



# Economic & Revenue Forecast

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March 2026



**Legislative Council Staff**  
Nonpartisan Services for Colorado's Legislature



## March 2026 | Economic & Revenue Forecast

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## Executive Summary

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This report presents the General Fund budget outlook based on current law and the March 2026 forecast for General Fund revenue, cash fund revenue, and the state TABOR outlook. It also includes summaries of expectations for the U.S. and Colorado economies and current economic statistical indicators for the state's nine regions.

### General Fund Budget Outlook

#### FY 2024-25

The State Controller's audited annual comprehensive financial report for FY 2024-25 indicates that the General Fund ended FY 2024-25 with a 15.4 percent reserve, \$49.9 million above the statutory requirement. State TABOR revenue exceeded the Referendum C cap by \$309.8 million, resulting in a TABOR refund obligation of \$306.1 million in the current FY 2025-26 after adjusting for a \$3.7 million overrefund of prior year TABOR surpluses.

#### FY 2025-26

The General Fund is expected to end FY 2025-26 with an 8.7 percent reserve, \$1.01 billion below the statutory requirement, under current law. This estimate does not reflect changes to the current year budget that have been approved by the Joint Budget Committee (JBC) but that are not current law. General Fund revenue is expected to decline by 3.9 percent, as corporate income tax revenue falls due to slowing business activity and the tax cuts in the federal One Big Beautiful Bill Act (OBBBA). Revenue is expected to fall short of the Referendum C cap by \$914.2 million. When revenue is below the Referendum C cap, any amount by which revenue collections exceed or fall short of the forecast will have a direct, dollar-for-dollar impact on the amount available for the budget and the accounting of the year-end reserve amount.

#### FY 2026-27 (Unbudgeted)

General Fund revenue is expected to grow 10.1 percent, with state revenue subject to TABOR exceeding the Referendum C cap by \$276.4 million. The General Fund is projected to have \$806.6 million, or 4.4 percent, less available for spend or save relative to what is budgeted to be spent in FY 2025-26. The decrease mostly owes to the much lower beginning balance expected for next fiscal year, and also incorporates expectations for current law transfers, rebates, and expenditures, the statutory reserve requirement, and the TABOR refund obligation. This projection does not incorporate caseload growth, inflation, or other budgetary pressures.

The General Fund Budget Overview section also presents the budget outlook assuming Joint Budget Committee actions through March 16 ("Scenario B"). That scenario presents an incomplete outlook for FY 2026-27 budget balancing that incorporates committee actions taken before the completion of this forecast document.

#### FY 2027-28 (Unbudgeted)

General Fund revenue is expected to increase 7.4 percent and total \$19.53 billion, with state revenue subject to TABOR exceeding the Referendum C cap by \$1.10 billion. The budget

outlook for this year depends in large part on choices the General Assembly will make for FY 2026-27.

### **Risks to the Budget Outlook**

The highest probability risk to the budget outlook lies in the forecast's estimates of the state fiscal impacts of the OBBBA. Forecast adjustments rely heavily on Congressional estimates from last summer, and full-year data for Colorado income tax payments that incorporate OBBBA impacts will not be available until May 2026 or later, after the scheduled adjournment of the 2026 legislative session. OBBBA-related risks are significant and bidirectional, meaning that revenue could come in well above or below the forecast. With revenue projected below the Referendum C cap for FY 2025-26, any deviation from the revenue forecast will have a direct impact on the budget outlook.

Looking ahead, the expected TABOR surplus for FY 2026-27 is small enough that revenue could fall below the Referendum C cap even without a recession, especially if the OBBBA contributes to a larger revenue decrease than forecast. This forecast expects that revenue will remain above the Referendum C cap, meaning that upside risk to the forecast for cash fund revenue subject to TABOR could limit the amount available for the budget.

Finally, economic data show several areas of concern. Risks to the economic outlook, discussed below, entail the greatest magnitude of budgetary risk.

### **Cash Fund Revenue**

Cash fund revenue subject to TABOR is projected to increase 9.9 percent in FY 2025-26, reaching \$3.04 billion. This growth mainly reflects one-time tax credit sales expected to generate just over \$200 million, and temporary disqualification of the Health Insurance Affordability Enterprise, which causes its fee revenue to become subject to TABOR for FY 2025-26 only.

In FY 2026-27, cash fund revenue is projected to increase 1.3 percent from the prior year, reaching \$3.08 billion. The initial diversion of income tax revenue to the Kids Matter Account in the State Education Fund will more than offset decreases in revenue as tax credit sales end and the Health Insurance Affordability Enterprise is requalified. By FY 2027-28, cash fund revenue subject to TABOR is projected to reach \$3.16 billion, a 2.6 percent increase from FY 2026-27. Most major cash fund components are expected to contribute to growth.

### **Economic Outlook**

The U.S. and Colorado economies are expected to grow at a slow-to-moderate pace through the forecast period. The economy is increasingly bifurcated. Employment gains have nearly stalled, while AI investment surges and consumer spending continues to grow despite weak sentiment and deteriorating household finances. In the near term, AI-related investments will support business activity while the increasing uptake of AI, paired with historically high tariffs, will suppress demand for labor and weigh on wage growth. State-level data show that Colorado is slightly underperforming the nation as retail spending remains weak and delayed data revisions threaten to reverse employment gains seen in 2025.

Risks to the forecast are elevated and bidirectional, though downside risks would have more severe impacts on state revenue and the budget. On the upside, wealth gains from AI investment may contribute to consumer spending overperforming the forecast, and a pivot to lower tariffs could result in stronger business investment and resurgent consumer confidence. On the downside, AI may prove to be less profitable, resulting in a market correction. In addition, extended and escalating conflict in the Middle East is interrupting global oil supplies and trade flows, which could cause higher inflation and weaken consumer activity. While this forecast anticipates the U.S. and Colorado economies will expand through the forecast period, the probability for a recession is higher than normal.

Discussion of the economic outlook begins on page 61, and summaries of expectations for the U.S. and Colorado economies are presented, respectively, in Tables 19 and 20 on pages 90 and 91.

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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 that incorporates Joint Budget Committee (JBC) actions approved affecting the final FY 2025-26 General Fund balance and the FY 2026-27 General Fund budget (Table 2);
- a summary of changes in expectations relative to the December 2025 forecast (Table 3);
- a summary of transfers to and from the General Fund (Table 4);
- transfers to the State Education Fund (Figure 1);
- transfers to transportation and capital construction funds (Table 5);
- the disposition of fiscal policies dependent on revenue conditions;
- General Fund rebates and expenditures (Table 6); 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 the supplemental appropriations package for FY 2025-26, as well as other 2026 legislation approved by both chambers of the General Assembly.

### FY 2024-25

The State Controller’s audited annual comprehensive financial report (ACFR) for FY 2024-25 indicates that the General Fund ended FY 2024-25 with a 15.4 percent reserve, \$49.9 million more than the statutorily required 15 percent reserve. The actual reserve did not change from the preliminary amount projected in the December 2025 forecast. State revenue exceeded the TABOR limit by \$309.8 million, resulting in a TABOR refund obligation of \$306.1 million in the current FY 2025-26 after adjusting for a \$3.7 million overrefund of prior year TABOR surpluses.

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

Line	Funds Available	FY 2024-25 Actual	FY 2025-26 Estimate	FY 2026-27 Estimate	FY 2027-28 Estimate
1	Beginning Reserve	\$3,153.5	\$2,408.4	\$951.9	*
2	General Fund Revenue (Table 10)	\$17,181.3	\$16,516.6	\$18,182.4	\$19,531.3
3	Transfers from Other Funds (Table 7A)	\$519.9	\$222.0	\$66.9	\$30.3
<b>4</b>	<b>Total Funds Available</b>	<b>\$20,854.7</b>	<b>\$19,147.0</b>	<b>\$19,201.2</b>	<b>*</b>
5	Percent Change in Funds Available	5.5%	-8.2%	0.3%	*

**Table 1B**  
**General Fund Expenditures**  
Dollars in Millions

Line	Expenditures	FY 2024-25 Actual	FY 2025-26 Budgeted	FY 2026-27 Estimate	FY 2027-28 Estimate
6	General Fund Appropriations Subject to the Limit	\$15,621.8	\$16,698.5	*	*
7	Overexpenditure from General Fund	\$68.6			
8	TABOR Refund Obligation (Table 9)	\$306.1	\$0.0	\$276.4	\$1,101.8
9	Rebates and Expenditures (Table 6)	\$187.4	\$823.8	\$525.2	\$294.2
10	Transfers to Other Funds (Table 7B)	\$1,884.1	\$456.0	\$463.2	\$513.8
11	Transfers to the State Education Fund	\$146.0	\$0.0	\$0.0	\$0.0
12	Transfers to Transportation Funds (Table 5A)	\$117.5	\$42.7	\$61.0	\$110.5
13	Transfers to Capital Construction Funds (Table 5B)	\$254.1	\$174.2	\$20.0	\$20.0
<b>14</b>	<b>Total Expenditures</b>	<b>\$18,585.6</b>	<b>\$18,195.2</b>	*	*
15	Percent Change in Funds Available	10.2%	-2.1%	*	*
16	Reversions and Accounting Adjustments	\$139.3	*	*	*

Asterisks ("\*") indicate values not estimated.

**Line 11**, "Transfers to the State Education Fund," includes one transfer pursuant to SB 23B-001. Does not include transfers to the SEF under Amendment 23, which are shown on line 30.

**Line 16**, "Reversions and Accounting Adjustments," includes reversions of appropriated amounts and other accounting adjustments to arrive at the year-end balance published in the Annual Comprehensive Financial Report.

**Table 1C**  
**General Fund Reserve**  
Dollars in Millions

Line	Reserve	FY 2024-25 Actual	FY 2025-26 Estimate	FY 2026-27 Estimate	FY 2027-28 Estimate
17	Year-End Reserve in General Fund	\$2,408.4	\$951.9	*	*
18	Year-End Reserve in PERA	\$0.0	\$500.0	*	*
<b>19</b>	<b>Total Year-End Reserve</b>	<b>\$2,408.4</b>	<b>\$1,451.9</b>	*	*
20	Year-End Reserve as a Percent of Appropriations	15.4%	8.7%	*	*
21	Statutorily Required Reserve	\$2,358.5	\$2,463.5	*	*
<b>22</b>	<b>Amount in Excess or (Deficit) of Statutory Reserve</b>	<b>\$49.9</b>	<b>-\$1,011.7</b>	*	*
23	Excess Reserve as a Percent of Expenditures	0.3%	-5.6%	*	*

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

**Line 21**, "Statutorily Required Reserve," calculates the reserve as 15 percent of operating appropriations, minus \$41.25 million (in each year beginning in FY 2023-24), plus \$56.5 million (for FY 2024-25 only).

**Table 1D**  
**Budget Scenario A: Holds FY 2025-26 Appropriations Constant**  
Dollars in Millions

Line	Projected Reserve Under Scenario	FY 2024-25 Actual	FY 2025-26 Estimate	FY 2026-27 Estimate	FY 2027-28 Estimate
24	Amount in Excess or (Deficit) of 15% Reserve Requirement			<b>-\$806.6</b>	
25	As a Percent of Prior-Year Expenditures			-4.4%	

This scenario holds appropriations in FY 2026-27 equal to appropriations in FY 2025-26 (line 6) to determine the total amount of money available relative to FY 2025-26 expenditures, net of the obligations in lines 8 through 13. Line 24 includes the year-end reserve amounts held in the both the General Fund and in PERA.

**Table 1E**  
**Budget Scenario B: JBC-Approved Budget Actions Through March 16, 2026**  
Dollars in Millions

Line	Projected Reserve Under Scenario	FY 2024-25 Actual	FY 2025-26 Estimate	FY 2026-27 Estimate	FY 2027-28 Estimate
26	Amount in Excess or (Deficit) of Reserve Requirement		<b>-\$984.3</b>	<b>-\$1,472.8</b>	
27	As a Percent of Proposed Current-Year Expenditures		-5.4%	-7.9%	

This scenario incorporates JBC-approved adjustments to FY 2025-26 and FY 2026-27 appropriations to be included in the 2026 Long Bill, as well as bills the JBC had approved for introduction or for which it had approved budget placeholders, through its actions on March 16, 2026. The scenario includes JBC Staff recommendations for appropriations on which the JBC had not acted by March 16. Notable assumptions for items on which the JBC had not acted as of March 16 include: total compensation (assumes Governor's request/Colorado WINS agreement); school finance (incorporates \$50 million General Fund increase in FY 2026-27); higher education (holds institutional appropriations flat in FY 2026-27); homestead exemption (assumes continuation of current program). Capital Development Committee and Joint Technology Committee recommendations for capital transfers are included. Reserve estimates are presented relative to the 15 percent reserve requirement in current law.

**Table 1F**  
**General Fund Overview Addenda**  
Dollars in Millions

Line	Addendum Items	FY 2024-25 Actual	FY 2025-26 Estimate	FY 2026-27 Estimate	FY 2027-28 Estimate
28	Percent Change in GF Appropriations	13.0%	6.9%	*	*
29	5% of Personal Income Appropriations Limit	\$22,433.8	\$23,655.2	\$24,739.9	\$25,857.5
30	Transfers to SEF per Amendment 23	\$1,060.6	\$1,004.1	\$1,093.7	\$1,180.4

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

### FY 2025-26

Incorporating the FY 2025-26 supplemental budget package and updated forecasts for revenue, transfers, and rebates and expenditures, the General Fund is expected to end FY 2025-26 with an 8.7 percent reserve, \$1.01 billion below the 15 percent reserve requirement (Table 1, line 22). These outcomes will change with normal forecast revisions, as well as any additional legislation including Long Bill supplemental appropriations and orbital legislation introduced to accompany the Long Bill.

General Fund revenue collections are expected to decline by 3.9 percent. A 38 percent decrease in corporate income tax revenue, due to a slowing economy and tax cuts in the federal One Big Beautiful Bill Act (OBBBA), will wipe away modest increases in sales tax and individual income tax, and a 24 percent increase in insurance premium tax revenue. State revenue subject to TABOR is expected to fall short of the Referendum C cap by \$914.2 million. Error in the General Fund revenue forecast will correspondingly increase or decrease revenue available for the current year General Fund budget, while revenue collections significantly above the forecast could cause the state to incur a TABOR refund obligation.

### **FY 2026-27 (Unbudgeted)**

General Fund revenue in FY 2026-27 is expected to grow 10.1 percent, driven by rebounding income tax collections as negative impacts from the OBBBA become less pronounced. State revenue subject to TABOR is expected to exceed the Referendum C cap by \$276.4 million, and could easily fall below the cap due to a range of factors. Because a budget has not yet been enacted for FY 2026-27, this forecast presents two scenarios for the General Fund budget outlook.

#### **Scenario A: Holds appropriations constant in FY 2026-27**

Scenario A, shown in Table 1D, presents the amount of revenue available to be spent or saved in FY 2026-27 assuming that appropriations equal the amount appropriated in FY 2025-26. Based on this forecast, the General Fund will have \$806.6 million, or 4.4 percent, less available to spend or save than in FY 2025-26. This amount assumes current law obligations for FY 2026-27, including transfers, rebates, and expenditures (Table 1, lines 9 through 13), as well as the current law reserve requirement and the projected TABOR refund obligation. The estimate is a cumulative amount that reflects the FY 2025-26 budget situation and projected year-end balance. Any changes in revenue or adjustments made to the budget for FY 2025-26 will carry forward into FY 2026-27. This amount holds FY 2025-26 appropriations constant and therefore does not reflect any caseload, inflationary, or other budget pressures. This scenario does not include annualizations of 2025 legislation.

#### **Scenario B: JBC-approved budget actions through March 16, 2026**

Scenario B, shown in Table 1E and Table 2, presents the forecast relative to the set of balancing decisions that had been made by the JBC as of the end of the day on Monday, March 16. In cases where the JBC had not yet made figure setting determinations, the scenario uses placeholders provided by the JBC Staff that may differ significantly from final JBC decisions. The scenario is presented for informational purposes only, and is not a recommendation of Legislative Council Staff. Table 2 shows the Scenario B assumptions as applied to the underlying current law assumptions included in Scenario A. Scenario B assumes:

- approved cash fund transfers into the General Fund totaling \$122.0 million in FY 2025-26 (Table 2, line 2) and \$72.4 million in FY 2026-27 (Table 2, line 7);
- \$72.7 million in net total FY 2025-26 Long Bill supplemental appropriations approved by the JBC through March 16, 2026 (Table 2, line 3), of which \$68.0 million is for the Department of Health Care Policy and Financing (HCPF);

- other approved changes to FY 2025-26 appropriations via approved orbital legislation (-\$0.1 million; Table 2, line 4) and approved placeholders for non-JBC legislation (\$9.6 million; Table 2, line 5);
- \$595.6 million in FY 2026-27 Long Bill appropriations above the Scenario A baseline (Table 2, line 9), which includes:
  - all FY 2026-27 Long Bill appropriations approved by the JBC through March 16, 2026;
  - the executive budget request reflecting an employee compensation agreement with Colorado WINS, on which the JBC had not yet taken action;
  - a \$34.1 million JBC Staff-recommended increase in appropriations related to corrections capacity, on which the JBC had not yet taken action;
  - a \$50.0 million executive-requested increase in General Fund appropriations for school finance, on which the JBC had not yet taken action;
  - no increase to funding for institutions of higher education; and
  - the JBC Staff recommendations for all other JBC Staff-recommended Long Bill appropriations on which the JBC had not acted through March 16, except that Scenario B assumes continuation of the current law senior homestead exemption program in FY 2026-27;
- other approved changes to FY 2026-27 appropriations via approved orbital legislation (-\$54.5 million; Table 2, line 10) and approved placeholders for non-JBC legislation (\$26.3 million; Table 2, line 11);
- a \$37.0 million decrease in the FY 2026-27 TABOR refund obligation (Table 2, line 15), incorporating \$17.1 million in reduced cash fund revenue subject to TABOR (Table 2, line 13) and a \$19.9 million increase in the level of the TABOR limit due to a change in the inflation calculation for calendar year 2025 (Table 2, line 14);
- a \$10.5 million approved decrease in transportation-related transfers to the Multimodal Transportation and Mitigation Options Fund (Table 2, line 16);
- as the JBC had not yet acted on capital transfers, Scenario B incorporates \$173.3 million in FY 2026-27 General Fund transfers to the Capital Construction Fund, which includes:
  - \$166.3 million for capital construction projects recommended by the Capital Development Committee (Table 2, line 17); and
  - \$7.0 million for information technology capital projects recommended by the Joint Technology Committee (Table 2, line 18); and
- an \$85.1 million increase in the 15 percent statutory reserve requirement (Table 2, line 20), reflecting the changes in appropriations identified above.

Under these assumptions, the General Fund would end the current FY 2025-26 with a 9.1 percent reserve, \$984.3 million below the statutory requirement (Table 1, line 26; not shown in Table 2). The General Fund would end FY 2026-27 with a 6.5 percent reserve, \$1.47 billion below the statutory requirement (Table 2, line 22).

**Table 2**  
**FY 2026-27 Budget Scenario B**  
**Incorporates JBC-Approved Budget Actions Through March 16, 2026**  
Dollars in Millions

<b>Line</b>	<b>Component</b>	<b>Amount</b>
<b>1</b>	<b>Deficit Under Scenario A</b>	<b>-\$806.6</b>
2	FY 2025-26 Approved Transfers to the General Fund	\$122.0
3	FY 2025-26 Appropriations via Long Bill Supplementals	\$72.7
4	FY 2025-26 Appropriations in Orbital Package	-\$0.1
5	FY 2025-26 Placeholders for Non-JBC Bills	\$9.6
<b>6</b>	<b>Total Change in FY 2026-27 Beginning Balance</b> (Line 2 minus Lines 3 through 5)	<b>\$39.8</b>
7	FY 2026-27 Approved Transfers to the General Fund	\$72.4
<b>8</b>	<b>Total Change in FY 2026-27 Funds Available</b> (Line 6 plus Line 7)	<b>\$112.2</b>
9	Change in FY 2026-27 Long Bill Appropriations from Scenario A	\$595.6
10	FY 2026-27 Appropriations in Orbital Package	-\$54.5
11	FY 2026-27 Placeholders for Non-JBC Bills	\$26.3
<b>12</b>	<b>Total Change in FY 2026-27 Appropriations</b>	<b>\$567.4</b>
13	Change in FY 2026-27 Cash Fund Revenue Subject to TABOR	-\$17.1
14	TABOR Refund Obligation from Inflation Calculation Change	-\$19.9
<b>15</b>	<b>Total Change in FY 2026-27 TABOR Refund Obligation</b>	<b>-\$37.0</b>
16	Transportation Transfer to Multimodal Fund	-\$10.5
17	CDC-Recommended Capital Construction Transfer	\$166.3
18	JTC-Recommended IT Capital Transfer	\$7.0
<b>19</b>	<b>Total Increase in Transfers</b>	<b>\$162.8</b>
<b>20</b>	<b>Change in Required Reserve</b> (15% of Line 12)	<b>\$85.1</b>
<b>21</b>	<b>Total Change in General Fund Obligations</b> (Line 12 plus Line 15 plus Line 19 plus Line 20)	<b>\$778.4</b>
<b>22</b>	<b>Excess Reserve Under Scenario B</b> (Line 1 plus Line 8 minus Line 21)	<b>-\$1,472.8</b>

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

Notably, Scenario B does not include budget balancing actions under active JBC consideration as of March 16. For example, the JBC is considering a \$110.0 million transfer from the Affordable Housing Financing Fund to the General Fund in FY 2025-26. That amount is not included in Scenario B or in Table 2 because the legislation that would create this transfer has not yet been approved by the committee. Likewise, Scenario B does not include an across-the-board cut to HCPF provider rates, though a request for a cut is still before the committee for consideration.

## FY 2027-28 (Unbudgeted)

General Fund revenue is projected to increase 7.4 percent in FY 2027-28 and total \$19.53 billion, with moderate to strong growth across all revenue streams. State revenue subject to TABOR is expected to exceed the Referendum C cap by \$1.10 billion. The amount available for the budget depends on the FY 2026-27 year-end reserve, which will depend on budget decisions made for FY 2026-27.

## Risks to the General Fund Budget Outlook

**The budget outlook is unusually sensitive to the revenue forecast.** FY 2025-26 revenue is expected to fall short of the Referendum C cap for the first time since FY 2019-20. In years when state revenue is below the Referendum C cap, variation in the General Fund revenue forecast translates, dollar-for-dollar, into variation in the amount available for the General Fund budget. Using this forecast as an example, because the General Fund revenue forecast was downgraded by \$353.6 million relative to the December forecast, the amount available for the current year budget has decreased. Further normal forecast revisions will change the current year budget outlook significantly, and will change the outlook for next year because they impact the General Fund beginning balance.

**OBBBA impacts on revenue are uncertain.** This forecast incorporates expected decreases in individual and corporate income tax attributable to new and expanded federal income tax deductions in the OBBBA. The estimates are based on Congressional estimates produced by the Joint Committee on Taxation (JCT), adjusted for Colorado's share of the U.S. economy and the state's income tax structure. However, both the adjustment methodology and the underlying JCT estimates likely contain errors of an unknown direction and magnitude. These could affect the budget significantly, especially given the size of the OBBBA adjustments.

This March forecast incorporates preliminary General Fund revenue tracking data through February 2026. Collections of corporate income tax estimated payments for the fourth quarter of 2025 were well below the December forecast, but it is unknown whether this reflects lower taxable income than expected, or taxpayer actions to accelerate OBBBA tax benefits that they would otherwise have received through 2025 final payments on their spring returns. Likewise, individual income tax refunds paid in February 2026 were well above the December forecast, which suggests either that the impacts of the OBBBA are greater than previously estimated, or that more taxpayers filed their taxes early, accelerating refunds that otherwise would have been paid in March or April. Because filing data are incomplete, these questions cannot yet be answered. However, whether data are reflecting an acceleration of OBBBA effects, or larger effects than previously estimated, or underlying weakness of the economy, is pivotal to understanding the future revenue trajectory.

OBBBA impacts on revenue will be more visible with complete spring filings season collections data for March 2026 and April 2026, which will be available in time for the June 2026 LCS forecast. However, distinguishing OBBBA impacts from underlying economic changes will require more sophisticated tax data reports, which may not be available until the Internal Revenue Service shares its data extract with the Department of Revenue, which could occur in 2027 or 2028.

**Recession risk is high.** This forecast does not assume a recession, but a weak national labor market, poor construction activity, and rising household debt all signal that the economy is in a precarious position. The attack on Iran, the attendant oil price shock, and the potential for a broader conflict raise forecast uncertainty and recession risk. A recession would both reduce revenue and heighten demand for state services, pinching the budget from multiple angles.

### Changes Between the December and March Forecasts

Table 3 presents revisions to the General Fund budget outlook relative to the December 2025 forecast. These changes are explained below.

#### FY 2024-25

This forecast includes actual amounts from the [audited annual comprehensive financial report \(ACFR\) for FY 2024-25](#). Accounting revisions caused the TABOR refund obligation to increase by \$12.8 million relative to the initial amount reported in September 2025. The preliminary data used for the December forecast already accounted for this change in the General Fund year-end reserve calculation. This forecast updates the TABOR refund obligation and accounting adjustments lines to match the ACFR with no net impact on the year-end reserve.

#### FY 2025-26

The December forecast anticipated that the General Fund would end FY 2025-26 with a reserve \$398.6 million below the statutory requirement. Expectations for the amount of the reserve were decreased by \$593.9 million from December, while the expected reserve requirement was increased by \$19.1 million. Net of those changes, this forecast anticipates a reserve of \$1.01 billion below the statutory requirement. This amount assumes the current law 15.0 percent reserve requirement and only incorporates budget balancing actions for the current fiscal year that are now current law. Notably, these do not include transfers to the General Fund approved by the JBC to be part of the Long Bill orbital package.

Changes to the current year budget outlook include:

- a \$353.6 million downgrade to **General Fund revenue** expectations, with component downgrades to corporate income tax, individual income tax, and sales tax;
- incorporation of 2026 legislation that has now become law, notably including the FY 2025-26 supplemental budget package; 2026 legislation increased current year **General Fund appropriations** by \$127.6 million relative to the December forecast;
- an attendant \$19.1 million increase in the **statutory reserve requirement**, equal to 15 percent of the increase in appropriations;
- the removal of an anticipated \$103.0 million **reversion** from the forecast; this amount reflected executive branch spending reductions directed by the Governor in an August 2025 executive order, and the reductions are now assumed to be reflected in appropriations through the adoption of supplementals; and
- **other minor changes** to transfers between the General Fund and cash funds, and to rebates and expenditures.

## FY 2026-27

Table 3 presents changes to current law that are included in FY 2026-27 budget Scenario A, such as the FY 2025-26 supplemental budget package, but does not incorporate the other JBC budget actions included in FY 2026-27 budget Scenario B. Expectations for the amount available to be spent or saved in FY 2026-27 were decreased by \$643.1 million relative to the statutory reserve requirement. This amount nets the following changes:

- most significantly, a \$593.9 million downgrade to the expected **beginning balance**, reflecting the FY 2025-26 forecast updates discussed above;
- a \$143.1 million downgrade to **General Fund revenue** expectations, with reduced expectations for corporate income tax and sales tax more than offsetting increased expectations for individual income tax;
- a \$224.4 million downgrade to the **TABOR refund obligation**, reflecting reduced expectations for General Fund and cash fund revenue subject to TABOR, which were partially offset by a lower expectation for the level of the TABOR limit;
- the same revisions to **General Fund appropriations** (+\$127.6 million) and the **statutory reserve requirement** (+\$19.1 million) as for FY 2025-26; and
- **other minor changes** to transfers between the General Fund and cash funds, and to rebates and expenditures.

For individual income tax, this March forecast incorporates an expectation that the Family Affordability Tax Credit (FATC) and expanded Earned Income Tax Credit (expanded EITC) will be unavailable in tax year 2027, while the December forecast had expected them to be partially available. Expectations for **triggered tax credits** are discussed in more detail later in this section.

**Table 3**  
**Changes in the General Fund Budget Relative to the December 2025 Forecast (Scenario A)**

Dollars in Millions, Positive Amounts Reflect an Increase Relative to December

Components of Change	FY 2024-25	FY 2025-26	FY 2026-27	Description of Changes
<b>Funds Available</b>	<b>\$0.0</b>	<b>-\$358.5</b>	<b>-\$724.5</b>	
Beginning Balance	\$0.0	\$0.0	-\$593.9	Carries forward prior year end balances.
General Fund Revenue	\$0.0	-\$353.6	-\$143.1	See Table 10. Downgrade to income tax, especially corporate income tax, and updated assumptions for FATC/expanded EITC triggers.
Transfers from Other Funds	\$0.0	-\$4.9	\$12.5	See Table 7A.
<b>Expenditures</b>	<b>\$12.8</b>	<b>\$132.4</b>	<b>-\$100.5</b>	
Operating Appropriations	\$0.0	\$127.6	\$127.6	Reflects FY 2025-26 supplemental appropriations bills.
TABOR Refund Obligation	\$12.8	\$0.0	-\$224.4	See Table 9. Reflects downgrades to both General Fund and cash fund revenue forecasts, offset by lower TABOR limit expectation.
Rebates and Expenditures	\$0.0	-\$6.0	-\$5.4	See Table 6.
SEF Transfers	\$0.0	\$0.0	\$0.0	
Transportation Transfers	\$0.0	\$0.0	\$0.0	See Table 5A.
Capital Const. Transfers	\$0.0	\$3.6	\$0.0	See Table 5B.
Other Cash Fund Transfers	\$0.0	\$7.1	\$1.7	See Table 7B.
Required Reserve	\$0.0	\$19.1	\$19.1	Reflects FY 2025-26 supplemental appropriations bills.
Accounting Adjustment	\$12.8	-\$103.0	\$0.0	Reflects FY 2024-25 ACFR. For FY 2025-26, removes December forecast expectation for reversions as a result of fall 2025 executive orders (after supplementals, assumed to be incorporated in appropriations).
<b>Surplus Relative to Required Reserve</b>	<b>\$0.0</b>	<b>-\$613.1</b>	<b>-\$643.1</b>	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 13 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 on page 19. Detailed transfers not included in Table 5 are presented in Table 7 on pages 24 through 26.

**Table 4**  
**Net Transfers Between the General Fund and Cash Funds**

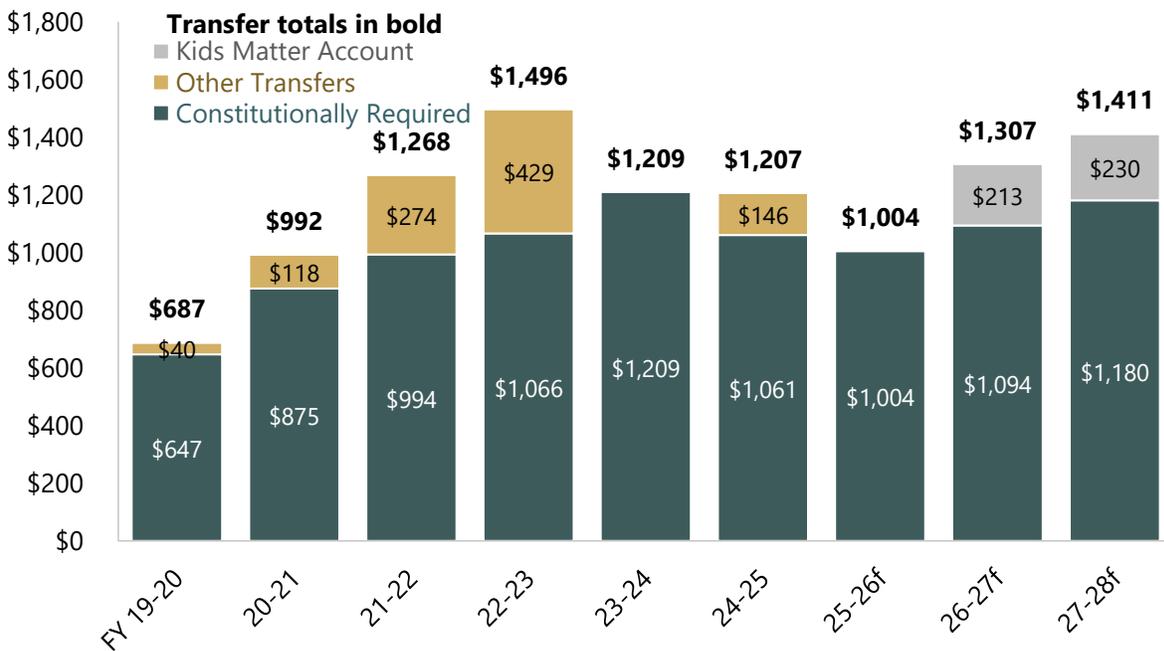
Dollars in Millions

<b>Transfer Category</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
Cash Fund Transfers to the General Fund (Table 7A)	\$519.9	\$222.0	\$66.9	\$30.3
General Fund Transfers to the State Education Fund (Table 1, Line 12)	-\$146.0	\$0.0	\$0.0	\$0.0
General Fund Transfers to Transportation Funds (Table 5A)	-\$117.5	-\$42.7	-\$61.0	-\$110.5
General Fund Transfers to Capital Funds (Table 5B)	-\$254.1	-\$174.2	-\$20.0	-\$20.0
General Fund Transfers to Other Cash Funds (Table 7B)	-\$1,884.1	-\$456.0	-\$463.2	-\$513.8
<b>Net General Fund Transfers</b>	<b>-\$1,881.8</b>	<b>-\$450.9</b>	<b>-\$477.3</b>	<b>-\$614.1</b>

## State Education Fund Transfers

The Colorado Constitution (Amendment 23) requires the State Education Fund (SEF) to receive one-third of 1 percent of taxable income. In FY 2025-26, the SEF is expected to receive \$1.00 billion as a result of this requirement. The SEF transfer is estimated at \$1.09 billion in FY 2026-27 and \$1.18 billion in FY 2027-28, increasing with growth in taxable income among Colorado taxpayers. In addition, the newly created Kids Matter Account within the SEF is expected to receive \$213 million in FY 2026-27 and \$230 million in FY 2027-28. Figure 1 shows revenue to the State Education Fund.

