middle East constrains supply. Energy prices are expected to soften beginning in the fourth quarter of 2026. Inflation is expected to fall to 2.9 percent in 2027 and 2.2 percent in 2028 as these inflationary pressures wane.

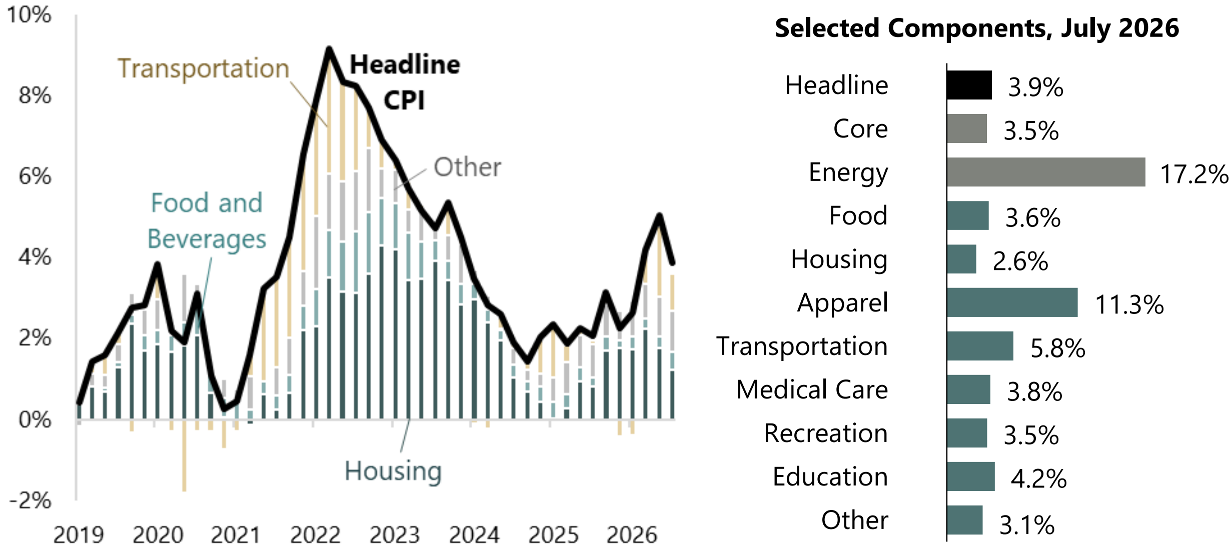
Figure 17
Contributions to U.S. Consumer Price Index (CPI-U) Inflation
Percent Change in Prices, Year-over-Year



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

The Denver area faces broad-based inflation, sitting at 3.9 percent. Figure 18 shows the recent path of headline inflation and inflation among select components, as measured by the Denver area CPI. Rising energy prices have resulted in acceleration in transportation prices, despite falling vehicle prices. Despite other measures of housing prices showing weak price growth or even declines, the CPI reports that shelter prices are up 2.0 percent year-over-year due to acceleration in owner-equivalent rents. The Denver area has experienced rising inflation in the apparel, recreation, and other categories as well. Denver area inflation is expected to be 3.9 percent in 2026, decelerate to 2.2 percent in 2027, and then tick up to 2.5 percent in 2028.

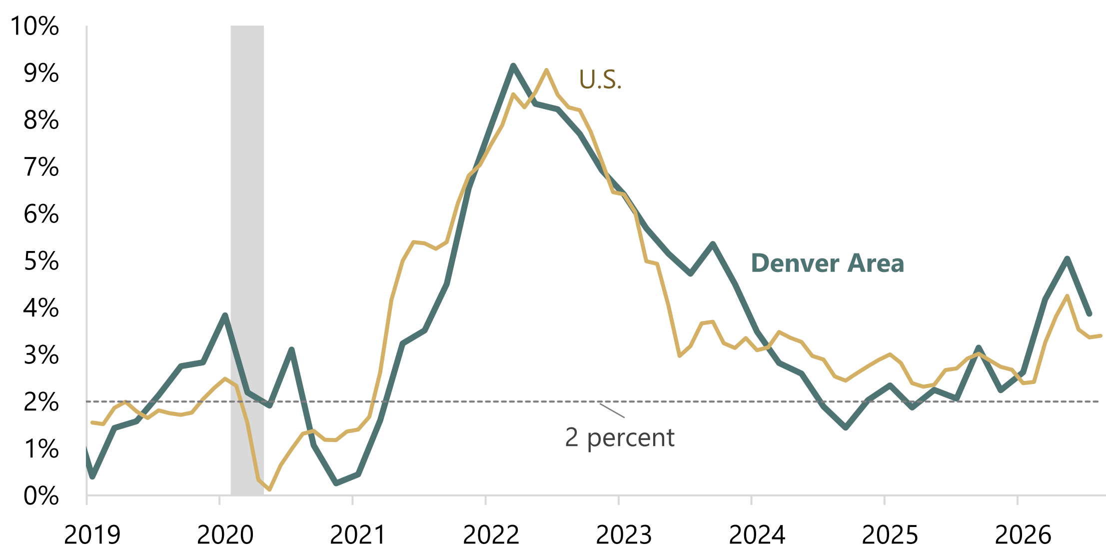
Figure 18
Denver-Aurora-Lakewood Consumer Price Index (CPI-U) Inflation
Percent Change in Prices, Year-over-Year



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

Inflation in Denver is above the national average. Throughout 2026, inflation in the Denver area has been 0.5 percentage points higher than the nation, reflecting higher transportation, recreation, education, and apparel costs.

Figure 19
Comparing U.S. and Denver Area Inflation
Percent Change in Prices, Year-over-Year



Source: U.S. Bureau of Labor Statistics. U.S. data are through August 2026. Colorado data are through July 2026.

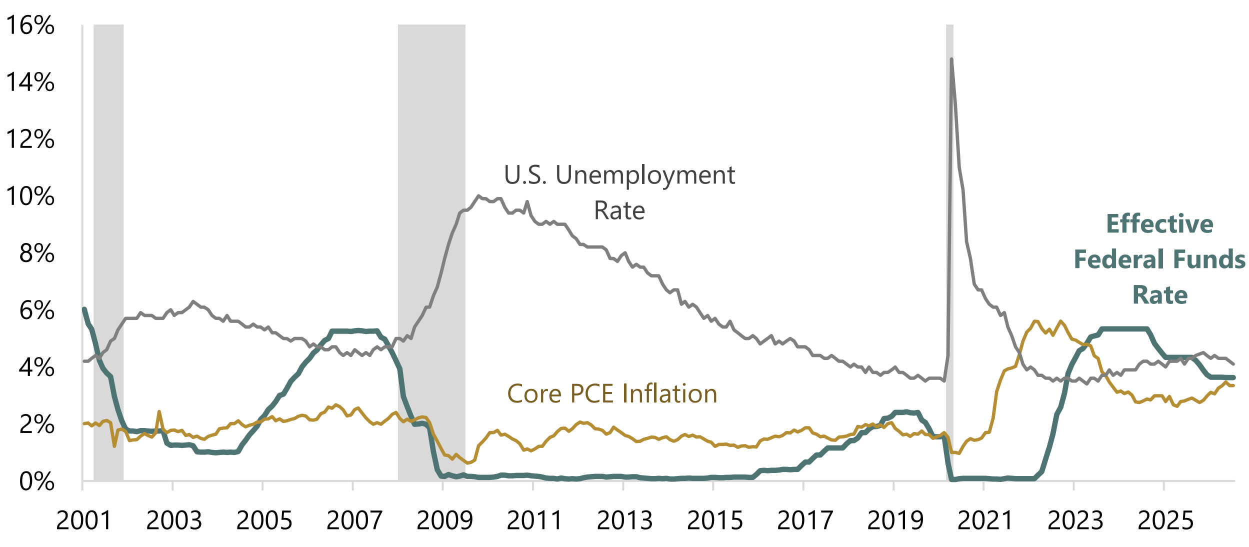
Tariffs and weak demand muddle the inflation outlook. Following the latest escalation in the trade war between the U.S. and Canada, there is considerable uncertainty around how prices will respond to another tariff regime. The magnitude and timing of the effects of tariffs on final consumer prices is uncertain. On the other hand, tariffs and the uncertainty around them are expected to slow economic activity, which will partially offset some of the upward pressure on prices. Additionally, reduced immigration and increased deportations weaken demand for goods and services, providing a disinflationary effect.

Monetary Policy

The Federal Reserve's Federal Open Market Committee (FOMC) uses changes to its balance sheet and its benchmark interest rate, the federal funds rate, to promote maximum employment and a long-term average of 2 percent inflation. The Federal Reserve can slow inflation by raising the federal funds rate, which increases the cost of short-and medium-term borrowing, and by reducing the size of its balance sheet, which increases the cost of long-term borrowing.

The FOMC raises interest rates in 2026. The FOMC cut interest rates at the end of 2025, citing slowing job gains and a rising unemployment rate, but held them steady in the first half of 2026 before raising them in the September meeting. Core PCE, the Fed's preferred measure of trend inflation, remains stubbornly above the Federal Reserve's 2.0 percent average inflation target, remaining at 3.3 percent in the most recent reading. At the same time, the unemployment rate has ticked down slightly, while average employment growth has held steady at a slow pace in recent months. As a result, the FOMC increased the federal funds rate by 25 basis points in September, with a further hike likely in 2026, to cool inflation. Rate changes in 2027 will depend on how inflation and employment evolve over the next year.

Figure 20
Federal Funds Rate, Inflation, and Unemployment
Percent



Source: The Federal Reserve, U.S. Bureau of Economic Analysis, and U.S. Bureau of Labor Statistics.

The FOMC provides less signal about future moves under new chair. In recent decades, the FOMC has used communication with the public to signal what the path of future interest rate and balance sheet changes are likely to be. This form of communication is known as forward guidance. The new chair of the FOMC, Kevin Warsh, has reversed this trend, revealing very little about the expected path of monetary policy, or how the FOMC would respond to changes in inflation or employment. This gives the FOMC more flexibility to respond to economic data as it comes in, rather than committing to a specific path, but makes interest rates more difficult to predict.

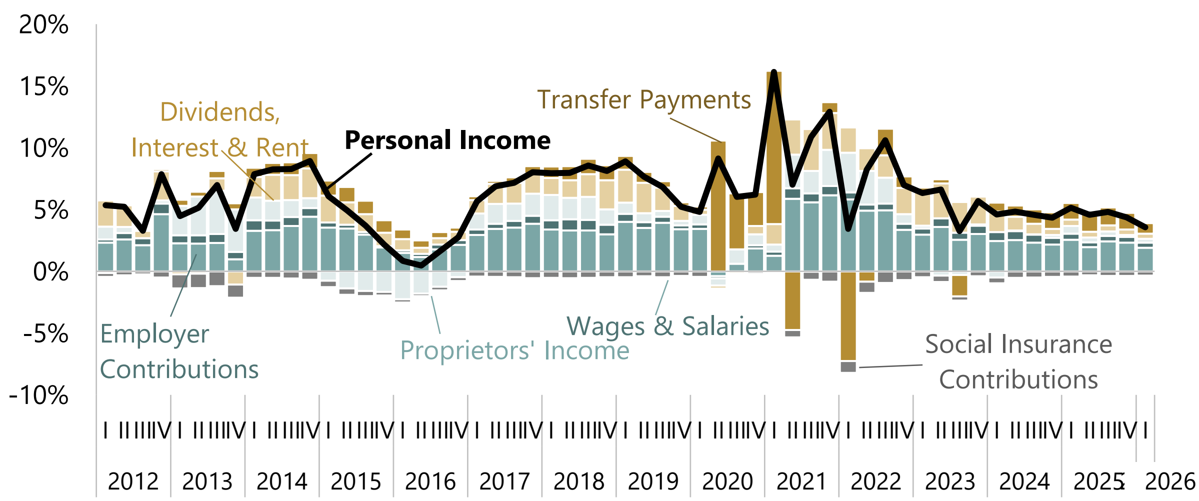
Personal Income

Personal income measures the aggregate amount of income received by households from wages and salaries, business ownership, investments, and other sources. Personal income drives individual income tax revenue, the state's principal revenue stream, and foreshadows consumer spending and contributions to sales tax receipts.

Colorado personal income growth continues slowing. In the first quarter of 2026, total personal income in Colorado grew at an annualized rate of 3.7 percent. Wages and salaries are the largest component of personal income, making up about half of the total. Wages and salaries grew by just 0.5 percent in the first quarter, or 2.1 percent on an annualized basis. The second-largest component of personal income, which is dividends, interest, and rent, grew by 1.1 percent in the first quarter, or 4.4 percent on an annualized basis. Real per capita personal income in Colorado has slowed, and was up 0.3 percent in the first quarter of 2026, compared with the same quarter the previous year, down from 2.1 percent growth in the first quarter of 2025.