**Figure 1**  
**Revenue to the State Education Fund**  
Dollars in Millions



Source: Office of the State Controller and Legislative Council Staff forecast. 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.  
“Constitutionally Required” shows the one-third of 1 percent of federal taxable income that is required to be transferred to the State Education Fund under Article IX, Section 17 of the Colorado Constitution. The transfer for FY 2023-24 includes \$135 million in corrections for prior-year under-transfers.

### School Finance Formula Phase-In

[House Bill 24-1448](#) created a new formula for calculating total program funding for each of the state’s 178 school districts (“new school finance formula”). Beginning in FY 2025-26, the new school finance formula is being phased in incrementally as scheduled in HB 24-1448 and [House Bill 25-1320](#). In FY 2025-26, most districts receive the amount they would have received under the preexisting 1994 formula (“old school finance formula”), plus 15 percent of the difference in funding between the new formula and the old formula. In FY 2031-32, the phase in is scheduled to reach 100 percent, and all funding will be allocated under the new school finance formula. Current state law specifies three fiscal conditions and requires that the phase-in stop if any of the conditions is satisfied. One of these conditions is if the March forecast selected by the JBC for budget balancing projects that the Amendment 23 diversion to the SEF will decrease by 5 percent or more, year-over-year, in either the current budget year or the next budget year.

The LCS March forecast expects that the amount of the SEF diversion will decrease by 5.3 percent in FY 2025-26. If this forecast is selected for balancing, statute directs the JBC to determine whether the condition to stop the new school finance formula phase-in has been met. If it makes this determination, the JBC is required to notify legislative leadership, certain

legislative committees, and the Department of Education. The Department of Education is required to use the current phase-in percentage and student count averaging to calculate district total program funding in FY 2026-27 and each budget year thereafter.

If the phase-in of the new formula continues, the phase-in percentage for FY 2026-27 is scheduled to increase to 30 percent and the funded pupil count will be calculated using three-year averaging. If the condition is met to stop the phase-in, the phase-in will remain at 15 percent, and the funded pupil count will be calculated using four-year averaging. Under this scenario, total program funding for school finance is expected to decrease by \$51.8 million, and the state aid requirement is expected to decrease by \$49.3 million, relative to what would be projected if the phase-in were to continue as scheduled.

**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 12 and 13.

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

<b>Bill Number</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
SB 21-260	\$117.5	\$42.7	\$61.0	\$110.5
<b>Total Transfers to Transportation Funds</b>	<b>\$117.5</b>	<b>\$42.7</b>	<b>\$61.0</b>	<b>\$110.5</b>

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

<b>Bill Number</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
HB 15-1344	\$20.0	\$20.0	\$20.0	\$20.0
HB 24-1425	\$232.2			
SB 24-222	\$1.9			
SB 25-262		\$150.6		
HB 26-1179		\$3.6		
<b>Total Transfers to Capital Funds</b>	<b>\$254.1</b>	<b>\$174.2</b>	<b>\$20.0</b>	<b>\$20.0</b>

**HB 15-1344** transfers are contingent upon requests made by the Capital Development Committee.

**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 (\$10.5 million) beginning in FY 2024-25. [Senate Bill 25-257](#) reduced the State Highway Fund transfers, such that the total transfer is \$42.7 million in FY 2025-26 and \$61.0 million in FY 2026-27. Transfers will total \$110.5 million annually beginning in FY 2027-28.

## Transfers for Capital Construction

[Senate Bill 25-262](#) makes a one-time, \$150.6 million transfer to fund capital projects in FY 2025-26. [House Bill 26-1179](#) makes an additional \$3.6 million transfer in FY 2025-26. Ongoing \$20.0 million transfers under [House Bill 15-1344](#) occur annually upon requests made by the Capital Development Committee.

## Rebates and Expenditures

Table 6 on page 21 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 TABOR refund mechanism. Because the forecast anticipates that state revenue will fall below the Referendum C cap for FY 2025-26, expenditures for FY 2026-27 will be paid from that year's General Fund budget, and not the prior year TABOR refund obligation.

**Table 6**  
**General Fund Rebates and Expenditures**  
Dollars in Millions

Category	Actual FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28
<b>Senior and Veterans Property Tax Exemptions</b>	<b>\$173.1</b>	<b>\$184.6</b>	<b>\$198.7</b>	<b>\$205.3</b>
Portion Accounted as TABOR Refund Mechanism	-\$173.1	-\$184.6	\$0.0	-\$205.3
Percent Change in Property Tax Exemptions	7.4%	6.7%	7.6%	3.4%
<b>Property Tax Assessed Value Reductions</b>	<b>\$0.0</b>	<b>\$1.6</b>	<b>\$4.1</b>	<b>\$0.0</b>
Portion Accounted as TABOR Refund Mechanism	N/A	-\$1.6	\$0.0	\$0.0
Percent Change in Assessed Value Reductions	N/A	N/A	165.9%	-100.0%
<b>Direct Distributions to PERA</b>		<b>\$664.6</b>	<b>\$163.7</b>	<b>\$138.2</b>
Percent Change in Direct Distribution to PERA		N/A	-75.4%	-15.6%
<b>Cigarette Rebate</b>	<b>\$6.4</b>	<b>\$5.0</b>	<b>\$4.8</b>	<b>\$4.3</b>
Percent Change in Cigarette Rebate	-6.4%	-21.7%	-4.0%	-10.2%
<b>Old Age Pension Fund</b>	<b>\$89.7</b>	<b>\$88.5</b>	<b>\$86.7</b>	<b>\$83.7</b>
Percent Change in Old Age Pension Fund	-3.5%	-1.3%	-2.0%	-3.4%
<b>Aged Property Tax and Heat Credit</b>	<b>\$16.4</b>	<b>\$11.8</b>	<b>\$12.3</b>	<b>\$12.5</b>
Percent Change in Aged Property Tax and Heat Credit	35.5%	-28.1%	3.7%	2.1%
<b>Older Coloradans Fund</b>	<b>\$10.0</b>	<b>\$10.0</b>	<b>\$10.0</b>	<b>\$10.0</b>
Percent Change in Older Coloradans Fund	0.0%	0.0%	0.0%	0.0%
<b>Interest Payments for School Loans</b>	<b>\$22.2</b>	<b>\$16.5</b>	<b>\$17.3</b>	<b>\$18.0</b>
Percent Change in Interest for School Loans	-15.3%	-25.7%	5.1%	3.6%
<b>Firefighter Pensions</b>	<b>\$4.0</b>	<b>\$4.2</b>	<b>\$4.1</b>	<b>\$4.1</b>
Percent Change in Firefighter Pensions	-2.6%	5.3%	-2.6%	0.0%
<b>Amendment 35 Distributions</b>	<b>\$0.6</b>	<b>\$0.5</b>	<b>\$0.5</b>	<b>\$0.5</b>
Percent Change in Amendment 35 Distributions	-6.0%	-6.0%	-2.5%	-6.4%
<b>Marijuana Sales Tax Transfer to Local Governments</b>	<b>\$18.6</b>	<b>\$6.1</b>	<b>\$6.1</b>	<b>\$6.2</b>
Percent Change in Marijuana Tax to Local Gov'ts	-4.4%	-67.1%	-1.2%	1.7%
<b>Business Personal Property Exemptions</b>	<b>\$19.5</b>	<b>\$16.4</b>	<b>\$16.8</b>	<b>\$16.7</b>
Percent Change in Business Personal Prop. Exemptions	18.5%	-15.8%	2.5%	-1.0%
<b>Total Rebates and Expenditures</b>	<b>\$187.4</b>	<b>\$823.8</b>	<b>\$525.2</b>	<b>\$294.2</b>
<b>Percent Change in Total Rebates and Expenditures</b>	<b>-22.5%</b>	<b>339.5%</b>	<b>-36.3%</b>	<b>-44.0%</b>

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.

## Fiscal Policies Dependent on Revenue Conditions

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

### Tax Credit Availability and Amounts

In 2023 and 2024, the General Assembly adopted four bills that create income tax credits for which availability and amounts depend on revenue forecasts. The tax credits in all four bills will be reduced in tax year 2026 as a result of revenue expectations.

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. For example, the decarbonization tax credits in House Bill 23-1272 were evaluated before the workforce shortage tax credit in House Bill 24-1365 because the actual amounts of the decarbonization tax credits are determined by the June forecast, while the actual amounts of the workforce shortage tax credits are determined by the September forecast. 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. Beginning in tax year 2026, credit amounts are reduced by half in tax years where the preceding June forecast from either Legislative Council Staff (LCS) or the Office of State Planning and Budgeting (OSPB) anticipates that state revenue subject to TABOR will grow by less than 4 percent.

Based on the growth expectation from the June 2025 LCS forecast, the credit amounts for electric motor vehicles, heat pumps, and electric bicycles will be reduced by half in 2026. This forecast anticipates that the credits will return to the full amounts in tax years 2027 and 2028.

**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 will be reduced to \$7.5 million in tax year 2026. This forecast anticipates that the cap will return to \$15 million in tax years 2027 and 2028.

**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.

With the downward revisions to expected General Fund and cash fund revenue subject to TABOR, this forecast expects that both tax credits will be unavailable for tax year 2027 and tax year 2028. Actual amounts will depend on future December forecast expectations.

### **Contingent Transfers for Affordable Housing**

[House Bill 19-1322](#) created conditional transfers from the Unclaimed Property Trust Fund (UPTF) to the Housing Development Grant Fund for affordable housing projects for three fiscal years. [House Bill 20-1370](#) delayed the start of these contingent transfers until FY 2022-23. The transfers are contingent based on the balance in the UPTF as of June 1 and the Legislative Council Staff June 2023 forecast and subsequent June forecasts. For the fiscal year in which the June forecast is published, if revenue subject to TABOR is projected to fall below a “cutoff” amount, equal to the projected Referendum C cap minus \$30 million dollars, a transfer will be made. The transfer is equal to the lesser of \$30 million or the UPTF fund balance.

Based on the June 2023, June 2024, and June 2025 LCS forecasts, no transfers were made for FY 2022-23 through FY 2024-25. Based on this forecast, revenue for FY 2025-26 is expected to be below the cutoff amount, and the full \$30 million transfer is expected to be made in June 2026. As a result, this forecast accounts for \$30 million in Housing Development Grant Fund revenue subject to TABOR for FY 2025-26 only. The actual transfer amount will depend on the June 2026 LCS forecast. Any transfer will increase cash fund revenue subject to TABOR and bring state revenue closer to the TABOR limit. If revenue does not exceed the TABOR limit, then there is no net impact on the General Fund budget. No transfer is expected for FY 2026-27 or FY 2027-28, as revenue subject to TABOR is expected to come in above the cutoff amount in both years.

### **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 collected a TABOR surplus in FY 2024-25; therefore, partial refundability of the credit will be available for tax year 2025. The state is not expected to 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.

**Table 7A**  
**Cash Fund Transfers to the General Fund**

Dollars in Millions

Bill Number	Transfers to the General Fund	2024-25	2025-26	2026-27	2027-28
HB 92-1126	Land and Water Management Fund	\$0.1	\$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	\$22.4	\$28.4	\$25.0	\$25.7
HB 20-1427	2020 Tax Holding Fund	\$4.1	\$4.1	\$4.1	\$4.1
SB 21-213	Use of Increased Medicaid Match	\$7.4			
HB 23-1041	Prohibit Greyhound Wagering			\$0.1	
HB 23-1272	Decarbonization Tax Credits Administration	\$23.5	\$35.1	\$33.6	
SB 23-205	Universal High School Scholarship Program			\$3.6	
HB 24-1413	Severance Tax Cash Funds	\$69.3			
HB 24-1414	COVID Heroes Collaboration Fund	\$3.6			
HB 24-1426	Controlled Maintenance Trust Fund	\$48.9			
SB 25-114	Financial Literacy and Exchange Fund	\$0.6			
SB 25-260	Household Financial Recovery Pilot Program	\$5.2			
SB 25-264	Various Cash Funds	\$171.2	\$53.9		
SB 25-293	License Plate Cash Fund	\$4.2			
SB 25-312	American Rescue Plan Act Funds	\$96.8			
SB 25-317	Cash Fund Investment Earnings	\$62.1			
HB 25B-1004	Sale of Tax Credits		\$100.0		
<b>All Bills</b>	<b>Total Transfers to the General Fund</b>	<b>\$519.9</b>	<b>\$222.0</b>	<b>\$66.9</b>	<b>\$30.3</b>

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

Bill Number	Transfers from the General Fund	2024-25	2025-26	2026-27	2027-28
SB 11-047 & HB 13-1001 & SB 23-066 & HB 24-1396	Bioscience Income Tax Transfer to OEDIT	\$22.0	\$22.9	\$23.6	\$24.8
SB 14-215 & SB 25-268	Marijuana Tax Cash Fund	\$119.9	\$121.9	\$120.5	\$122.5
SB 17-267	State Public School Fund	\$21.0	\$19.8	\$19.6	\$19.9
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	\$243.6	\$244.5	\$244.6	\$270.7
SB 22-191	Procurement of Information Technology Resources	\$0.0	\$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	\$0.03	\$0.05		
HB 23-1305	Continue Health Benefits in Work-Related Death	\$0.2	\$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
HB 24-1152	ADU Fee Reduction and Encouragement Program	\$8.0			
HB 24-1176	Behavioral and Mental Health Cash Fund	\$4.0			
HB 24-1237	Child Care Facility Development Cash Fund	\$0.3			
HB 24-1280	Welcome, Reception, and Integration Cash Fund	\$2.5			
HB 24-1313	Transit-Oriented Communities Infrastructure Fund	\$35.0			
HB 24-1349	Firearms and Ammunition Excise Tax Cash Fund	\$3.0	\$18.9	\$28.0	\$32.1
HB 24-1364	Longitudinal Data System Cash Fund	\$5.0			
HB 24-1365	Opportunity Now Grants	\$4.0			
HB 24-1379	Clean Water Cash Fund			\$0.2	\$0.2
HB 24-1386	Broadband Infrastructure Cash Fund	\$4.6			
HB 24-1390	Healthy School Meals for All Program Cash Fund	\$0.0			
HB 24-1397	Creative Industries Cash Fund	\$0.5			
HB 24-1420	Crime Victim Services Fund	\$4.0			
HB 24-1421	Multidisciplinary Crime Prevention Crisis Intervention	\$3.0			
HB 24-1439	Apprenticeship Programs	\$4.0			
HB 24-1466	ARPA Recipient Cash Funds	\$1,394.6			

**SB 22-191** directs transfers of unspent prior year General Fund appropriations for IT procurement. In FY 2024-25, \$9.3 million was transferred under this bill. The transfer amount is already included in General Fund appropriations and not counted again here.

Under **HB 24-1390**, the balance of the Healthy School Meals for All General Fund Exempt Account is transferred to a new cash fund on July 1, 2024. The balance of the account was \$0 on that date and no money was transferred.

**Table 7B (Cont.)**  
**General Fund Transfers to Other Cash Funds**  
Dollars in Millions

Bill Number	Transfers from the General Fund	2024-25	2025-26	2026-27	2027-28
SB 24-170	America 250 - Colorado 150 Cash Fund	\$0.3			
SB 24-214	State Agency Sustainability Revolving Fund	\$0.4			
SB 24-218	Lineworker Apprenticeship Grant Program Cash Fund	\$0.8			
SB 24-221	Rural Hospital Cash Fund	\$1.7			
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		\$2.6	\$2.6	\$2.6
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
SB 25-310	Peace Officer Training and Support Fund			\$15.0	\$35.0
<b>All Bills</b>	<b>Total General Fund Transfers to Other Cash Funds</b>	<b>\$1,884.1</b>	<b>\$456.0</b>	<b>\$463.2</b>	<b>\$513.8</b>

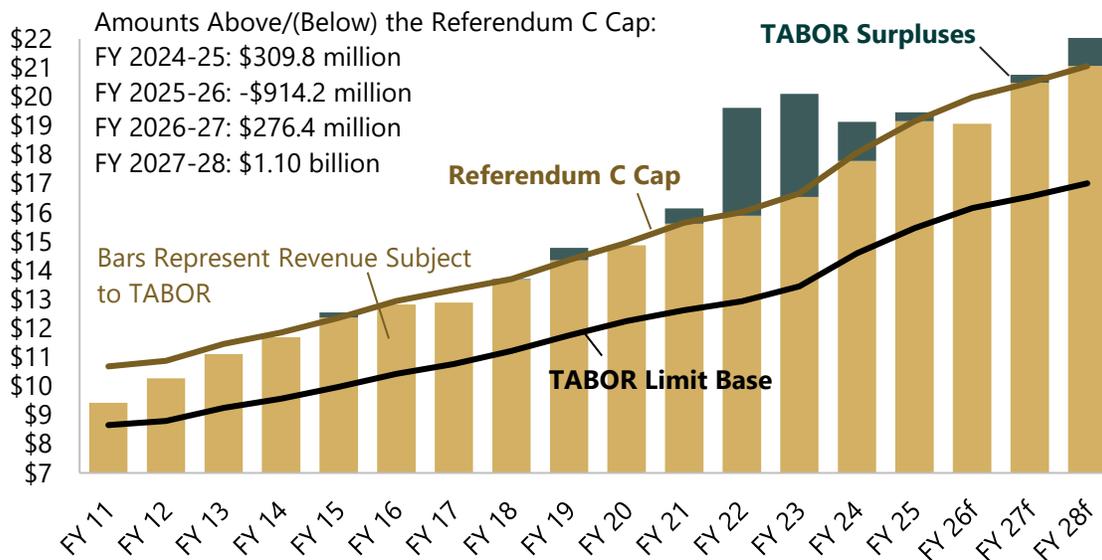
**SB 24-214** increased the amount of a transfer to the Energy Fund that occurred in June 2022. The additional amount, \$125,000, was deposited in the Energy Fund in FY 2023-24.

**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.

## TABOR Outlook

The state TABOR outlook is presented in Table 9 and illustrated in Figure 2, which also provides a history of the TABOR limit base and the Referendum C cap. Revenue subject to TABOR exceeded the Referendum C cap in FY 2024-25, creating a state obligation for TABOR refunds to taxpayers in FY 2025-26. Revenue is expected to fall short of the cap in FY 2025-26 before exceeding the cap in FY 2026-27 and FY 2027-28, creating a state obligation for TABOR refunds to be paid to taxpayers in each of FY 2027-28 and FY 2028-29.

**Figure 2**  
**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 amount for FY 2024-25 differs from the surplus amount because it subtracts \$3.7 million in over-refunds from prior TABOR surpluses.

### FY 2024-25

The State Controller’s annual comprehensive financial report (ACFR) for FY 2024-25 was completed in February. The ACFR indicates that state revenue subject to TABOR exceeded the Referendum C cap by \$309.8 million in FY 2024-25. The state refund obligation totals \$306.1 million in the current FY 2025-26 and includes adjustments attributable to over-refunds of prior TABOR surpluses (\$3.7 million). The FY 2024-25 surplus is being refunded to taxpayers via current law TABOR refund mechanisms, which are explained in greater detail below.

### Forecasts for FY 2025-26 through FY 2027-28

In FY 2025-26, state revenue subject to TABOR is projected to fall below the Referendum C cap by \$914.2 million, and 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. Under current law, the state obligation to

reimburse counties for homestead exemptions and assessed value reductions, estimated at \$202.8 million, will be paid from General Fund revenue rather than TABOR surplus dollars in FY 2026-27.

Revenue is projected to exceed the Referendum C cap by \$276.4 million in FY 2026-27, and by \$1.10 billion in FY 2027-28. Refunds of those amounts will be returned to taxpayers in the fiscal year following the collection of each surplus. The actual refund obligation in any given year will incorporate any over- or under-refund of prior year surpluses.

Relative to the December forecast, expectations for revenue subject to TABOR were decreased by about \$451 million in FY 2025-26 and \$245 million in FY 2026-27. Expectations for General Fund and cash fund revenue were reduced in both years, with the largest downward revisions to the corporate income tax revenue forecast. In FY 2027-28, expectations for revenue subject to TABOR were increased by \$161 million, with upward revisions to the individual income tax revenue forecast more than offsetting downward revisions to other revenue streams. Upgraded expectations for individual income tax revenue are based on the projection that the family affordability tax credit and the expanded earned income tax credit will be unavailable in tax years 2027 and 2028, a change from December expectations.

The forecast includes adjustments for qualification and disqualification of enterprises. The Waste Tire Management Enterprise is created as an enterprise starting in FY 2025-26 by [Senate Bill 24-123](#), and moves fee revenue collected from the sale of new tires into the enterprise. The forecast assumes the disqualification of the Healthy Insurance Affordability Enterprise also for FY 2025-26, and its requalification for FY 2026-27, as a result of [House Bill 25B-1006](#). 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 resulted in net adjustments of \$13.1 million in FY 2024-25, \$133.1 million in FY 2025-26, and -\$123.5 million in FY 2026-27.

## **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 mitigate risks to the General Fund budget from the impacts of lower-than-expected General Fund revenue. Currently projected TABOR surpluses in FY 2026-27 and FY 2027-28 are 1.3 and 5.0 percent of revenue subject to TABOR, respectively, which is well within normal error for forecasts beyond the current fiscal year. 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.

As revenue subject to TABOR is currently projected to fall below the Referendum C cap in FY 2025-26, any reduction in General Fund revenue will impact the budget, while an increase in revenue from cash fund sources will not reduce available budget space if total revenue remains below the Referendum C cap.

Estimates of the state population have emerged as a new 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 3. Current state law includes two ongoing refund mechanisms for FY 2024-25 and beyond. There are additionally two 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 2025, 2027, and 2028.

**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. Figure 3 includes this mechanism with the "Property Tax Refunds" label. The mechanism is estimated to refund \$1.6 million in property tax year 2025.

As discussed above, revenue subject to TABOR is expected to fall below the Referendum C cap in FY 2025-26. This means that under current law the homestead property tax reimbursements, which are expected to total \$198.7 million, and the additional property tax reimbursements under SB 24-111, which are expected to total \$4.1 million, will be paid from General Fund revenue rather than the TABOR refund obligation in FY 2026-27.

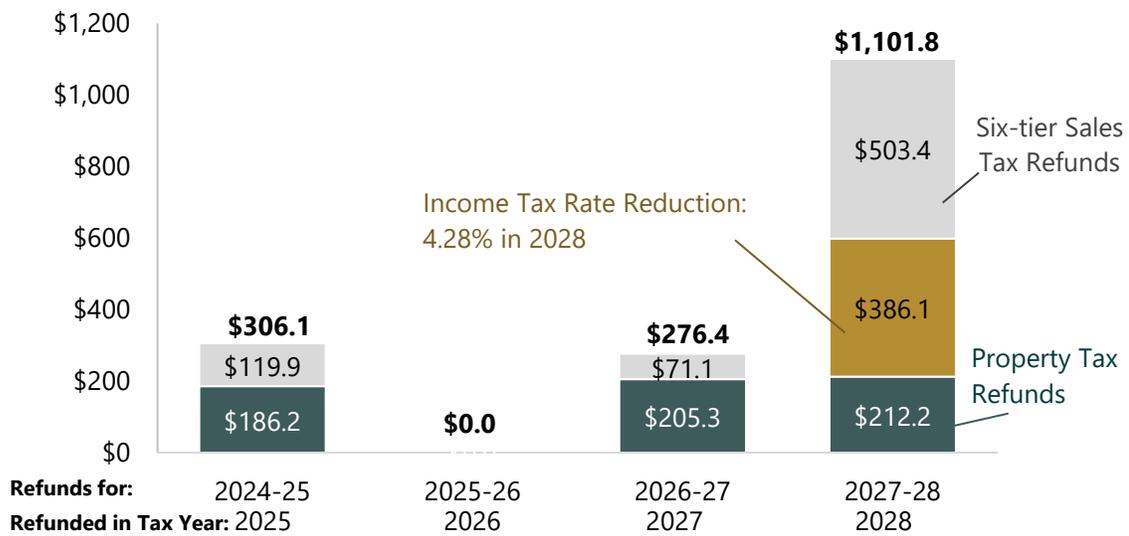
The **temporary income tax rate reduction** is expected to apply for tax year 2028 as the second TABOR refund mechanism after property tax refunds. The income tax rate will be reduced from 4.40 percent to 4.28 percent in tax year 2028, based on the expected amounts of the TABOR surplus remaining after property tax refunds in FY 2027-28.

This forecast anticipates that the income tax rate reduction mechanism will not be triggered in tax years 2025, 2026, or 2027. 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 2025, 2027 and 2028 with refund amounts based on taxpayer incomes, as average refunds per taxpayer are projected to exceed the \$15 threshold to trigger tiered refunds. While SB 24-228 established a higher threshold for triggering identical sales tax refunds, that change is contingent upon an Internal Revenue Service ruling that has not yet been made. Hence, this forecast assumes the current law threshold remains at \$15 per person throughout the forecast period, pending further information. Table 8 on page 31 presents estimated six-tier sales tax refund amounts for tax years 2025, 2027, and 2028.

**Figure 3**  
**Expected TABOR Refunds and Refund Mechanisms**

Dollars in Millions



Source: Legislative Council Staff March 2026 forecast.

"Property tax refunds" includes the homestead exemption for seniors, veterans, and Gold Star Spouses, and, for FY 2024-25, property tax reimbursements to local governments under SB 24-111.

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

**Table 8**  
**Projected TABOR Refunds via the Six-Tier or Identical Sales Tax Refund Mechanisms**  
**Tax Year 2025**

Refunds from FY 2024-25 TABOR Refund Obligation

<b>Taxpayer Distribution by AGI</b>	<b>Single Filers</b>	<b>Joint Filers</b>
up to \$52,000	\$19	\$38
\$52,001 to \$105,000	\$25	\$50
\$105,001 to \$168,000	\$29	\$58
\$168,001 to \$233,000	\$35	\$70
\$233,001 to \$299,000	\$37	\$74
\$299,001 and up	\$59	\$118

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

<b>Taxpayer Distribution by AGI</b>	<b>Single Filers</b>	<b>Joint Filers</b>
up to \$55,000	\$0	\$0
\$55,001 to \$113,000	\$0	\$0
\$113,001 to \$181,000	\$0	\$0
\$181,001 to \$256,000	\$0	\$0
\$256,001 to \$337,000	\$0	\$0
\$337,001 and up	\$0	\$0

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

<b>Taxpayer Distribution by AGI</b>	<b>Single Filers</b>	<b>Joint Filers</b>
up to \$57,000	\$12	\$24
\$57,001 to \$116,000	\$16	\$32
\$116,001 to \$186,000	\$18	\$36
\$186,001 to \$262,000	\$22	\$44
\$262,001 to \$346,000	\$23	\$46
\$346,001 and up	\$38	\$76

**Tax Year 2028** Refunds from FY 2027-28 TABOR Refund Obligation

<b>Taxpayer Distribution by AGI</b>	<b>Single Filers</b>	<b>Joint Filers</b>
up to \$58,000	\$84	\$168
\$58,001 to \$119,000	\$111	\$222
\$119,001 to \$190,000	\$128	\$256
\$190,001 to \$269,000	\$152	\$304
\$269,001 to \$354,000	\$164	\$328
\$354,001 and up	\$264	\$528

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 9A**  
**State Revenue Subject to TABOR**  
Dollars in Millions

<b>Line</b>	<b>TABOR Revenue</b>	<b>Actual FY 2024-25</b>	<b>Estimate FY 2025-26</b>	<b>Estimate FY 2026-27</b>	<b>Estimate FY 2027-28</b>
1	General Fund Revenue	\$16,693.1	\$16,022.9	\$17,686.9	\$19,005.4
2	Cash fund Revenue	\$2,770.1	\$3,043.7	\$3,082.3	\$3,162.8
3	<b>Total TABOR Revenue</b>	<b>\$19,463.2</b>	<b>\$19,066.5</b>	<b>\$20,769.1</b>	<b>\$22,168.3</b>

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

**Table 9B**  
**TABOR Revenue Limit**  
Dollars in Millions

<b>Line</b>	<b>Revenue Limit</b>	<b>Actual FY 2024-25</b>	<b>Estimate FY 2025-26</b>	<b>Estimate FY 2026-27</b>	<b>Estimate FY 2027-28</b>
4	Allowable TABOR Growth Rate	5.9%	3.6%	3.2%	2.8%
5	Inflation (from Prior Calendar Year)	5.2%	2.3%	2.3%	2.6%
6	Population Growth (from Prior Calendar Year)	0.6%	1.4%	0.9%	0.2%
7	TABOR Limit Base	\$15,462.7	\$16,157.2	\$16,546.8	\$17,010.1
8	Voter Approved Revenue Change (Referendum C)	\$3,690.7	\$2,909.4	\$3,946.0	\$4,056.4
9	Total TABOR Limit/Referendum C Cap	\$19,153.4	\$19,980.8	\$20,492.7	\$21,066.5
10	<b>TABOR Revenue Above or Below Referendum C Cap</b>	<b>\$309.8</b>	<b>-\$914.2</b>	<b>\$276.4</b>	<b>\$1,101.8</b>

**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 9C**  
**Revenue Retained and Refunded Under TABOR**  
Dollars in Millions

<b>Line</b>	<b>Retained/Refunded Revenue</b>	<b>Actual FY 2024-25</b>	<b>Estimate FY 2025-26</b>	<b>Estimate FY 2026-27</b>	<b>Estimate FY 2027-28</b>
11	Revenue Retained under Referendum C	\$3,690.7	\$2,909.4	\$3,946.0	\$4,056.4
12	Fiscal Year Spending (revenue available to be spent or saved)	\$19,153.4	\$19,066.5	\$20,492.7	\$21,066.5
13	Outstanding Underrefund Amount	-\$3.7			
14	<b>Revenue Refunded to Taxpayers</b>	<b>\$306.1</b>	<b>\$0.0</b>	<b>\$276.4</b>	<b>\$1,101.8</b>

**Line 11**, "Revenue Retained under Referendum C", is referred to as "General Fund Exempt" in the budget.

**Line 13**, "Outstanding Underrefund Amount," represents under-refunds from prior years.

**Table 9D**  
**TABOR Reserve Requirement**  
Dollars in Millions

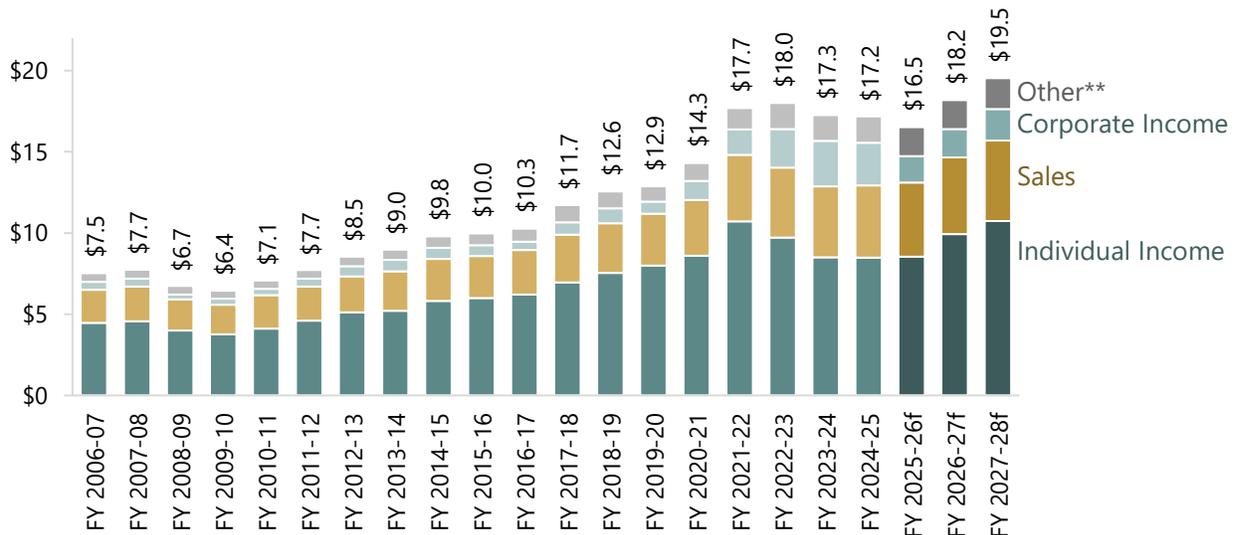
<b>Line</b>	<b>Reserve Requirement</b>	<b>Actual FY 2024-25</b>	<b>Estimate FY 2025-26</b>	<b>Estimate FY 2026-27</b>	<b>Estimate FY 2027-28</b>
15	TABOR Reserve Requirement	\$574.6	\$572.0	\$614.8	\$632.0

## General Fund Revenue

This section presents the outlook for General Fund revenue, the state’s main source of funding for discretionary operating appropriations. The three primary sources of General Fund revenue are individual income tax, corporate income tax, and sales tax collections. Other sources of General Fund revenue include excise taxes (retail marijuana, tobacco, and liquor), insurance premium tax, pari-mutuel tax, court receipts, and investment income. Table 10 on pages 42 and 43 summarizes General Fund revenue collections for FY 2024-25 and projections for FY 2025-26 through FY 2027-28; these are also illustrated in Figure 4, below.

The forecast incorporates adjustments to the forecast for legislation enacted during the 2025 regular session, [H.R. 1 - the One Big Beautiful Bill Act \(OBBBA\)](#), and legislation enacted in the 2025 special session.

**Figure 4**  
**General Fund Revenue Sources**  
Billions of Dollars



Amounts shown for FY 2025-26 through FY 2027-28 are forecasts.

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 Staff March 2026 forecast.

The state collected \$17.18 billion in General Fund revenue in FY 2024-25, a 0.4 percent decline compared to the prior year. The drop in revenue was largely due to individual income tax revenue, the largest component of General Fund revenue, which fell slightly following the enactment of large income tax credits during the 2024 legislative session.

General Fund revenue is projected to fall by 3.9 percent in FY 2025-26 as the OBBBA takes effect, reducing total income tax revenue. The forecast reflects broad downward revisions across most revenue streams in all fiscal years, which are partially or completely offset by upward revisions due to the expectation that triggered tax credits will be turned off. Individual income tax

revenue is expected to increase modestly in FY 2025-26 and rebound to a faster pace of growth in FY 2026-27 and FY 2027-28. Corporate income taxes are expected to fall significantly in the current fiscal year following record highs, before partially rebounding in FY 2026-27 and FY 2027-28. Sales tax revenue growth is expected to be modest in FY 2025-26 as consumer sentiment deteriorates, partially offset by revenue increases from [House Bill 25B-1005](#). General Fund revenue is expected to increase 10.1 percent in FY 2026-27 and 7.4 percent in FY 2027-28, reaching \$19.53 billion by the end of the forecast period.

**Risks to the forecast.** Risks to the General Fund revenue forecast are elevated as economic conditions and the revenue impacts of the OBBBA are highly uncertain. Additionally, data from 2025 income tax filings, which will provide more insight into the impacts of the OBBBA, are incomplete as most taxpayers file their taxes in March and April. Income tax credits that depend on revenue conditions also represent risks to the forecast, with relatively small changes in projected growth potentially making significant changes to credit amounts and availability. Stronger-than-expected wage gains due to lower interest rates could boost sales and income tax collections above the amounts projected in this forecast. Downside risks include a weak labor market and households pulling back on spending due to high uncertainty and poor household finances, each of which would result in lower General Fund collections.

## Income Tax

Taxable income earned by all Colorado individuals and corporations is taxed at one flat rate. 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 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 53 percent of revenue to the General Fund in FY 2024-25, before accounting for the SEF and affordable housing transfers.

**FY 2024-25.** Individual income tax collections declined by 0.5 percent in FY 2024-25, totaling \$10.00 billion before the SEF and affordable housing transfers. New and expanded state income tax credits were the main contributors to the decline, with a significant increase in refunds more than offsetting growth in wage withholding and cash with returns.

**Forecast for FY 2025-26.** Individual income tax revenue is expected to increase by 1.5 percent in FY 2025-26, to total \$10.15 billion before the SEF and affordable housing transfers. Expectations for revenue were decreased by \$75.7 million relative to the December forecast. The downgrade primarily reflects reduced expectations for cash with returns accrued in the current fiscal year and a decrease in withholding due to lower expectations for wage and salary growth.

The forecast is based on limited income tax filing data for 2025 final payments. Processing of individual income tax returns submitted electronically, which accounts for most state income tax return filings, began on February 17, 2026, similar to timing in recent years. The forecast incorporates preliminary data for final payments and refunds processed across twelve days in February, but final payments in March and April are generally much larger and much more volatile. Accordingly, the forecast incorporates significant bidirectional risk for the current fiscal year.

**Forecasts for FY 2026-27 and FY 2027-28.** Individual income tax collections are expected to grow by 17.3 percent in FY 2026-27 to \$11.91 billion, and by 7.8 percent in FY 2027-28 to \$12.84 billion. Relative to the December forecast, this represents an upward revision of \$316.4 million in FY 2026-27, and \$647.4 million in FY 2027-28. The individual income tax forecast was increased because the family affordability tax credit (FATC) and the expanded earned income tax credit (expanded EITC) are expected to be unavailable in tax years 2027 and 2028 due to revenue expectations across the entire March 2026 forecast, as discussed below.

**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, neither credit is projected to be available in tax years 2027 or 2028 under this March forecast, while the December 2025 LCS forecast had anticipated that both of these tax credits would be partially available for these tax years. With both tax credits expected to be unavailable rather than partially available, expectations for income tax refunds, which are a subtraction from total income tax revenue, were reduced. Accordingly, the forecast includes upward adjustments in each of FY 2026-27 and FY 2027-28 to reflect the expectation that both of these tax credits will be unavailable. If the credits were 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. Additionally, the innovative motor vehicle and innovative truck credit, the heat pump and thermal energy network tax credit, and

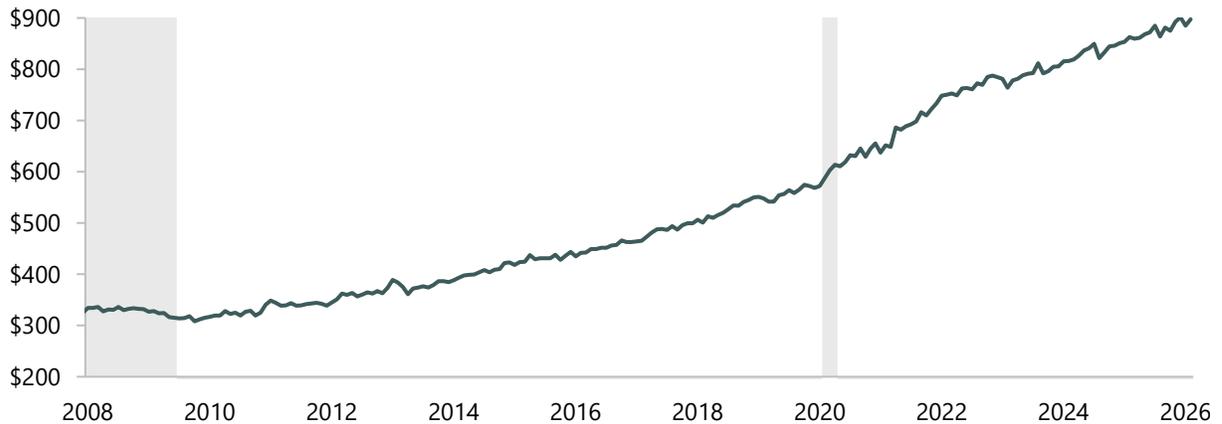
the electric bicycle tax credit established in [House Bill 23-1272](#) will only be partially available in tax year 2026, as determined by the June 2025 forecast.

**Additional Forecast Adjustments.** This forecast assumes that withholding and preliminary final payments and refunds for tax year 2025 incorporate initial impacts of the OBBBA. Additional upward adjustments to refunds and downward adjustments to withholding, estimated payments and cash with returns forecasts to account for the OBBBA have been incorporated. The forecast also includes an upward adjustment for the federal Social Security Fairness Act, enacted in 2025, which increases Social Security payments for some public employees and is expected to increase Colorado individual income tax receipts starting for tax year 2025.

Individual income tax refunds paid in February 2026 increased by almost 300 percent over February 2025 refund amounts. It is unclear whether this suggests that the impacts of the OBBBA are greater than previously estimated, or that more taxpayers filed their taxes early, accelerating refunds that otherwise would have been paid in March or April.

**Wage Withholding.** As shown in Figure 5, wage withholding—the largest stream of income tax revenue, totaling over three times the amount of estimated payments and cash with returns combined in recent fiscal years—has grown at rates consistent with a moderate expansion. Growth has slowed, from 6 percent in 2024 to 4 percent in 2025, as employment growth has faltered. Wage withholding is expected to continue to show moderate but slowing growth in 2026, before picking up in 2027, reflecting expectations for growth in employment and wages.

**Figure 5**  
**Monthly Individual Income Tax Withholding Collections**  
Millions of Dollars



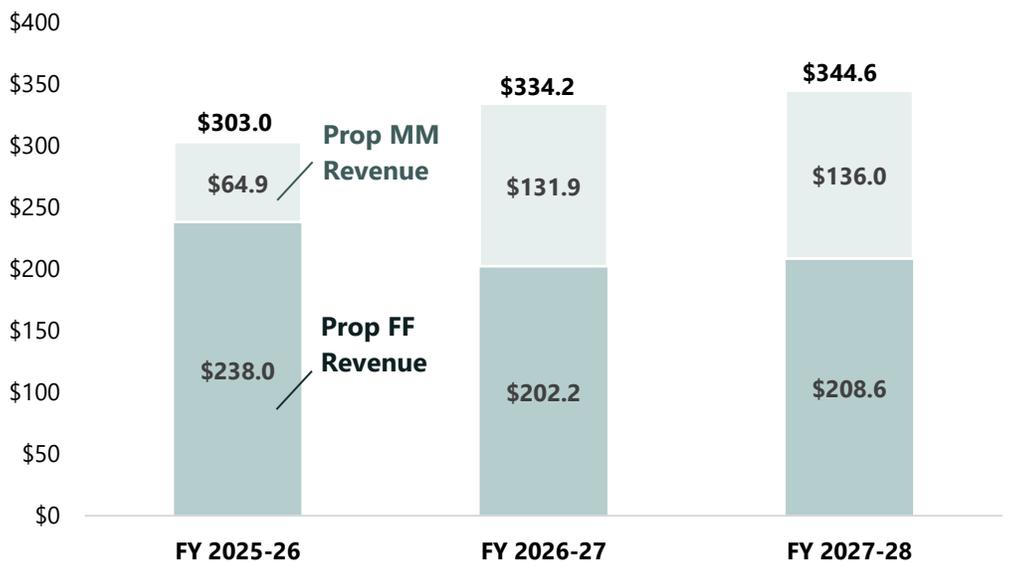
Source: Office of the State Controller with Legislative Council Staff seasonal adjustments. Data are shown as a three-month moving average on a cash basis. February 2026 collections are preliminary data from the Department of Revenue.

**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. Proposition FF revenue for tax year 2024 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 indicate that about 13,000 tax returns with Proposition FF revenue totaling \$10.9 million had been filed through March 2, 2026. If this represents a similar share of tax year revenue collected for tax year 2025 as was collected in tax year 2024 during the same period, this represents an estimated 5.6 percent of total revenue, which would represent a further 36 percent increase over the amount collected 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. Preliminary 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 6**  
**Healthy School Meals for All Revenue Forecast**  
 Millions of Dollars



Source: Legislative Council Staff forecast. Proposition FF revenue includes anticipated impacts of the OBBBA and Proposition LL.

On an accrual basis, Proposition FF revenue totaled \$132.3 million in FY 2024-25. Proposition FF revenue and Proposition MM revenue is expected to come in as shown in Figure 6. Reflecting preliminary collections data, forecasts for FY 2025-26 through FY 2027-28 have been revised upward by between \$64 and \$68 million. Proposition MM revenue is now forecast at \$131.9 million in FY 2026-27, which would exceed the \$95 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, 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 taxes are volatile due to economic conditions and changes in federal and state policies. Corporations also strategically time credits and deductions, complicating revenue estimates.

Corporate income tax revenue totaled \$2.62 billion in FY 2024-25, a 6.3 percent decrease from the record highs of FY 2023-24. Revenue for FY 2025-26 is projected at \$1.63 billion, a 37.8 percent decline. The decrease is mainly attributed to the OBBBA business provisions, which expanded bonus appreciation for most qualified property. The OBBBA provisions are expected to significantly reduce Colorado corporate income tax revenue in FY 2025-26, with a reduced impacts in later years. Revenue is forecast to rebound to \$1.74 billion in FY 2026-27, a 6.9 percent increase, and to \$1.94 billion in FY 2027-28, an 11.3 percent increase from the prior year.

Weakness in corporate income tax estimated payments for the fourth quarter of 2025 add uncertainty to this forecast. Estimated payments fell by \$145.5 million in the fourth quarter alone compared with the fourth quarter of 2024, far more than expected in the December forecast. It is unknown whether the decrease is attributable to reduced corporate profits, acceleration of OBBBA-related changes to tax payments, or some combination of these factors. The forecast assumes that weak fourth quarter estimated payments are attributable in part to OBBBA distortions and in part to a slowing economy; however, the uncertainty about this attribution raises risk to the outlook through the forecast period.

**Legislative adjustments.** This forecast incorporates adjustments to corporate tax provisions resulting from the OBBBA enacted in early July 2025 and legislation passed by the Colorado General Assembly during the 2025 special legislative session.

Since Colorado's corporate income tax is based on federal taxable income, the OBBBA is expected to reduce state revenue by \$336.3 million in FY 2025-26, \$151.3 million in FY 2026-27, and \$149.7 million in FY 2027-28. Additionally, [House Bill 25B-1002](#) creates a state income tax addition equal to the federal deduction for foreign-derived deduction-eligible income (FDDEI) beginning for tax year 2026. The bill is expected to increase corporate income tax revenue by \$35.6 million in FY 2025-26, \$72.2 million in FY 2026-27, and \$73.0 million in FY 2027-28.

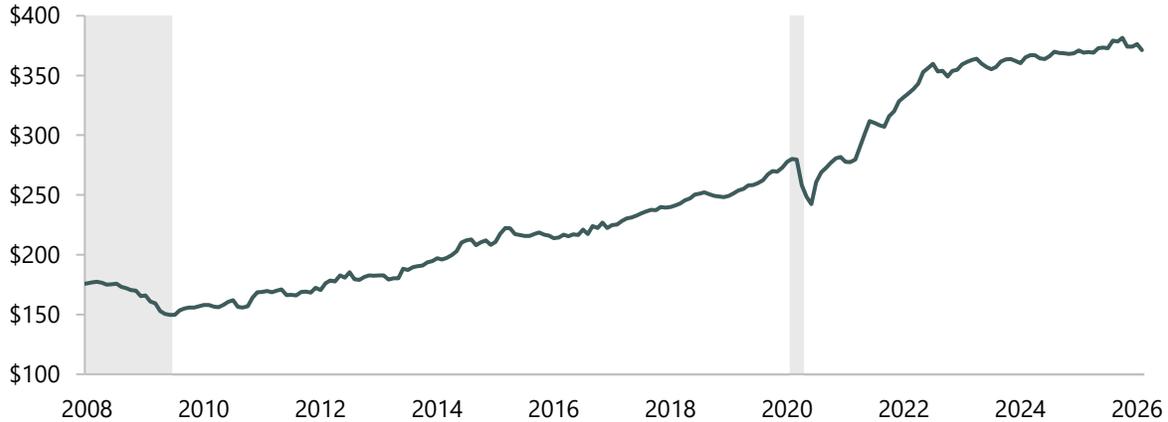
## Sales Tax

The 2.9 percent state sales tax is assessed on the purchase of goods, except those specifically exempted, and a small collection of services. Sales tax collections grew at a slow 1.8 percent in FY 2024-25 and are expected to post another year of slow-to-moderate growth at 2.7 percent in FY 2025-26. [House Bill 24-1434](#) reduced the amount of sales tax revenue diverted from the General Fund to the Housing Development Grant Fund by \$35 million per year in FY 2024-25 through FY 2031-32, increasing the amount retained in the General Fund. Additionally, [House Bill 25B-1005](#), which disallows 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, is expected to boost revenue by over \$55 million per year. However, a poor labor market and wary consumers are expected to weigh on growth in the short term, with sales tax collections forecasted to grow 3.3 percent in FY 2026-27 before rebounding to a moderate 5.4 percent in FY 2027-28.

Following weaker-than-expected collections in February 2026 and a weak retail sales forecast for Colorado, this forecast reflects downgrades to the December 2025 forecast by \$39.5 million in FY 2025-26, \$86.6 million in FY 2026-27, and \$79.7 million in FY 2027-28. Weak household finances that are further constrained by a weakening labor market and high prices for essential goods are expected to weigh on growth through the forecast period as consumer spending in Colorado continues to underperform the nation.

**Figure 7**  
**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. February 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. Manufacturing activity has remained slow as input costs are elevated, leading to a 7.1 percent decline in FY 2024-25 and slow-growing collections through February 2026.

Lowering interest rates may encourage investment in industries contributing to use tax revenues such as oil and gas, construction, and manufacturing. However, some of that activity may be restricted by immigration-driven declines in the labor force and high input costs fueled by tariffs. As such, use tax revenue is expected to grow at a slow 2.8 percent in FY 2025-26 and another slow 1.9 percent in FY 2026-27, as compounding factors weigh on investment decisions, before rebounding in FY 2027-28 with 14.2 percent growth.

The forecast has been downgraded compared to the December 2025 forecast by just under \$10 million in the current year and over \$20 million in FY 2026-27 and FY 2027-28. Tariffs are

expected to elevate input costs for goods while a shrinking labor force constrains labor supply. Still, risk to the forecast remains heightened. Lower interest rates and tax incentives could push growth in use tax collections to rebound sooner than forecasted.

### **Proposition EE Cigarette, Tobacco, and Nicotine Taxes**

Proposition EE increased cigarette and tobacco taxes, created a new tax on nicotine products, and created a minimum price for cigarette sales. Revenue from the new taxes is exempt from TABOR as a voter-approved revenue change. Proposition EE revenue is deposited in the General Fund, transferred to the 2020 Tax Holding Fund, and distributed to fund preschool programs, tobacco education programs, and the General Fund. Proposition EE tax rates increased on all three types of products beginning on July 1, 2024 and the final tax rate increases will go into effect on July 1, 2027.

Revenue from Proposition EE increased by 17.2 percent to \$243.6 million in FY 2024-25 as tax increases went into effect. The revenue forecast for FY 2025-26 was increased slightly compared to September due to higher-than-expected nicotine collections, which were partially offset by lower cigarette and tobacco tax collections. Table 10 shows expected revenue collections, while equivalent transfers from the General Fund to the 2020 Tax Holding Fund are shown in Table 7B on page 25.

**Cigarette** revenue is the largest portion of Proposition EE, making up 54 percent of total Proposition EE revenue in FY 2024-25. Cigarette use tends to decline over time, but consumption has fallen more steeply than normal in the past few years since the Proposition EE taxes went into effect and continue to increase. Proposition EE cigarette revenue is expected to decrease by 4.9 percent in the current fiscal year after high collections in FY 2024-25.

**Nicotine** is the next largest revenue stream, with revenue increasing throughout the forecast period due to increased tax rates and rising prices on nicotine products. The forecast for nicotine faces significant upside and downside risks, with the outlook facing elevated uncertainty.

Many nicotine products are imported in small packages which were formerly covered by the *de minimis* exemption, which allowed them to not be subject to certain taxes and fees. Eliminating the *de minimis* exemption may have a negative impact on revenue collections, as it may make it more difficult to import flavored vape products and may make them more expensive for consumers. Additionally, the FDA has received additional funding for increased federal enforcement against flavored e-cigarettes, which may reduce sales. Lastly, local flavor bans may result in reduced consumption.

Nicotine sales have increased by about 10 percent year-over-year on average since Proposition EE went into effect. Revenue is projected to grow by 10.6 percent in FY 2026-27 reflecting strong collections in the latter half of 2025. Revenue is expected to grow by only 4.5 percent in FY 2026-27 due to increased enforcement, before increasing by 10.0 percent in FY 2027-28 as higher tax rates go into effect.

**Tobacco** makes up the rest of the Proposition EE revenue, bringing in \$20.4 million in FY 2024-25. Tobacco revenue is expected to decrease by 12.0 percent to \$17.9 million in the current fiscal year as many tobacco products, such as cigars, are imported and consumption may

be reduced due to increased tariffs. Total consumption of tobacco is projected to stay flat throughout the rest of the forecast period, with revenue increasing in FY 2027-28 due to an increase in the tax rate.

**Table 10A**  
**Total General Fund Revenue Estimates**

Dollars in Millions

<b>Category</b>	<b>Actual FY 2024-25</b>	<b>Estimate FY 2025-26</b>	<b>Estimate FY 2026-27</b>	<b>Estimate FY 2027-28</b>
<b>Sales, Use, and Excise Taxes</b>	<b>\$5,188.9</b>	<b>\$5,317.3</b>	<b>\$5,480.0</b>	<b>\$5,799.1</b>
Percent Change in Sales, Use, and Excise Taxes	1.8%	2.5%	3.1%	5.8%
<b>Income Tax to the General Fund</b>	<b>\$11,107.4</b>	<b>\$10,171.8</b>	<b>\$11,682.1</b>	<b>\$12,667.5</b>
Percent Change in Income Tax to the General Fund	-1.7%	-8.4%	14.8%	8.4%
<b>Other General Fund Revenue</b>	<b>\$885.0</b>	<b>\$1,027.6</b>	<b>\$1,020.3</b>	<b>\$1,064.7</b>
Percent Change in Other General Fund Revenue	4.1%	16.1%	-0.7%	4.4%
<b>Gross General Fund Revenue</b>	<b>\$17,181.3</b>	<b>\$16,516.6</b>	<b>\$18,182.4</b>	<b>\$19,531.3</b>
<b>Percent Change in Gross General Fund Revenue</b>	<b>-0.4%</b>	<b>-3.9%</b>	<b>10.1%</b>	<b>7.4%</b>

**Table 10B**  
**Sales, Use, and Excise Taxes**

Dollars in Millions

<b>Category</b>	<b>Actual FY 2024-25</b>	<b>Estimate FY 2025-26</b>	<b>Estimate FY 2026-27</b>	<b>Estimate FY 2027-28</b>
<b>Sales Tax</b>	<b>\$4,441.1</b>	<b>\$4,560.5</b>	<b>\$4,712.0</b>	<b>\$4,966.3</b>
Percent Change in Sales Tax	1.8%	2.7%	3.3%	5.4%
<b>Use Tax</b>	<b>\$216.6</b>	<b>\$222.6</b>	<b>\$226.8</b>	<b>\$258.9</b>
Percent Change in Use Tax	-7.1%	2.8%	1.9%	14.2%
<b>Retail Marijuana Sales Tax</b>	<b>\$186.4</b>	<b>\$175.0</b>	<b>\$172.9</b>	<b>\$175.9</b>
Percent Change in Retail Marijuana Sales Tax	-4.4%	-6.1%	-1.2%	1.7%
<b>Cigarette Tax</b>	<b>\$19.5</b>	<b>\$17.8</b>	<b>\$17.1</b>	<b>\$15.3</b>
Percent Change in Cigarette Tax	-4.6%	-9.1%	-4.0%	-10.2%
<b>Tobacco Products Tax</b>	<b>\$23.7</b>	<b>\$22.0</b>	<b>\$22.6</b>	<b>\$22.7</b>
Percent Change in Tobacco Products Tax	9.8%	-7.3%	2.7%	0.8%
<b>Liquor Tax</b>	<b>\$54.0</b>	<b>\$56.1</b>	<b>\$56.1</b>	<b>\$57.0</b>
Percent Change in Liquor Tax	-3.6%	3.9%	0.0%	1.7%
<b>Proposition EE Tobacco Taxes</b>	<b>\$243.6</b>	<b>\$244.5</b>	<b>\$244.6</b>	<b>\$270.7</b>
Percent Change in Proposition EE Tobacco Taxes	17.2%	0.4%	0.1%	10.7%
<b>Firearms and Ammunition Tax</b>	<b>\$3.9</b>	<b>\$18.9</b>	<b>\$28.0</b>	<b>\$32.1</b>
Percent Change in Firearms and Ammunition Tax	N/A	379.1%	48.7%	14.6%
<b>Total Sales, Use, and Excise Taxes</b>	<b>\$5,188.9</b>	<b>\$5,317.3</b>	<b>\$5,480.0</b>	<b>\$5,799.1</b>
<b>Percent Change in Sales, Use, and Excise Taxes</b>	<b>1.8%</b>	<b>2.5%</b>	<b>3.1%</b>	<b>5.8%</b>

**Table 10C**  
**Income Taxes**  
Dollars in Millions

<b>Category</b>	<b>Actual FY 2024-25</b>	<b>Estimate FY 2025-26</b>	<b>Estimate FY 2026-27</b>	<b>Estimate FY 2027-28</b>
<b>Net Individual Income Tax</b>	<b>\$9,997.9</b>	<b>\$10,150.1</b>	<b>\$11,909.6</b>	<b>\$12,838.8</b>
Percent Change in Net Individual Income Tax	-0.5%	1.5%	17.3%	7.8%
<b>Net Corporate Income Tax</b>	<b>\$2,619.5</b>	<b>\$1,629.4</b>	<b>\$1,741.8</b>	<b>\$1,938.0</b>
Percent Change in Net Corporate Income Tax	-6.3%	-37.8%	6.9%	11.3%
<b>Total Income Taxes</b>	<b>\$12,617.4</b>	<b>\$11,779.5</b>	<b>\$13,651.4</b>	<b>\$14,776.8</b>
Percent Change in Total Income Taxes	-1.7%	-6.6%	15.9%	8.2%
<b>Less: Portion Diverted to the SEF</b>	<b>-\$1,060.6</b>	<b>-\$1,004.1</b>	<b>-\$1,093.7</b>	<b>-\$1,180.4</b>
Percent Change in SEF Diversion	-12.3%	-5.3%	8.9%	7.9%
<b>Less: Portion Diverted to Kids Matter Account</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>-\$213.3</b>	<b>-\$230.2</b>
Percent Change in Kids Matter Diversion			N/A	7.9%
<b>Less: Portion Diverted for Affordable Housing</b>	<b>-\$317.0</b>	<b>-\$300.7</b>	<b>-\$328.1</b>	<b>-\$354.1</b>
Percent Change in Affordable Housing Diversion	-3.1%	-5.2%	9.1%	7.9%
<b>Less: Portion Diverted for Healthy School Meals</b>	<b>-\$132.3</b>	<b>-\$303.0</b>	<b>-\$334.2</b>	<b>-\$344.6</b>
Percent Change in School Meals Diversion	N/A	128.9%	10.3%	3.1%
<b>Income Tax to the General Fund</b>	<b>\$11,107.4</b>	<b>\$10,171.8</b>	<b>\$11,682.1</b>	<b>\$12,667.5</b>
<b>Percent Change in Income Tax to the General Fund</b>	<b>-1.7%</b>	<b>-8.4%</b>	<b>14.8%</b>	<b>8.4%</b>

**Table 10D**  
**Other General Fund Revenue**  
Dollars in Millions

<b>Category</b>	<b>Actual FY 2024-25</b>	<b>Estimate FY 2025-26</b>	<b>Estimate FY 2026-27</b>	<b>Estimate FY 2027-28</b>
<b>Insurance Premium Tax to General Fund</b>	<b>\$659.5</b>	<b>\$820.4</b>	<b>\$857.8</b>	<b>\$920.5</b>
Percent Change in Insurance Premium Tax	21.7%	24.4%	4.6%	7.3%
<b>Pari-Mutuel Wagering Tax</b>	<b>\$0.3</b>	<b>\$0.2</b>	<b>\$0.2</b>	<b>\$0.2</b>
Percent Change in Pari-Mutuel Wagering Tax	-20.4%	-24.7%	-6.3%	-2.9%
<b>General Fund Investment Income</b>	<b>\$166.7</b>	<b>\$168.1</b>	<b>\$120.6</b>	<b>\$101.7</b>
Percent Change in Investment Income	-33.7%	0.8%	-28.2%	-15.7%
<b>Court Receipts to General Fund</b>	<b>\$2.1</b>	<b>\$1.1</b>	<b>\$1.2</b>	<b>\$1.1</b>
Percent Change in Court Receipts	-35.3%	-46.4%	4.6%	-1.9%
<b>Other General Fund Income</b>	<b>\$56.5</b>	<b>\$37.8</b>	<b>\$40.6</b>	<b>\$41.2</b>
Percent Change in Other General Fund Income	6.4%	-33.1%	7.3%	1.6%
<b>Total Other General Fund Revenue</b>	<b>\$885.0</b>	<b>\$1,027.6</b>	<b>\$1,020.3</b>	<b>\$1,064.7</b>
<b>Percent Change in Other General Fund Revenue</b>	<b>4.1%</b>	<b>16.1%</b>	<b>-0.7%</b>	<b>4.4%</b>

## 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 11 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 11**  
**Cash Fund Revenue Subject to TABOR**

Dollars in Millions

Line	Revenue Source	Actual FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	CAAGR*
1	Transportation-Related	\$1,494.0	\$1,515.8	\$1,556.9	\$1,614.2	
2	Transportation-Related Percent Change	4.8%	1.5%	2.7%	3.7%	2.6%
3	Severance Tax	\$66.9	\$198.4	\$249.2	\$218.4	
4	Severance Tax Percent Change	-69.4%	196.5%	25.6%	-12.3%	48.3%
5	Gaming Revenue	\$94.4	\$92.4	\$96.9	\$98.4	
6	Gaming Revenue Percent Change	1.6%	-2.1%	5.0%	1.5%	1.4%
7	Insurance-Related	\$28.3	\$24.6	\$27.3	\$27.4	
8	Insurance-Related Percent Change	-0.8%	-13.0%	10.8%	0.7%	-1.0%
9	Regulatory Agencies	\$116.2	\$123.1	\$126.3	\$129.5	
10	Regulatory Agencies Percent Change	20.9%	5.9%	2.6%	2.5%	3.7%
11	2.9% Sales Tax on Marijuana	\$4.7	\$4.4	\$4.4	\$4.6	
12	2.9% Marijuana Tax Percent Change	-13.0%	-6.3%	0.7%	3.2%	-0.9%
13	Housing Development Grant Fund (HDGF)	\$34.8	\$69.9	\$42.3	\$46.7	
14	HDGF Percent Change	-54.8%	101.0%	-39.5%	10.3%	10.3%
15	Kids Matter Account in SEF			\$213.3	\$230.2	
16	Kids Matter Account Percent Change			N/A	7.9%	
17	Other Cash Funds	\$930.9	\$1,015.2	\$765.8	\$793.5	
18	Other Cash Funds Percent Change	8.8%	9.1%	-24.6%	3.6%	-5.2%
<b>19</b>	<b>Total Cash Fund Revenue Subject to the TABOR Limit</b>	<b>\$2,770.1</b>	<b>\$3,043.7</b>	<b>\$3,082.3</b>	<b>\$3,162.8</b>	
20	Total Cash Fund Revenue Percent Change	-1.0%	9.9%	1.3%	2.6%	4.5%

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 sales of medical and retail marijuana. This revenue is subject to TABOR.