Personal income growth has largely slowed in Colorado over the past two years, primarily driven by slowing growth in wages and salaries. Slower wage growth is expected to accompany sluggish employment and population growth amid a weak labor market.

Figure 21
Colorado Personal Income Growth and Its Contributions
Contributions to Percent Change, Year-Over-Year



Source: U.S. Bureau of Economic Analysis. Data are seasonally adjusted.

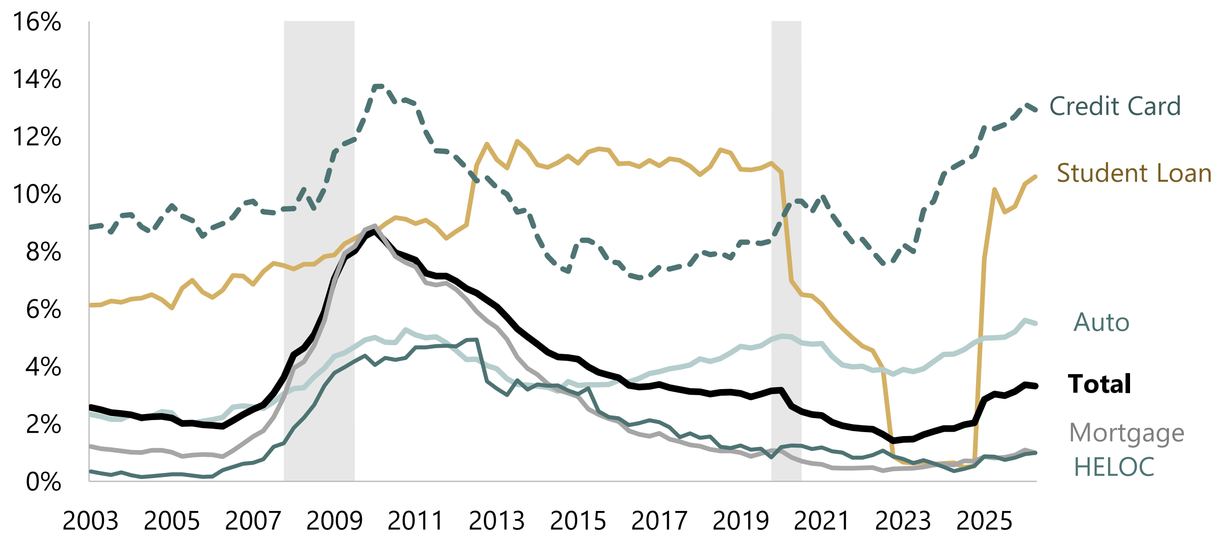
- Personal income in Colorado is projected to increase by 3.6 percent in 2026, 4.3 percent in 2027, and 4.6 percent in 2028. Wage and salary income in Colorado is projected to increase 3.7 percent in 2026 and then accelerate, growing 4.3 percent in 2027 and 4.9 percent in 2028.

Household Finances

Household debt and delinquencies are on the rise, and the saving rate remains low, indicating that households may be financially overextended. Deteriorating household conditions pose risks to future consumer spending, business activity, and GDP.

Delinquency rates remain elevated across all types of types of loans. Delinquency rates represent the percentage of outstanding loan debt that is past due by 90 days or more, shown in Figure 22. The delinquency rate on credit card debt ticked down slightly, but at 12.9 percent, remains high by historical standards. Additionally, Americans hold 4.5 percent more credit card debt in aggregate than they did one year ago. Similarly, delinquencies on auto loans reached the highest rate on record for this series in the first quarter, but ticked down to 5.5 percent in the second quarter. More households are using home equity lines of credit (HELOC), with outstanding debt up 11.6 percent year-over-year. The mortgage delinquency rate remains at a healthy level, but has been steadily creeping up. Student loan delinquencies returned to pre-pandemic levels in 2025 due to the end of a nearly four-year pause on payments initiated at the beginning of the pandemic. In total, 3.3 percent of household debt was delinquent by 90 days or more in the second quarter.

Figure 22
U.S. Serious Delinquency Rates by Loan Type
Percent of Debt

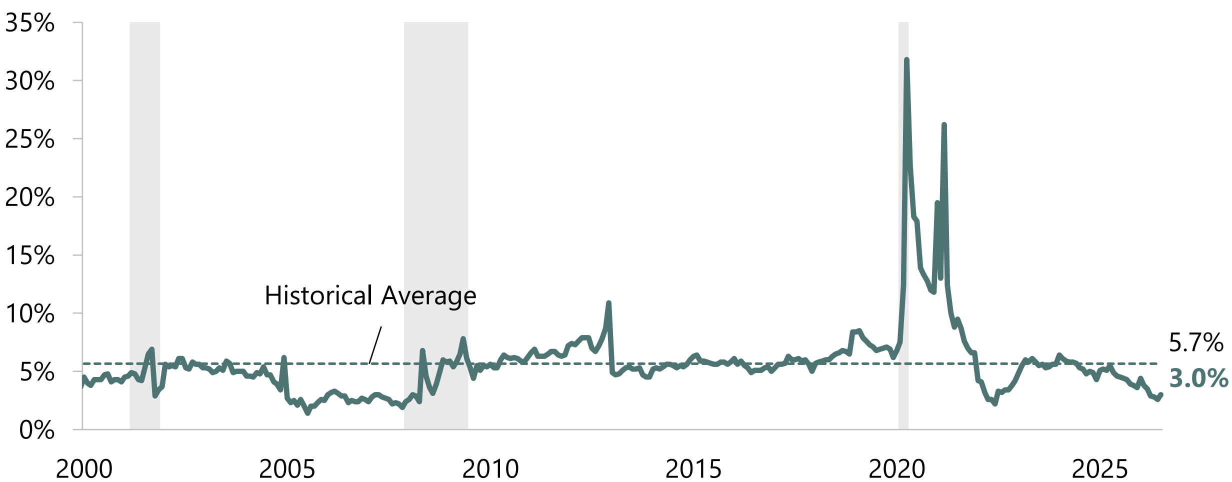


Source: New York Fed Consumer Credit Panel/Equifax. Data are through 2026Q2. Serious delinquency rates are the percentage of total debt that is delinquent by 90 days or more.

Higher delinquency rates will result in lower credit scores, particularly for younger borrowers defaulting on student loans, which will result in higher interest rates and less access to credit. Additionally, the current data may be understating the amount of household debt in the economy due to buy now, pay later (BNPL) loans not being included in all credit reports. According to a Report by the Federal Reserve, BNPL usage has increased by over 30 percent per year in recent years, but remains a relatively small share of total borrowing.

The personal saving rate continues to fall. The personal saving rate measures the percentage of individuals' disposable income that is saved rather than spent. As of July 2026, the personal saving rate stands at 3.0 percent, down from 4.4 percent in January 2026, and below the historical average of 5.7 percent. A declining saving rate signals that a weak labor market and high inflation continue to impact household purchasing power, causing households to spend a higher percentage of their incomes. This is another sign that household finances are strained, which may have a negative impact on consumer spending moving forward, particularly for those with lower incomes and less disposable income.

Figure 23
U.S. Personal Saving Rate
Percent



Source: U.S. Bureau of Economic Analysis.

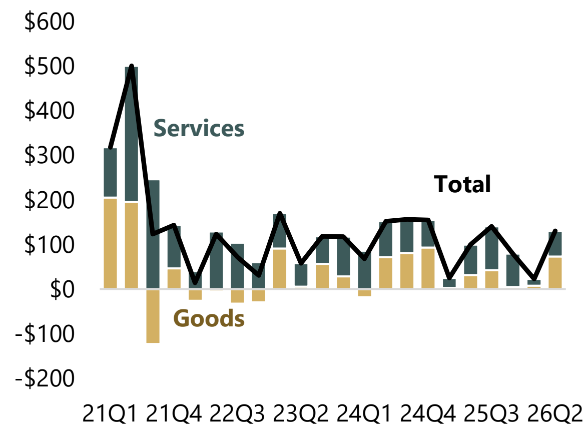
Consumer Activity

Consumer spending continues to advance in the face of lackluster employment growth, rising inflation and credit card delinquency rates, and historically low consumer sentiment. However, consumer spending in Colorado is underperforming the nation. Colorado retail sales are expected to accelerate to a slightly faster pace of 2.9 percent in 2026, as continued high tariffs, conflict in the Middle East, and poor farming conditions put upward pressure on a broad set of prices. Still, this is below historical average growth and indicative of real declines when accounting for inflation. Retail sales are projected to outpace inflation and grow by 2.6 percent in 2027 and 3.8 percent in 2028 as inflationary pressures ease, wage growth picks up, and drought conditions improve.

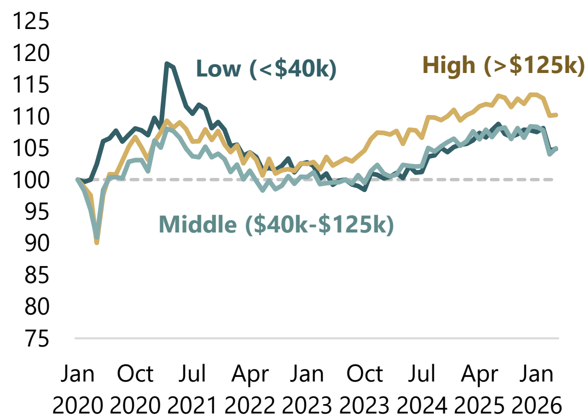
Nationwide, household spending accelerated in the second quarter of 2026, boosted by an uptick in goods spending after three quarters of slower growth. Federal tax relief from the One Big Beautiful Bill Act (OBBBA) may have buoyed spending for all income levels in the second quarter of 2026 (Figure 24, left), though impacts are expected to be short-term for lower income households as credit card delinquency rates remain well-above historical averages. The Federal Reserve Bank of New York's Economic Heterogeneity Indicators measure retail spending by income level since January 2020. Since 2023, spending by higher-income households has outpaced middle- and lower-income households' spending. This has likely contributed to robust consumer activity overall, despite historically low levels of consumer sentiment. This trend is expected to continue through the forecast period.

Figure 24
Consumer Activity Indicators

Quarterly Change in U.S. Personal Consumption Expenditures
2017 Dollars in Billions



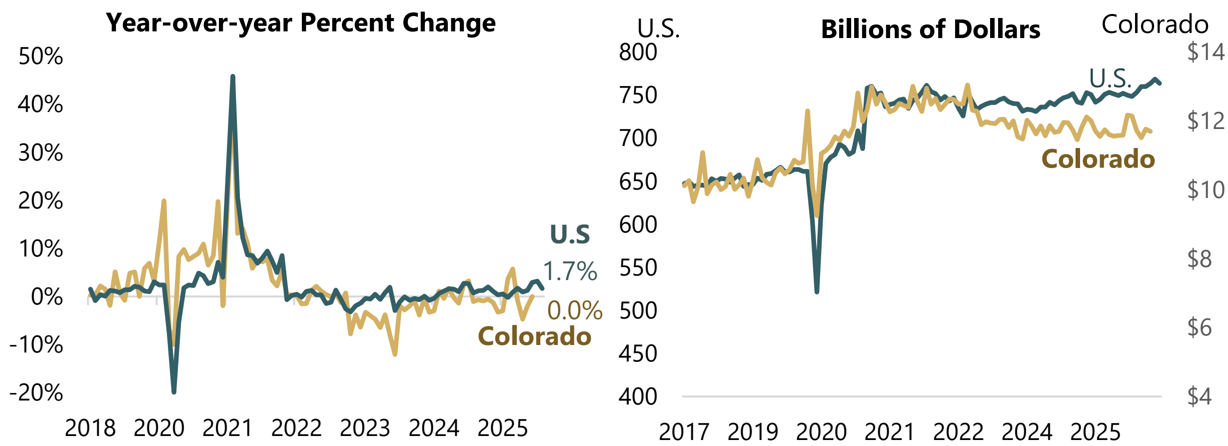
U.S. Real Retail Spending by Income Level
Index January 2020=100



Source: Bureau of Economic Analysis; data is seasonally adjusted in billions of chained (2017) dollars through 2026Q2 (left). Federal Reserve Bank of New York: Economic Heterogeneity Indicators; data is seasonally and inflation-adjusted through April 2026 (right).

Real retail sales grow nationwide but remain stagnant in Colorado, increasing 1.7 percent year-over-year nationwide in July 2026 after accounting for inflation, compared to no growth in Colorado through May (Figure 25, left). Nationwide, consumer spending is boosted by higher-income households (Figure 25, right), but lackluster employment growth, sluggish wage growth, and slower tourism fueled by severe drought conditions in Colorado likely contribute to weak retail sales in the state.