## **FY 2024-25**

Cash fund revenue subject to TABOR totaled \$2.77 billion in FY 2024-25, a 1.0 percent decrease from the previous year. This decline in cash fund revenue subject to TABOR is mainly due to lower severance tax revenue and [House Bill 24-1434](#), which reduced the sales tax revenue credited to the Housing Development Grant Fund. These decreases outweighed gains in transportation-related and other cash fund revenues.

## **FY 2025-26**

For the current fiscal year, cash fund revenue subject to TABOR is projected to increase 9.9 percent from last year and reach \$3.04 billion. This growth mainly reflects one-time tax credit sales recorded under other cash funds. [House Bills 25B-1004](#) and [25B-1006](#) authorize 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 are expected to generate just over \$200 million in state revenue for FY 2025-26. After administrative costs, HB 25B-1006 requires 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 will disqualify 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 must be transferred to the General Fund as required by HB 25B-1004. The proceeds from the sale of income tax credits and the enterprise disqualification are expected to more than offset revenue reductions from 2025 legislation.

Additionally, a rebound in severance tax revenue is expected to further increase cash fund revenue subject to TABOR. Finally, because state revenue is expected to fall below the Referendum C cap in FY 2025-26, state law enacted in [House Bill 19-1322](#) and [House Bill 20-1370](#) requires a \$30 million transfer from the Unclaimed Property Trust Fund to the Housing Development Grant Fund (HDGF), ultimately determined by the June 2026 LCS forecast. The transfer occurs across TABOR district boundaries and increases projected HDGF revenue subject to TABOR for FY 2025-26 only.

Compared to the December forecast, total cash fund revenue expectations for FY 2024-25 subject to TABOR decreased by \$93.6 million. This adjustment primarily results from lower year-to-date collections in other cash funds, ongoing severance tax refunds, and weaker-than-anticipated severance tax collections.

## **FY 2026-27**

Cash fund revenue is projected to increase by 1.3 percent from the prior year, reaching \$3.08 billion. The initial diversion to the Kids Matter Account in the State Education Fund will more than offset decreases in other cash funds revenue and HDGF revenue. [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 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 downward by \$103.1 million compared to the December forecast.

## FY 2027-28

Cash fund revenue subject to TABOR is projected to reach \$3.16 billion, representing a 2.6 percent increase from FY 2026-27. Most major cash fund components are anticipated to contribute to this growth; however, severance tax revenue is expected to decline due to larger ad valorem credits offsetting forecasted gains in taxable income.

### Transportation-Related Revenue

Transportation-related revenue subject to TABOR is expected to grow 1.4 percent in FY 2025-26, reaching \$1.52 billion, then increase by 2.7 percent in FY 2026-27 and 3.7 percent in FY 2027-28. The slower growth in FY 2025-26 results from [Senate Bill 25-258](#), which temporarily reduces the road safety surcharge by \$3.70 from September 1, 2025, to September 1, 2027. Additionally, [Senate Bill 25-317](#) diverts interest earnings from certain Highway Users Tax Fund (HUTF) accounts to the General Fund for FY 2025-26, further slowing collections. See Table 12A for the transportation-related revenue forecast.

For FY 2025-26, the transportation-related revenue forecast was revised upward by \$0.8 million compared to the December 2025 forecast. In FY 2026-27 and FY 2027-28, the transportation-related revenue forecast was revised downward by just over \$10.0 million per year, largely a reflection of weakened demand expectations for motor fuel.

**Motor fuel revenue** is the largest source of transportation funding, accounting for nearly half of total collections, with vehicle registrations as the next largest contributor. Motor fuel collections are expected to decline for a third-consecutive year by 1.9 percent in FY 2025-26, following national trends as increased vehicle fuel efficiency and ongoing shifts to remote or hybrid work are expected to limit long-term growth in motor fuel collections. Motor fuel revenue is expected to remain stagnant in FY 2026-27 at 0.1 percent growth before accelerating slightly to 1.3 percent growth in FY 2027-28 as recovering consumer confidence strengthens demand.

**Road usage fees** are collected alongside motor fuel taxes such that a revision to the motor fuel forecast leads to a corresponding revision to projected road usage fee collections. In addition, road usage fees increased to 5 cents per gallon in July 2025 and will increase by an additional 1 cent per gallon in each fiscal year through the forecast period. Therefore, growth in collections is expected to remain in the double-digits throughout the forecast period.

Projections for collections from **vehicle registrations, including the road safety surcharge** changed little since the December 2025 forecast. Small declines are expected for FY 2025-26 and FY 2026-27 due to the temporary reduction in the road safety surcharge.

Finally, **retail delivery fees**, which were created by [Senate Bill 21-260](#) and went into effect on July 1, 2022, are expected to continue to generate increasing revenue through the forecast period as consumers increasingly shop online. Revenue is expected to grow by 11.9 percent in FY 2025-26, another 9.5 percent in FY 2026-27, and another 13.4 percent in FY 2027-28 as demand remains high for online shopping and elevates the fee, which increases according with inflation by a minimum of 1 cent per year from its current level of 28 cents per delivery.

**Table 12A**  
**Transportation Revenue by Source**  
Dollars in Millions

Line	Revenue Source	Actual FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	CAAGR*
1	Highway Users Tax Fund (HUTF)	\$1,289.1	\$1,301.9	\$1,336.1	\$1,401.3	1.9%
2	Non-HUTF	\$205.0	\$213.9	\$220.8	\$212.9	-0.1%
3	<b>Total Transportation Funds</b>	<b>\$1,494.1</b>	<b>\$1,515.8</b>	<b>\$1,556.9</b>	<b>\$1,614.2</b>	1.6%
4	Total Transportation Funds Percent Change	4.8%	1.4%	2.7%	3.7%	

Totals may not sum due to rounding.

\* CAAGR is the compound average annual growth rate for FY 2024-25 to FY 2027-28.

**Table 12B**  
**Highway Users Tax Fund Revenue**  
Dollars in Millions

Line	Revenue Source	Actual FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	CAAGR*
5	Motor and Special Fuel Taxes	\$644.3	\$632.0	\$632.8	\$640.9	0.4%
6	Motor and Special Fuel Taxes Percent Change	-0.7%	-1.9%	0.1%	1.3%	
7	Road Usage Fees	\$120.1	\$147.3	\$177.6	\$201.9	8.2%
8	Road Usage Fees Percent Change	29.2%	22.7%	20.5%	13.7%	
9	Total Registrations	\$434.8	\$431.5	\$430.9	\$458.1	1.5%
10	Total Registrations Percent Change	11.6%	-0.7%	-0.2%	6.3%	
11	<i>Total Registrations - Registrations</i>	<i>\$244.5</i>	<i>\$256.1</i>	<i>\$260.3</i>	<i>\$265.3</i>	0.9%
12	<i>Total Registrations - Road Safety Surcharge</i>	<i>\$145.1</i>	<i>\$129.8</i>	<i>\$124.5</i>	<i>\$146.8</i>	3.1%
13	<i>Total Registrations - Late Registration Fees</i>	<i>\$45.1</i>	<i>\$45.6</i>	<i>\$46.0</i>	<i>\$46.0</i>	0.2%
14	Retail Delivery Fees	\$22.6	\$25.3	\$27.7	\$31.4	5.6%
15	Retail Delivery Fees Percent Change	6.4%	11.9%	9.5%	13.4%	
16	Other HUTF Receipts	\$67.3	\$65.8	\$67.1	\$69.1	1.2%
17	Other HUTF Receipts Percent Change	3.1%	-2.4%	2.1%	2.9%	
18	<b>Total HUTF</b>	<b>\$1,289.1</b>	<b>\$1,301.9</b>	<b>\$1,336.1</b>	<b>\$1,401.3</b>	1.9%
19	Total HUTF Percent Change	5.8%	1.0%	2.6%	4.9%	

Totals may not sum due to rounding.

CAAGR is the compound average annual growth rate for FY 2023-24 to FY 2026-27.

**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 12C**  
**Non-HUTF Transportation Revenue Subject to TABOR**  
Dollars in Millions

Line	Revenue Source	Actual FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	CAAGR*
20	State Highway Fund (SHF)	\$35.2	\$33.5	\$34.5	\$35.1	1.2%
21	SHF Percent Change	26.5%	-4.7%	2.8%	2.0%	
22	Other Transportation Funds	\$169.8	\$180.4	\$186.3	\$177.7	-0.4%
23	Other Percent Change	-5.3%	6.2%	3.3%	-4.6%	
24	<i>Other - Aviation Fund</i>	\$43.8	\$49.5	\$50.1	\$50.9	0.7%
25	<i>Other - Multimodal Transp. Options Fund</i>	\$15.0	\$16.8	\$18.4	\$20.9	5.6%
26	<i>Other - Law Enforcement-Related</i>	\$6.7	\$6.5	\$6.2	\$6.1	-1.6%
27	<i>Other - Registration-Related</i>	\$104.3	\$107.6	\$111.5	\$99.9	-1.8%
28	<b>Total Non-HUTF</b>	<b>\$205.0</b>	<b>\$213.9</b>	<b>\$220.8</b>	<b>\$212.9</b>	-0.1%
29	Total Non-HUTF Percent Change	-1.0%	4.3%	3.2%	-3.6%	

Totals may not sum due to rounding.

CAAGR is the compound average annual growth rate for FY 2023-24 to FY 2026-27.

**Line 20**, "State Highway Fund (SHF)", includes only SHF revenue subject to TABOR.

**Line 24**, "Other - Aviation Fund", includes revenue from aviation fuel excise taxes and the 2.9 percent sales tax on the retail cost of jet fuel.

**Line 26**, "Other - Law Enforcement-Related", includes revenue from driving under the influence (DUI) and driving while ability impaired (DWAI) fines.

**Line 27**, "Other - 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, 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. SB 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 13 below.

**Table 13**  
**Highway Users Tax Fund Distributions**  
Dollars in Millions

Line	HUTF Distribution Forecast	Actual FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28
1	Department of Public Safety	\$208.3	\$220.3	\$220.3	\$220.3
2	Department of Revenue	\$2.0	\$2.8	\$2.8	\$2.8
3	Department of Natural Resources	\$0.3	\$0.3	\$0.3	\$0.3
4	State Highway Fund	\$658.5	\$650.2	\$669.1	\$716.4
5	Counties	\$245.4	\$248.9	\$257.4	\$268.2
6	Municipalities	\$176.2	\$180.9	\$187.5	\$194.8
<b>7</b>	<b>Total HUTF Distributions</b>	<b>\$1,290.6</b>	<b>\$1,303.4</b>	<b>\$1,337.5</b>	<b>\$1,402.8</b>
<b>8</b>	<b>Total Nonexempt Revenue</b>	<b>\$1,289.1</b>	<b>\$1,301.9</b>	<b>\$1,336.1</b>	<b>\$1,401.3</b>
9	Assumed Exempt Revenue	\$1.5	\$1.6	\$1.4	\$1.5
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 amounts estimated in FY 2025-26 reflect full appropriations.

**Line 3,** "Department of Natural Resources," receives an ongoing appropriation of \$300,000 for capital construction.

## Severance Tax

Severance tax revenue declined by 69.4 percent in FY 2024-25 to \$66.9 million, largely due an 84.3 percent decline in revenue from oil and gas as a historic amount of oil and gas refunds were processed, totaling \$204.5 million. Comparatively, there were about \$73 million in refunds for FY 2023-24. Large property tax bills for operators over the past two years have led to a large amount of ad valorem tax credits that have combined with a lower value of oil and gas production. In FY 2025-26, severance tax revenue subject to TABOR is expected to increase to \$198.4 million with a rebound in oil and gas severance tax revenue. However, the outlook has been downgraded since the December forecast for FY 2025-26, due to ongoing refunds and weaker-than-expected collections. Severance tax revenue is more volatile than other revenue sources due to the boom-bust nature of the oil and gas sector and Colorado's tax structure. The forecast for the major components of severance tax revenue is shown in Table 14.

Severance tax collections from **oil and natural gas** are expected to increase from the low in FY 2024-25 over the forecast period. In FY 2025-26, fewer ad valorem credits and higher natural gas prices will contribute to oil and gas revenue growing to an estimated \$172.7 million. Stronger market conditions for natural gas are expected to offset weaker oil markets as prices slump. Severance tax revenue from oil and gas is expected to increase 25.8 percent in FY 2026-27. Natural gas prices continue to rise higher than anticipated and will continue to boost revenue during the forecast period. Combined with a short-term oil price spike due to the conflict in Iran, the value of oil and gas production is expected to increase for the 2026 tax year. The forecast anticipates the effects of the war will begin to resolve by the summer, and oil prices will fall from near-term highs. In FY 2027-28, oil and gas collections are expected to fall by

12.3 percent. Despite improved market conditions, larger ad valorem credits will offset forecast gains in taxable income.

**Table 14**  
**Severance Tax Revenue Forecast by Source**  
Dollars in Millions

Revenue Source	Actual FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	CAAGR
Oil and Gas Taxes	\$28.0	\$172.7	\$217.2	\$184.5	
Oil and Gas Percent Change	-84.3%	517.0%	25.8%	-15.0%	87.5%
Coal Taxes	\$6.9	\$7.8	\$5.3	\$5.5	
Coal Percent Change	5.4%	12.1%	-32.6%	4.6%	-7.5%
Molybdenum and Metallics Taxes	\$2.1	\$2.0	\$2.2	\$2.3	
Molybdenum and Metallics Percent Change	28.2%	-4.7%	6.7%	4.2%	1.9%
<b>Total Severance Tax Revenue</b>	<b>\$37.1</b>	<b>\$182.5</b>	<b>\$224.6</b>	<b>\$192.3</b>	
Total Severance Tax Revenue Pct. Change	-80.1%	392.2%	23.1%	-14.4%	73.1%
Interest Earnings	\$29.8	\$15.9	\$24.5	\$26.1	
Interest Earnings Percent Change	-6.8%	-46.8%	54.4%	6.7%	-4.3%
<b>Total Severance Tax Fund Revenue</b>	<b>\$66.9</b>	<b>\$198.4</b>	<b>\$249.2</b>	<b>\$218.4</b>	
Severance Tax Fund Revenue Pct. Change	-69.4%	196.5%	25.6%	-12.3%	48.3%

CAAGR: Compound average annual growth rate for FY 2024-25 to FY 2027-28.

**Coal severance tax** revenue increased by 5.4 percent in FY 2024-25 to \$6.9 million. Through the forecast period, 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 closure, the Colowyo Mine in Moffat County was reported to end its coal production in December 2025. Ongoing reductions in demand from the electricity sector are expected to contribute to declines through the forecast period. Based on stronger than expected collections over the past few months, severance tax revenue from coal is expected to increase by 12.1 percent in FY 2025-26. After coal production at the Colowyo Mine ends, and with less demand from the electric power sector, collections are expected to decrease 32.6 percent in FY 2026-27. Collections are expected to normalize in FY 2027-28 at lower levels of production and increase by 4.6 percent.

**Metal and molybdenum** tax collections rose 28.2 percent to \$2.1 million in FY 2024-25, increasing for the second-consecutive year after a large decline in FY 2022-23. Based on collections year-to-date, collections are expected to decline 4.7 percent FY 2025-26 to about \$2.0 million. Through the forecast period, collections are expected to remain fairly stable, but below the long-term average.

Finally, **interest earnings** in severance tax funds are expected to fall by nearly half in FY 2025-26, due to legislative adjustments that will credit 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 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 is expected to increase 2.8 percent to \$186.1 million in FY 2025-26, a slowdown from post-COVID growth as [Senate Bill 25-317](#) diverts interest in the Limited Gaming Fund to the General Fund for FY 2025-26. To the upside, growth in FY 2025-26 and FY 2026-27 is expected to be buoyed by a new casino in Cripple Creek for which construction finished in July 2025. To the downside, strained household finances are expected to weigh on discretionary income, lending to slow-to-moderate growth through the forecast period.

Collections from gaming are expected to grow another 3.0 percent in FY 2026-27 before slowing somewhat to 1.6 percent in FY 2027-28. Statute only allows for pre-Amendment 50 revenue (subject to TABOR) to grow by 3.0 percent annually, so in years 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 through the forecast period.

## Other Cash Funds

The other cash funds line in Table 11 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 2024-25.** Final figures from the Office of the State Controller show other cash funds revenue subject to TABOR totaled \$930.9 million, an 8.8 percent increase from the prior year. Out of the almost 400 cash funds, the top 20 funds made up 62 percent of total other cash funds revenue.

For FY 2024-25, the largest five cash funds in the other cash funds group were:

- Adult Dental Fund (\$66.1 million);
- General Fund Unrestricted Cash Fund (\$58.5 million);
- Medicaid Nursing Facility Cash Fund (\$49.0 million);
- Department of State Cash Fund (\$42.4 million); and
- Public School Fund (\$38.9 million).

Revenue from the Adult Dental Fund is from transfers from the Unclaimed Property Trust Fund across TABOR district boundaries made each year to fund dental services for adult Medicaid beneficiaries. The General Fund Unrestricted Cash Fund designation is used for revenues that are not general purpose revenue (income tax, sales tax, etc.) and are used by state departments for general government purposes. Of the \$58.5 million with this designation in FY 2024-25, \$29.1 million, or just under half, was from transfers and service charges paid by TABOR enterprises to other areas of the state government. Revenue to the Medicaid Nursing Facility Fund comes from nursing facility fees to draw down matching federal funds, while the Department of State Cash Fund receives revenue from the fees generated by business filings and other services. This cash fund then supports most of the Department of State's operational expenses and activities. Finally, the Public School Fund, also called the "Permanent Fund," receives proceeds from state land leases.

**FY 2025-26.** Other cash funds revenue in FY 2025-26 is projected to increase by 9.1 percent to about \$1.02 billion. Revenue growth is principally from House Bills 25B-1004 and 25B-1006, which permits the sale of insurance premium and corporate income tax credits. For FY 2025-26 only, the bills are expected to raise just over \$200 million. The proceeds are first credited to the nonexempt Tax Credits Sale Proceeds Cash Fund and then transferred to the HIA Fund and the General Fund, respectively (see also Table 7A).

Of the anticipated \$200 million in proceeds, about \$100 million will be transferred to the HIA Fund within the HIAE. This transfer will cause more than 10 percent of HIAE's revenue to come from state support, disqualifying it as an enterprise and making fee and interest revenue, currently estimated at \$143 million, subject to TABOR for FY 2025-26 only. Federal funds and prior year surpluses will remain exempt. The HIAE will 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 proceeds from the sale of income tax credits and the enterprise disqualification more than offsets the expected downgrades from legislation enacted in the 2025 legislation session. Legislation enacted in the 2025 regular session is expected to reduce other cash funds revenue by \$183.0 million. Finally, compared to the December forecast, revenue expectations for other cash funds were reduced by \$74.3 million due to lower year-to-date collections.

**FY 2026-27.** Other cash funds revenue is expected to fall by 24.6 percent and total about \$765.8 million in FY 2026-27. The year-over-year revenue decrease is because tax credit sales under HB 25B-1004 and HB 25B-1006 will end after FY 2025-26, and the HIAE is expected to requalify as an enterprise. Compared to the December forecast, revenue expectations for other cash funds were reduced by \$82.8 million due to lower year-to-date collections.

**FY 2027-28.** Other cash funds revenue is expected to increase 3.6 percent and total \$793.5 million. The forecast was decreased by \$85.5 million relative to December, reflecting lower expectations for FY 2025-26 and FY 2026-27 as discussed above.

## 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 but at a slower pace. This drop is mainly due to low prices, reduced demand as more states legalize marijuana, and greater availability of intoxicating hemp. Revenue is expected to fall through FY 2026-27, then rebound slightly in FY 2027-28. The forecast will be influenced by changes in the legal status of intoxicating hemp, a marijuana-like product grown outside licensed operations.

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

**Table 15A**  
**Tax and Interest Revenue from the Marijuana Industry**  
Dollars in Millions

<b>TABOR Status</b>	<b>Actual FY 2024-25</b>	<b>Forecast FY 2025-26</b>	<b>Forecast FY 2026-27</b>	<b>Forecast FY 2027-28</b>
Exempt	\$230.0	\$217.6	\$214.8	\$219.1
Nonexempt	\$4.7	\$4.4	\$4.4	\$4.6
<b>Total</b>	<b>\$234.7</b>	<b>\$222.0</b>	<b>\$219.2</b>	<b>\$223.7</b>
<b>Percent Change in Total Revenue</b>	<b>-7.0%</b>	<b>-5.4%</b>	<b>-1.2%</b>	<b>2.0%</b>

**Table 15B**  
**Exempt Revenue from the Marijuana Industry**  
Dollars in Millions

<b>Revenue Source</b>	<b>Actual FY 2024-25</b>	<b>Forecast FY 2025-26</b>	<b>Forecast FY 2026-27</b>	<b>Forecast FY 2027-28</b>
<b>Special Sales Tax</b>	<b>\$186.4</b>	<b>\$175.0</b>	<b>\$172.9</b>	<b>\$175.9</b>
Percent Change in Special Sales Tax	-4.4%	-6.1%	-1.2%	1.7%
<b>Excise Tax</b>	<b>\$40.2</b>	<b>\$39.6</b>	<b>\$39.2</b>	<b>\$40.2</b>
Percent Change in Excise Tax	-16.1%	-1.4%	-1.1%	2.7%
<b>Interest</b>	<b>\$3.4</b>	<b>\$3.0</b>	<b>\$2.7</b>	<b>\$3.0</b>
Percent Change in Interest	-17.0%	-12.3%	-10.0%	11.1%
<b>Total Exempt Revenue</b>	<b>\$230.0</b>	<b>\$217.6</b>	<b>\$214.8</b>	<b>\$219.1</b>
<b>Percent Change in Total Exempt</b>	<b>-6.9%</b>	<b>-5.4%</b>	<b>-1.3%</b>	<b>2.0%</b>

**Table 15C**  
**Nonexempt Revenue from the Marijuana Industry**  
Dollars in Millions

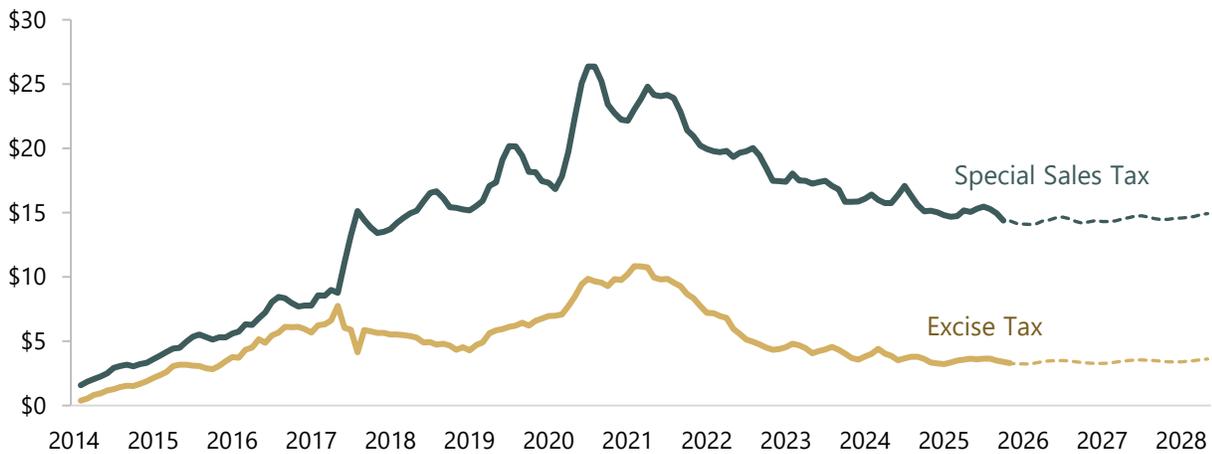
<b>Revenue Source</b>	<b>Actual FY 2024-25</b>	<b>Forecast FY 2025-26</b>	<b>Forecast FY 2026-27</b>	<b>Forecast FY 2027-28</b>
<b>Sales Tax on Medical Marijuana</b>	<b>\$3.0</b>	<b>\$2.0</b>	<b>\$1.4</b>	<b>\$1.1</b>
Percent Change in Medical Marijuana	-23.3%	-34.2%	-29.2%	-22.9%
<b>Sales Tax on Non-Marijuana Products</b>	<b>\$1.5</b>	<b>\$2.3</b>	<b>\$2.9</b>	<b>\$3.4</b>
Percent Change in Non-Marijuana Sales	23.3%	49.1%	27.1%	15.2%
<b>Interest Income</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.1</b>
Percent Change in Interest	-15.7%	-15.0%	-11.0%	15.0%
<b>Total Nonexempt Revenue</b>	<b>\$4.7</b>	<b>\$4.4</b>	<b>\$4.4</b>	<b>\$4.6</b>
<b>Percent Change in Nonexempt Revenue</b>	<b>-12.2%</b>	<b>-6.3%</b>	<b>0.7%</b>	<b>3.2%</b>

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, Marijuana Cash Fund, and local governments. [House Bill 25-268](#) modified the distribution of special sales tax revenue by reducing the local share, increasing the distribution to the MTCF, and creating a new distribution to the Marijuana Cash Fund. Special sales tax revenue continues to fall, but at a slowing rate compared to prior years. Collections in January 2026 were 3.7 percent lower than January collections the year prior.

Special sales tax revenue is expected to continue to fall in the current fiscal year and the next, and begin recovering in FY 2027-28 as consumption and prices start to rebound. Special sales tax revenue is expected to fall by 6.1 percent in the current fiscal year, and another 1.2 percent in FY 2026-27. A federal ban on most intoxicating hemp products is scheduled to take effect November 2026, which is expected to boost marijuana tax collections, resulting in an upward revision relative to the September forecast. The impact on the forecast is difficult to quantify as the amount of intoxicating hemp currently being bought and sold in Colorado is unknown. As a result, revenue is expected to stabilize in 2027, before posting slight increases 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. Falling prices have contributed to falling excise tax revenue per unit, as well as falling sales volume as cultivators exit the market because prices are too low to support their businesses. Wholesale prices for bud are 1.4 percent lower year-over-year, and the number of licensed cultivators has fallen by 12.1 percent. Revenue is expected to be 1.4 percent lower in FY 2025-26 than the prior year and then decrease by another 1.1 percent in FY 2026-27.

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



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

**Exempt interest** credited to the MTCF reached \$3.4 million in FY 2024-25, a 17 percent decrease from the year prior, as interest rates fell slightly. This amount is expected to fall to \$3.0 million in the current fiscal year as revenue and the MTCF fund balance decline. Exempt interest is credited to the fund in a lump sum at the end of the fiscal year which adds additional uncertainty to this forecast as there is no tracking data throughout the year.

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 \$3.0 million in FY 2024-25, a 23.3 percent decline compared to the year prior. The number of medical marijuana card holders continues to decline significantly, and is expected to result in falling tax revenue throughout the forecast period. Retail marijuana dispensaries also remitted \$1.5 million in 2.9 percent general sales tax in FY 2024-25. Collections are expected to grow throughout the rest of the forecast period.

**Table 16**  
**Distributions of Marijuana Revenue**  
 Dollars in Millions

<b>Marijuana Revenue Distribution</b>	<b>Actual FY 2024-25</b>	<b>Estimate FY 2025-26</b>	<b>Estimate FY 2026-27</b>	<b>Estimate FY 2027-28</b>
Marijuana Tax Cash Fund	\$128.6	\$128.6	\$126.7	\$129.2
BEST Fund	\$40.2	\$39.3	\$38.1	\$38.5
General Fund	\$26.1	\$24.4	\$24.2	\$24.6
State Public School Fund	\$21.0	\$19.8	\$19.6	\$19.9
Marijuana Cash Fund	\$0.0	\$2.6	\$2.6	\$2.6
Local Distributions	\$18.6	\$6.1	\$6.0	\$6.1
<b>Total Distributions</b>	<b>\$234.6</b>	<b>\$220.8</b>	<b>\$217.2</b>	<b>\$220.9</b>
<b>Percent Change in Total Distributions</b>	<b>-7.0%</b>	<b>-5.9%</b>	<b>-1.6%</b>	<b>1.7%</b>

## 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 2024-25, FML revenue decreased by 12.3 percent and declined for the second-consecutive year. As shown in Table 17, FML revenue is forecast to increase about 42.1 percent to \$120.8 million in FY 2025-26 as natural gas prices spiked to start the year and are expected to remain elevated. Natural gas prices are forecast to moderate in 2027 and put downward pressure on expected non-bonus lease revenue payments. 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.

**Table 17**  
**Federal Mineral Lease Revenue Distribution**  
Dollars in Millions

Item	Actual FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28
<b>Total FML Revenue</b>	<b>\$85.0</b>	<b>\$120.8</b>	<b>\$118.5</b>	<b>\$135.5</b>
<b>Bonus Payments</b> (portion of total revenue)	<b>\$0.2</b>	<b>\$2.4</b>	<b>\$1.2</b>	<b>\$1.4</b>
Local Government Permanent Fund	\$0.08	\$1.2	\$0.6	\$0.7
Higher Education FML Revenue Fund	\$0.08	\$1.2	\$0.6	\$0.7
<b>Other FML Payments</b> (non-bonus revenue)	<b>\$84.8</b>	<b>\$118.4</b>	<b>\$117.3</b>	<b>\$134.2</b>
State Public School Fund	\$41.0	\$57.2	\$56.7	\$64.8
Colorado Water Conservation Board	\$8.5	\$11.8	\$11.7	\$13.4
DOLA Grants	\$17.0	\$23.7	\$23.5	\$26.8
DOLA Direct Distribution	\$17.0	\$23.7	\$23.5	\$26.8
School Districts	\$1.4	\$2.0	\$2.0	\$2.3
Higher Education FML Revenue Fund	\$0.1	\$1.2	\$0.6	\$0.7

DOLA = Department of Local Affairs.

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

## Sports Betting

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 revenues are subject to TABOR.

TABOR-exempt sports betting revenue, which consists of taxes and interest, is expected to grow 27.7 percent in FY 2025-26 and reach \$47.9 million as new entrants continue to fuel increases in total wagers while riskier bets result in higher holds for sports betting operators, the amount of revenue kept by the operator after payouts to players. Revenue is expected to grow another 37.0 percent or \$17.7 million in FY 2026-27, and another 11.0 percent or \$7.2 million in FY 2027-28, totaling \$72.8 million for the out year. [House Bill 25-1311](#) decreased 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. As a result, HB 25-1311 accounts for \$3.2 million of the projected year-over-year growth in FY 2025-26 and another \$12.9 million of the projected growth in FY 2026-27.

**Sports betting fee revenue subject to TABOR**—which includes gaming licenses, operations fees, credit card fees, interest, and other charges for service—is expected to decline for a second-consecutive year by 19.6 percent to \$1.5 million in FY 2025-26, implying that some sports betting operators are leaving the Colorado market. Sports betting revenue subject to TABOR is expected to rebound slightly through the remainder of the forecast period, with projected growth at 5.3 percent for FY 2026-27 and 1.6 percent for FY 2027-28. This revenue is included in the Other Cash Funds forecast in Table 11.

## 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.

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.

Revenue from the firearms tax totaled \$3.9 million in the final months of FY 2024-25, representing roughly an estimated 17,000 monthly gun sales, compared to the 36,400 average monthly gun sales posted for 2024. Lower-than-expected actuals are likely attributable to accelerated sales ahead of the new tax, potential noncompliance, shifting of purchases to origins other than Colorado, and more-than-expected businesses under the \$20,000 minimum threshold for application of the tax. Despite declining firearms sales nationwide, Colorado firearms sales through the first four months of 2025 grew by an estimated 32 percent, indicative of consumers stocking up on firearm and ammunition sales before the implementation of the tax. An average of about 350 monthly firearms tax returns were filed in FY 2024-25, just 15.6 percent the estimated 2,260 licensed firearms sellers and manufacturers in the state. From April 1, 2025 through October, total approved transactions in Colorado were 10.7 percent less than the same period in the year prior.

Firearms tax revenue is projected to total \$18.9 million in FY 2025-26, a \$3.0 million upgrade from the December 2025 forecast as monthly collections increased through January 2026. Firearms tax revenue is expected to grow 49.0 percent to \$28.0 million in FY 2026-27 and another 15.0 percent to \$32.1 million in FY 2027-28. Rebounding gun sales and increasing compliance are expected to contribute to growth through the forecast period.

### **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 18. Revenue to the UITF is not subject to TABOR and is therefore excluded from Table 11. 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 11.

**Table 18A**  
**Unemployment Insurance Trust Fund Balance**  
Dollars in Millions

<b>Component</b>	<b>Actual FY 2024-25</b>	<b>Estimate FY 2025-26</b>	<b>Estimate FY 2026-27</b>	<b>Estimate FY 2027-28</b>
Beginning Balance	\$726.1	\$1,231.5	\$1,667.9	\$1,778.6
Total Revenue	\$1,315.3	\$1,432.5	\$1,146.7	\$1,032.5
Less: Benefits Paid	\$796.6	\$996.2	\$1,036.0	\$1,018.2
Other Net Changes	-\$13.3	\$0.0	\$0.0	\$0.0
<b>Ending Balance</b>	<b>\$1,231.5</b>	<b>\$1,667.9</b>	<b>\$1,778.6</b>	<b>\$1,792.9</b>
<b>Ending Reserve Ratio</b>	<b>0.65%</b>	<b>0.83%</b>	<b>0.85%</b>	<b>0.82%</b>

**Table 18B**  
**Unemployment Insurance Trust Fund Revenue**  
Dollars in Millions

<b>Source</b>	<b>Actual FY 2024-25</b>	<b>Estimate FY 2025-26</b>	<b>Estimate FY 2026-27</b>	<b>Estimate FY 2027-28</b>
UI Premium	\$1,018.6	\$1,065.7	\$978.3	\$983.8
UI Premium Percent Change	26.1%	4.6%	-8.2%	0.6%
Solvency Surcharge	\$242.2	\$277.7	\$118.5	\$0.0
Solvency Surcharge Percent Change	87.9%	14.7%	-57.4%	N/A
Interest	\$20.9	\$35.9	\$36.4	\$35.3
Interest Percent Change	159%	72.2%	1.2%	-3.0%
Employer Support Surcharge Diversions	\$33.6	\$53.2	\$13.6	\$13.4
Employer Support Surcharge Percent Change	109.8%	58.5%	-74.5%	-1.0%
<b>Total Revenue</b>	<b>\$1,315.3</b>	<b>\$1,432.5</b>	<b>\$1,146.7</b>	<b>\$1,032.5</b>
<b>Percent Change in Total Revenue</b>	<b>28.1%</b>	<b>8.9%</b>	<b>-20.0%</b>	<b>-10.0%</b>

Totals may not sum due to rounding.

**FY 2024-25.** UITF revenue increased by 28.1 percent in FY 2024-25, partially due to an increase in the taxable wage base pursuant to [Senate Bill 20-207](#), as well as a higher premium rate. Additionally, the solvency surcharge was applied for the entire fiscal year, compared to only a half-year impact in FY 2023-24. Benefit payments increased by 9.5 percent as claims rose and the average benefit payment increased.

**FY 2025-26.** UITF revenue is expected to increase by 8.9 percent in FY 2025-26, driven by a higher wage base in 2026. The UI premium and employer support surcharge rates were reduced in calendar year 2026 due to an improved reserve ratio in FY 2024-25. Additionally, as a result of the fund balance exceeding \$1 billion in FY 2024-25, the forecast also anticipates an increase in benefits paid pursuant to [Senate Bill 22-232](#), which repeals the requirement that a person wait one week before becoming eligible for unemployment compensation once the balance reaches at least \$1 billion. Claimants began receiving their first week of benefits beginning in July 2025.

Benefit payments are expected to increase through FY 2025-26 as unemployment increases. The number of continued claims fiscal year-to-date is 8.6 percent higher compared to the same period in the prior year, and is expected to continue to increase. Average weekly benefits have also posted strong growth in the current fiscal year. The fund balance is expected to reach \$1.67 billion by the end of the fiscal year due to higher revenue, increasing the reserve ratio to 0.83 percent.

**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 again due to the rising reserve ratio in FY 2025-26. 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. As a result, the solvency surcharge is expected to turn off in calendar year 2027. Interest revenue is projected to reach \$36.4 million, while employer support surcharge diversions are expected to fall. Benefits payments are expected to increase only slightly, about 4 percent, as growth in the number of unemployed people is expected to slow. The UITF is projected to end the year with a balance of \$1.78 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 \$983.8 million, a 0.6 percent increase, as the premium rate remains unchanged in 2028 relative to 2027. Benefits payments are expected to increase primarily due to rising wages causing higher benefits payments. The UITF is projected to end the year with a balance of \$1.79 billion.

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## Economic Outlook

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Economic growth decelerated in 2025 to its lowest rate since the pandemic recession. Economic indicators are increasingly bifurcated: job gains have slowed to a crawl, yet consumer spending continues to advance in the face of low sentiment, and investment in AI is surging. This forecast anticipates the U.S. economy will continue to expand at a slow-to-moderate rate. The economy will be supported by consumer perseverance and robust AI-related investment, but weighed down by the weak labor market, above-target inflation, and deteriorating household finances. Relative to the U.S. economy, preliminary data indicate Colorado had weaker retail spending but faster recent job growth, though delayed data revisions may reverse that trend.

Declining national retail sales in the first two months of 2026 reflect unsteady household finances and subdued consumer confidence. Weaker demand is expected to put downward pressure on inflation in the latter half of the forecast period. However, the near-term monetary policy path remains uncertain as energy prices and the lingering effects of tariff policies push inflation up while employment growth slows. The Fed is expected to adopt a slower pace of interest rate cuts while reducing its asset portfolio throughout the year. Compared to 2025, the Fed is expected to pursue a slower pace of interest rate cuts in 2026.

Labor market conditions continue to weaken, with employer shifts to AI suppressing demand and immigration constraints limiting supply. Alongside efficiency gains from AI uptake, slowing consumer activity will put downward pressure on business decisions to hire or increase wages. Under these circumstances, wages and income are forecast to grow slowly in the near term.

A February 2026 Supreme Court ruling upended current trade policy by eliminating most country-specific tariffs, though the Trump administration has signaled its intent to keep tariffs elevated through other avenues. Tariff-driven input cost increases paired with labor supply constraints and unfavorable market conditions in the construction industry will likely contribute to declining activity in Colorado. In contrast, larger businesses receiving significant tax incentives and those with AI-related investments are expected to increase their contributions to economic growth through the forecast period, barring any market correction.

The U.S. and Colorado are forecasted to continue to grow at a slow-to-moderate pace, with larger than usual upside and downside risks. On the upside, tariff policy is at a pivotal point and could result in lower tariffs than previously expected, and wealth gains from AI investment may encourage accelerated consumer spending. On the downside, escalating conflict in the Middle East could bring prolonged disruptions to oil supply and global trade flows, resulting in higher inflation and slower employment growth. Investment in AI may prove to be less profitable than investors are anticipating, resulting in a market correction.

Tables 19 and 20 on pages 90 and 91 present the March 2026 Legislative Council Staff forecasts for the U.S. and Colorado economies, respectively. The tables in the Appendix, beginning on page 104, present historical data for the U.S. and Colorado economies.

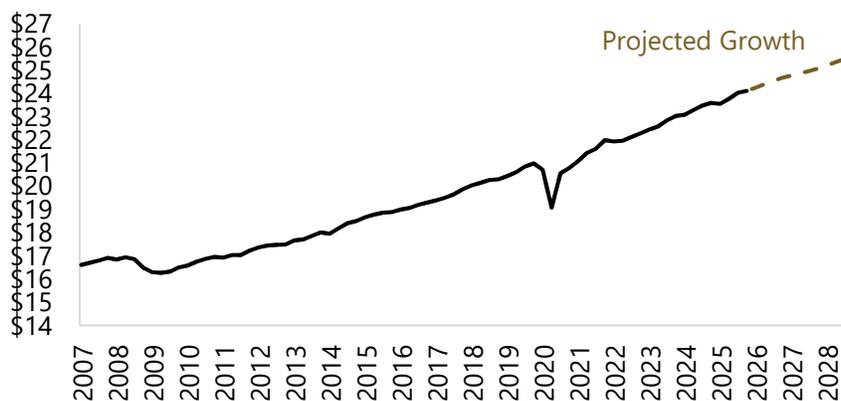
### Gross Domestic Product

U.S. economic activity expanded in 2025, but at the slowest pace since 2020. Gross domestic product (GDP), which measures the value of all goods and services produced, rose 2.1 percent,

down from 2.8 percent growth in 2024. Despite low consumer sentiment and very high tariffs, spending and business investment increased, boosted by consumer spending on health care and business investment in AI and related technology. Declines in federal government spending were more than offset by increases in state and local government spending, while net exports changed little.

- Real U.S. GDP growth is projected to rise 2.5 percent in 2026. Consumer spending will grow modestly, business investment will increase moderately, and lower interest rates will boost activity. Growth is projected to slow to 1.8 percent in 2027 as the weak labor market puts strains household finances. In 2028, GDP is expected to accelerate slightly, growing 2.0 percent.

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



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

**Consumer spending remains the primary driver of economic growth.** In 2025, spending on goods and services rose 2.6 percent, slightly below the 2.9 percent increase in 2024. Durable goods, including recreational items and motor vehicles, grew 3.6 percent. Spending on services increased 2.3 percent, down from 3.0 percent the previous year, with health care as the largest contributor. Consumer spending slowed in the last quarter, growing at an annual rate of 2.0 percent after a 3.5 percent increase in the third quarter of 2025.

Consumer spending is the largest component of U.S. GDP, accounting for nearly 70 percent of total economic output. The economic outlook depends heavily on consumer activity. Growth will continue as long as consumers keep spending. This forecast projects positive U.S. consumer contributions through 2028 despite weakening labor markets, high tariffs, and rising prices.

**AI investments boosted business spending, which slowed elsewhere.** After a volatile year due to shifting policies, total business spending grew by 2.0 percent in 2025. Business spending rose by a robust annual rate of 23.3 percent in the first quarter of the year as businesses built up inventories in anticipation of higher costs from tariffs. Coming off this spike, business investment fell at an annual rate of 13.8 percent in the second quarter of 2025. In the third quarter, business investment was relatively flat before increasing at an annual rate of 3.3 percent in the last quarter of the year.

AI-related investment drove equipment and intellectual property spending up 8.3 percent and 5.7 percent, respectively, in 2025. These gains were offset by declines in factory, office, other commercial building, and residential property investments.

**Total government spending slowed in 2025.** Total government spending grew 1.1 percent in 2025, following a 3.8 percent increase the previous year. State and local spending offset a decline in federal spending. In the last quarter of 2025, federal spending fell sharply at an annual rate of 16.7 percent, mainly due to the 43-day federal government shutdown. Public sector contributions, particularly at the federal level, are expected to be minimal or negative in 2026 and beyond.

**Trade contributions were minor in 2025, despite volatility throughout the year.** Net exports declined in 2025 as growth in imports (2.7 percent) outpaced growth in exports (1.6 percent). Importers frontloaded purchases in the first quarter to avoid expected tariff hikes, causing imports to surge 38 percent from the previous quarter, before falling quarter-over-quarter for the remainder of the year. The outlook for net exports remains uncertain as businesses wrestle with elevated tariffs and a policy environment that continues to shift unpredictably.

**Colorado's economy grew slightly faster than the U.S. in 2025.** In the third quarter of 2025, Colorado's GDP grew at an annual rate of 4.6 percent, slightly above the U.S. rate of 4.4 percent. Most sectors contributed to growth, while construction, educational services, and the federal government weighed on the state economy. Colorado ranks as the 15th largest state economy and was 22nd in economic growth for the quarter. The state's economy grew 3.5 percent in the second quarter after a 1.1 percent decline in the first quarter.

## Global Economy and International Trade

The International Monetary Fund upgraded its baseline projection for 2026 global GDP growth to 3.3 percent in January 2026, prior to the war in Iran. Moderate global growth will be supported by generally easing monetary policy and increasing investment in technology, particularly in the United States and Asian countries such as China and India. Growth is expected to be slower for the Euro area and Japan, which narrowly avoided a technical recession in 2025. Trade tensions are expected to wane in their impacts to business investment, and inflation is expected to soften at varying rates by country. Risks to global economic growth remain weighted to the downside. Strength in the technology industry will mask weakness in others, and escalating conflict in the Middle East will threaten the global oil supply, trade flows, and financial markets.

**Risk of global conflicts on oil and trade wanes for some, and rises for others.** The Russian war in Ukraine has had little impact on commodity markets or the global supply of oil despite sanctions. The war is not currently expected to increase supply disruptions. Because Venezuela supplies less than 1 percent of oil globally, the U.S.'s conflict with Venezuela is also not expected to drive significant changes to the global oil supply.

In contrast, Iran is the fourth-largest oil producer in the Middle East and produces about 4 percent of the world's oil. Rising conflict in the Middle East following the joint U.S.-Israeli strikes on Iran pose a threat to global energy and financial markets, and is already leading to inflationary pressures on oil. These pressures apply beyond only Iranian oil because of the sporadic ability to transport oil produced in other Persian Gulf states through the Strait of Hormuz. Escalation may therefore lead to disruptions in the global supply chain and corresponding trade activity. Significantly disruptive escalations are not assumed in this forecast, though actual impacts to economic activity will depend on the duration and intensity of the conflict.

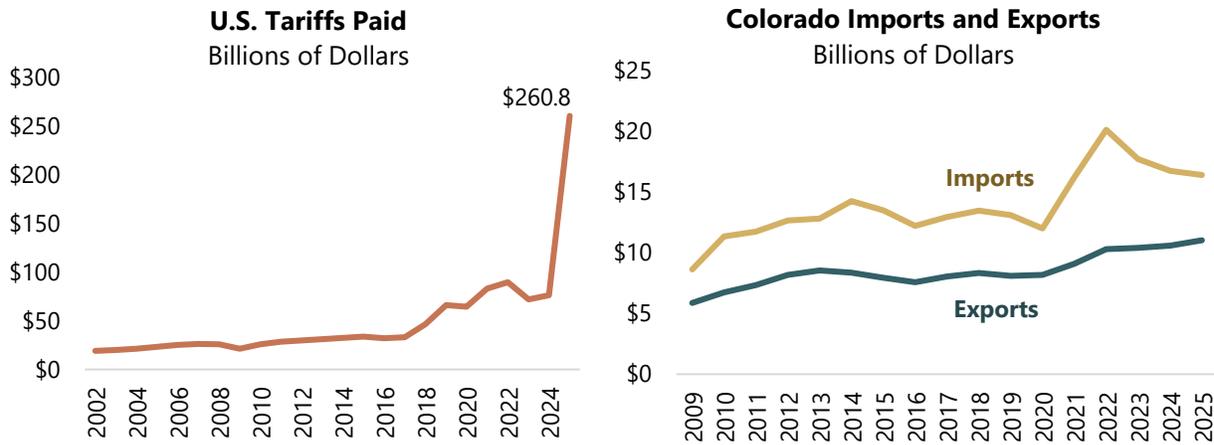
**A decisive Supreme Court ruling narrows executive tariff options.** On February 20, the Supreme Court ruled that the International Emergency Economic Powers Act (IEEPA) does not give the president the authority to levy tariffs. The decision nullifies the 15 percent base tariff rate that had been imposed on goods from all countries, and the country-specific reciprocal tariff rates that motivated bilateral trade deals between the U.S. and several trading partners.

In their place, President Trump imposed a temporary 15 percent across-the-board tariff under Section 122 of the Trade Act of 1974, which will last for 150 days. Tariffs imposed under Section 122 apply on top of existing tariffs except for those enacted under Section 232 and except for those on goods in the USMCA agreement. The administration additionally signaled its intent to begin the process of levying new tariffs under Section 301, which allows the imposition of tariffs when an investigation finds foreign nations to be engaging in unfair trade practices and was most recently used to increase tariffs on imports from China in 2024. While evolving federal policy creates uncertainty over which countries and goods may be subject to higher tariffs in the longer run, the effective tariff rate is expected to remain similar to that seen in the latter half of 2025, hovering just below 19 percent and generating another year of record high tariffs paid (Figure 10, left).

**Tariff impacts vary across businesses.** Business expectations for higher, long-term tariffs will have different impacts according to each firm's circumstances. This may mean reduced capital and labor investments, absorption of tariff costs, or increased prices of goods sold. Businesses with local suppliers, contracts that require suppliers to cover the cost of tariffs, or that import goods from Mexico and Canada under the USMCA trade agreement will likely continue to be minimally impacted by evolving trade policy. In contrast, firms in industries such as construction, transportation, manufacturing, information, and automotive are expected to be the most vulnerable to higher input costs. These industries import goods impacted by the Section 232 tariffs on steel, aluminum, lumber and wood products, medium- and heavy-duty trucks, and semiconductors.

Impacts to inflation are expected to be only moderate as trade deals continue to slowly unwind some tariffs through the forecast period, though businesses are more likely to pass costs through to consumers as tariffs remain higher for longer. Tariffs pose higher risks to the longer-term profitability of smaller businesses, which tend to have less budgeting flexibility and the inability to absorb the costs of tariffs indefinitely.

**Figure 10**  
**Trade Statistics**



Source: U.S. Census Bureau, Economic Indicators Division; U.S. Import and Export Merchandise trade statistics through December 2025.

## Labor Markets

With the lack of state level data for 2026 and large expected revisions clouding the picture, labor market conditions appear mixed in both the state and the nation. Revised economic data for 2025 indicate that the labor market was not as robust as previously thought, with the unwelcome specter of downward revisions to state employment data plaguing the outlook. Employment growth was challenged by weak business and consumer confidence, a sharp decline in immigration, and AI-related disruptions. In Colorado, a hot, dry winter has exacerbated these broader challenges to labor market activity. Risks to the labor market outlook remain elevated.

Nationally, employers added new employees in January 2026 at a healthy rate, but reported losses in February that offset over 70 percent of the January gain. Unemployment rates have ticked down, particularly in Colorado, with exits from the labor force likely masking the impact of unemployed workers. Near-term employment growth is expected to continue to slow in both the U.S. and Colorado, as labor markets respond slowly to fiscal and monetary policy stimulus. Wage data indicate slowing, particularly for higher-wage earners, but lower-wage earners still lag behind.

- U.S. nonfarm employment growth is expected to slow from 0.5 percent in 2025 to 0.3 percent in 2026, before growing 0.5 percent in 2027 and 2028. The U.S. unemployment rate, which averaged 4.3 percent in 2025, is expected to rise to 4.5 percent in 2026, before falling to 4.4 percent in 2027 and 2028.

- In Colorado, employment growth is expected to remain steady at 0.6 percent in 2026, before growing by 0.5 percent in 2027 and 0.7 percent in 2028. The Colorado unemployment rate is expected to decrease from 4.4 percent in 2025 to 4.0 percent in 2026, then increase to 4.1 percent in 2027 and 2028.

**Employment growth in the U.S. decelerated in late 2025, while state-level data for 2026 are delayed.** Revised national employment data show lackluster job growth in 2025. Employers demonstrated reluctance to hire or fire employees as federal immigration and trade policy contributed to an uncertain business environment. Employers added 181,000 jobs on net across the year, with four months of net job losses (Figure 11, right). Employment growth slowed considerably during the year, with U.S. employers adding 162,000 jobs on net from January through June, compared with 19,000 jobs on net from July through December.

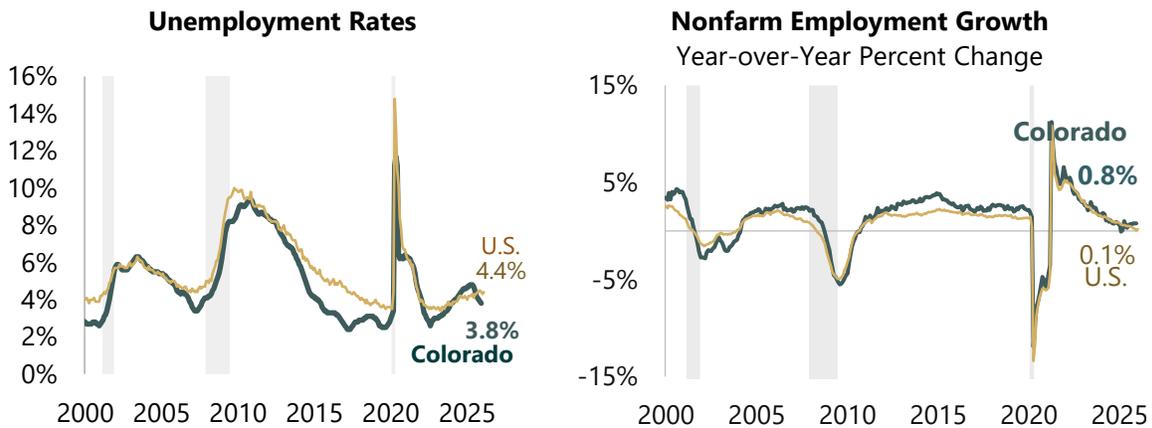
In Colorado, employment was up 0.8 percent year-over-year through December 2025. The state gained 1,900 jobs per month on average, up from 1,800 in 2024 and well below pre-pandemic monthly gains of about 5,000 jobs in 2018 and 2019. These numbers may undergo significant downward revisions, as discussed below. Colorado data for January and February 2026 will be delayed from March to April 2026 due to disruptions from the government shutdown.

**U.S. job growth shows mixed signals in 2026.** Nationally, while January's employment report surprised on the upside, February's surprised on the downside. Revised data indicate that after adding 126,000 jobs in January, U.S. employers shed 92,000 jobs in February, for an average gain in the first two months of the year of 17,000 jobs. In February, year-over-year employment growth fell to 0.1 percent. Because monthly survey data are subject to large revisions, monthly fluctuations are less meaningful than the average trajectory, which indicates the labor market is on shaky ground.

In 2025, the U.S. unemployment rate averaged 4.3 percent, up from an average of 4.0 percent in 2024 (Figure 11, left). Colorado's unemployment rate declined to 3.8 percent in December 2025 after reaching 4.8 percent in May. Colorado ranked in the top half of the nation with the 21<sup>st</sup>-lowest unemployment rate in December, equal to that of Kansas. The lowest rates belong to Hawaii and South Dakota (both at 2.2 percent). At 5.5 percent, California had the highest unemployment rate.

A slower increase or decline in the unemployment rate may mask underlying weakness if workers leave the country or become discouraged and stop looking for employment. Departing workers are no longer counted in either the numerator or the denominator of the unemployment rate, so that the unemployment rate may be slow to rise, or even fall, even as labor market conditions are deteriorating.

**Figure 11**  
**Selected Colorado and U.S. Labor Market Indicators**



Source: U.S. Bureau of Labor Statistics. Data are seasonally adjusted. U.S. data are through February 2026. Colorado data are through December 2025.

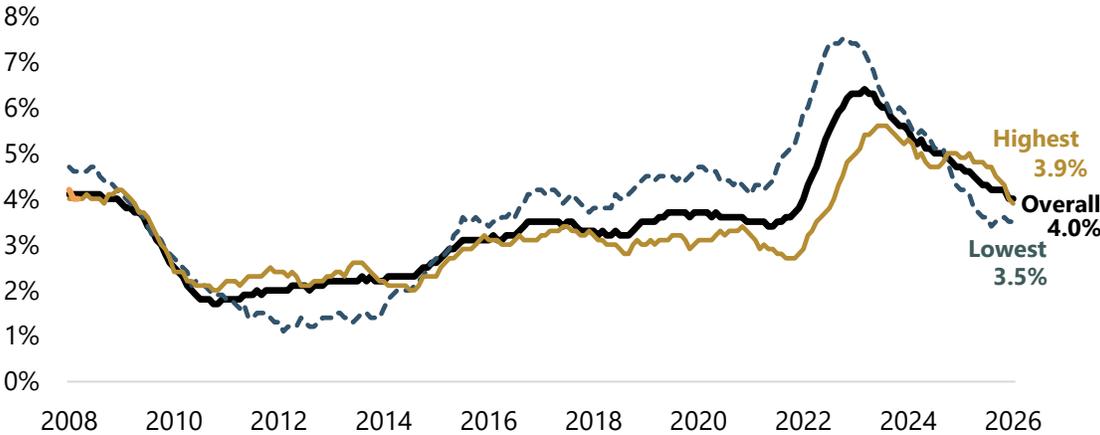
**Revisions to nonfarm employment.** Annual revisions to U.S. nonfarm payroll employment numbers announced in February 2026 were larger than in prior years, with a downward revision of the March 2025 total nonfarm employment level of 898,000 jobs in the U.S., or 0.6 percent of employment, the largest revision in percentage terms since 2009. Job gains in 2025 were revised downward by 403,000, to a total of 181,000 for the year. Annual revisions to state employment will not be available until April 2026. Colorado is expected to have the largest percentage revision among the states, with an expected downward revision of 51,200 jobs, or 1.8 percent of employment. The anticipated revisions to state data are not yet reflected in the official data used in Figure 11. Along with data delays and gaps, these larger-than-usual revisions increase the amount of uncertainty in the economic forecast.

**In a notable shift, the Colorado labor force declined in 2025.** Colorado's labor force has registered sustained declines in recent months, a notable shift that historically occurs only during a significant economic downturn or disruption such as the pandemic or the Great Recession. Year-over-year through December 2025, the labor force was down 0.6 percent, or 20,280 workers. Although the quality of monthly household surveys has deteriorated and data are more susceptible to significant revisions, the trend likely reflects the combined impacts of several other factors. Long-term aging tends to suppress labor force growth slowly over time. Shifts in federal immigration policy, rising affordability concerns, lackluster jobs growth, and possibly weather-related disruptions to winter tourism in the state are shorter-term factors which may have contributed to recent declines in domestic and international migration and Colorado's labor force.

**Wage growth for low wage earners continues to lag, even as wage growth for higher-wage workers decelerates.** In a reversal of longer-term trends toward narrowing wage inequality, recent data indicate that lower wage workers are now seeing slower wage growth, despite the gap narrowing in late 2025 when wage growth among the highest wage earners decelerated sharply. As shown in Figure 12, wage growth among the bottom 25 percent of workers held steady at 3.5 percent in January 2026, compared with 3.6 percent in June 2025. Wage growth for the highest-paid quartile of workers fell to 3.9 percent during the same period,

down from 4.8 percent in June 2025. To the extent that the spending of more affluent households props up economic growth, the rapid deceleration in wage growth for the upper quartile of workers may signal increased risk to the forecast.

**Figure 12**  
**Nominal Hourly Wage Growth by Wage Quartile and Overall**  
 Year-over-Year Percent Change, 12-Month Moving Average



Source: Atlanta Fed Wage Growth Tracker. Data are through January 2026.

**Inflation**

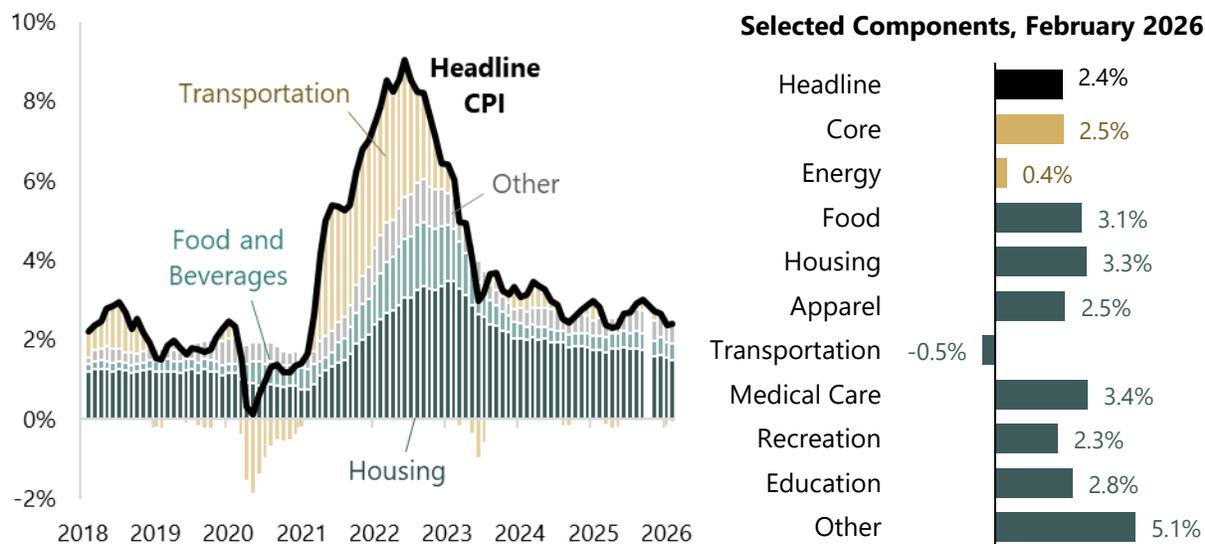
The U.S. urban average consumer price index (CPI) measures changes in the prices of final goods and services purchased by urban consumers in the U.S. The CPI tracks the prices of a fixed basket of consumer goods and services, which the Bureau of Labor Statistics (BLS) categorizes into eight major components: housing, transportation, food and beverages, medical care, education and communication, recreation, apparel, and other 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.

Beginning in 2025, the BLS reduced the sample size in existing cities, including the Denver area, by approximately 15 percent. Smaller samples may make data less reliable, particularly for smaller indices. Additionally, CPI data were not collected in October 2025 due to the government shutdown, which is expected to result in housing inflation being underreported between November 2025 and March 2026.

**U.S. inflation stabilizes at 2.4 percent as of February.** U.S. inflation has cooled over the past five months, ticking down to 2.4 percent in February after reaching 3.0 percent in September 2025. Energy prices are up 0.4 percent year-over-year, reflecting price changes prior to the price shock stemming from conflict in Iran. Prices for new and used vehicles are down 1 percent year-over-year due to weak demand and affordability concerns. Housing inflation has also softened slightly, up 3.3 percent year-over-year compared to 4.0 percent in September 2025, though data disruptions from the federal government shutdown have likely artificially contributed to a portion of this decline in the housing inflation rate.

U.S. inflation is expected to accelerate to 3 percent in 2026, with energy inflation likely to turn positive as conflict in the middle east constrains supply and housing inflation expected to pick back up in April. Additionally, tariffs are expected to continue to be passed on to consumers in 2026, potentially at higher rates than in 2025. Inflation is expected to fall to 2.7 percent in 2027 and 2.4 percent in 2028 as these inflationary pressures wane.

**Figure 13**  
**Contributions to U.S. Consumer Price Index (CPI-U) Inflation**  
 Percent Change in Prices, Year-over-Year

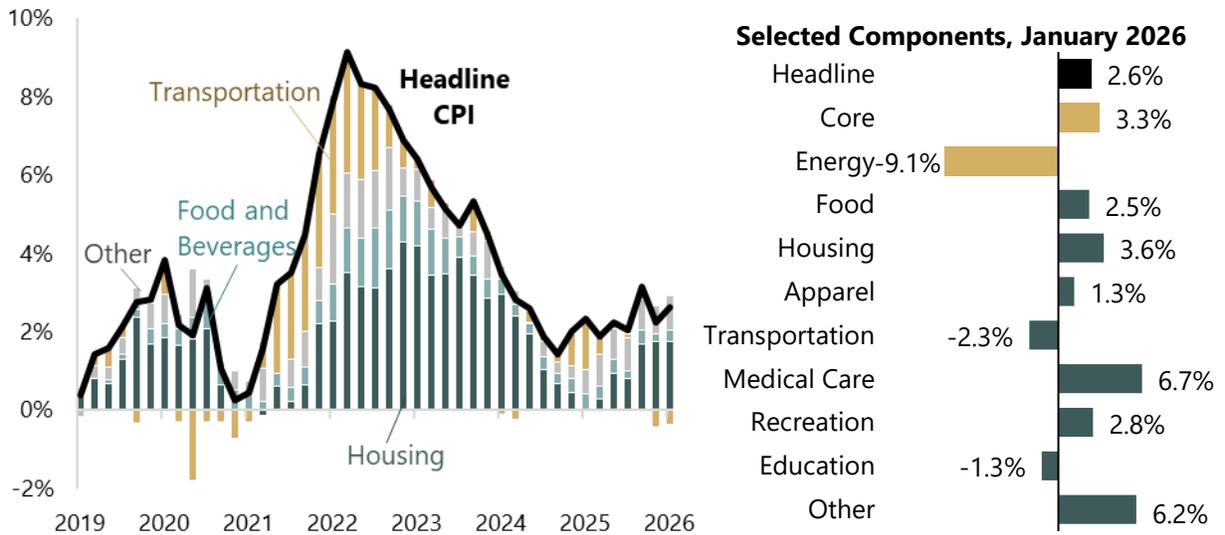


Source: U.S. Bureau of Labor Statistics.

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.