Figure 25
Real Sales in the Retail Trade Sector

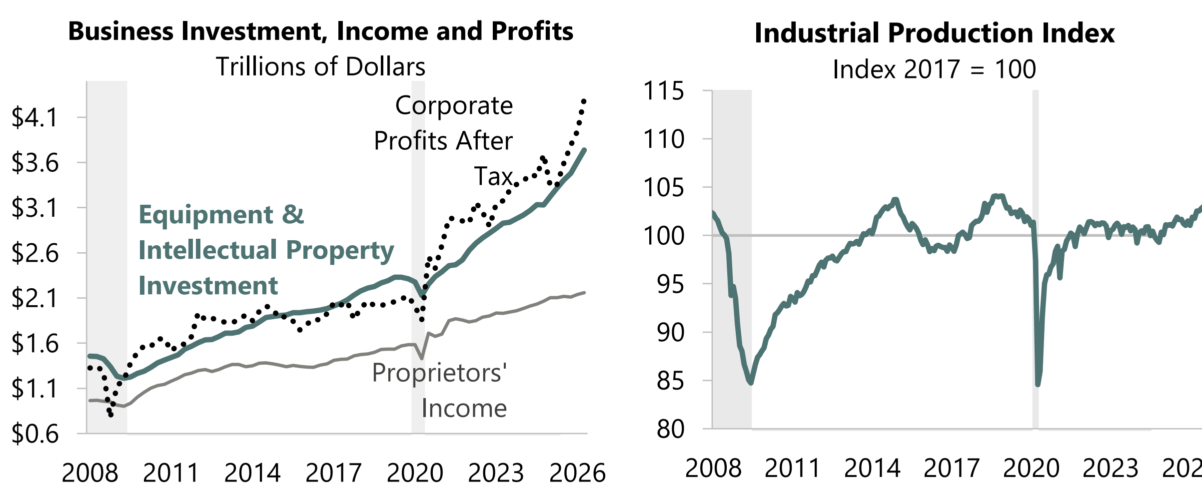


Source: U.S. data from U.S. Census Bureau, seasonally and inflation-adjusted through July 2026. Colorado data from Colorado Department of Revenue, seasonally and inflation-adjusted through May 2026.

Business Activity

Business activity remains robust and continues to be a key driver of the U.S. economy. Corporate profits continue to increase, with notable growth in the second quarter of 2026. Firms continue to make strong investments in technology, equipment, and AI infrastructure, even as overall economic growth moderates. Manufacturing activity improved in the second quarter of the year, as increased production of business equipment for data centers and technology investment was offset by reduced output in consumer-related durable goods. While business activity continues to support economic growth, elevated borrowing costs, higher energy prices, and tariffs may constrain overall business investment.

Figure 26
Selected U.S. Indicators of Business Activity



Sources: U.S. Bureau of Economic Analysis data (left), not adjusted for inflation, through the second quarter of 2026. Federal Reserve Board of Governors data (right) through July 2026.

Corporate profits remain near record highs. U.S. corporate profits after tax reached a record $4.3 trillion annualized in the second quarter of 2026, an 8.9 percent increase from the first quarter and 28.2 percent from the same quarter last year (Figure 26, left). Corporate profits were broad based, with gains across financial and nonfinancial industries. However, some consumer and trade-related sectors reported declines in the second quarter of the year. Profits are expected to continue to rise during the forecast period, though slower consumer spending and higher interest rates may present challenges.

Investment in AI-related equipment and intellectual property continues to increase rapidly. Business investment has grown significantly in recent years, driven partly by rising demand for AI-related computing capacity. Investment remained strong in the first half of 2026, with businesses spending heavily on information processing equipment, software, and research and development. Intellectual property investment rose at an annual rate of 8.8 percent in the second quarter, following even stronger growth in the first quarter. Large technology companies are investing heavily in data centers, servers, semiconductors, networking equipment, software, and the power and cooling systems needed for AI. This spending also boosts economic activity outside the tech sector by raising demand for construction, electrical equipment, power generation and transmission, real estate, and skilled workers. AI-related investment will likely continue to drive business spending and economic growth as companies add more computing power and increase the use AI in their operations. However, if demand for AI slows, returns on AI investments fall short, or there are problems with power and infrastructure, companies might cut back on spending, which would reduce a key source of current economic growth.

Manufacturing activity improved in the second quarter. The industrial production index tracks real output from manufacturing, mining, and utilities, using 2017 as the base year. These sectors are sensitive to interest rates and global economic trends. Since late 2024, the index has risen steadily, supported by falling interest rates that have reduced borrowing costs and improved cash flow (Figure 26, right). In July 2026, the index increased 1.1 percent year-over-year, indicating modest growth. Growth has been supported by stronger production and new orders, as well as increased demand for business equipment, including information processing and industrial equipment. However, the spike in energy prices, borrowing costs, and tariffs on goods elevates risks for the manufacturing outlook.

- **Equity markets remain near all-time highs in spite of notable headwinds.** Despite concerns about the war in Iran, rising oil prices, tariffs, inflation, and potential overinvestment in AI, major equity markets have remained strong. The S&P 500 reached a record high of nearly 7,800 in August and remains near that level, while the Dow Jones Industrial Average has traded above 54,000, near its record high of 54,194, reached on August 4, 2026.

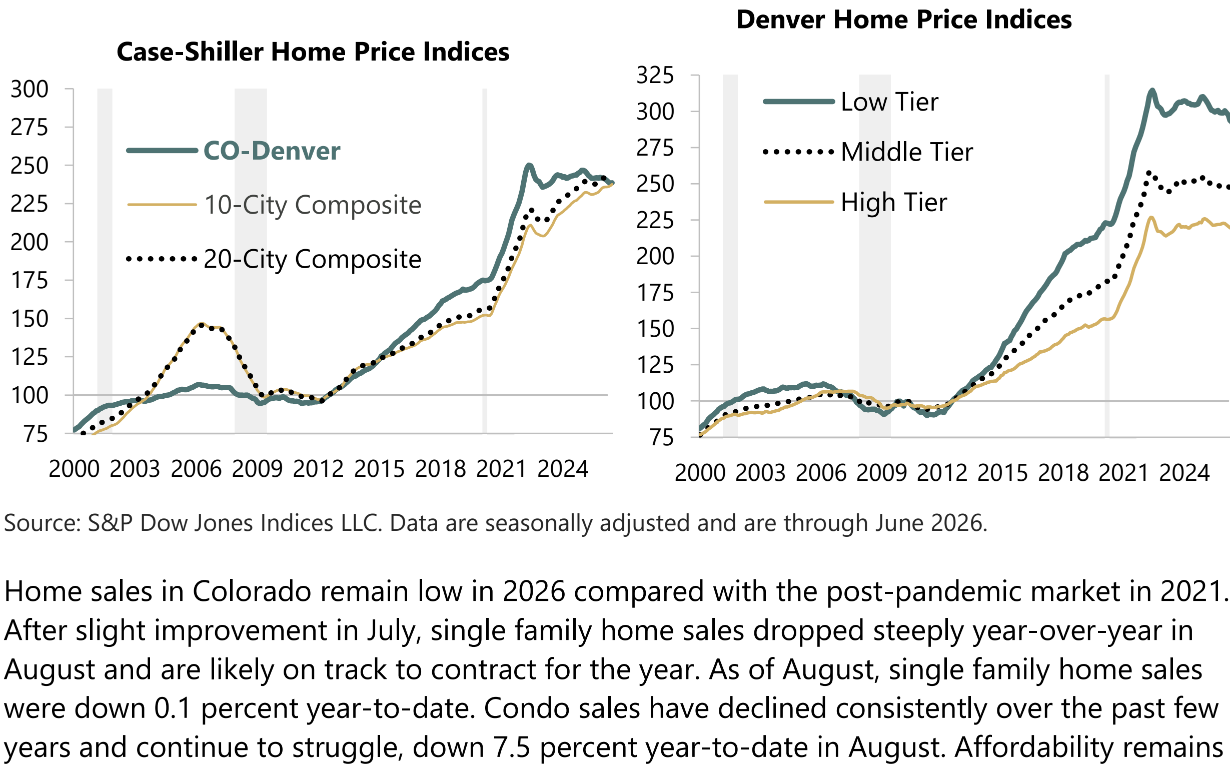
Real Estate and Construction Activity

National housing market remains sluggish. The national housing market is set for ongoing moderation as home price growth continues to decelerate, home sales remain sluggish, and economic conditions create near-term headwinds. According to the Case-Shiller 20-city composite index, prices in the nation’s largest cities were up 1.6 percent year-over-year in May 2026, decelerating from 4.8 percent year-over-year growth in January 2025.

National sales of existing homes as tracked by the National Association of Realtors (NAR) remain below pandemic-era highs recorded in late 2020. Since 2024, the seasonally adjusted annual rate of sales has ranged between 3.9 million and 4.3 million, down from 6.5 million in the fourth quarter of 2020. In July 2026, year-over-year annualized sales were up slightly at about 4.1 million and inventory levels tightened slightly in a reversal of trend. However, home affordability worsened in the second quarter as mortgage rates rose after falling in the first quarter. The 30-year fixed rate mortgage in the United States averaged about 6.7 percent in August 2026, up from about 6.1 percent in January. With slow job growth, a slower pace of income growth, an uncertain interest rate trajectory, and slower international migration, the market is expected to record limited growth during the forecast period.

Home prices continue to fall across Colorado and sales are falling. Home prices in Denver have languished since peaking in mid-2022, and were 4.6 percent below the peak level in June 2026. Denver prices were down 1.3 percent year-over-year in June (Figure 27, left). Prices have declined for all tiers (Figure 27, right). According to the Colorado Association of Realtors, the median single-family home price statewide was down 0.3 percent year-to-date through August 2026, and was down 1.5 percent for condos. Average prices were down 1.8 percent for single family homes year-to-date, but were up 2.6 percent year-to-date for condos after improving since last summer's low.

Figure 27
Selected Home Price Indicators
Index 100 = July 2012



Source: S&P Dow Jones Indices LLC. Data are seasonally adjusted and are through June 2026.

Home sales in Colorado remain low in 2026 compared with the post-pandemic market in 2021. After slight improvement in July, single family home sales dropped steeply year-over-year in August and are likely on track to contract for the year. As of August, single family home sales were down 0.1 percent year-to-date. Condo sales have declined consistently over the past few years and continue to struggle, down 7.5 percent year-to-date in August. Affordability remains a challenge in the state, and sellers continue to sell below list price. Housing inventory has climbed for the past four years, but has fallen somewhat in recent months. In August, inventory fell 8.3 percent year-over-year for single family homes, and was down 4.4 percent for condos.

Another measure of market slack is the number of days on the market, which continues to lengthen for both single family homes and condos.

Market conditions lead to less single-family homebuilding. In 2025, housing permits for new units in the U.S. struggled for the third consecutive year as interest rates remain elevated. In 2025, permits were down 1.1 percent, with a 7.3 percent decrease in single family units that was mostly offset by a 16.9 percent increase in multifamily. Through June 2026, single-family permits remain down, decreasing 5.4 percent year-to-date. Multifamily permits continue to surge, increasing 14.7 percent year-to-date and offsetting declines in single-family building. Overall, permits have started the year up 0.4 percent through June. Homebuilder sentiment for single family remains low according to data from the National Association of Home Builders (NAHB). For 28 consecutive months through August 2026, the survey has indicated that the majority of builders are not confident in the current and near-term outlook. Homebuilders continue to offer price reductions and sales incentives at higher levels to boost purchases. Materials costs for builders continue to increase faster than inflation, rising 6.7 percent for the 12 months ending in July. Affordability has also declined over the past few months with higher mortgage rates and home price increases.

Like the nation, there is contrasting performance for single-family and multifamily construction in Colorado. Residential construction in Colorado grew 4.9 percent in 2025 as multifamily permits offset fewer single-family permits. Growth is slowing however, with permits up just 0.1 percent year-to-date through June 2026. Through June, single-family permits were down 4.7 percent while multifamily permits were up 6.4 percent year-to-date. After a surge through the spring, multifamily permitting in the state appears to be slowing. The spring surge in multifamily permits portends rising vacancy rates and downward pressure on rents over the next year. Apartment surveys in the state continue to report weak market conditions overall, despite some improvement in vacancy rates in the second quarter. Rental demand remains weak in the Denver area according to rental data tracked by Zillow, and rents continue to fall. The Colorado Housing and Finance Authority’s latest apartment survey records slightly improved trends in other areas of the state. According to the survey, median rent in tracked markets outside of Metro Denver was up 1.4 percent year-over-year in the second quarter of 2026. Estimates from Colorado’s State Demography Office indicate that annual building permits have outpaced new household formation for several years. Combined with an uncertain policy environment, weak market fundamentals will weigh on new construction.