**Inflation in the Denver area is trending up through January.** Inflation in the Denver area sat at 2.6 percent in January, the most recent reading. Figure 13 shows the recent path of headline inflation and inflation among select components, as measured by the Denver area CPI. Housing inflation has rebounded, settling at 3.6 percent after falling to 0.0 percent in January 2025, on a year-over-year basis. Transportation inflation was volatile in 2025, but is down 2.3 percent year-over-year as of January due to falling motor fuel and vehicle prices. Inflation for goods in the Denver area fell to 0.2 percent in the most recent reading, compared with 3.7 percent for services. Denver area inflation is expected to be 2.6 percent in 2026, increase to 2.5 percent in 2027, and then tick down to 2.4 percent in 2028.

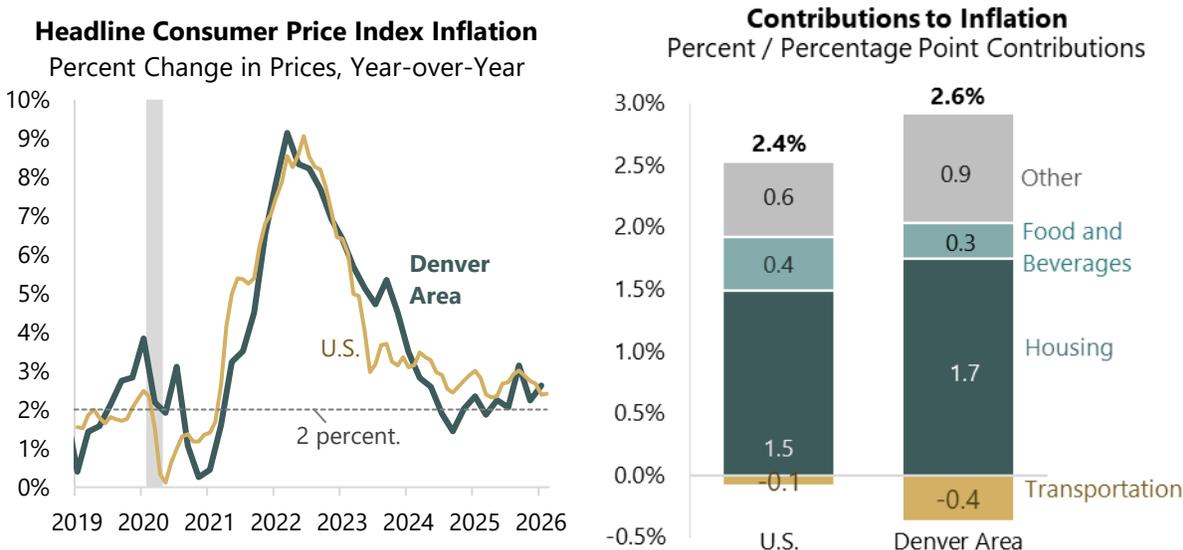
**Figure 14**  
**Denver-Aurora-Lakewood Consumer Price Index (CPI-U) Inflation**  
 Percent Change in Prices, Year-over-Year



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 similar to the national average.** As of January, inflation in the Denver area was just 0.2 percentage points higher than the nation, reflecting higher housing and medical care costs offset by more deflation in transportation. Slightly more deflation in transportation prices in the Denver area has been partially offset by higher inflation in the "other" category, which includes medical care expenses. Figure 15 (right) presents contributors to the current rates of inflation for the nation compared to the Denver area.

**Figure 15**  
**Comparing U.S. and Colorado Inflation**



Source: U.S. Bureau of Labor Statistics and Legislative Council Staff calculations.  
 Note: The “Contributions to Inflation” chart (right) shows U.S. and Denver area inflation for February 2026 for U.S. and January 2026 for the Denver Area, reflecting the most recent data available. Totals may not sum due to rounding.

**Tariffs and weak demand muddle the inflation outlook.** Following the U.S. Supreme Court’s decision to strike down tariffs imposed under International Emergency Economic Powers Act (IEEPA), there is considerable uncertainty around how tariffs will evolve, though the federal administration has signaled its intent to maintain historically high tariff rates under different mechanisms. Additionally, the effect of tariffs on final consumer prices, and when their impact will be fully incorporated, 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 will weaken demand for goods and services, providing a disinflationary effect.

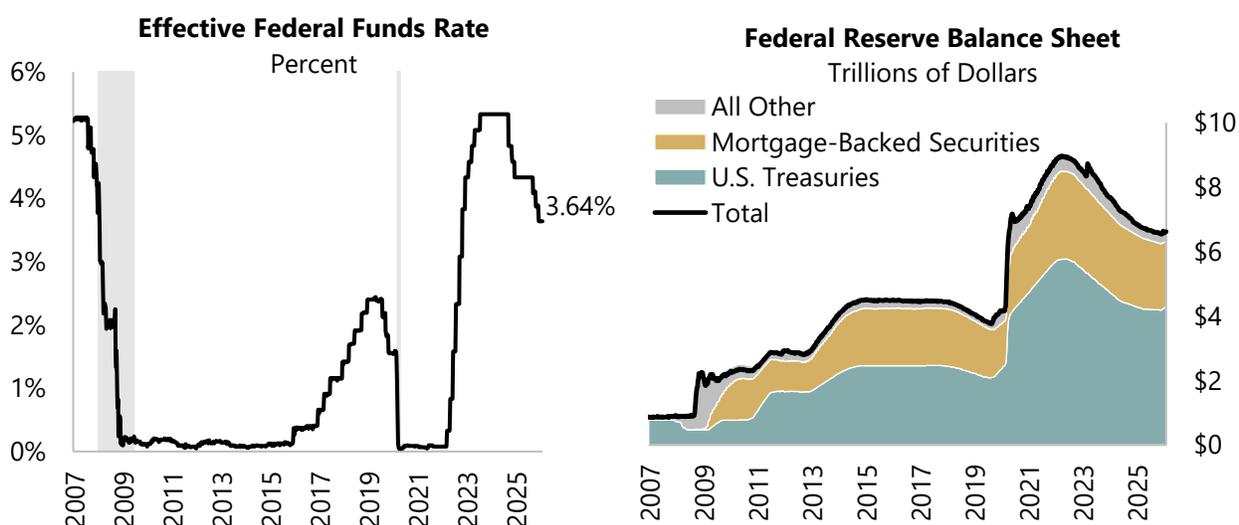
### Monetary Policy

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.

**Fewer interest rate cuts expected in 2026 than the year prior.** The FOMC cut interest rates in September, October, and December 2025, citing slowing job gains and a rising unemployment rate. This forecast expects the FOMC will reduce interest rates slowly in 2026 as the labor market is expected to continue to soften while tariffs and energy prices put moderate upward pressure on inflation.

The FOMC uses the personal consumption expenditures price index excluding food and energy, also known as core PCE, as its preferred measure of trend inflation. Core PCE remains above the Federal Reserve’s 2.0 percent average inflation target, inching up to 3.1 percent in the most recent reading. At the same time, employment growth has stagnated or reversed. Preliminary signs of stabilizing employment growth in January caused the FOMC to indicate that rate cuts are on hold for the next few months, with the trajectory of 2026 being dependent on incoming data. The path of the federal funds rate is uncertain, as the Federal Reserve identifies inflation risks as being weighted to the upside (implying higher interest rates) and risks to economic activity as weighted to the downside (implying lower interest rates).

**Figure 16**  
**Federal Funds Rate and Balance Sheet**



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

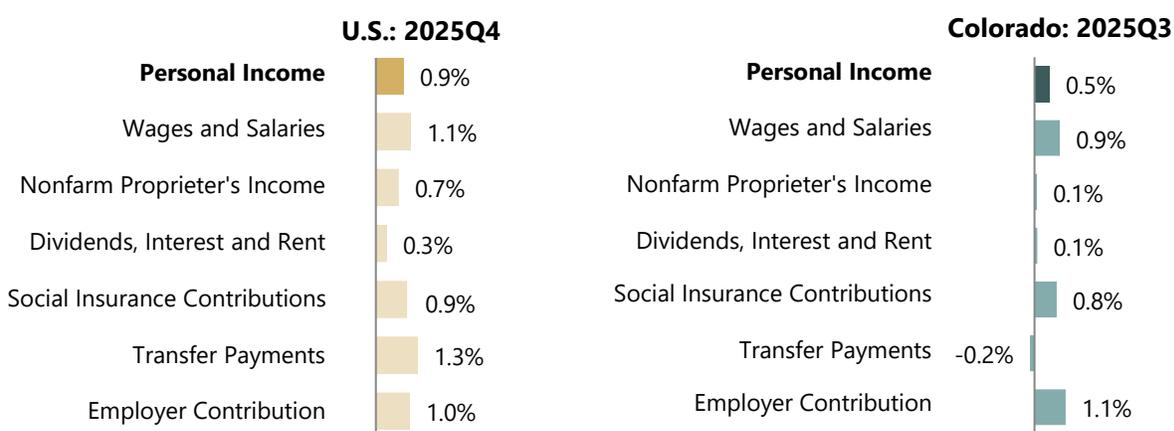
**The Fed continues to reduce its balance sheet, but at a slowing pace.** During the financial crisis of 2008 and the COVID-19 pandemic, the Fed purchased a vast amount of U.S. treasuries and mortgage-backed securities, a process known as quantitative easing. Purchasing mortgage-backed securities reduces the yield of mortgage-backed securities, which results in lower interest rates for mortgages. The Fed began reducing the size of the balance sheet in 2023, putting some upward pressure on mortgage rates. Beginning in April 2025, the Fed dramatically slowed its pace of balance sheet reductions, reflecting more dovish monetary policy.

The FOMC is expected to continue to make monetary policy decisions that are consistent with the Federal Reserve’s dual mandate. If the Federal Reserve were to pursue monetary policy that is more accommodative than the dual mandate would otherwise prescribe, inflation may be significantly higher than anticipated in this forecast, particularly as inflation expectations become unanchored. However, this may also stimulate more economic growth in the short run than is currently anticipated.

## Personal Income

Personal income measures the aggregate amount of income received by individuals and households from wages and salaries, business ownership, investments, and other sources. Personal income drives individual income tax revenue, the state’s principal revenue stream, and foreshadows consumer spending and contributions to sales tax receipts. Incomes have grown slower in Colorado than the nation since early 2023. Data quality concerns with Colorado’s employment census data may also make state level personal income less reliable, resulting in an underreporting of total wages and salaries.

**Figure 17**  
**Personal Income and Its Contributions**  
 Quarter-over-Quarter Percent Change



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

**Colorado personal income growth is slowing.** Figure 17 (right) shows personal income growth in Colorado in the third quarter of 2025, the most recent data available. Total personal income in Colorado grew by 0.5 percent quarter-over-quarter. Wages and salaries are the largest component of personal income, making up about half of the total. Historically, wage and salary growth in Colorado has exceeded the nation, but growth in Colorado has slowed over the past two years, down to just 0.9 percent quarterly growth, or 4.0 percent year-over-year. Slowing wage growth is likely due to slower employment and population growth in Colorado amidst a weakening labor market. The second-largest component of personal income, dividends, interest, and rent, grew by just 0.1 percent in the second quarter, particularly due to slow growth in dividends.

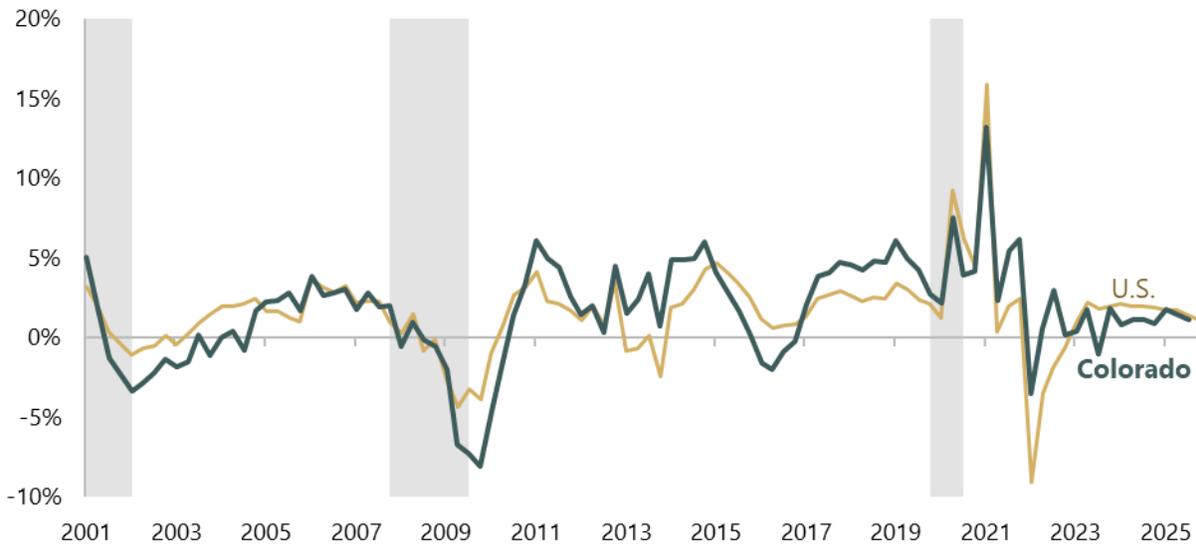
Social insurance contributions are subtracted from total personal income, and represent the amount paid to the government by individuals and employers for programs like social security and unemployment insurance. Increases in social insurance contributions result in a small drag in total personal income. Transfer payments include government expenditures for social security, Medicare, Medicaid, and other government benefits. The Social Security Fairness Act took effect in 2025, increasing social security payments for many public service retirees and boosting transfer payments in the first half of the year. Transfer payments declined in Colorado in the

third quarter after substantial growth in the first half of 2025. Nearly one third of total personal income growth over the past year has come from increases in transfer payments.

- Personal income growth in Colorado is projected to increase 3.9 percent in 2026, 4.8 percent in 2027 and 5.0 percent in 2028. U.S. personal income growth is expected to slow to 4.4 percent in 2026, 4.5 percent in 2027, and 4.1 percent in 2028.
- Wage and salary income in Colorado is projected to increase 3.9 percent in 2026 and then accelerate, growing 4.6 percent in 2027 and 4.9 percent in 2028. U.S. wage and salary income will increase by 4.1 percent in 2026, slowing to 3.9 percent in 2027 and 3.7 percent in 2028.

**Real per-capita incomes show slow growth.** While nominal personal income continues to grow, households have also had to contend with rising prices. After adjusting for population and inflation, estimated personal incomes in both Colorado and the U.S. increased modestly over the past year, up by 1.1 percent each (Figure 18). Historically, real per-capita incomes have grown by 1.6 percent per year on average. Real per-capita personal income is expected to continue increasing at a slow pace for both the U.S. and Colorado in 2026.

**Figure 18**  
**Real Per-Capita Personal Income Growth**  
Year-over-Year Percent Change

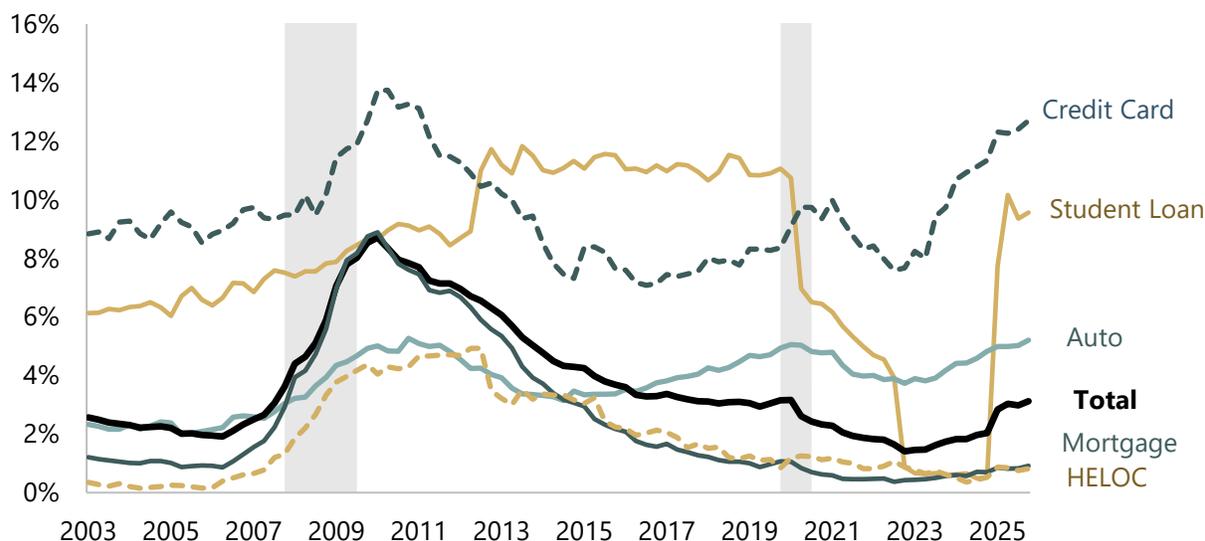


## Household Finances

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 consumer confidence, suggesting further drags on spending, business activity, and GDP.

**Delinquency rates for credit cards continue to rise, while mortgage delinquencies remain low.** Delinquency rates show the percentage of outstanding loan debt that is past due by 90 days or more (Figure 19).

**Figure 19**  
**U.S. Serious Delinquency Rates by Loan Type**  
 Percent of Debt



Source: New York Fed Consumer Credit Panel/Equifax. Data are through 2025Q4. Serious delinquency rates are the percentage of total debt that is delinquent by 90 days or more.

The delinquency rate on credit card debt continues to climb, now sitting at 12.7 percent, the highest rate since 2011. Additionally, Americans hold 5.5 percent more credit card debt in aggregate than they did one year ago. Similarly, delinquencies on auto loans increased to 5.2 percent, the highest rate in 15 years. More households are using home equity lines of credit (HELOC), with outstanding debt up 9.5 percent year-over-year. The mortgage delinquency rate remains at a healthy level, below its pre-pandemic rate, but is creeping up steadily. In total, 3.1 percent of debt was delinquent by 90 days or more in the fourth quarter.

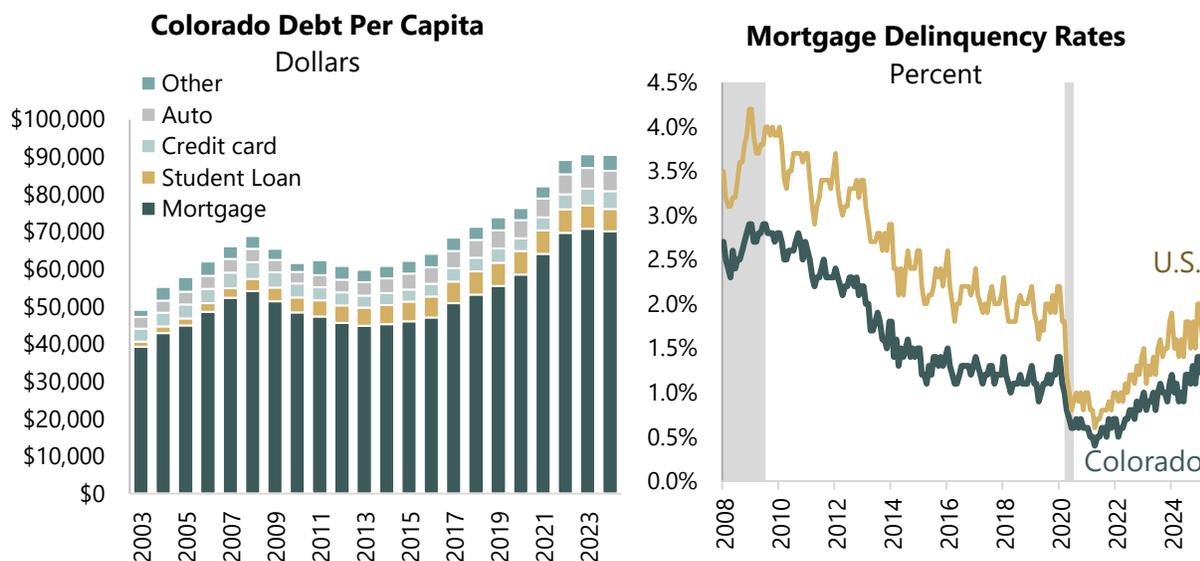
Student loan delinquencies returned to pre-pandemic levels in 2025 due to the end of a nearly four-year pause on payments that was initiated at the beginning of the pandemic. Payments resumed in September 2023, with a grace period that prevented missed payments from being reported in credit reports. This period ended near the end of 2024, resulting in a sharp rise in reported delinquencies beginning in the first quarter of 2025. In the fourth quarter of 2025, nearly 9.6 percent of student loan debt was delinquent by more than 90 days, slightly below the pre-pandemic delinquency rate.

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.

**Colorado has the highest level of debt per capita of any state.** As of 2024, Colorado’s debt per capita averaged \$90,540. The second-highest state is California, which averaged \$86,000, while the national average was \$61,660. Coloradans have had the highest level of debt per

capita in every year since 2020. Colorado has the highest rate of mortgage debt, while being middle of the pack for auto and credit card debt. Despite high levels of debt, mortgage delinquency rates in Colorado have been lower than the national average in every year since 2008. Mortgage delinquencies in Colorado are rising at a similar pace to the rest of the nation, and were slightly higher than pre-pandemic rates as of March 2025, the most recent data available.

**Figure 20**  
**Colorado Debt and Mortgage Delinquencies**



Source: New York Fed Consumer Credit Panel/Equifax: State Level Household Debt Statistics. Data for Colorado debt per capita through 2024. Data for mortgage delinquency rates through March 2025.

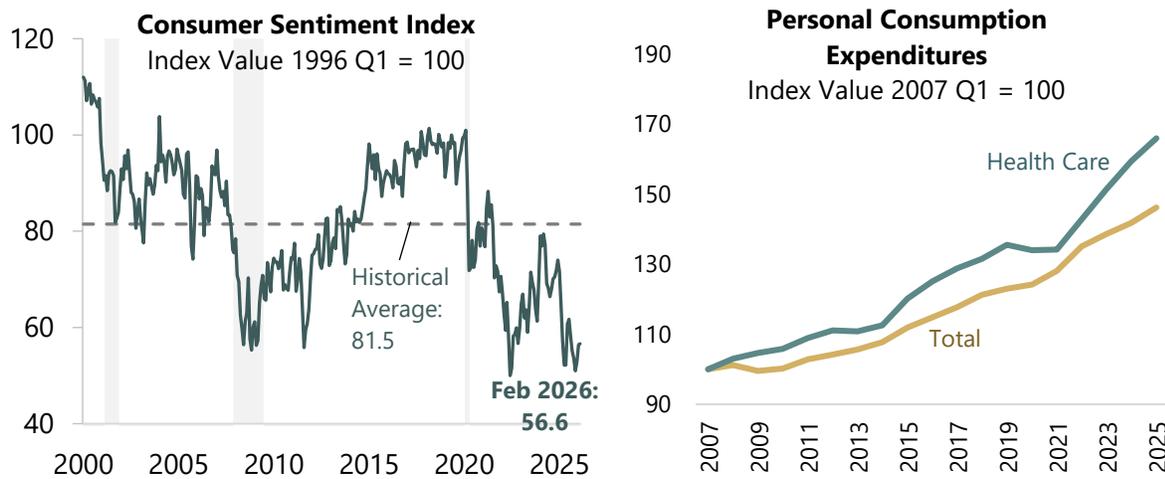
**The personal saving rate continues to fall.** The personal saving rate measures the percentage of individuals’ disposable income that is saved rather than spent. As of December 2025, the personal saving rate stands at 3.5 percent, down from 5.5 percent in April 2025, and below the historical average of 5.7 percent. A declining savings rate signals that a weak labor market continues 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 lower-income folks with less disposable income.

### Consumer Activity

Growth in U.S. consumer spending slowed in 2025 on weakening wage growth and persistent inflation, with outsized impacts on lower-income consumers. Growth rates for both U.S. and Colorado consumer spending are expected to slow further in 2026 as employment and personal income growth weakens. Consumer contributions to overall economic growth may fall through the forecast period as consumers draw down their savings.

**Consumer sentiment remains low with emerging divergences across groups.** Consumer sentiment as reported by the University of Michigan’s Survey of Consumers remains below pre-pandemic levels; however, sentiment increased slightly in the first two months of 2026. Declines in sentiment for consumers without stock holdings, lower-income consumers, and less-educated consumers were offset by a more favorable outlook from their counterparts. The divergence in consumer sentiment across income levels and investment status indicates that the more affluent consumers may perceive more insulation from downside economic risks.

**Figure 21**  
**Consumer Activity Indicators**



Source: University of Michigan Survey of Consumers; data through February 2026 (left). Bureau of Economic Analysis; data through Q4 2025 (right).

**Robust spending on health care fuels consumer contributions to economic growth.**

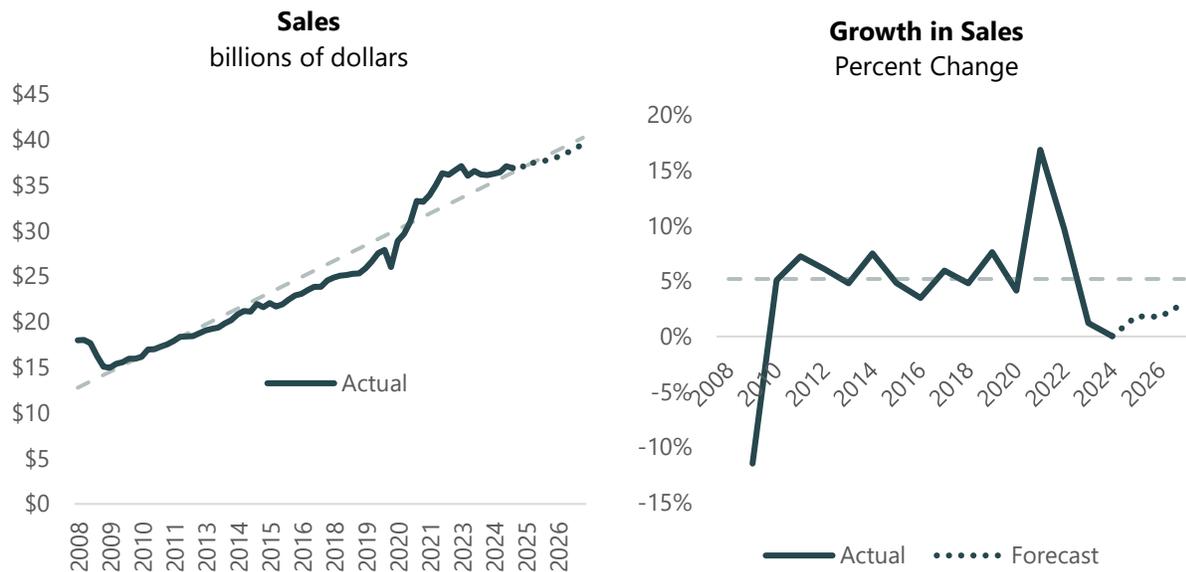
Personal consumption expenditures, the largest contributor to GDP, grew 2.7 percent in 2025, in line with average expansionary growth. Growth was buoyed by robust spending on health care services, which accounted for 30 percent of growth in personal consumption expenditures in 2025, coinciding with national employment growth that was also concentrated in the health care industry. Increasing spending on health care services has been consistent since the pandemic, and is expected to continue. This growth may be less cyclical and more reflective of the demographic shift towards an aging population paired with rising prevalence of chronic disease.

**Largest contributors to retail sales growth in 2025 may weaken in 2026.** National growth was fueled by accelerating motor vehicle and auto sales, which accounted for 37 percent of growth realized in 2025, buoyed by heightened sales in the second quarter in advance of anticipated tariff-driven price increases. Total nominal U.S. retail and food services sales increased 4.0 percent in 2025, outpacing growth in Colorado (1.8 percent) for the third consecutive year. Growth in sales at food services and drinking places have been robust in the post-pandemic era both nationwide and in Colorado, and contributed to 19 percent of the nationwide growth in 2025. However, stagnating growth in the fourth quarter of 2025 could signal a forthcoming pullback from some consumers as wage growth weakens, savings are drawn down, and debt levels rise.

**Colorado retail sales on track for a fourth year of slower growth.** Increasing by 1.8 percent in 2025, Colorado retail sales grew at a rate significantly slower than pre-pandemic levels, a trend that is expected to persist through 2026 amidst slowing wages, employment growth and a shrinking labor force.

- Colorado retail sales conditions are expected to improve in 2027 and 2028, lending to 3.0 percent growth in 2027 and 4.1 percent in 2028, outpacing inflation as wage growth accelerates.

**Figure 22**  
**Colorado Nominal Retail Trade and Accommodation Forecast**

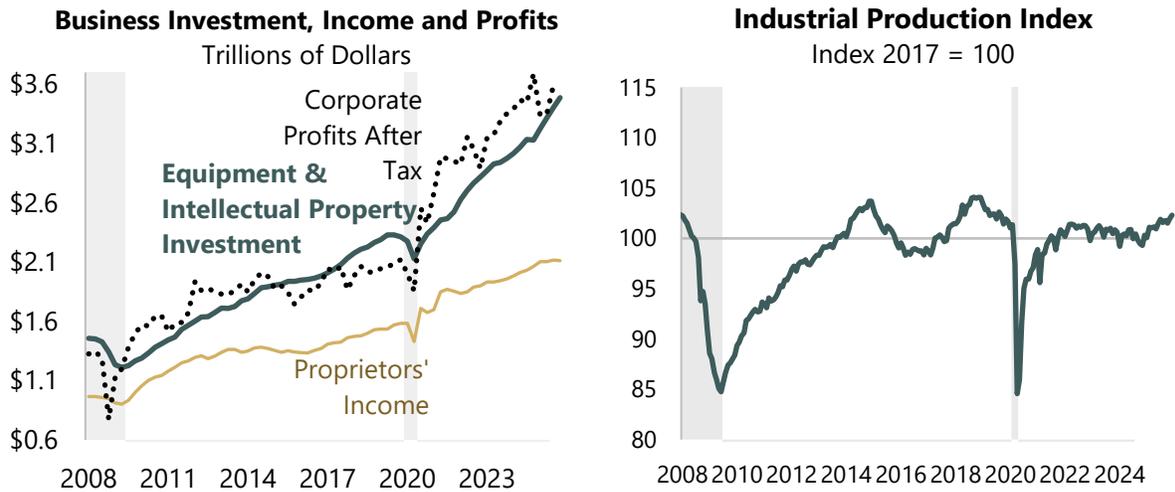


Source: LCS March 2026 Forecast. Actuals from Colorado Department of Revenue through the third quarter of 2025.

### Business Activity

U.S. business indicators remain stable amid rapidly shifting trade policy, slow employment growth, high interest rates, and global economic pressures. Corporate profits rose through the third quarter of 2025, following record highs in 2024, though earnings have been mixed across industries. Banks and other service sector businesses continue to post strong corporate profits because they are not as directly exposed to tariffs. Manufacturers on the other hand, struggle with high borrowing costs and high tariffs. While tariff pressures and a shrinking labor force will weigh on business investment decisions, lower interest rates, reduced taxes, and productivity gains from AI investments will boost business activity.

**Figure 23**  
**Selected U.S. Indicators of Business Activity**



Sources: U.S. Bureau of Economic Analysis data (left), not adjusted for inflation, through the third quarter of 2025. Federal Reserve Board of Governors data (right) through December 2025.

**Corporate profits remain near record highs.** After declining in the first quarter of 2025, U.S. corporate profits grew at annual rates of 0.6 percent in the second quarter and 7.0 percent in the third quarter (Figure 23, left). In the third quarter, total profits reached nearly \$3.6 trillion, just below the record \$3.7 trillion in the last quarter of 2024. Profits are expected to rise through the forecast period, despite headwinds from a weakening consumer spending outlook.