- The number of residential construction permits issued in Colorado is expected to decrease 0.5 percent in 2026. Permit issuances are expected to decline further, by 3.7 percent in 2027 and by 0.8 percent in 2028.

Nonresidential construction slows in the U.S., and starts the year down in Colorado. Nonresidential construction activity continues to slow nationwide. As tracked by the U.S. Census Bureau, the seasonally-adjusted annual rate of spending peaked in late 2023. In June 2026, nonresidential spending was down 3.2 percent year-over-year. Over-the-year, declines were recorded in commercial, healthcare, lodging, and manufacturing. The office category continued to show growth, but the sector has been boosted by data center construction rather than construction in traditional office buildings. However, manufacturing is undergoing a steep contraction and was down 21.4 percent year-over-year. Other types of projects improved, including highways and streets, transportation, and the power sector.

Following the steep contraction in 2024, nonresidential construction in Colorado was boosted in 2025 by the start of a $280 million manufacturing project in Adams County and a $550 million hotel project in San Miguel County. Beside these projects, commercial buildings and offices had improved to the highest level of spending since 2022, largely due to data centers rather than traditional office buildings where markets remain challenged. However, through July 2026 the value of nonresidential construction was down 13.1 percent year-to-date. Similar to the nation, construction contracted due to a steep drop in new manufacturing projects. Warehouses were also down more than 41 percent year-to-date. Further, construction of retail buildings like stores and restaurants remains down year-to-date. Infrastructure projects are faring better in 2026. After recording no new starts in the first quarter, the electric power sector surged from May to July. Water supply projects have also recorded strong growth through the first seven months of the year.

- The value of nonresidential construction starts in Colorado is expected to decrease by 16.2 percent in 2026 before recovering somewhat beginning in 2027. In 2027, the value of starts is forecast to increase by 6.9 percent, then grow 1.6 percent in 2028.

Energy Markets

Oil prices spike following the war in Iran. Crude oil prices fell consistently after the post-pandemic surge from a monthly high of about $115 per barrel for West Texas Intermediate (WTI) crude, to a low of about $58 per barrel in December 2025. Following the start of the war in Iran in March, prices jumped to over $100 per barrel in April. Despite the ongoing conflict and heightened volatility, prices receded quickly over the summer to as low as $80.46 per barrel on average in July, but are likely to jump back to over $100 on average in September as the conflict has escalated. Since the June 2026 forecast, the oil price outlook has been revised down from an average of $84.98 in 2026 to $81.36 because of lower-than-expected summer prices, and has been revised lower for 2027.

The ongoing conflict continues to impact trade through the Strait of Hormuz. Prior to the war, the strait was the primary route of transit for about one-fifth of the world's oil. Oil shipped through the strait largely serves European and Asian markets that have been more acutely impacted by closure. The conflict has caused exporting nations in the Middle East to divert oil to other shipping routes, and several nations are considering or implementing pipeline projects that would provide alternative shipping options. Although the amount of oil currently transiting the strait is disputed, the flow has not been choked off completely, helping to dampen prices over the summer. Simultaneously, the price surge following the war dampened demand for oil, which has also kept prices in check. The conflict has recently escalated beyond the strait, threatening these alternative supply routes and the fragile summer price reprieve.

The duration of the conflict has caused reductions in strategic petroleum reserves around the world. As the disruption to the world's oil supply lengthens, it is expected to compound the length of time before prices recede. The drawdown of strategic reserves and inventories will be followed by a gradual rebuild. Further, it will take time to bring offline wells and damaged pipelines back to production. The Energy Information Administration (EIA) currently anticipates global oil inventories will begin to rebuild in early 2027.

As elevated prices persist, price increases due to supply disruptions in the Middle East are expected to be mitigated in the forecast period by increased production in the Americas and by reduced demand. While shale producers in the United States are not expected to respond to short-term price disruptions, price expectations are increasing and profits have surged which may begin to incentivize increased drilling and production. Also influencing producers' decisions will be increasing demand for U.S. oil and petroleum product exports.

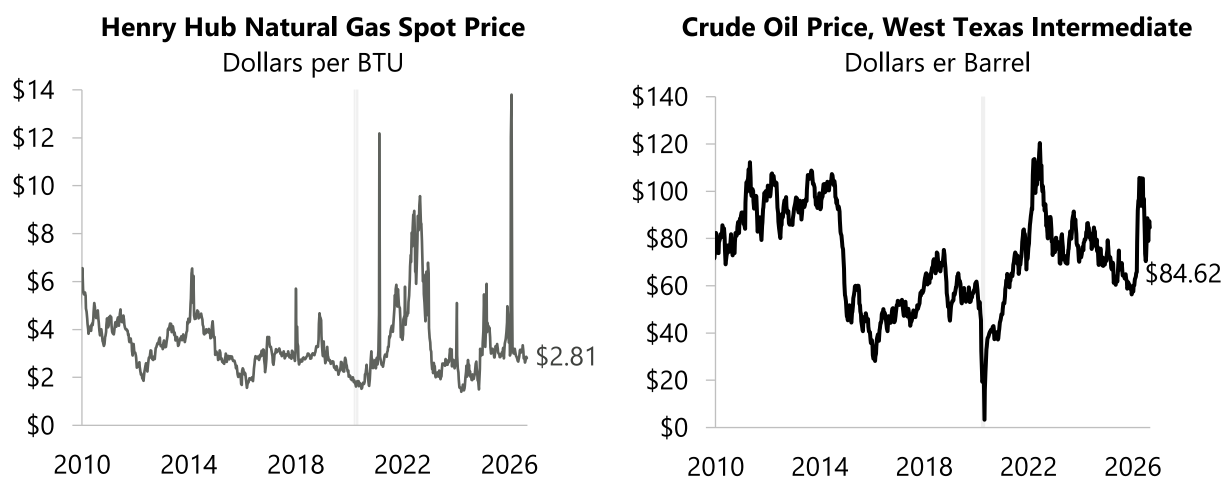
- The price of West Texas Intermediate crude oil is expected to increase in 2026, with the price per barrel averaging $81.36 in 2026, $68.83 in 2027, and $68.70 in 2028.

Natural gas price expectations revised down. After a spike in January, natural gas prices have fallen back to below $3.00. In August, the average monthly Henry Hub spot price fell to $2.78 per million BTU, from a high of $7.20 in January. Since the June 2026 forecast, price expectations have been revised down through the forecast period.

As noted by the EIA, better weather through the 2025-26 winter allowed storage to increase above average levels by March. Inventories are currently tracking well above the 5-year average, aided by record U.S. natural gas production. Additionally, the EIA has anticipated pipeline constraints for natural gas produced in the Permian shale oil region will loosen and boost production of oil-associated natural gas. The war in Iran and associated higher crude oil prices also has the potential to encourage more natural gas production if it boosts shale oil production during the forecast period. The export market for U.S. liquefied natural gas remains strong, and will be boosted by exports to Mexico as the country announced an expansion of its natural gas generating capacity.

- In 2026, the Henry Hub spot price is expected to average $3.40 per million BTU. The price will fall to $3.24 in 2027 and then rise to $3.36 in 2028.

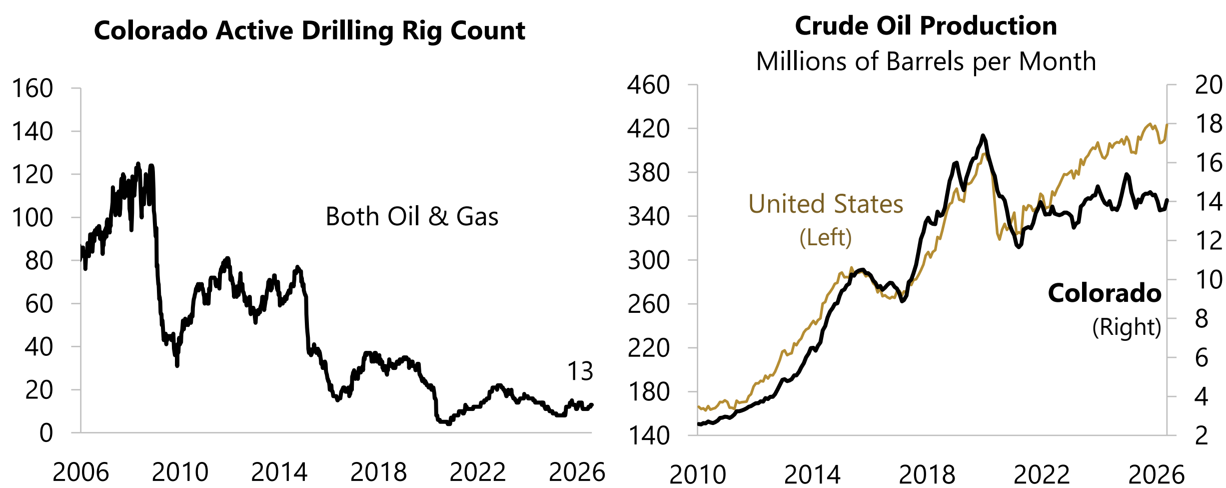
Figure 28
Select Energy Price Indicators



Source: U.S. Energy Information Administration. Weekly average prices. Data are not seasonally adjusted and are through the week of August 28, 2026.

Colorado's oil production to remain stable through the forecast period. Colorado's crude oil production remains below pre-pandemic levels, growing by only about 7 percent between 2022 and 2025, compared with about 13 percent nationwide (Figure 29, right). The outlook for Colorado's production was revised up slightly through the forecast period compared with the June 2026 forecast based on more positive industry expectations. In 2026, production is still expected to decrease, but only by an estimated 3.1 percent. In contrast, U.S. crude oil production is forecast by the EIA to modestly increase.

Figure 29
Select Energy Production Indicators



Sources: Baker Hughes data (left) through August 2026. U.S. Energy Information data (right) shown as a three-month moving average, not seasonally adjusted, through May 2026.

The forecast anticipates producers are cautiously responding to higher prices, overcoming their initial hesitancy following the onset of the Iran war and subsequent price spike. Based on the Federal Reserve Bank of Kansas City's second quarter energy survey, drilling activity improved in the tenth district, which includes Colorado, with the index recording its first positive reading since 2023. An index for capital expenditures also moved into positive territory, and expectations remained expansionary. Firms reported that oil prices in the tenth district needed to be $66 per barrel on average for drilling to be profitable and around $83 per barrel for a substantial increase. After profits surged in the second quarter and as price expectations have settled firmly higher than the low end of this range, the forecast anticipates slight improvement in production over the prior forecast.

Colorado natural gas production has lagged the U.S. for several years. From 2020 to 2025, Colorado natural gas production declined by about 6.5 percent, compared with about a 17 percent increase for the nation as a whole. This is partly due to an increase in natural gas production across the U.S. from oil wells (approximately 10 percent), while oil well production in Colorado has significantly diminished. Expectations for Colorado's natural gas production were revised down through the forecast period based on a lower forecast for prices. According to survey data from the Federal Reserve Bank of Kansas City, natural gas prices in the tenth district have remained below the average profitability for new wells for several years. In the second quarter of 2026, firms indicated a spot price of $3.61 per million BTU for drilling profitable new wells. Prices are forecast to be below this level through the forecast period. However, new leasing activity on Colorado's federal lands may help support production in the next few years. In 2026, natural gas production in Colorado is expected to increase 0.6 percent, before decreasing 1.2 percent in 2027 and 0.5 percent in 2028.

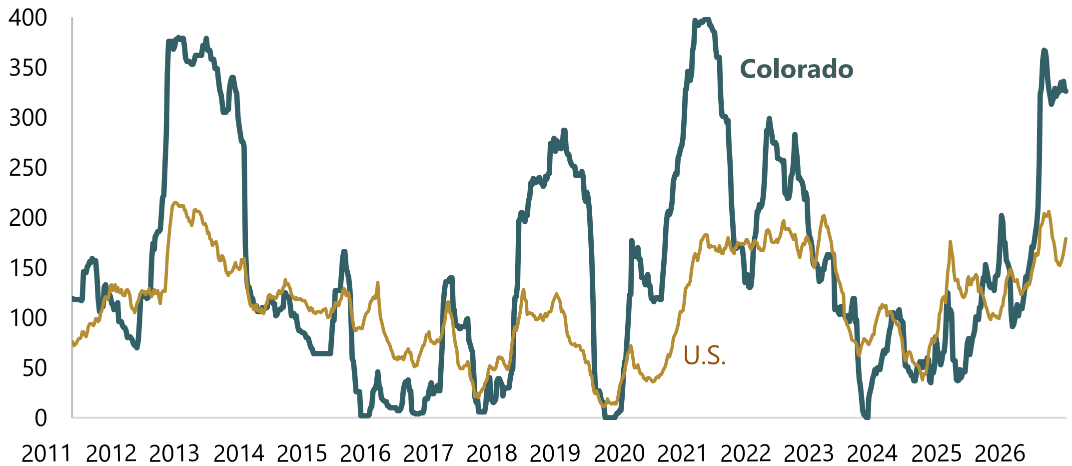
Colorado's retail gasoline prices are expected to average $3.75 in 2026. Colorado's retail gasoline prices averaged about $3.02 per gallon in 2025, lower than the $3.21 average in 2024, and lower than the U.S. average of $3.23. After the spike in oil prices in March 2026, gas prices rose to an average of $4.59 per gallon by May. Gas prices have followed the volatility in oil prices, falling below $4.00 per gallon in July, then jumping to $4.33 in August. In August, prices were up about 39 percent year-over-year, and were about $0.14 above the U.S. average. Colorado's gas prices typically trend below the U.S. historically. Near-term retail gasoline prices are expected to remain high, but will ease if oil supply disruptions resolve. Like the oil price forecast, there is upside risk to gas prices if the conflict disrupts markets more than anticipated. In 2027, retail gasoline prices are expected average about $3.43 per gallon nationwide with lower oil prices, and about $3.36 per gallon in Colorado.

Agriculture

The near-term outlook for producers is poor, with many sets of headwinds. Net farm incomes are expected to decrease modestly in 2026 with little improvement in 2027. Profitability is expected to be hampered by severe drought lending to water restrictions for some Colorado farmers, high tariffs and global conflict weighing on input costs such as fertilizer and fuel, a shrinking labor force constraining the supply of workers and putting upward pressure on labor costs, and increased interest rate expectations. Feed prices are expected to remain elevated in the short term, limiting incentives for ranchers to expand historically small herd sizes. On the upside, drought conditions and production may improve somewhat in 2027 and 2028, and the One Big Beautiful Bill Act (OBBBA) has increased federal support options for farmers.

Nationwide drought conditions that are the most severe in Colorado and Wyoming have led to inter-state lawsuits regarding water rights and water limitations for some Colorado farmers. While wetter conditions are expected for the remaining months of 2026, significant and consistent snowpack is needed to sufficiently replenish state aquifers and reservoirs without continued or more restrictive water use limitations through the forecast period.

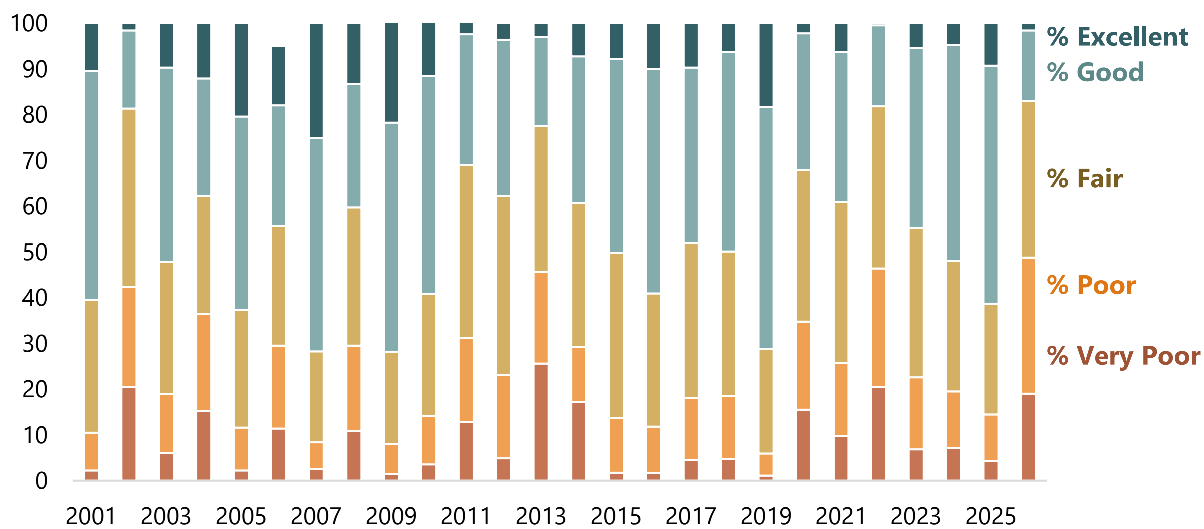
Figure 30
Drought Severity and Coverage Index
Index 0-500



Source: United States Drought Monitor. Data through August 2026. Zero indicates none of the area is abnormally dry or in drought and 500 indicates all of the area is in exceptional drought.

Crop conditions suffer amidst poor growing conditions and high input costs as one of the most severe droughts in Colorado history limits water usage and erodes plant health. Corn, hay, and winter wheat (Figure 31, below)—three of Colorado's key crops—have seen crop conditions fall to historic lows in 2026, with respectively only 41 percent, 24 percent, and 17 percent of these crops reported in good or excellent condition through August.

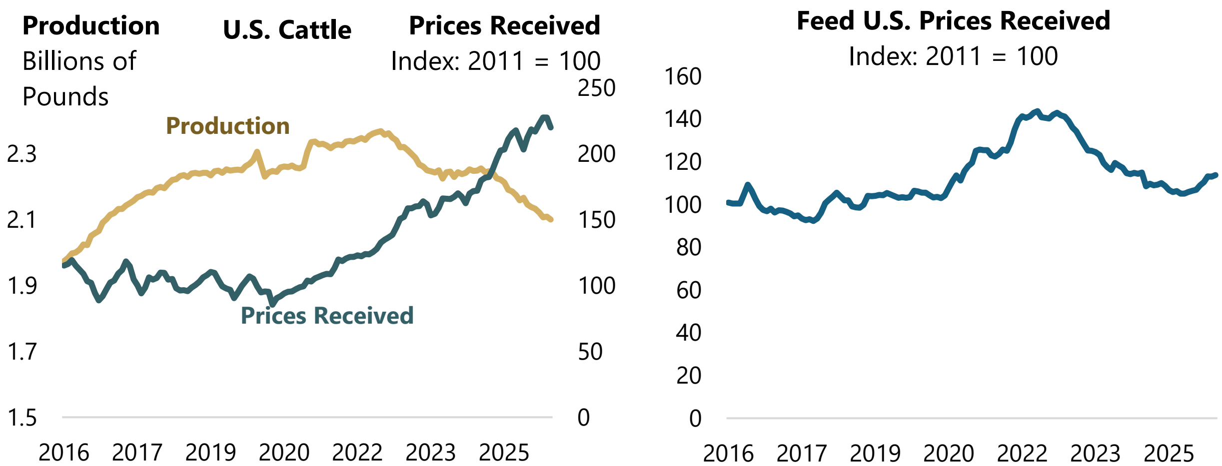
Figure 31
Colorado Winter Wheat Conditions
Percent of Total



Source: USDA National Agricultural Statistics Services. Data through August 2026.

Colorado and U.S. cattle and feed production are expected to remain depressed in the short run. However, cattle prices received by U.S. farmers fluctuate with global supply and could continue to moderate if temporary tariff suspensions on beef imports persist. If drought conditions improve, feed production may rebound, tempering input costs for ranchers, which would allow for some uptick in cattle production in late 2027 or 2028.

Figure 32
Agricultural Statistics



Source: USDA National Agricultural Statistics Services. Data through July 2026. Production data seasonally adjusted using a 12-month rolling average.

Risks to the Forecast

The current economy faces high uncertainty, carrying significant upside and downside risks. This section discusses risks that could cause economic and revenue performance to deviate from the expectations presented in this document.

Resilient consumers and businesses, and AI-related investment headline upside risks. Consumer spending accelerated in the second quarter of 2026, despite headwinds from price increases, weakening household finances, a softening labor market, and historically low consumer confidence. If consumers remain resilient, spending could increase by more than expected, increasing contributions to GDP growth and encouraging more business investment.

With corporate profits soaring and business investment still growing, businesses continue to weather ongoing uncertainty related to immigration and tariff policy, geopolitical tensions, and ongoing AI adoption with flexibility. If business optimism and investment improve above expectations, economic activity and hiring could increase by more than expected.

AI investment continues to boost economic output through heightened investment in data centers, AI-related technology and equipment, and intellectual property. AI is also driving growth in stock markets and is producing productivity gains. Unanticipated boosts to productivity, hiring, or investment present an upside risk to the forecast.

Higher interest rates and subsequent weakening household finances, weak labor markets, and AI-related disruptions present downside risks. With re-escalating geopolitical conflict and trade disruptions, inflation persists above the Federal Reserve's target rate. This has tipped the balance toward monetary policy tightening in 2026, and long-term interest rates have already risen in recent weeks amidst mounting concerns over federal government debt levels. If monetary policy or government borrowing pushes long term interest rates higher than anticipated, it would crowd out the business investment that is a currently driving U.S. economic growth. Rising interest rates will also impact already weak household finances and further weaken housing markets.

Household finances continue to deteriorate for segments of the population while labor markets remain weak. Although homeowners continue to benefit from low levels of debt overall, many households face mounting credit card, auto loan, and student loan debt burdens. A continued low and steady unemployment rate masks the rising share of the long-term unemployed, with accompanying impacts on those households' finances and ability to reenter employment. Weak labor markets, savings rates, and rising delinquencies present challenges to households and consumers. Unanticipated fallout to consumer spending or financial institutions poses another downside risk to the forecast.

Lastly, AI-related disruptions to employment, financial markets, and to the economy more broadly present an emerging downside risk of unknown magnitude. Employment patterns are already being disrupted as AI transforms the workplace, with impacts evident in some industries and still unclear in others. There is little evidence at this time that AI is displacing broad swathes of workers, but rather that employers are using AI to transform work. Beyond the impact of AI on employment and work, there is a growing risk that AI-fueled financial market values may see a correction, which could impact consumer spending through wealth effects. Finally, the summer attack on Hugging Face by a swarm of rogue AI agents raises the specter of unknown, potentially broad-based AI disruptions to the economy, including to health care systems and financial institutions, in the nearer future than had been previously considered. These impacts constitute an additional risk to the outlook in September.

Table 20
National Economic Indicators

Calendar Years	2022	2023	2024	2025	Legislative Council Staff Forecast 2026f	2027f	2028f
Real GDP (Billions, 2017 dollars)	$22,075.9	$22,723.7	$23,358.4	$23,850.4	$24,375.1	$24,911.4	$25,434.5
Percent Change in Real GDP	2.5%	2.9%	2.8%	2.1%	2.2%	2.2%	2.1%
Nonfarm Employment (Millions)	152.5	155.9	157.7	158.5	158.9	160.0	160.8
Percent Change in Nonfarm Employment	4.3%	2.2%	1.2%	0.5%	0.3%	0.7%	0.5%
Unemployment Rate	3.6%	3.6%	4.0%	4.3%	4.3%	4.2%	4.2%
Personal Income (Billions)	$22,153.8	$23,585.0	$24,905.9	$26,099.9	$27,091.7	$28,419.2	$29,612.8
Percent Change in Personal Income	3.0%	6.5%	5.6%	4.8%	3.8%	4.9%	4.2%
Wage and Salary Income (Billions)	$11,122.8	$11,732.4	$12,387.9	$12,958.7	$13,451.1	$14,002.6	$14,464.7
Percent Change in Wage and Salary Income	7.8%	5.5%	5.6%	4.6%	3.8%	4.1%	3.3%
Inflation	8.0%	4.1%	2.9%	2.6%	3.5%	2.9%	2.2%

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

Table 21
Colorado Economic Indicators

Calendar Years	2022	2023	2024	2025	Legislative Council Staff Forecast 2026f	2027f	2028f
Population (Thousands, as of July 1)	5,853.4	5,912.2	5,988.5	6,012.6	6,025.0	6,070.0	6,118.9
Percent Change in Population	0.7%	1.0%	1.3%	0.4%	0.2%	0.7%	0.8%
Nonfarm Employment (Thousands)	2,869.7	2,937.4	2,969.6	2,962.1	2,965.1	2,982.9	3,006.7
Percent Change in Nonfarm Employment	4.3%	2.4%	1.1%	-0.3%	0.1%	0.6%	0.8%
Unemployment Rate	3.1%	3.3%	4.1%	4.0%	3.9%	3.6%	3.6%
Personal Income (Millions)	$448,677	$473,105	$494,799	$518,168	$536,822	$559,905	$585,661
Percent Change in Personal Income	7.3%	5.4%	4.6%	4.7%	3.6%	4.3%	4.6%
Wage and Salary Income (Millions)	$225,417	$238,971	$250,130	$261,586	$271,290	$283,010	$296,764
Percent Change in Wage and Salary Income	9.7%	6.0%	4.7%	4.6%	3.7%	4.3%	4.9%
Retail Trade Sales (Millions)	$144,145	$145,707	$145,993	$149,068	$153,405	$157,409	$162,824
Percent Change in Retail Trade Sales	9.6%	1.1%	0.2%	2.1%	2.9%	2.6%	3.4%
Housing Permits (Thousands)	48.3	39.4	32.2	33.8	33.6	32.3	32.1
Percent Change in Housing Permits	-14.5%	-18.5%	-18.3%	4.9%	-0.5%	-3.7%	-0.8%
Nonresidential Construction (Thousands)	$6,610.9	$6,558.8	$4,942.2	$7,002.2	$5,871.3	$6,273.5	$6,375.1
Percent Change in Nonres. Construction	16.4%	-0.8%	-24.6%	41.7%	-16.2%	6.9%	1.6%
Denver-Aurora-Lakewood Inflation	8.0%	5.2%	2.3%	2.3%	3.9%	2.2%	2.5%

Sources:

Population and housing permits from U.S. Census Bureau. 2020 population numbers reflect the 2020 Census, while other numbers reflect the July 1 estimates. Residential housing permits are the number of new single- and multifamily housing units permitted for building.