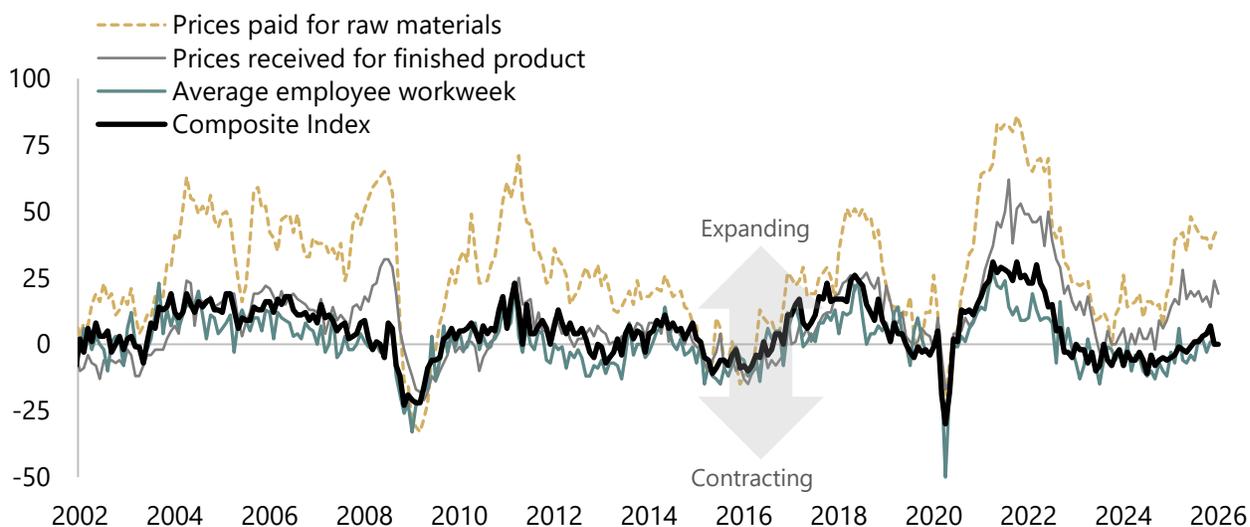
**Capital investment in equipment and intellectual property surged in 2025.** Business investment in equipment and intellectual property continues to surge, driven heavily by AI integration and data center expansion. In 2025, capital investment in these areas was \$3.4 trillion, up 8.8 percent from 2024. Investment in equipment and intellectual property has steadily increased since mid-2020, but has surged recently as demand for AI-related equipment and intellectual property has grown. This component of business investment is expected to keep increasing as companies ramp up demand for AI-related infrastructure such as data centers, processing chips, and software architecture, though any future market correction is a downside risk to this forecast.

**Manufacturing remains sluggish, but growing.** The industrial production index measures real output from manufacturing, mining, and utilities relative to 2017. These industries are sensitive to interest rates and global economic conditions. The index has steadily increased since late 2024, driven by lower interest rates that reduced borrowing costs and improved cash flow (Figure 23, right). In January 2026, the index rose 2.3 percent year-over-year. While the monetary policy outlook remains uncertain, lower interest rates may further boost manufacturing as businesses invest in new equipment and technology, while labor supply constraints and tariffs on goods such as aluminum and steel may keep input costs high.

The Federal Reserve Bank of Kansas City produces a monthly manufacturing index for the Tenth District region, which includes Colorado and several surrounding states (Figure 24). The composite index was mildly negative between late 2022 and early 2025, indicating contracting

manufacturing activity. However, this trend reversed beginning in July 2025, posting small gains in the second half of 2025. Respondents reported the largest improvements in production, volume of shipments, and prices received for final products, which were likely boosted by elevated tariffs on competing international manufacturers. Looking ahead, labor supply constraints and slow employment growth pose a downside risk to future manufacturing productivity.

**Figure 24**  
**Tenth District Manufacturing Index**  
 Diffusion Index

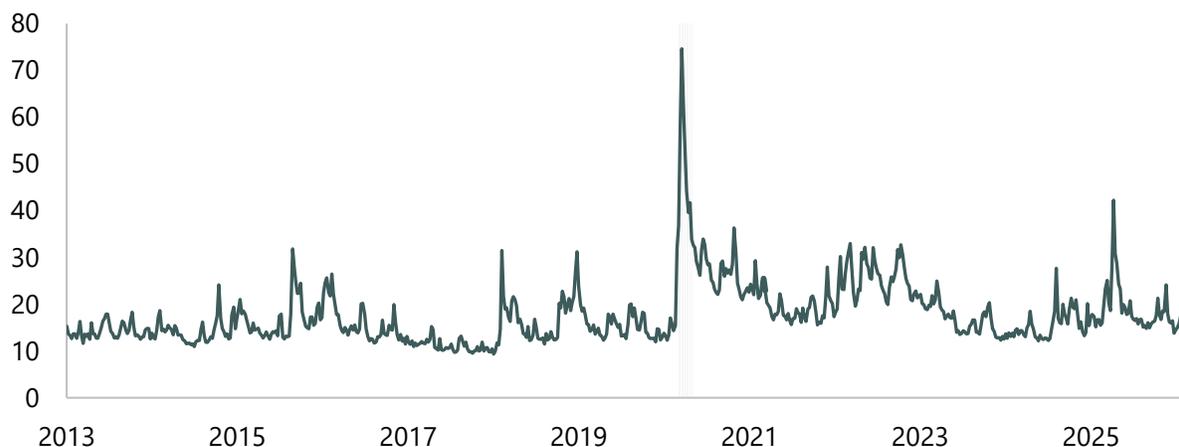


Source: Federal Reserve Bank of Kansas City. Data are seasonally adjusted. Data through October 2025. A value above zero indicates expansion; below zero indicates contraction.

**Equity markets have been volatile but investors outlook is stable.** Despite mounting fears over tariffs, inflation, and overinvestment in AI, major equity markets have been strong. The CBOE Volatility Index (VIX) is a common measure of investor optimism or fear in the U.S. stock market. It measures expected volatility over the next 30 days. A VIX reading below 15 indicates low volatility and optimism, while a reading between 15 and 25 signals some minor expected volatility, but not extreme. A reading above 25 indicates increasing volatility and potential market turbulence. At the height of the pandemic, the VIX reached a value of nearly 75. Since mid-2020, the VIX has averaged 20.4.

On March 13, 2026, the VIX reached 29.5 amid growing concerns over Iran and related disruptions to international supply chains, particularly for oil (Figure 25). Since the February 28, 2026, strike on Iran, the VIX has been rising, reaching 35.3 on March 9, 2026, as the price of West Texas Intermediate oil prices spiked to an intraday high of \$120 per barrel. Prior to the attack, the VIX had averaged in the high teens in early 2026, down from more severe tariff-related volatility in early 2025, but rising on uncertainty over AI-related equity valuations. Markets are expected to remain volatile on war-related economic disruptions, and will subside if and when a resolution to the conflict emerges.

**Figure 25**  
**CBOE Volatility Index (VIX)**



Source: Chicago Board Options Exchange. Data through March 13, 2026.

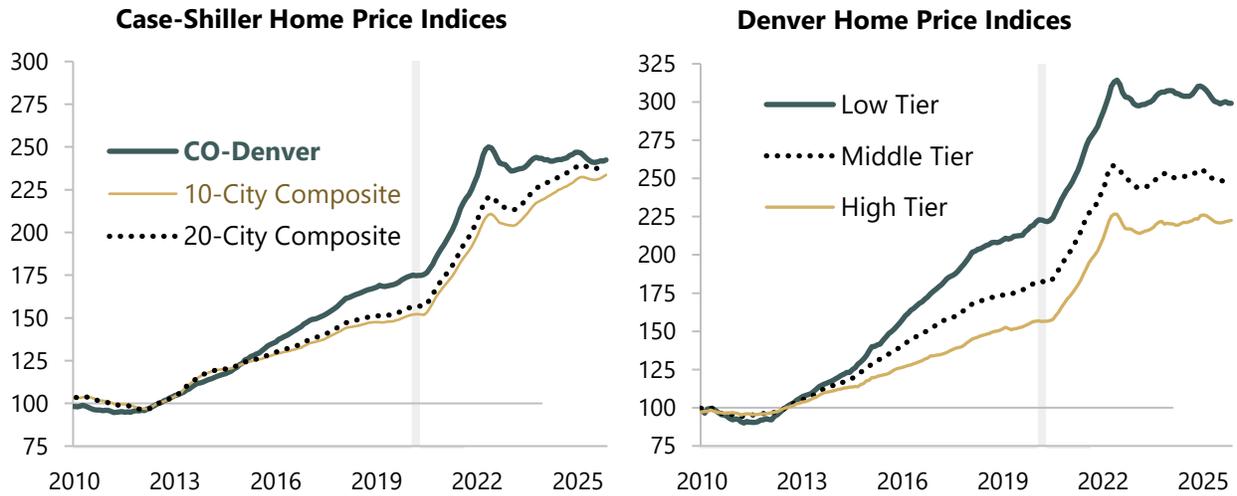
## Real Estate and Construction Activity

**National home price growth continues to decelerate.** After two years of increases, home prices across the nation's largest cities declined between February and July 2025, but ticked up again in late summer and through the fall, according to the Case-Shiller 20-city composite index. In November, the price index was up just 1.4 percent year-over-year, the fifth straight month under 2 percent.

Despite lower interest rates and improving affordability, national sales of existing homes as tracked by the National Association of Realtors (NAR) declined by 4.4 percent year-over-year in January 2026. Sales declined over-the-year in all four regions of the country, with the steepest declines recorded in the Midwest (-7.1 percent) and West (-7.9 percent). The decline was likely partly driven by weather patterns in January, but affordability remains a concern for the market. Since declining significantly in 2022 at the market peak, inventory levels continue to climb. The national housing market appears set for ongoing price moderation. Near-term market headwinds, a weak labor market, and high-interest rates are expected to continue to mute sales growth.

**Denver home prices continue to fall more quickly than the national average.** From 2012 to 2022, prices in the Denver area rose significantly more than in other large cities across the nation. However, prices in Denver remain below their mid-2022 peak values, 3 percent below the peak level as of November 2025. Prices in Denver are not increasing, and were down 1.3 percent year-over-year in November, marking the seventh-consecutive monthly decline.

**Figure 26**  
**Selected Home Price Indicators**  
 Index 100 = July 2012



Source: S&P Dow Jones Indices LLC. Data are seasonally adjusted and are through November 2025.

Like other areas of the country, home sales in Colorado contracted in January. In January, the Colorado Association of Realtors reported that single family home sales were down 9.8 percent year-over-year. Additionally, the median sales price was down 3.7 percent and fell to \$550,000. Although the growing inventory of active listings since 2022 paused in January, days on the market continued to increase. Days on the market for single family homes in January climbed to 86 days, the longest time-to-sell recorded since 2015. Affordability for the state’s buyers remains a challenge under the current economic environment despite modest easing of interest rates and declining home prices. In February, the 30-year fixed rate mortgage averaged about 6 percent, down from a high of 7.6 percent in October 2023. Interest rates have remained above 6 percent since the end of 2022, but may break this barrier in March 2026.

**Market conditions lead to less single-family homebuilding.** Housing permits for new units in the U.S. are struggling for the third consecutive year since the interest rate hikes that began in 2022. In December 2025, permits were down 0.9 percent year-to-date, with a 7.0 percent decrease in single family units that was mostly offset by a 16.6 percent increase in multifamily. Homebuilder sentiment continues to trend down according to data from the National Association of Home Builders. For 22 consecutive months through February 2026, the survey has indicated that the majority of builders are not confident in the current and near-term outlook and are expressing concerns over the level of affordability, interest rates, tariffs, and materials costs. Homebuilders continue to offer price reductions and sales incentives at higher levels to boost purchases.

Residential construction in Colorado grew 4.0 percent in 2025, but is expected to contract in 2026 and 2027. Apartment surveys in the state find that rents continue to fall, and vacancy rates continue to rise. The weak Metro Denver market has a large influence on the state, but the Colorado Housing and Finance Authority’s latest apartment survey records a similar trend in other areas of the state. According to the survey, median rent in tracked markets outside of Metro Denver fell 3.5 percent year-over-year in the fourth quarter of 2025. The market will

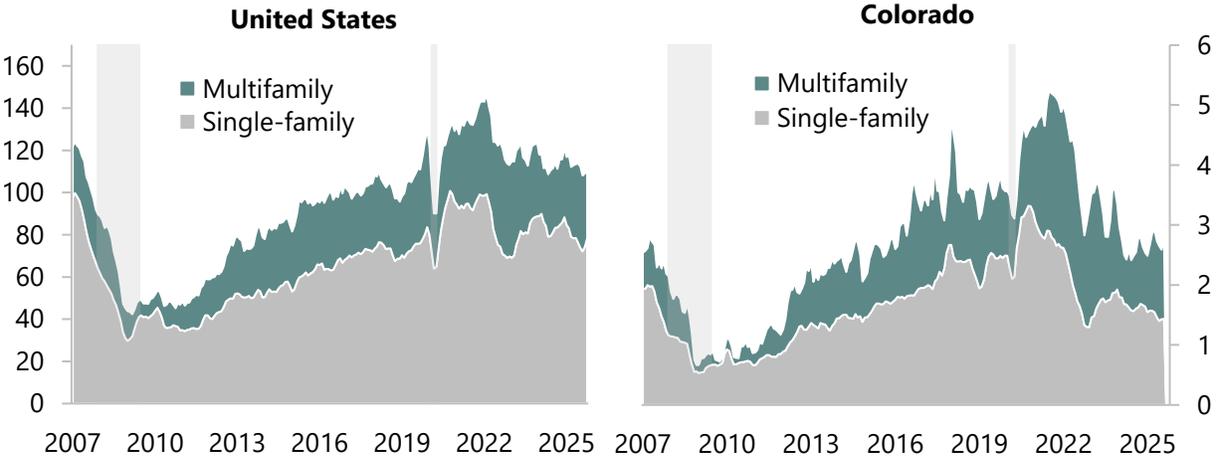
struggle with stagnant or declining prices and rents, and a higher level of vacancy. Estimates from the Colorado State Demography Office indicate that annual building permits have outpaced new household formation for several years. Combined with an uncertain policy environment, weak market fundamentals will weigh on new construction.

- The number of residential construction permits issued in Colorado is expected to decrease 7.5 percent in 2026. Permit issuances are expected to decline by another 1.5 percent in 2027 before rising 3.6 percent in 2028.

**Figure 27**

**Building Permits for New Construction**

Thousands of Units, Three-Month Moving Average



Source: U.S. Census Bureau. Data through October 2025 are seasonally adjusted and shown as 3-month moving averages.

**Nonresidential construction slows in the U.S., but improves 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 October 2025, nonresidential spending fell 0.9 percent year-over-year. Construction of commercial structures continued to struggle, falling by 2.3 percent year-over-year. Manufacturing construction has likewise contracted and was down 9.6 percent year-over-year. Infrastructure projects were mixed, with declining spending for highways and streets, but improved for the power sector and for water and sewer projects.

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. However, changing market and policy conditions have impacted plans for some large projects that were expected to boost nonresidential construction in the coming years. This included plans for battery manufacturing and other renewable energy component manufacturing projects that anticipated federal grants. Overall, construction and investment are expected to fall in 2026 and remain at lower levels in 2027.

- The value of nonresidential construction starts in Colorado is expected to decrease by 11.6 percent in 2026, decline by 1.7 percent in 2027, then rebound by 6.5 percent in 2028.

## Energy Markets

**Oil prices had softened prior to the war in Iran.** Crude oil prices contracted during 2025, falling from an average price of \$75.74 per barrel for West Texas Intermediate (WTI) in January 2025 to \$57.97 per barrel in December. For the year, the price averaged \$65.46, down 14.5 percent from 2024. War in Iran brought on an immediate price spike of an unknown duration, which will depend on the trajectory of the conflict. This forecast expects that prices will fall slightly on average in 2026 with supply normalization at the end of the year. Supply is expected to outweigh demand heading into 2027, putting downward pressure on prices. Prices are expected to rise modestly in 2028.

Petroleum and liquid fuels production and consumption grew more imbalanced in 2025, with production outpacing consumption consistently through the year, according to the Energy Information Administration (EIA). OPEC+ countries increased production over the year after unwinding voluntary production cuts. However, production increased more for countries outside of the trade bloc, led mainly by the U.S. Significant contributions also came from Brazil and Guyana. With lower prices, global oil inventory continued to grow.

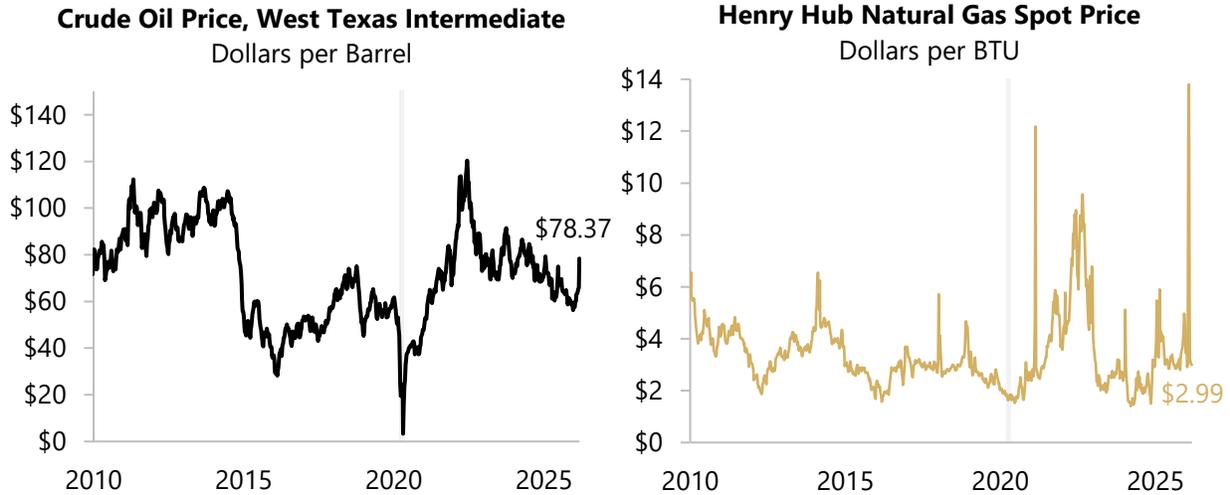
The war with Iran and complete disruption of trade through the Strait of Hormuz, one of the world's most significant oil shipping routes, has resulted in large upward revisions to the forecast in the near-term. Oil is expected to average \$95 per barrel in March, and to remain elevated in April. In 2026, the forecast for the WTI crude oil price has been revised up from the December 2025 forecast of \$56.85 to \$64.11. The current forecast assumes that disruptions to oil markets will ease in early summer; however, the risk of an ongoing conflict raises uncertainty. If disruptions resolve as assumed here, strong production growth from Brazil and Guyana, along with continued gains from the OPEC+ trade bloc will once again lessen prices through the latter half of 2026 and into 2027. If the conflict drags on for longer than assumed here, prices will be significantly higher than forecast.

- The price of West Texas Intermediate crude oil is expected to decrease in 2026, with the price per barrel averaging \$64.11 in 2026, \$57.23 in 2027, and \$59.38 in 2028.

**Natural gas prices are expected to climb.** Natural gas prices have been on an upward trajectory since early 2024. On strong demand because of the colder-than-expected winter across large portions of the country, the Henry Hub spot price rose to average \$7.20 in January 2026. Cold weather impacted both supply and demand and caused providers to drawdown inventories, the largest withdrawal on record according to the EIA. The jump to start the year resulted in an upward revision to the forecast for natural gas prices in 2026. Prices are forecasted to average \$5.04 per million BTU, up from a forecast of \$3.47 in December 2025. Although the EIA anticipates that the price spike will be short-lived, low storage will put upward pressure on prices longer term. Although the forecast anticipates prices to fall in 2027, the forecast for 2027 has also been revised higher since the December 2025 forecast, up from \$3.95. The forecast debuts a price forecast for 2028.

- In 2026, the Henry Hub spot price is expected to average \$5.04 per million BTU, fall to \$4.38 in 2027, and then rise to \$4.58 in 2028.

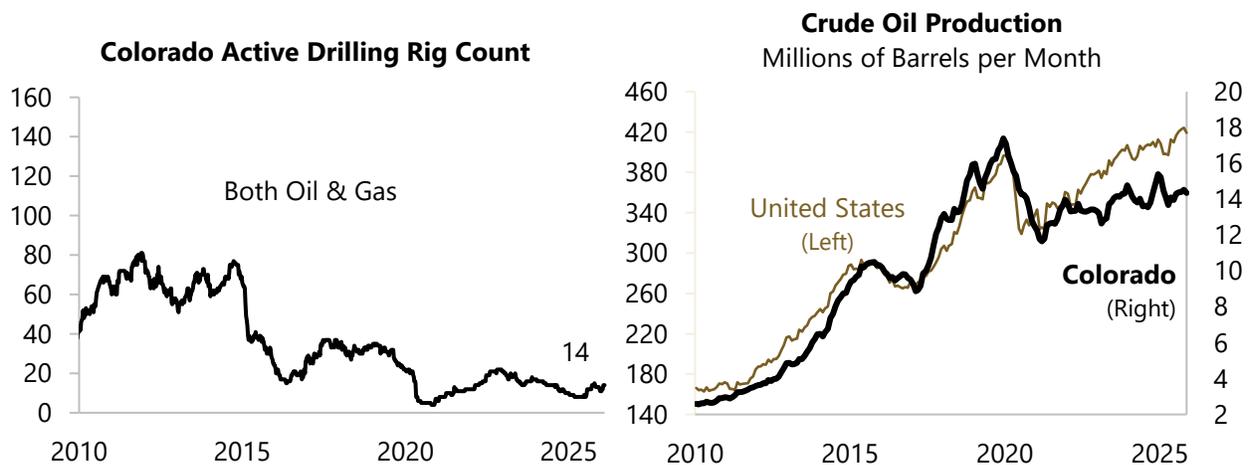
**Figure 28**  
**Select Energy Price Indicators**



Source: U.S. Energy Information Administration. Weekly average prices. Data are not seasonally adjusted and are through the week of March 6, 2025.

**Colorado’s oil production remained stable in 2025, but is expected to decline in future years.** Colorado’s crude oil production remains below pre-pandemic levels, growing by only about 7.0 percent between 2022 and 2025, compared with about 13.0 percent nationwide (Figure 29, right). The outlook for Colorado’s production was revised down slightly compared with the December 2025 forecast for 2026 and 2027 based on a revised price outlook prior to the war in Iran. In 2026, production is expected to dip, declining by an estimated 5.6 percent. In contrast, U.S. crude oil production is forecast by the EIA to remain stable.

**Figure 29**  
**Select Energy Production Indicators**



Sources: Baker Hughes data (right) not seasonally adjusted, through February 2026. U.S. Energy Information data (right) shown as a three-month moving average, not seasonally adjusted, through November 2025.

Despite the price spike due to the conflict in Iran, longer-term low oil prices are expected to impact Colorado's production through the forecast period. The conflict is not currently forecast to result in sustained higher prices that would incentivize producers to ramp up production. According to the Federal Reserve Bank of Kansas City's fourth quarter energy survey, firms reported that oil prices in the tenth district, which includes Colorado, needed to be at least \$61 per barrel on average for drilling to be profitable, and around \$75 per barrel for a substantial increase in drilling. Projected prices in the latter half of 2026 are on the low end of the range of profitable drilling as noted in the survey, and are expected to impede the profitability of new wells in many areas and impact production through 2027. The state's production is projected to decline by 5.6 percent in 2026, and another 7.1 percent in 2027.

**Colorado natural gas production has lagged the U.S. for several years.** From 2020 to 2024, 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 up through the forecast period as production continues to trend up along with a higher price outlook. According to survey data from the Federal Reserve Bank of Kansas City, natural gas prices have mostly remained below the average profitability for new wells for several years. In the fourth quarter, firms indicated a spot price of \$3.80 per million BTU for drilling profitable new wells. Because prices are expected to exceed this level through the forecast period, production in the state is expected to increase modestly. In 2026, natural gas production in Colorado is expected to increase by 2.9 percent in 2026, before increasing 1.5 percent each year in 2027 and 2028.

**Colorado's retail gasoline prices are expected to average \$2.93 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. Prices in January 2026 were down more than 17 percent year-over-year and were about \$0.46 below U.S. prices. Historically, Colorado's prices have trended below U.S. prices. Near-term retail gasoline prices are expected to be impacted by the Iran conflict, but ease as oil supply disruptions resolve. Like the oil price forecast, there is upside risk to gas prices if the conflict continues longer than anticipated. From 2026 to 2027, U.S. retail gasoline prices are expected average about \$3.16 per gallon with low oil prices.

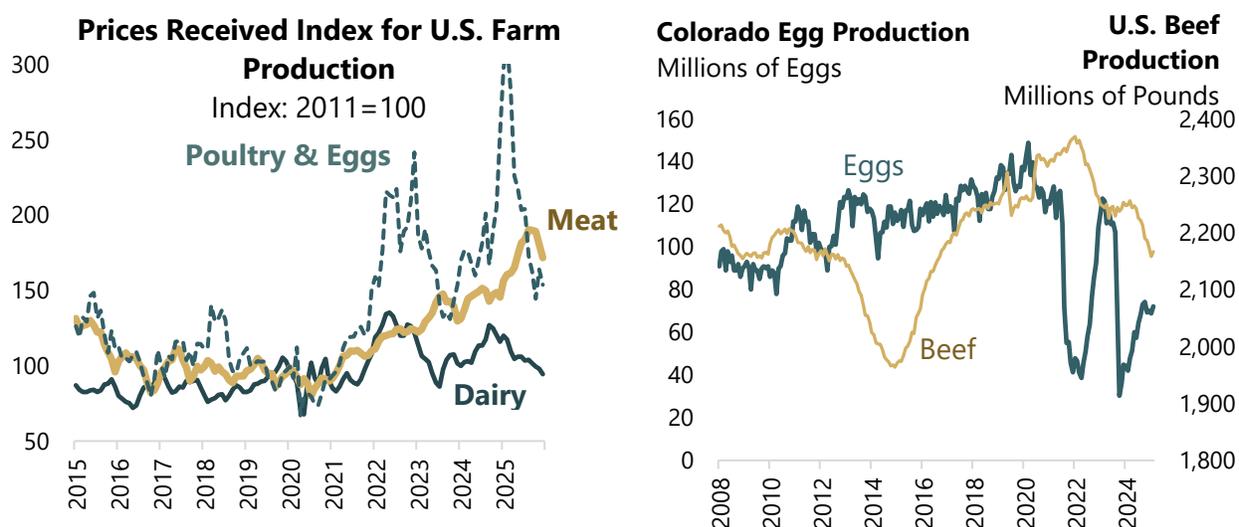
## Agriculture

National net farm income increased by about 21 percent in 2025, but the USDA expects a modest decline in 2026. Slow-growing crop cash receipts and declining livestock revenue will weigh on growth, mitigated in part by increasing direct payments from the federal government. Cattle inventories are expected to increase in response to high prices received for beef, lending to moderating prices through the forecast period. Correspondingly, higher demand for feed will contribute to modest growth in prices received for crops such as corn and hay, reversing a general decline since mid-2023 while only contributing to small growth in overall crop cash receipts. While declining interest rates and slowing U.S. import growth may contribute to higher demand for U.S. and Colorado agricultural products, production and profitability remain vulnerable to labor supply constraints, drought conditions, and a poor water supply outlook.

Production and profitability for Colorado egg producers will be particularly vulnerable in 2026 as flocks recover from another avian flu outbreak.

**Avian flu returns.** In February 2026, another avian flu outbreak occurred in Colorado’s northern region, impacting backyard flocks and a Colorado egg facility in Weld County with over 1.3 million chickens. While smaller in scale than the July 2024 outbreak that impacted multiple egg facilities, the outbreak is expected to lower egg production from already low levels (Figure 30, right), as the facility works to repopulate its chicken supply. As a result, poultry and egg prices that were previously declining as farms recovered from the 2024 outbreak are expected to flatten or increase in the short-term as Colorado’s supply rebuilds.

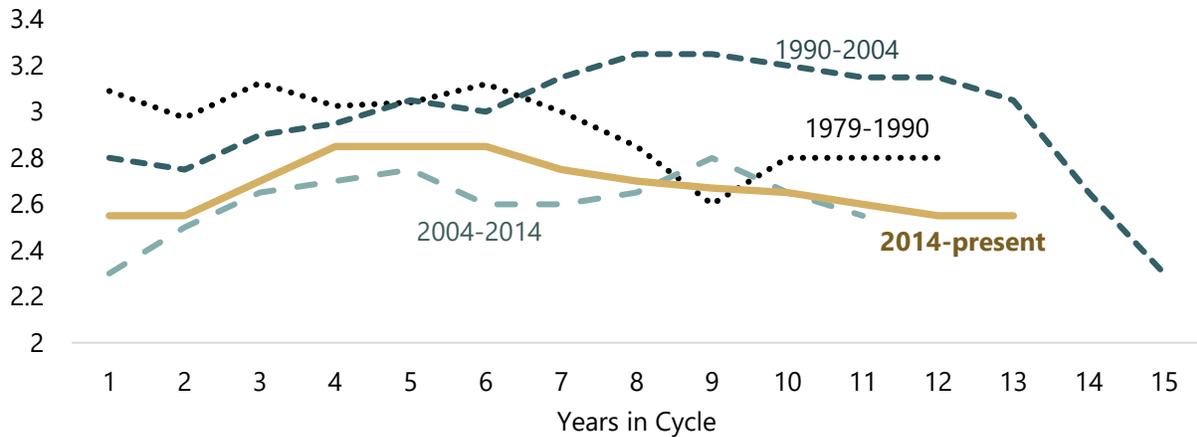
**Figure 30**  
**U.S. and Colorado Livestock Indicators**



Source: USDA National Agricultural Statistics Services; data through December 2025. U.S. beef production data seasonalized using a 12-month rolling average.

**The cattle market is showing early signs of shifting.** Cattle producer decisions to grow or decrease herd size depend largely on input costs, drought conditions, and prices received, and typically follow an eight to twelve year cattle cycle determined by when herd sizes stop declining. While the water supply outlook is grim, high prices received, low feed costs, and declining interest rates create opportunity for cattle ranchers to grow their herds from the 2.55 million trough recorded for 2025, which marked the twelfth year of the current cattle cycle and sixth year of inventory declines (Figure 31). Recent data suggest this shift in the cattle market is already underway, with inventory leveling in 2026 (Figure 31) and prices received ending 2025 down nearly 10 percent from their August 2025 peak (Figure 30, left). This forecast anticipates the start and continuation of a new cattle cycle, with inventories increasing and prices received moderating through the forecast period, though drought conditions and still high input costs pose a risk to the near-term outlook.

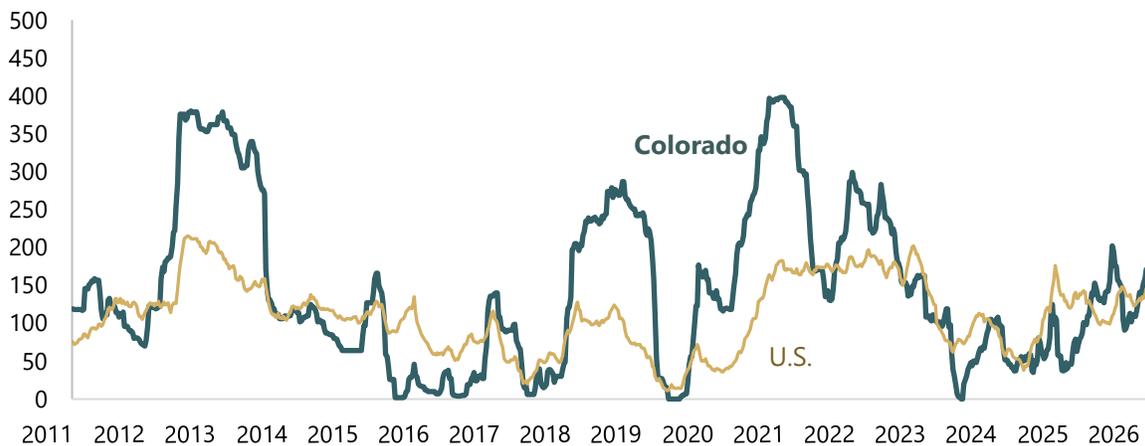
**Figure 31**  
**Colorado Cattle Inventory on U.S. Cattle Cycle**  
 Cattle in Millions, Includes Beef and Dairy Cattle/Calves



Source: USDA National Agricultural Statistics Service. Survey data through 2026.

**Record low snowpack levels pose risk to the state’s water supply.** After a 2025 growing season plagued with worsening drought conditions and the fourth-largest wildfire in state history, Colorado experienced the lowest level of snowpack through February since digital records began in 1987. As snowpack gradually melts off through the spring, historically low levels in early 2026 pose a risk to the 2026 growing season as well as to the longer-term water supply outlook. With low precipitation levels through the winter, Colorado is going into the 2026 growing season with over half of the state experiencing drought levels ranging from moderate to exceptional. While healthy reservoir storage levels may provide some short-term reprieve to farmers, agricultural lands will be at a heightened level of vulnerability to wildfires, grasshopper and insect infestations, and dust storms contributing to topsoil removal if drought levels persist through the year as expected.

**Figure 32**  
**Drought Severity and Coverage Index**  
 Index 0-500



Source: United States Drought Monitor. Data through February 10, 2025.