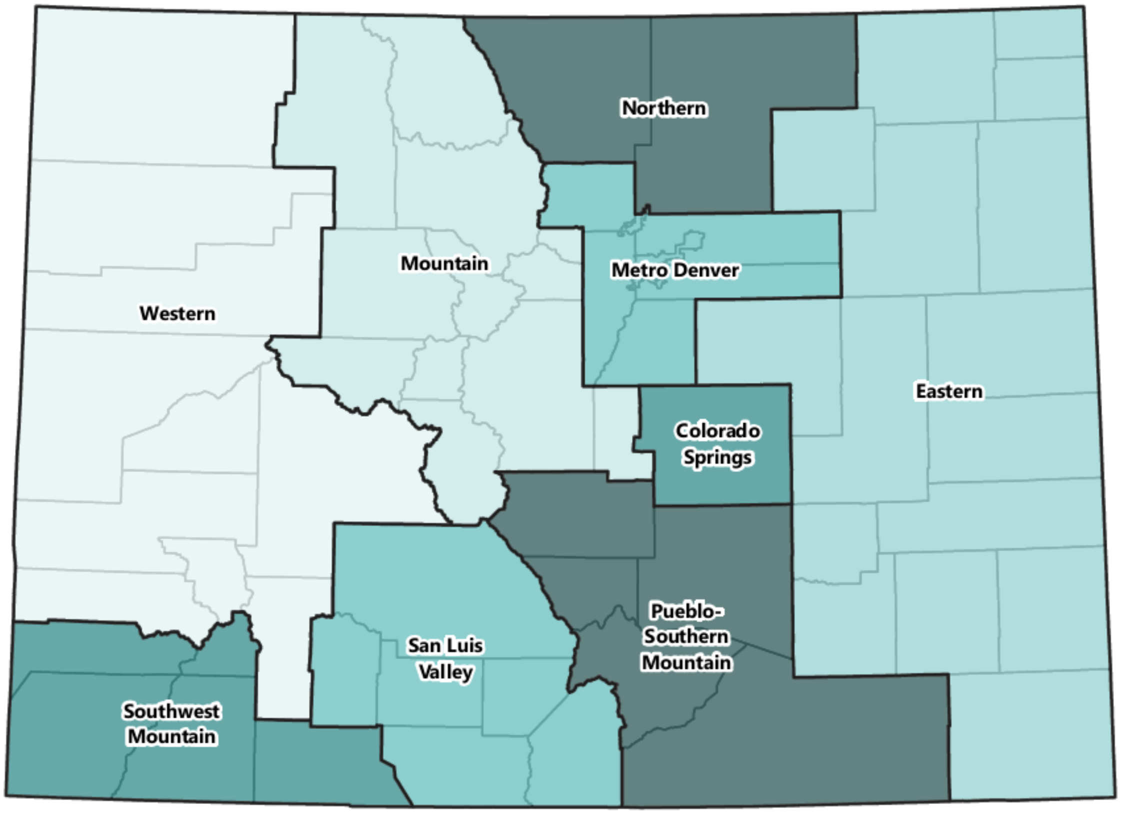
Employment and inflation data from U.S. Bureau of Labor Statistics. Inflation shown as the year-over-year change in the consumer price index.

Income data from U.S. Bureau of Economic Analysis. Personal income and wages and salaries not adjusted for inflation.

Retail trade sales data from Colorado Department of Revenue.

Nonresidential construction data from F.W. Dodge.

Colorado Economic Regions



The following sections provide detailed regional profiles and outlooks for nine regions in Colorado.

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

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

Metro Denver Region

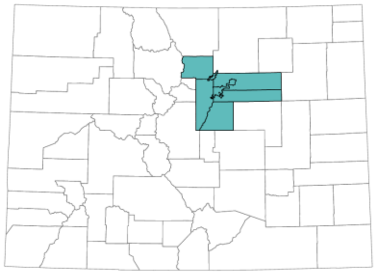


Table 22
Metro Denver Region Economic Indicators
Adams, Arapahoe, Broomfield, Boulder, Denver, Douglas, and Jefferson Counties

Economic Indicators	2022	2023	2024	2025	YTD 2026
Population	3,261,245	3,297,279	3,347,906	3,356,682	NA
Population Growth	0.5%	1.1%	1.5%	0.3%	NA
Employment Growth in Denver MSA	4.9%	2.1%	0.7%	0.1%	-0.1%
Employment Growth in Boulder MSA	4.2%	1.6%	-0.4%	-1.4%	-0.6%
Unemployment Rate	2.9%	3.2%	4.1%	4.0%	3.8%
Average Weekly Wage Level	$1,604	$1,654	$1,729	$1,805	$2,009
Growth in Average Weekly Wages	5.2%	3.1%	4.5%	4.3%	5.0%
Single Family Housing Permit Growth in Denver MSA	-22.3%	-10.2%	0.3%	-18.9%	-1.7%
Single Family Housing Permit Growth in Boulder MSA	42.7%	22.8%	-31.5%	-19.1%	0.4%
Nonresidential Construction Value Growth	35.2%	-17.3%	-15.7%	34.1%	-34.0%
Nonresidential Construction Square Footage (thousands)	24,977	12,703	10,046	11,585	3,879
Nonresidential Construction Square Footage Growth	28.3%	-49.1%	-20.9%	15.3%	-38.3%
Number of Nonresidential Projects	553	597	688	573	342
Nonresidential Projects Growth	25.7%	8.0%	15.2%	-16.7%	0.9%
Average Single Family Sale Price	$790,000	$787,000	$802,000	$807,000	$819,000
Average Single Family Sale Price Growth	10.8%	-0.4%	2.0%	0.6%	0.6%
Single Family Inventory Growth	102.3%	13.6%	41.3%	30.7%	-8.7%
Single Family Home Sales Growth	-21.1%	-16.3%	8.2%	2.1%	1.1%
Retail Sales Growth	11.4%	-0.1%	1.7%	2.2%	2.4%

NA = Not available.
Population data from U.S. Census Bureau. Data through 2025.
Employment data from U.S. Bureau of Labor Statistics, CES (establishment survey). Seasonally adjusted. Data through July 2026.
Unemployment rate from U.S. Bureau of Labor Statistics, LAUS (household survey). Data through July 2026.
Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2026Q1. The 2026 growth rate shows the growth from the same quarters in 2025.
Residential construction data from U.S. Census Bureau. Data through July 2026.
Nonresidential construction data from F.W. Dodge. Data through July 2026.
Housing market data from Colorado Association of Realtors. Data through July 2026.
Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through June 2026.

Northern Region

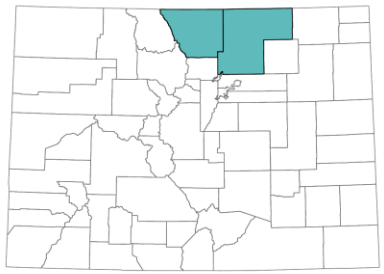


Table 23
Northern Region Economic Indicators
Weld and Larimer Counties

	2022	2023	2024	2025	YTD 2026
Population	718,765	732,163	745,480	755,718	NA
Population Growth	2.3%	1.9%	1.8%	1.4%	NA
Employment Growth in Fort Collins MSA	4.1%	3.0%	0.9%	-2.0%	1.6%
Employment Growth in Greeley MSA	4.7%	4.3%	3.4%	2.8%	0.6%
Unemployment Rate	3.1%	3.3%	4.2%	4.1%	3.9%
Average Weekly Wage Level	$1,219	$1,284	$1,317	$1,409	$1,551
Average Weekly Wages Growth	6.2%	5.3%	2.6%	6.9%	9.0%
State Cattle and Calf Inventory Growth	-1.0%	-7.5%	-0.3%	-4.8%	-5.2%
Natural Gas Production Growth	-2.3%	0.8%	5.7%	3.3%	3.3%
Oil Production Growth	-0.1%	0.8%	2.7%	3.2%	-2.1%
Total Housing Permit Growth in Fort Collins MSA	-19.5%	7.7%	-29.3%	35.6%	-1.1%
Single Family Housing Permit Growth in Fort Collins MSA	-36.1%	-7.5%	6.5%	-26.3%	3.5%
Total Housing Permit Growth in Greeley MSA	17.8%	-14.1%	-30.4%	2.3%	13.8%
Single Family Housing Permit Growth in Greeley MSA	-9.8%	-6.9%	-8.9%	-0.5%	-8.3%
Nonresidential Construction Value Growth	61.0%	30.3%	-45.3%	58.1%	-19.6%
Nonresidential Construction Square Footage (thousands)	6,763	2,972	1,647	2,410	1,409
Nonresidential Construction Square Footage Growth	162.1%	-56.1%	-44.6%	46.3%	14.7%
Number of Nonresidential Projects	179	122	167	189	55
Nonresidential Projects Growth	46.7%	-31.8%	36.9%	13.2%	-62.1%
Average Single Family Sale Price	$598,000	$606,000	$623,000	$630,000	$628,000
Average Single Family Sale Price Growth	12.3%	1.4%	2.7%	1.1%	-1.1%
Single Family Inventory Growth	53.4%	14.5%	21.0%	27.3%	-3.8%
Single Family Home Sales Growth	-20.4%	-19.0%	3.6%	7.5%	-2.6%
Retail Sales Growth in Larimer County	12.3%	4.1%	-1.9%	3.6%	3.7%
Retail Sales Growth in Weld County	16.2%	3.7%	1.3%	7.3%	10.2%

NA = Not available.
Population data from U.S. Census Bureau. Data through 2025.
Employment data from U.S. Bureau of Labor Statistics, CES (establishment survey). Seasonally adjusted. Data through July 2026.
Unemployment rate from U.S. Bureau of Labor Statistics, LAUS (household survey). Data through July 2026.
Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2026Q1. The 2026 growth rate shows the growth from the same quarters in 2025.
Agricultural data from National Agricultural Statistics Service. Cattle and calves on feed. Data through August 2026.
Energy data from the Energy and Carbon Management Commission. Data through May 2026.
Residential construction data from U.S. Census. Data through July 2026.
Nonresidential construction data from F.W. Dodge. Data through July 2026.
Housing market data from Colorado Association of Realtors. Seasonally adjusted. Data through July 2026.
Retail sales data from Colorado Department of Revenue. Data through June 2026

Colorado Springs Region

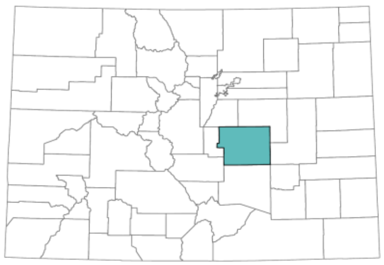


Table 24
Colorado Springs Region Economic Indicators
El Paso County

Economic Indicators	2022	2023	2024	2025	YTD 2026
Population	741,819	745,819	752,356	757,040	NA
Population Growth	0.5%	0.5%	0.9%	0.6%	NA
Employment Growth in Colorado Springs MSA	4.3%	3.2%	1.5%	-1.0%	-0.3%
Unemployment Rate	3.2%	3.4%	4.2%	4.1%	4.0%
Average Weekly Wage Level	$1,192	$1,244	$1,298	$1,364	$1,437
Growth in Average Weekly Wages	4.6%	4.4%	4.3%	5.0%	5.0%
Total Housing Permit Growth	-5.5%	-40.0%	-24.6%	45.6%	-12.1%
Single Family Housing Permit Growth	-28.4%	-26.2%	7.1%	-1.5%	3.2%
Nonresidential Construction Value Growth	-31.0%	14.7%	-36.5%	47.3%	27.0%
Nonresidential Construction Square Footage (thousands)	2,253	1,603	1,538	2,550	1,886
Nonresidential Construction Square Footage Growth	-35.3%	-28.8%	-4.0%	65.8%	23.6%
Number of Nonresidential Projects	276	132	339	293	184
Nonresidential Projects Growth	30.8%	-52.2%	156.8%	-13.6%	0.0%
Average Single Family Sale Price	$542,000	$541,000	$559,000	$564,000	$567,000
Average Single Family Sale Price Growth	10.1%	-0.2%	3.4%	0.8%	-0.5%
Single Family Inventory Growth	117.7%	8.0%	25.6%	29.7%	10.7%
Single Family Home Sales Growth	-17.5%	-24.3%	-1.9%	2.5%	2.8%
Retail Sales Growth	8.5%	0.1%	1.3%	3.2%	3.3%

NA = Not available.
Population data from U.S. Census Bureau. Data through 2025.
Employment data from U.S. Bureau of Labor statistics, CES (establishment survey). Seasonally adjusted. Data through July 2026.
Unemployment rate from U.S. Bureau of Labor statistics, LAUS (household survey). Data through July 2026.
Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2026Q1. The 2026 growth rate shows the growth from the same quarters in 2025.
Housing construction data from U.S. Census. Data through July 2026.
Nonresidential construction data from F.W. Dodge. Data through July 2026.
Housing market data from Colorado Association of Realtors. Data through July 2026.
Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through June 2026.

Pueblo-Southern Mountains Region

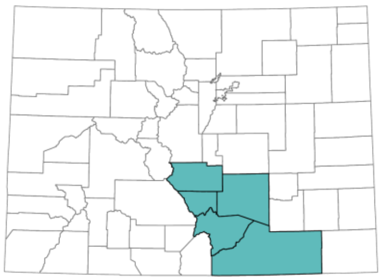


Table 25
Pueblo Region Economic Indicators
Custer, Fremont, Huerfano, Las Animas, and Pueblo Counties

Economic Indicators	2022	2023	2024	2025	YTD 2026
Population	245,821	247,190	247,237	246,308	NA
Population Growth	0.4%	0.6%	0.0%	-0.4%	NA
Employment Growth in Pueblo Region	1.6%	-0.4%	-0.8%	-1.1%	-2.7%
Employment Growth in Pueblo MSA	2.7%	0.4%	-0.7%	-1.0%	-0.6%
Unemployment Rate	4.6%	4.7%	5.7%	5.5%	5.5%
Average Weekly Wage Level	$988	$1,026	$1,057	$1,096	$1,107
Growth in Average Weekly Wages	5.3%	3.8%	3.0%	3.6%	2.7%
Total Housing Permit Growth in Pueblo MSA	-22.9%	-43.8%	-13.5%	-16.0%	-74.7%
Single Family Housing Permit Growth in Pueblo MSA	-22.9%	-43.8%	-13.5%	-16.0%	-74.7%
Nonresidential Construction Value Growth	-63.2%	157.0%	-61.7%	-39.1%	37.4%
Nonresidential Const. Square Footage (thousands)	520	1,426	523	270	76
Nonresidential Construction Square Footage Growth	-68.6%	174.2%	-63.3%	-48.4%	12.5%
Number of Nonresidential Projects	38	50	86	76	26
Nonresidential Projects Growth	-33.3%	31.6%	72.0%	-11.6%	-43.5%
Average Single Family Sale Price	$340,000	$349,000	$347,000	$344,000	$348,000
Average Single Family Sale Price Growth	4.2%	2.8%	-0.8%	-0.7%	0.9%
Single Family Inventory Growth	68.7%	31.4%	28.3%	13.6%	4.8%
Single Family Home Sales Growth	-6.2%	-17.5%	-8.1%	-14.6%	17.6%
Retail Sales Growth	14.5%	-1.7%	-5.1%	9.3%	-2.8%

NA = not available.
Population data from U.S. Census Bureau. Data through 2025.
Employment data from U.S. Bureau of Labor statistics, LAUS (Pueblo region) and CES (Pueblo MSA). Data through July 2026.
Unemployment rate from U.S. Bureau of Labor statistics, LAUS (household survey). Data through July 2026.
Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2026Q1. The 2026 growth rate shows the growth from the same quarters in 2025.
Housing construction data from U.S. Census. Data through July 2026.
Nonresidential construction data from F.W. Dodge. Data through July 2026.
Housing market data from Colorado Association of Realtors. Data through July 2026.
Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through June 2026.

Eastern Region

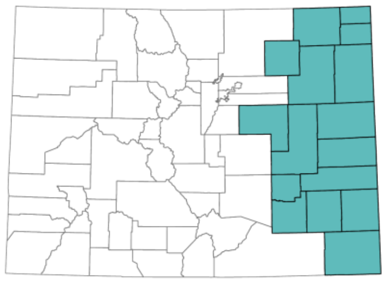


Table 26
Eastern Region Economic Indicators
Baca, Bent, Cheyenne, Crowley, Elbert, Kiowa, Kit Carson, Lincoln, Logan, Morgan, Otero, Phillips, Prowers, Sedgwick, Washington, and Yuma Counties

Economic Indicators	2022	2023	2024	2025	YTD 2026
Population	159,864	161,077	161,991	162,935	NA
Population Growth	0.3%	0.8%	0.6%	0.6%	NA
Employment Growth	1.6%	0.7%	0.4%	-1.9%	-3.8%
Unemployment Rate	3.0%	3.0%	3.8%	3.7%	3.6%
Average Weekly Wage Level	$918	$957	$988	$1,027	$1,058
Growth in Average Weekly Wages	5.3%	4.3%	3.2%	3.9%	5.5%
Wheat Price Growth ($/Bushel)	42.2%	-14.3%	-28.4%	-13.3%	12.3%
Corn Price Growth ($/Bushel)	30.9%	-7.0%	-30.1%	-3.6%	-7.6%
Alfalfa Hay Price Growth (Baled, $/Ton)	2.8%	14.5%	-23.4%	-19.9%	15.2%
Dry Beans Price Growth ($/hundredweight)	14.4%	-11.1%	1.3%	-15.4%	NA
State Cattle and Calf Inventory Growth	-1.0%	-7.5%	-0.3%	-4.8%	-5.2%
Milk Production Growth	0.7%	-1.9%	0.8%	3.9%	4.4%
Housing Permit Growth	-26.2%	-25.9%	47.4%	-12.1%	-15.8%
Average Single Family Sale Price	$412,000	$407,000	$431,000	$455,000	$457,000
Average Single Family Sale Price Growth	7.7%	-1.2%	5.9%	5.6%	-1.6%
Single Family Inventory Growth	65.9%	23.6%	11.6%	26.6%	1.2%
Single Family Home Sales Growth	-6.8%	-10.3%	0.7%	1.4%	-7.9%
Retail Sales Growth	18.9%	-0.3%	0.2%	3.8%	6.2%

NA = Not available.
Population data from U.S. Census Bureau. Data through 2025.
Employment data from U.S. Bureau of Labor statistics, LAUS (household survey). Data through July 2026.
Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2026Q1. The 2026 growth rate shows the growth from the same quarters in 2025.
Agricultural data from National Agricultural Statistics Service statewide data. Data through July 2026.
Construction data from F.W. Dodge. Permits for residential units. Data through July 2026.
Housing market data from Colorado Association of Realtors. Seasonally adjusted. Data through July 2026.
Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through June 2026.

Mountain Region

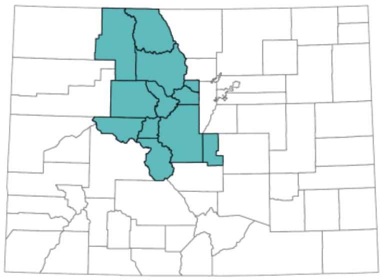


Table 27
Mountain Region Economic Indicators
Chaffee, Clear Creek, Eagle, Gilpin, Grand, Jackson, Lake, Park, Pitkin, Routt, Summit, and Teller Counties

Economic Indicators	2022	2023	2024	2025	YTD 2026
Population	231,400	231,385	232,412	231,989	NA
Population Growth	-0.2%	0.0%	0.4%	-0.2%	NA
Employment Growth	3.7%	1.7%	0.6%	-0.4%	-2.2%
Unemployment Rate	2.8%	2.9%	3.6%	3.4%	3.4%
Average Weekly Wage Level	$1,114	$1,159	$1,196	$1,252	$1,276
Growth in Average Weekly Wages	8.4%	4.1%	3.2%	4.6%	5.2%
Housing Permit Growth	41.1%	-34.7%	43.8%	-6.6%	-22.6%
Nonresidential Construction Value Growth	36.5%	-11.8%	17.1%	-35.1%	148.3%
Nonresidential Const. Square Footage (thousands)	983	836	640	444	689
Nonresidential Const. Square Footage Growth	10.1%	-15.0%	-23.5%	-30.6%	226.2%
Number of Nonresidential Projects	77	53	65	66	57
Nonresidential Projects Growth	26.2%	-31.2%	22.6%	1.5%	67.6%
Average Single Family Sale Price	$1,424,000	$1,465,000	$1,601,000	$1,627,000	$1,552,000
Average Single Family Sale Price Growth	9.6%	2.8%	9.3%	1.6%	-5.7%
Single Family Inventory Growth	21.8%	15.7%	37.1%	37.1%	5.3%
Single Family Home Sales Growth	-30.4%	-15.5%	2.8%	6.3%	1.6%
Retail Sales Growth	17.0%	4.0%	1.6%	2.5%	-0.7%

NA = Not available.
Population data from U.S. Census Bureau. Data through 2025.
Employment data from U.S. Bureau of Labor Statistics, LAUS (household survey). Data through July 2026.
Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2026Q1. The 2026 growth rate shows the growth from the same quarters in 2025.
Construction data from F.W. Dodge. Permits for residential units. Data through July 2026.
Housing market data are for single family homes, townhouses, and condos combined and from Colorado Association of Realtors. Seasonally adjusted. Data through July 2026.
Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through June 2026.

Western Region

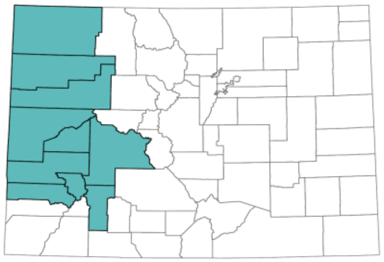


Table 28
Western Region Economic Indicators
Delta, Garfield, Gunnison, Hinsdale, Mesa, Moffat, Montrose, Ouray, Rio Blanco, and San Miguel Counties

Economic Indicators	2022	2023	2024	2025	YTD 2026
Population	347,480	350,235	353,448	354,103	NA
Population Growth	0.7%	0.8%	0.9%	0.2%	NA
Employment Growth in Western Region	2.0%	1.2%	1.4%	0.0%	-2.2%
Employment Growth in Grand Junction MSA	2.4%	1.7%	2.1%	0.4%	0.0%
Unemployment Rate	3.4%	3.5%	4.2%	4.0%	3.8%
Average Weekly Wage Level	$1,025	$1,072	$1,102	$1,149	$1,177
Growth in Average Weekly Wages	7.4%	4.6%	2.8%	4.3%	5.1%
Natural Gas Production Growth	-5.8%	-17.0%	-5.8%	2.3%	-1.7%
Housing Permit Growth	-10.8%	13.9%	-36.0%	14.5%	-27.4%
Nonresidential Construction Value Growth	-12.4%	-23.9%	64.1%	213.7%	12.7%
Nonresidential Const. Square Footage (thousands)	773	687	869	1,590	451
Nonresidential Construction Square Footage Growth	0.0%	-11.1%	26.5%	82.9%	-18.3%
Number of Nonresidential Projects	75	69	103	101	39
Nonresidential Projects Growth	2.7%	-8.0%	49.3%	-1.9%	-35.0%
Average Single Family Sale Price	$536,000	$597,000	$636,000	$644,000	$625,000
Average Single Family Sale Price Growth	3.3%	11.3%	6.6%	1.2%	-2.8%
Single Family Inventory Growth	25.2%	15.2%	10.4%	18.4%	22.9%
Single Family Home Sales Growth	-21.8%	-16.9%	1.4%	2.1%	-6.0%
Retail Sales Growth	11.4%	4.8%	2.9%	5.5%	4.3%
National Park Recreational Visits	-3.9%	0.1%	0.0%	-14.3%	6.3%

NA = Not available.
Population data from U.S. Census Bureau. Data through 2025.
Employment data from U.S. Bureau of Labor Statistics, LAUS (western region) and CES (Grand Junction MSA). Data through July 2026.
Unemployment rate from U.S. Bureau of Labor statistics, LAUS (household survey). Data through July 2026.
Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2026Q1. The 2026 growth rate shows the growth from the same quarters in 2025.
Energy data from the Energy and Carbon Management Commission. Data through July 2026.
Construction data from F.W. Dodge. Data through July 2026.
Housing market data from Colorado Association of Realtors. Data through July 2026.
Retail sales data from Colorado Department of Revenue. Data through June 2026.
National Park visit data from National Park Service. Recreation visits for Black Canyon of the Gunnison NP, Colorado NP, Dinosaur NM, and Curecanti NRA. Data through June 2026.