## Risks to the Forecast

The current economy faces high uncertainty, reflecting 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, tariff reductions, and faster inflation reductions headline upside risks.** Consumers spent at a moderate pace in 2025 despite headwinds from price increases, weakening household finances, and a softening labor market. If consumers remain resilient despite low confidence, spending could increase by more than expected, increasing contributions to GDP growth and encouraging more business investment.

The forecast anticipates that tariffs will remain at record highs as the Trump administration replaces the overruled tariffs with others under different presidential authorities. If new permanent tariffs are not levied after the current 15 percent across-the-board rate expires in July, increased consumer confidence and lower input costs may encourage increased business investment, a stronger labor market, and more robust consumer spending.

The inflation outlook remains uncertain as competing factors such as high tariffs and wary consumers pose bidirectional risk. Inflation is expected to inch up in the near-term, impacting disposable income for consumers and limiting the extent that monetary policy eases. If inflation slows significantly in the near term, it could restore consumer confidence and lead to declining interest rates, stimulating more robust business investment.

**Escalating global conflict, weakening consumer activity, and an AI market correction present downside risks.** While most recent international conflicts have had little measurable impact on the U.S. or Colorado economy, an escalation of the conflict in Iran could negatively impact global oil supply and interrupt trade flows, resulting in higher-than-forecasted inflation with downstream impacts on consumer demand and employment. The severity of impact to economic growth will depend on the intensity and duration of the conflict.

Consumer spending accounts for over two-thirds of GDP. This forecast assumes consumer spending will continue to grow at a slower rate in the face of modest tariff-driven price increases and weakening household finances. If consumers pull back their spending more than expected, declining consumption could lead to a further deteriorating labor market and lead the economy into a recession.

Lastly, investment in AI has been a substantial driver of economic growth in 2025, particularly in the stock market and GDP. If AI proves less profitable than expected or is determined to be overvalued, a price correction could have a highly negative impact on household finances via a stock market correction or layoffs. Additionally, AI investment has been heavily reliant on large amounts of debt, which could make the fallout of a correction more severe.

**Table 19**  
**National Economic Indicators**

Calendar Years	2021	2022	2023	2024	2025	Legislative Council Staff Forecast		
						2026f	2027f	2028f
Real GDP (Billions, 2017 dollars)	\$21,532.4	\$22,075.9	\$22,723.7	\$23,358.4	\$23,853.0	\$24,449.3	\$24,885.8	\$25,373.5
Percent Change in Real GDP	6.2%	2.5%	2.9%	2.8%	2.1%	2.5%	1.8%	2.0%
Nonfarm Employment (Millions)	146.3	152.5	155.9	157.7	158.5	159.0	159.8	160.5
Percent Change in Nonfarm Employment	2.9%	4.3%	2.2%	1.2%	0.5%	0.3%	0.5%	0.5%
Unemployment Rate	5.3%	3.6%	3.6%	4.0%	4.3%	4.5%	4.4%	4.4%
Personal Income (Billions)	\$21,498.9	\$22,153.8	\$23,585.0	\$24,905.9	\$26,119.0	\$27,266.5	\$28,499.8	\$29,661.0
Percent Change in Personal Income	9.5%	3.0%	6.5%	5.6%	4.9%	4.4%	4.5%	4.1%
Wage and Salary Income (Billions)	\$10,315.0	\$11,122.8	\$11,732.4	\$12,387.9	\$12,975.6	\$13,510.7	\$14,040.1	\$14,559.6
Percent Change in Wage and Salary Income	9.0%	7.8%	5.5%	5.6%	4.7%	4.1%	3.9%	3.7%
Inflation	4.7%	8.0%	4.1%	2.9%	2.6%	3.0%	2.7%	2.4%

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 20**  
**Colorado Economic Indicators**

Calendar Years	2021	2022	2023	2024	2025	Legislative Council Staff Forecast		
						2026f	2027f	2028f
Population (Thousands, as of July 1)	5,814.4	5,853.4	5,912.2	5,988.5	6,012.6	6,027.9	6,061.4	6,103.8
Percent Change in Population	0.5%	0.7%	1.0%	1.3%	0.4%	0.3%	0.6%	0.7%
Nonfarm Employment (Thousands)	2,750.9	2,869.7	2,937.5	2,970.7	2,987.6	3,006.6	3,021.3	3,042.8
Percent Change in Nonfarm Employment	3.7%	4.3%	2.4%	1.1%	0.6%	0.6%	0.5%	0.7%
Unemployment Rate	5.5%	3.1%	3.3%	4.3%	4.4%	4.0%	4.1%	4.1%
Personal Income (Millions)	\$418,190	\$448,677	\$473,105	\$494,799	\$517,150	\$537,196	\$562,783	\$590,663
Percent Change in Personal Income	11.7%	7.3%	5.4%	4.6%	4.5%	3.9%	4.8%	5.0%
Wage and Salary Income (Millions)	\$205,550	\$225,417	\$238,971	\$250,130	\$260,617	\$270,785	\$283,285	\$297,148
Percent Change in Wage and Salary Income	9.5%	9.7%	6.0%	4.7%	4.2%	3.9%	4.6%	4.9%
Retail Trade Sales (Millions)	\$131,528	\$144,145	\$145,707	\$145,993	\$148,646	\$151,281	\$155,837	\$162,247
Percent Change in Retail Trade Sales	17.0%	9.6%	1.1%	0.2%	1.8%	1.8%	3.0%	4.1%
Housing Permits (Thousands)	56.5	48.3	39.4	32.2	33.6	31.1	30.6	31.7
Percent Change in Housing Permits	39.7%	-14.5%	-18.5%	-18.3%	4.5%	-7.5%	-1.5%	3.6%
Nonresidential Construction (Thousands)	\$5,681.0	\$6,610.9	\$6,539.5	\$4,741.8	\$6,690.2	\$5,913.8	\$5,813.2	\$6,193.0
Percent Change in Nonresidential Construction	1.3%	16.4%	-1.1%	-27.5%	41.1%	-11.6%	-1.7%	6.5%
Denver-Aurora-Lakewood Inflation	3.5%	8.0%	5.2%	2.3%	2.3%	2.6%	2.5%	2.4%

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.

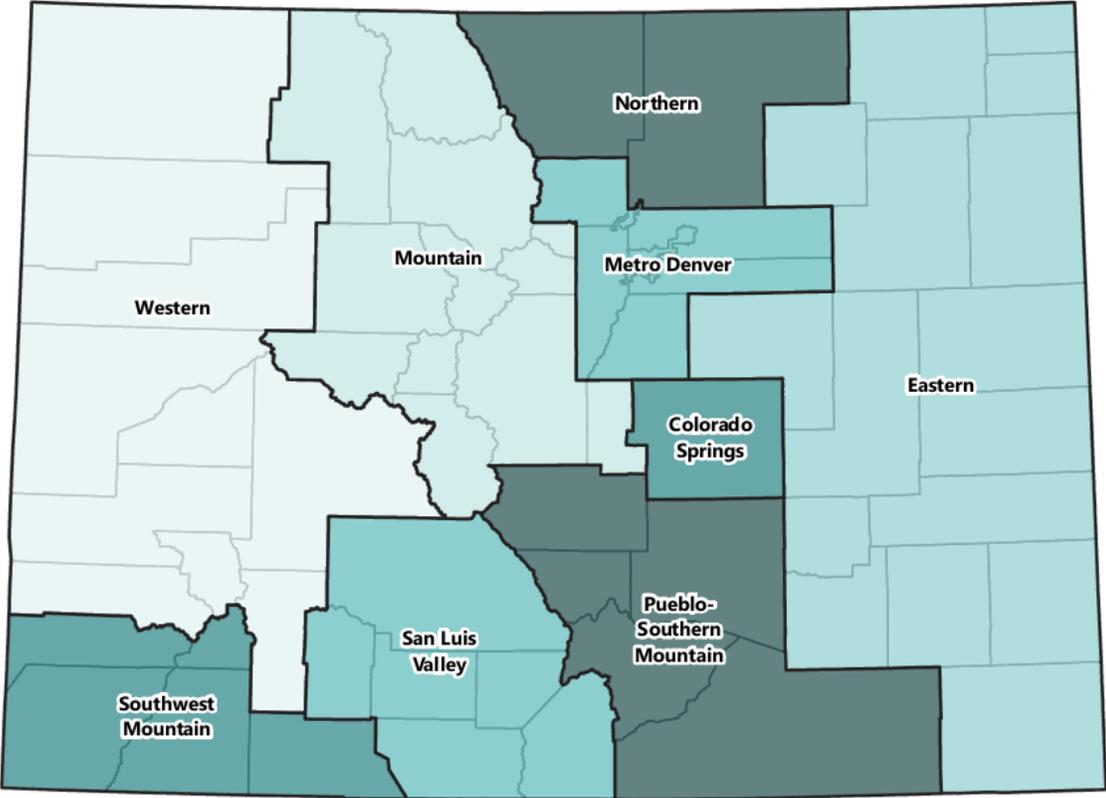
Income data from U.S. Bureau of Economic Analysis. Personal income and wages and salaries not adjusted for inflation.

Retail trade sales data from Colorado Department of Revenue.

Nonresidential construction data from F.W. Dodge.

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# Colorado Economic Regions



The tables in the following sections provide economic indicators for nine regions in Colorado. Beginning with the March 2024 forecast, detailed regional narratives describing trends and the outlook for each region were replaced by summary tables for the December, March, and September forecasts. Each year, detailed regional profiles and outlooks will be prepared for the June forecast document that reflect the depth of analysis provided in previous forecasts.

**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 21**  
**Metro Denver Region Economic Indicators**  
 Adams, Arapahoe, Broomfield, Boulder, Denver, Douglas, and Jefferson Counties

	2021	2022	2023	2024	YTD 2025
Employment Growth in Denver MSA	3.9%	5.0%	2.1%	0.6%	0.1%
Employment Growth in Boulder MSA	3.5%	4.2%	1.7%	-0.5%	0.2%
Unemployment Rate	5.4%	3.0%	3.2%	4.2%	4.2%
Average Weekly Wage Level	\$1,524	\$1,604	\$1,654	\$1,729	\$1,813
Average Weekly Wages Growth	6.5%	5.2%	3.1%	4.5%	3.7%
Single Family Housing Permit Growth in Denver MSA	16.3%	-22.3%	-10.2%	0.3%	-18.9%
Single Family Housing Permit Growth in Boulder MSA	-34.4%	42.7%	22.8%	-31.5%	-19.1%
Nonresidential Construction Value Growth	2.8%	35.2%	-17.6%	-16.1%	27.7%
Nonresidential Construction Square Footage (thousands)	19,470	24,977	12,638	9,940	11,559
Nonresidential Construction Square Footage Growth	32.4%	28.3%	-49.4%	-21.4%	16.3%
Number of Nonresidential Projects	440	553	597	688	563
Nonresidential Projects Growth	14.0%	25.7%	8.0%	15.2%	-18.2%
Average Single Family Sale Price	\$712,000	\$790,000	\$787,000	\$802,000	\$807,000
Average Single Family Sale Price Growth	19.4%	10.8%	-0.4%	2.0%	0.6%
Single Family Inventory Growth	-46.4%	102.3%	13.6%	41.3%	30.7%
Single Family Home Sales Growth	1.9%	-21.1%	-16.3%	8.2%	2.1%
Retail Sales Growth	17.4%	11.4%	-0.1%	1.7%	2.2%

Employment data from U.S. bureau of Labor Statistics, CES (establishment survey). Seasonally adjusted. Data through December 2025.

Unemployment rate from U.S. Bureau of Labor Statistics, LAUS (household survey). Data through December 2025.

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2025Q2.

Residential construction data from U.S. Census. Growth in the number of residential building permits. Data through December 2025.

Nonresidential construction data from F.W. Dodge. Data through December 2025.

Housing market data from Colorado Association of Realtors. Data through December 2025.

Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through December 2025.

## Northern Region



**Table 22**  
**Northern Region Economic Indicators**  
Weld, and Larimer Counties

	2021	2022	2023	2024	YTD 2025
Employment Growth in Fort Collins MSA	3.7%	4.2%	3.0%	1.0%	-0.5%
Employment Growth in Greeley MSA	-0.2%	4.6%	4.2%	3.0%	0.2%
Unemployment Rate	5.3%	3.1%	3.3%	4.3%	4.3%
Average Weekly Wage Level	\$1,149	\$1,219	\$1,284	\$1,317	\$1,387
Average Weekly Wages Growth	3.8%	6.2%	5.3%	2.6%	6.4%
State Cattle and Calf Inventory Growth	4.0%	-1.0%	-7.5%	-0.3%	-4.8%
Natural Gas Production Growth	-2.8%	-2.3%	0.8%	5.7%	3.3%
Oil Production Growth	-10.3%	-0.1%	0.8%	2.7%	3.2%
Total Housing Permit Growth in Fort Collins MSA	13.3%	-19.5%	7.7%	-29.3%	35.6%
Single Family Housing Permit Growth in Fort Collins MSA	-0.1%	-36.1%	-7.5%	6.5%	-26.3%
Total Housing Permit Growth in Greeley MSA	15.5%	17.8%	-14.1%	-30.4%	2.3%
Single Family Housing Permit Growth in Greeley MSA	3.8%	-9.8%	-6.9%	-8.9%	-0.5%
Nonresidential Construction Value Growth	-26.9%	61.0%	30.3%	-45.8%	50.3%
Nonresidential Construction Square Footage (thousands)	2,581	6,763	2,969	1,691	2,280
Nonresidential Construction Square Footage Growth	-1.5%	162.1%	-56.1%	-43.0%	34.8%
Number of Nonresidential Projects	122	179	119	166	193
Nonresidential Projects Growth	2.5%	46.7%	-33.5%	39.5%	16.3%
Average Single Family Sale Price	\$532,000	\$598,000	\$606,000	\$623,000	\$630,000
Average Single Family Sale Price Growth	16.5%	12.3%	1.4%	2.7%	1.1%
Single Family Inventory Growth	-44.3%	53.4%	14.5%	21.0%	27.3%
Single Family Home Sales Growth	2.3%	-20.4%	-19.0%	3.6%	7.5%
Retail Sales Growth in Larimer County	13.0%	12.3%	4.1%	-1.9%	3.6%
Retail Sales Growth in Weld County	13.6%	16.2%	3.7%	1.3%	7.3%

Employment data from U.S. Bureau of Labor Statistics, CES (establishment survey). Seasonally adjusted. Data through December 2025.

Unemployment rate from U.S. Bureau of Labor Statistics, LAUS (household survey). Data through December 2025.

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2025Q2.

Agricultural data from National Agricultural Statistics Service. Cattle and calves on feed. Data through December 2025.

Energy data from the Energy and Carbon Management Commission. Data through December 2025.

Residential construction data from U.S. Census. Growth in the number of residential building permits. Data through December 2025.

Nonresidential construction data from F.W. Dodge. Data through December 2025.

Housing market data from Colorado Association of Realtors. Seasonally adjusted. Data through December 2025.

Retail sales data from Colorado Department of Revenue. Data through December 2025.

## Colorado Springs Region



**Table 23**  
**Colorado Springs Economic Indicators**  
El Paso County

	2021	2022	2023	2024	YTD 2025
Employment Growth in Colorado Springs MSA	4.1%	4.3%	3.2%	1.6%	0.7%
Unemployment Rate	5.6%	3.2%	3.4%	4.3%	4.3%
Average Weekly Wage Level	\$1,140	\$1,192	\$1,244	\$1,298	\$1,341
Average Weekly Wages Growth	4.8%	4.6%	4.4%	4.3%	4.5%
Total Housing Permit Growth	34.7%	-5.5%	-40.0%	-24.6%	45.6%
Single Family Housing Permit Growth	0.7%	-28.4%	-26.2%	7.1%	-1.5%
Nonresidential Construction Value Growth	0.8%	-31.0%	14.7%	-37.7%	43.9%
Nonresidential Construction Square Footage (thousands)	3,480	2,253	1,603	1,433	2,323
Nonresidential Construction Square Footage Growth	-48.2%	-35.3%	-28.8%	-10.6%	62.1%
Number of Nonresidential Projects	211	276	132	339	293
Nonresidential Projects Growth	-29.4%	30.8%	-52.2%	156.8%	-13.6%
Average Single Family Sale Price	\$492,000	\$542,000	\$541,000	\$559,000	\$564,000
Average Single Family Sale Price Growth	18.0%	10.1%	-0.2%	3.4%	0.8%
Single Family Inventory Growth	-30.0%	117.7%	8.0%	25.6%	29.7%
Single Family Home Sales Growth	4.0%	-17.5%	-24.3%	-1.9%	2.5%
Retail Sales Growth	18.3%	8.5%	0.1%	1.3%	3.2%

Employment data from U.S. Bureau of Labor Statistics, CES (establishment survey). Seasonally adjusted. Data through December 2025.

Unemployment rate from U.S. Bureau of Labor Statistics, LAUS (household survey). Data through December 2025.

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2025Q2.

Housing construction data from U.S. Census. Growth in the number of residential building permits. Data through December 2025.

Nonresidential construction data from F.W. Dodge. Data through December 2025.

Housing market data from Colorado Association of Realtors. Data through December 2025.

Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through December 2025.

## Pueblo – Southern Mountains Region



**Table 24**  
**Pueblo Region Economic Indicators**  
 Custer, Fremont, Huerfano, Las Animas and Pueblo Counties

	2021	2022	2023	2024	YTD 2025
Employment Growth in Pueblo Region	0.6%	1.6%	-0.5%	-0.7%	-0.5%
Employment Growth in Pueblo MSA	0.6%	2.8%	0.4%	-0.4%	-0.6%
Unemployment Rate	7.9%	4.6%	4.8%	5.9%	5.8%
Average Weekly Wage Level	\$939	\$988	\$1,026	\$1,057	\$1,076
Average Weekly Wages Growth	3.8%	5.3%	3.8%	3.0%	3.5%
Total Housing Permit Growth in Pueblo MSA	24.0%	-22.9%	-43.8%	-13.5%	-16.0%
Single Family Housing Permit Growth in Pueblo MSA	24.0%	-22.9%	-43.8%	-13.5%	-16.0%
Nonresidential Construction Value Growth	175.3%	-63.2%	157.0%	-62.3%	-56.2%
Nonresidential Construction Square Footage (thousands)	1,658	520	1,426	523	169
Nonresidential Construction Square Footage Growth	278.3%	-68.6%	174.2%	-63.3%	-67.6%
Number of Nonresidential Projects	57	38	50	85	71
Nonresidential Projects Growth	5.6%	-33.3%	31.6%	70.0%	-16.5%
Average Single Family Sale Price	\$326,000	\$340,000	\$349,000	\$347,000	\$344,000
Average Single Family Sale Price Growth	22.9%	4.2%	2.8%	-0.8%	-0.7%
Single Family Inventory Growth	-27.0%	68.7%	31.4%	28.3%	13.6%
Single Family Home Sales Growth	7.3%	-6.2%	-17.5%	-8.1%	-14.6%
Retail Sales Growth	13.4%	14.5%	-1.7%	-5.1%	9.3%

Employment data from U.S. Bureau of Labor Statistics, LAUS (Pueblo region) and CES (Pueblo MSA). Data through December 2025.

Unemployment rate from U.S. Bureau of Labor Statistics, LAUS (household survey). Data through December 2025.

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2025Q2.

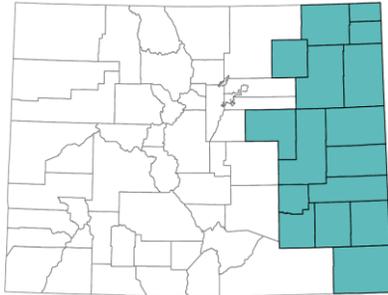
Housing construction data from U.S. Census. Growth in the number of residential building permits. Data through December 2025.

Nonresidential construction data from F.W. Dodge. Data through December 2025.

Housing market data from Colorado Association of Realtors. Data through December 2025.

Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through December 2025.

## Eastern Region



**Table 25**

### Eastern Region Economic Indicators

Baca, Bent, Logan, Cheyenne, Crowley, Elbert, Kiowa, Kit Carson, Lincoln, Morgan, Otero, Phillips, Prowers, Sedgwick, Washington, and Yuma Counties

	2021	2022	2023	2024	YTD 2025
Employment Growth	-1.5%	1.5%	0.7%	0.4%	-1.6%
Unemployment Rate	4.8%	3.0%	3.1%	3.9%	3.9%
Average Weekly Wage Level	\$872	\$918	\$957	\$988	\$1,000
Average Weekly Wages Growth	4.1%	5.3%	4.3%	3.2%	3.5%
Wheat Price Growth (\$/Bushel)	37.7%	42.2%	-14.3%	-28.4%	-13.2%
Corn Price Growth (\$/Bushel)	53.8%	30.9%	-7.0%	-30.1%	-3.6%
Alfalfa Hay Price Growth (Baled, \$/Ton)	2.5%	2.8%	14.5%	-23.4%	-19.9%
State Cattle and Calf Inventory Growth	4.0%	-1.0%	-7.5%	-0.3%	-4.8%
Milk Production Growth	2.4%	0.7%	-1.9%	0.8%	3.9%
Housing Permit Growth	24.6%	-33.4%	-17.9%	24.2%	-0.4%
Average Single Family Sale Price	\$382,000	\$412,000	\$407,000	\$431,000	\$455,000
Average Single Family Sale Price Growth	16.6%	7.7%	-1.2%	5.9%	5.6%
Single Family Inventory Growth	-28.9%	65.9%	23.6%	11.6%	26.6%
Single Family Home Sales Growth	9.9%	-6.8%	-10.3%	0.7%	1.4%
Retail Sales Growth	12.5%	18.9%	-0.3%	0.2%	3.8%

Employment data from U.S. Bureau of Labor Statistics, LAUS (household survey). Data through December 2025.

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2025Q2.

Agricultural data from National Agricultural Statistics Service statewide data. Data through December 2025.

Construction data from F.W. Dodge. Permits for residential units. Data through December 2025.

Housing market data from Colorado Association of Realtors. Seasonally adjusted. Data through December 2025.

Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through December 2025.

## Mountain Region



**Table 26**  
**Mountain Region Economic Indicators**

Chaffee, Clear Creek, Eagle, Gilpin, Grand, Jackson, Lake, Park, Pitkin, Routt, Summit, and Teller Counties

	2021	2022	2023	2024	YTD 2025
Employment Growth	1.8%	3.7%	1.9%	1.3%	1.0%
Unemployment Rate	5.0%	2.9%	2.9%	3.7%	3.5%
Average Weekly Wage Level	\$1,028	\$1,114	\$1,159	\$1,196	\$1,203
Average Weekly Wages Growth	4.8%	8.4%	4.1%	3.2%	4.0%
Housing Permit Growth	18.4%	-8.0%	-4.5%	-1.6%	-5.8%
Nonresidential Construction Value Growth	-55.1%	36.5%	-11.8%	19.2%	-36.4%
Nonresidential Construction Square Footage (thousands)	893	983	836	668	444
Nonresidential Construction Square Footage Growth	-21.7%	10.1%	-15.0%	-20.0%	-33.6%
Number of Nonresidential Projects	61	77	53	65	64
Nonresidential Projects Growth	3.4%	26.2%	-31.2%	22.6%	-1.5%
Average Single Family/Townhouse/Condo Sale Price	\$1,300,000	\$1,424,000	\$1,465,000	\$1,601,000	\$1,627,000
Average Single Family Sale Price Growth	18.8%	9.6%	2.8%	9.3%	1.6%
Single Family Inventory Growth	-47.0%	21.8%	15.7%	37.1%	37.1%
Single Family Home Sales Growth	1.4%	-30.4%	-15.5%	2.8%	6.3%
<b>Retail Sales Growth</b>	<b>21.0%</b>	<b>17.0%</b>	<b>4.0%</b>	<b>1.6%</b>	<b>2.5%</b>

NA = Not Available.

Employment data from U.S. Bureau of Labor Statistics, LAUS (household survey). Data through December 2025.

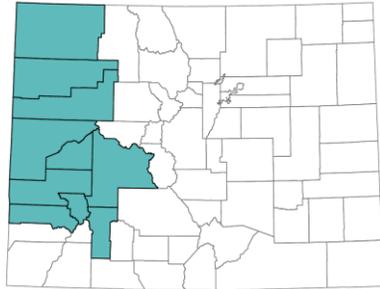
Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2025Q2.

Construction data from F.W. Dodge. Permits for residential units. Data through December 2025.

Housing market data from Colorado Association of Realtors. Seasonally adjusted. Data through December 2025.

Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through December 2025.

## Western Region



**Table 27**  
**Western Region Economic Indicators**

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

	2021	2022	2023	2024	YTD 2025
Employment Growth in Western Region	1.5%	2.0%	1.2%	1.5%	1.0%
Employment Growth in Grand Junction MSA	3.9%	2.5%	1.7%	1.8%	0.7%
Unemployment Rate	5.6%	3.4%	3.5%	4.3%	4.1%
Average Weekly Wage Level	\$954	\$1,025	\$1,072	\$1,102	\$1,121
Average Weekly Wages Growth	3.5%	7.4%	4.6%	2.8%	3.5%
Natural Gas Production Growth	-9.1%	-5.8%	-17.0%	-5.8%	2.3%
Housing Permit Growth	24.7%	-16.9%	-15.4%	-1.7%	-5.3%
Nonresidential Construction Value Growth	244.5%	-12.4%	-23.9%	64.1%	213.2%
Nonresidential Construction Square Footage (thousands)	774	773	687	869	1,585
Nonresidential Construction Square Footage Growth	61.6%	0.0%	-11.1%	26.5%	82.4%
Number of Nonresidential Projects	73	75	69	103	101
Nonresidential Projects Growth	58.7%	2.7%	-8.0%	49.3%	-1.9%
Average Single Family Sale Price	\$519,000	\$536,000	\$597,000	\$636,000	\$644,000
Average Single Family Sale Price Growth	23.3%	3.3%	11.3%	6.6%	1.2%
Single Family Inventory Growth	-42.4%	25.2%	15.2%	10.4%	18.4%
Single Family Home Sales Growth	1.6%	-21.8%	-16.9%	1.4%	2.1%
Retail Sales Growth	19.2%	11.4%	4.8%	2.9%	5.5%
National Park Recreational Visits	12.7%	-3.9%	0.1%	0.0%	-9.6%

Employment data from U.S. Bureau of Labor Statistics, LAUS (western region) and CES (Grand Junction MSA). Data through December 2025.

Unemployment rate from U.S. Bureau of Labor Statistics, LAUS (household survey). Data through December 2025.

Wage data from U.S. Bureau of Labor statistics, QCEW. Data through 2025Q2.

Energy data from the Energy and Carbon Management Commission. Data through December 2025.

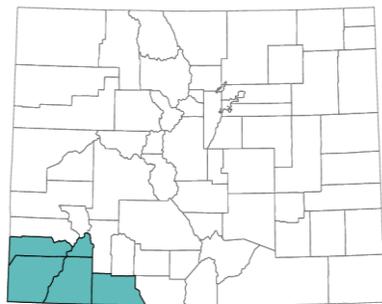
Construction data from F.W. Dodge. Data through December 2025.

Housing market data from Colorado Association of Realtors. Data through December 2025.

Retail sales data from Colorado Department of Revenue. Data through December 2025.

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 December 2025.

## Southwest Mountain Region



**Table 28**  
**Southwest Mountain Region Economic Indicators**  
 Archuleta, Dolores, La Plata, Montezuma, and San Juan Counties

	2021	2022	2023	2024	YTD 2025
Employment Growth	-0.3%	2.5%	0.6%	1.3%	0.7%
Unemployment Rate	6.0%	3.5%	3.6%	4.4%	4.1%
Average Weekly Wage Level	\$948	\$991	\$1,042	\$1,085	\$1,065
Average Weekly Wages Growth	4.8%	4.5%	5.1%	4.1%	1.9%
Housing Permit Growth	31.2%	-24.8%	-3.6%	-7.9%	-11.2%
Average Single Family Sale Price	\$656,000	\$750,000	\$805,000	\$808,000	\$856,000
Average Single Family Sale Price Growth	21.2%	14.2%	7.4%	0.4%	5.9%
Single Family Inventory Growth	-47.5%	12.4%	8.9%	21.1%	22.7%
Single Family Home Sales Growth	-1.2%	-23.3%	-18.9%	-0.8%	1.5%
Retail Sales Growth	20.1%	4.9%	1.4%	2.7%	3.8%
National Park Recreational Visits	87.2%	-8.2%	2.3%	-5.3%	2.5%

Employment data from U.S. Bureau of Labor Statistics, LAUS (household survey). Data through December 2025.

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2025Q2.

Construction data from F.W. Dodge. Permits for residential units. Data through December 2025.

Housing market data from Colorado Association of Realtors. Seasonally adjusted. Data through December 2025.

Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through December 2025.

National Park visit data from National Park Service. Recreation visits for Mesa Verde National Park and Hovenweep National Monument. Data through December 2025.

## San Luis Valley Region



**Table 29**  
**San Luis Valley Region Economic Indicators**  
 Alamosa, Conejos, Costilla, Mineral, Rio Grande, and Saguache Counties

	2021	2022	2023	2024	YTD 2025
Employment Growth	-1.8%	2.1%	0.2%	0.1%	-2.4%
Unemployment Rate	6.5%	4.0%	4.1%	5.0%	4.95
Average Weekly Wage Level	\$805	\$856	\$901	\$906	\$907
Growth in Average Weekly Wages	4.6%	6.3%	5.2%	0.6%	2.6%
Growth in Barley Acres Harvested	47,000	40,000	52,000	40,000	38,000
Barley Crop Value Growth (\$/Acre)	\$548	\$628	\$1,000	\$1,003	NA
Growth in Potato Acres Harvested	52,400	52,900	54,800	53,800	54,800
Potato Crop Value (\$/Acre)	\$4,674	\$7,169	\$3,557	\$4,034	NA
Housing Permit Growth	12.8%	-10.2%	-6.7%	25.2%	-11.2%
Average Single Family Sale Price	\$343,000	\$352,000	\$365,000	\$376,000	\$369,000
Average Single Family Sale Price Growth	27.2%	2.5%	3.7%	3.1%	-1.2%
Single Family Inventory Growth	-44.0%	18.6%	32.9%	23.1%	15.5%
Single Family Home Sales Growth	7.1%	-25.4%	-14.8%	8.7%	-5.9%
Retail Sales Growth	17.1%	9.0%	2.3%	1.0%	-0.2%
National Park Recreational Visits	30.6%	-18.1%	3.8%	-14.6%	5.4%

NA = Not Available.

Employment data from U.S. Bureau of Labor Statistics, LAUS (household survey). Data through December 2025.

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2025Q2.

Agricultural data from National Agricultural Statistics Service statewide data. Data through December 2025.

Construction data from F.W. Dodge. Permits for residential units. Data through December 2025.

Housing market data from Colorado Association of Realtors. Seasonally adjusted. Data through December 2025.

Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through December 2025.

National Park visits data from National Park Service. Recreation visits for Great Sand Dunes NP. Data through December 2025.

## 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	\$30,767.1
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	\$22,723.7	\$23,358	\$23,853
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	\$26,119.0
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%	4.9%
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	\$12,975.6
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%	4.7%
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%	1.3%	-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

<b>Calendar Years</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Nonfarm Employment (Thousands)	2,312	2,381	2,463	2,541	2,602	2,660	2,727	2,790	2,653	2,751	2,870	2,938	2,971	2,988
Percent Change in Nonfarm Employment	2.4%	3.0%	3.5%	3.1%	2.4%	2.3%	2.5%	2.3%	-4.9%	3.7%	4.3%	2.4%	1.1%	0.6%
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%	4.3%	4.4%
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	N/A
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%	
Per Capita Income	\$45,495	\$47,088	\$50,251	\$51,401	\$51,312	\$54,176	\$57,798	\$61,278	\$64,671	\$71,676	\$76,544	\$79,746	\$82,705	N/A
Percent Change in Per Capita Income	4.0%	3.5%	6.7%	2.3%	-0.2%	5.6%	6.7%	6.0%	5.5%	10.8%	6.8%	4.2%	3.7%	
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	N/A
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%	
Retail Trade Sales (Millions)	\$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	N/A
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%	
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	33,624
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%	4.5%
Nonresidential Construction (Millions)	\$3,695	\$3,624	\$4,351	\$4,991	\$5,992	\$6,151	\$8,132	\$5,161	\$5,608	\$5,681	\$6,611	\$6,540	\$4,742	\$6,690
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%	-1.1%	-27.5%	41.1%
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.