Southwest Mountain Region

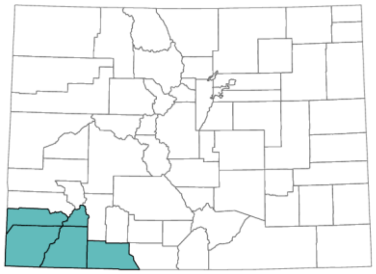


Table 29
Southwest Mountain Region Economic Indicators
Archuleta, Dolores, La Plata, Montezuma, and San Juan Counties

Economic Indicators	2022	2023	2024	2025	YTD 2026
Population	100,284	100,453	101,031	101,161	NA
Population Growth	0.9%	0.2%	0.6%	0.1%	NA
Employment Growth	2.5%	0.7%	0.3%	-0.7%	-1.7%
Unemployment Rate	3.5%	3.6%	4.3%	4.0%	3.7%
Average Weekly Wage Level	$991	$1,042	$1,085	$1,131	$1,135
Growth in Average Weekly Wages	4.5%	5.1%	4.1%	4.3%	4.9%
Housing Permit Growth	-21.9%	21.0%	10.3%	-38.4%	-15.8%
Average Single Family Sale Price	$750,000	$805,000	$808,000	$856,000	$839,000
Average Single Family Sale Price Growth	14.2%	7.4%	0.4%	5.9%	3.3%
Single Family Inventory Growth	12.4%	8.9%	21.1%	22.7%	15.7%
Single Family Home Sales Growth	-23.3%	-18.9%	-0.8%	1.5%	5.2%
Retail Sales Growth	4.9%	1.4%	2.7%	3.8%	2.1%
National Park Recreational Visits	-8.2%	2.3%	-5.3%	-4.3%	5.3%

NA = Not available.
Population data from U.S. Census Bureau. Data through 2025.
Employment data from U.S. Bureau of Labor Statistics, LAUS (household survey). Data through July 2026.
Wage data from U.S. Bureau of Labor statistics, QCEW. Data through 2026Q1. The 2026 growth rate shows the growth from the same quarters in 2025.
Construction data from F.W. Dodge. Permits for residential units. Data through July 2026.
Housing market data from Colorado Association of Realtors. Seasonally adjusted. Data through July 2026.
Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through June 2026.
National Park visit data from National Park Service. Recreation visits for Mesa Verde National Park and Hovenweep National Monument. Data through June 2026.

San Luis Valley Region

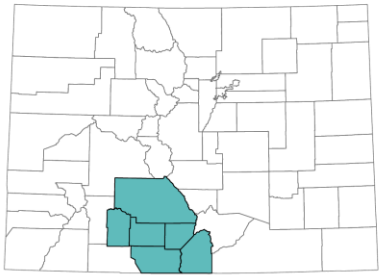


Table 30
San Luis Valley Region Economic Indicators
Alamosa, Conejos, Costilla, Mineral, Rio Grande, and Saguache Counties

Economic Indicators	2022	2023	2024	2025	YTD 2026
Population	46,677	46,639	46,641	46,625	NA
Population Growth	0.1%	-0.1%	0.0%	0.0%	NA
Employment Growth	2.2%	0.2%	0.1%	-2.3%	-4.3%
Unemployment Rate	4.0%	4.1%	4.9%	4.7%	4.4%
Average Weekly Wage Level	$856	$901	$906	$936	$946
Growth in Average Weekly Wages	6.3%	5.2%	0.6%	3.3%	3.9%
Barley Acres Harvested	40,000	52,000	40,000	38,000	30,000
Barley Crop Value ($/Acre)	$628	$1,000	$1,003	$774	NA
Potato Acres Harvested	52,900	54,800	53,800	54,800	52,800
Potato Crop Value ($/Acre)	$7,169	$3,557	$4,034	$3,549	NA
Housing Permit Growth	-21.6%	-6.3%	24.9%	42.0%	-28.3%
Average Single Family Sale Price	$352,000	$365,000	$376,000	$369,000	$360,000
Average Single Family Sale Price Growth	2.5%	3.7%	3.1%	-1.2%	-1.2%
Single Family Inventory Growth	18.6%	32.9%	23.1%	15.5%	15.3%
Single Family Home Sales Growth	-25.4%	-14.8%	8.7%	-5.9%	20.2%
Retail Sales Growth	9.0%	2.3%	1.0%	-0.2%	1.4%
National Park Recreational Visits	-18.1%	3.8%	-14.6%	-1.2%	-2.6%

NA = Not available.
Population data from U.S. Census Bureau. Data through 2025.
Employment data from U.S. Bureau of Labor Statistics, LAUS (household survey). Data through June 2026.
Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2026Q1. The 2026 growth rate shows the growth from the same quarters in 2025.
Agricultural data from National Agricultural Statistics Service statewide data. Data through July 2026.
Construction data from F.W. Dodge. Permits for residential units. Data through July 2026.
Housing market data from Colorado Association of Realtors. Seasonally adjusted. Data through July 2026.
Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through June 2026.
National Park visits data from National Park Service. Recreation visits for Great Sand Dunes NP. Data through June 2026.

Appendix Historical Data

National Economic Indicators

Calendar Years	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GDP (Billions)	$16,254.0	$16,880.7	$17,608.1	$18,295.0	$18,804.9	$19,612.1	$20,656.5	$21,540.0	$21,375.3	$23,725.6	$26,054.6	$27,811.5	$29,298.0	$30,762.1
Percent Change in GDP	4.2%	3.9%	4.3%	3.9%	2.8%	4.3%	5.3%	4.3%	-0.8%	11.0%	9.8%	6.7%	5.3%	5.0%
Real GDP (Billions of 2017 dollars)	$17,442.8	$17,812.2	$18,261.7	$18,799.6	$19,141.7	$19,612.1	$20,193.9	$20,715.7	$20,284.5	$21,532.4	$22,075.9	$22,724	$23,358	$23,850
Percent Change in Real GDP	2.3%	2.1%	2.5%	2.9%	1.8%	2.5%	3.0%	2.6%	-2.1%	6.2%	2.5%	2.9%	2.8%	2.1%
Unemployment Rate	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%	8.1%	5.3%	3.6%	3.6%	4.0%	4.3%
Inflation	2.1%	1.5%	1.6%	0.1%	1.3%	2.1%	2.4%	1.8%	1.2%	4.7%	8.0%	4.1%	2.9%	2.6%
10-Year Treasury Note (Annual average)	1.8%	2.4%	2.5%	2.1%	1.8%	2.3%	2.9%	2.1%	0.9%	1.4%	3.0%	4.0%	4.2%	4.3%
Personal Income (Billions)	$13,917.8	$14,068.8	$14,784.1	$15,473.7	$15,887.7	$16,662.8	$17,528.2	$18,363.2	$19,631.7	$21,498.9	$22,153.8	$23,585.0	$24,905.9	$26,099.9
Percent Change in Personal Income	4.6%	1.1%	5.1%	4.7%	2.7%	4.9%	5.2%	4.8%	6.9%	9.5%	3.0%	6.5%	5.6%	4.8%
Wage & Salary Income (Billions)	$6,928.1	$7,114.0	$7,476.3	$7,859.5	$8,091.2	$8,474.4	$8,899.8	$9,325.1	$9,465.3	$10,315.0	$11,122.8	$11,732.4	$12,387.9	$12,958.7
Percent Change in Wage & Salary Income	4.6%	2.7%	5.1%	5.1%	2.9%	4.7%	5.0%	4.8%	1.5%	9.0%	7.8%	5.5%	5.6%	4.6%
Nonfarm Employment (Millions)	134.2	136.4	138.9	141.8	144.3	146.6	148.9	150.9	142.2	146.3	152.5	155.9	157.7	158.5
Percent Change in Nonfarm Employment	1.7%	1.6%	1.9%	2.1%	1.8%	1.6%	1.6%	1.4%	-5.8%	2.9%	4.3%	2.2%	1.2%	0.5%

Sources:
GDP and income data from U.S. Bureau of Economic Analysis. Real gross domestic product (GDP) is adjusted for inflation. Personal income and wages and salaries not adjusted for inflation.
Unemployment, inflation, and nonfarm employment data from U.S. Bureau of Labor Statistics. Inflation shown as the year-over-year change in the consumer price index for all urban areas (CPI-U).
10-year treasury yields from Federal Reserve Board of Governors.

Colorado Economic Indicators

Calendar Years	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Nonfarm Employment (Thousands)	2,312	2,381	2,464	2,541	2,602	2,660	2,727	2,790	2,653	2,751	2,870	2,937	2,970	2,962
Percent Change in Nonfarm Employment	2.4%	3.0%	3.5%	3.2%	2.4%	2.2%	2.5%	2.3%	-4.9%	3.7%	4.3%	2.4%	1.1%	-0.3%
Unemployment Rate	8.0%	6.7%	5.0%	3.7%	3.1%	2.6%	3.0%	2.7%	6.8%	5.5%	3.1%	3.3%	4.1%	4.0%
Personal Income (Millions)	$236,033	$247,817	$268,453	$279,696	$283,679	$303,367	$328,113	$351,476	$374,449	$418,190	$448,677	$473,105	$494,799	$518,168
Percent Change in Personal Income	5.4%	5.0%	8.3%	4.2%	1.4%	6.9%	8.2%	7.1%	6.5%	11.7%	7.3%	5.4%	4.6%	4.7%
Per Capita Income	$45,495	$47,088	$50,251	$51,401	$51,312	$54,176	$57,798	$61,278	$64,707	$71,924	$76,653	$80,021	$82,625	$86,181
Percent Change in Per Capita Income	4.0%	3.5%	6.7%	2.3%	-0.2%	5.6%	6.7%	6.0%	5.6%	11.2%	6.6%	4.4%	3.3%	4.3%
Wage & Salary Income (Millions)	$124,947	$129,521	$138,626	$146,578	$151,168	$160,940	$170,790	$182,963	$187,779	$205,550	$225,417	$238,971	$250,130	$261,586
Percent Change in Wage & Salary Income	5.5%	3.7%	7.0%	5.7%	3.1%	6.5%	6.1%	7.1%	2.6%	9.5%	9.7%	6.0%	4.7%	4.6%
Retail Trade Sales (Thousands)	$74,100	$77,639	$83,395	$87,379	$90,627	$95,890	$100,503	$105,547	$112,431	$131,528	$144,145	$145,707	$145,993	$149,068
Percent Change in Retail Trade Sales	6.0%	4.8%	7.4%	4.8%	3.7%	5.8%	4.8%	5.0%	6.5%	17.0%	9.6%	1.1%	0.2%	2.1%
Housing Permits	23,301	27,517	28,698	31,871	38,974	40,673	42,627	38,633	40,469	56,524	48,341	39,404	32,185	33,754
Percent Change in Housing Permits	72.6%	18.1%	4.3%	11.1%	22.3%	4.4%	4.8%	-9.4%	4.8%	39.7%	-14.5%	-18.5%	-18.3%	4.9%
Nonresidential Construction (Millions)	$3,695.3	$3,624.0	$4,350.9	$4,990.8	$5,992.1	$6,150.7	$8,132.0	$5,161.5	$5,607.5	$5,681.0	$6,610.9	$6,558.8	$4,942.2	$7,002.2
Percent Change in Nonresidential Construction	-5.8%	-1.9%	20.1%	14.7%	20.1%	2.6%	32.2%	-36.5%	8.6%	1.3%	16.4%	-0.8%	-24.6%	41.7%
Denver-Aurora-Lakewood Inflation	1.9%	2.8%	2.8%	1.2%	2.8%	3.4%	2.7%	1.9%	2.0%	3.5%	8.0%	5.2%	2.3%	2.3%
Population (Thousands, July 1)	5,193.7	5,270.8	5,352.6	5,454.3	5,543.8	5,617.4	5,697.2	5,758.5	5,786.9	5,814.4	5,853.4	5,912.2	5,988.5	6,012.6
Percent Change in Population	1.4%	1.5%	1.6%	1.9%	1.6%	1.3%	1.4%	1.1%	0.5%	0.5%	0.7%	1.0%	1.3%	0.4%

Sources:

Employment and inflation data from U.S. Bureau of Labor Statistics. Inflation shown as the year-over-year change in the consumer price index for Denver-Aurora-Lakewood metro area.

Income data from U.S. Bureau of Economic Analysis. Personal income and wages and salaries not adjusted for inflation.

Retail trade sales data from Colorado Department of Revenue.

Housing permits and population data from U.S. Census Bureau. Residential housing permits are the number of new single and multi-family housing units permitted for building. 2010 and 2020 population numbers reflect the decennial Census, while other numbers reflect July 1 estimates.

Nonresidential construction data from F.W. Dodge.