

Economic & Revenue Forecast

December 2025



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

December 2025 | Economic & Revenue Forecast

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Special thanks to David Williams, Dan Phillips, Kent Parker, Katie Kolupke, Annabelle Tracy, Logan Jacobson, and Think Dinh.

Executive Summary

This report presents the General Fund budget outlook based on current law and the December 2025 forecast for General Fund revenue, cash fund revenue, and the state TABOR outlook. It also includes annual forecasts for kindergarten through twelfth grade (K-12) enrollment and assessed values, which inform an updated school finance outlook, and annual forecasts for the adult and youth corrections populations. Like other quarterly forecasts, it includes summaries of the 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

Preliminary, unaudited reports from the Office of the State Controller indicate 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 \$296.8 million, triggering a \$293.3 million TABOR refund obligation for FY 2025-26 after subtracting a small prior year overrefund.

FY 2025-26

The General Fund is expected to end FY 2025-26 with a 12.3 percent reserve, \$398.6 million below the statutory requirement, under current law. General Fund revenue is expected to decline by 1.8 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 \$464.7 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 8.6 percent, with state revenue subject to TABOR exceeding the Referendum C cap by \$500.8 million. Despite the considerable growth in revenue, the General Fund is projected to have \$163.5 million, or 0.9 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 the fund 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 in the context of the Governor's October 31, 2025, budget proposal for FY 2026-27. In that scenario, the General Fund would be expected to end the year with a 12.6 percent reserve, \$25.9 million below the 13.0 percent reserve requirement proposed by the Governor.

FY 2027-28 (Unbudgeted)

General Fund revenue is expected to increase by 5.0 percent and total \$19.24 billion, with state revenue subject to TABOR exceeding the Referendum C cap by \$817.0 million. 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 most significant 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 no full-year data for Colorado income tax payments that incorporate OBBBA impacts will 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, the federal government's October 2025 shutdown impeded the release of economic data, clouding our view of current economic conditions and the near-term future. Risk to the economic outlook, discussed below, entails the greatest magnitude of budgetary risk.

Cash Fund Revenue

Cash fund revenue subject to TABOR is projected to rise 13.3 percent during FY 2025-26, reaching nearly \$3.14 billion. The increase is mainly due to one-time tax credit sales of about \$200 million authorized through 2025 special session legislation, with proceeds accounted in the other cash funds segment of the forecast. Half of these proceeds will be credited to the Health Insurance Affordability Enterprise, disqualifying it as an enterprise for the current fiscal year only and making its other revenue subject to TABOR. The other half of the proceeds are transferred to the General Fund. The forecast for FY 2025-26 also incorporates the first \$30 million transfer from the Unclaimed Property Trust Fund to the Housing Development Grant Fund (HDGF) under [House Bill 19-1322](#) and [House Bill 20-1370](#).

Cash fund revenue is projected to increase by 1.5 percent and total just less than \$3.19 billion in FY 2026-27. The initial diversion of income tax revenue to the Kids Matter Account in the State Education Fund will more than offset year-over-year decreases in other cash funds revenue and HDGF revenue. In FY 2027-28, cash fund revenue subject to TABOR is projected to grow 2.8 percent and reach \$3.27 billion. Discussion of the cash fund revenue outlook begins on page 51.

Economic Outlook

The economic situation for the U.S. and Colorado is cloudier than usual due to a lack of available data, but most indicators show signs of slowing economic growth. Business activity has maintained a moderate pace of growth, unemployment rates remain relatively low, and income growth is stable. Labor markets are showing signs of deterioration, with slow job growth reflecting weakness in both supply and demand. Faced with high uncertainty and costs, businesses have reduced hiring, while immigration policy has reduced the supply of available workers. On the whole, the Colorado economy appears slightly weaker than the nation, as the state's unemployment claims rise, real retail spending falls, and the housing market weakens. Over the forecast period, economic growth is expected to face headwinds from tariffs, inflation, and high uncertainty. Amidst weakening retail spending and employment, investment in artificial intelligence has propped up economic activity in 2025, a trend that is expected to continue into 2026. The forecast expects that inflation will remain elevated in the near-term despite a slowing economy, putting additional pressure on household finances and consumer spending. While this forecast anticipates the U.S. and Colorado economies will expand though the forecast period, recent weakening has heightened risks and narrowed the path for continued economic expansion. Recession risk high, but a recession is not assumed here.

Discussion of the economic outlook begins on page 111, and summaries of expectations for the U.S. and Colorado economies are presented, respectively, in Tables 29 and 30 on pages 141 and 142.

School Finance Outlook

An update to the school finance outlook begins on page 27.

FY 2025-26

Relative to the FY 2025-26 appropriation made during the 2025 session, the state aid requirement for total program funding is expected to be \$104 million lower than previously budgeted. This reflects lower-than-expected enrollment and lower than expected at-risk and English language learner populations in the 2025-26 school year, which combined decreased the overall total program cost by \$33 million. In addition, the local share is expected to be \$71 million higher than previously forecast.

FY 2026-27

The state aid requirement is expected to increase \$232 million in FY 2026-27 relative to current year levels. This estimate assumes that the new school finance formula is phased in as specified under current law, and is based on revised inflation expectations and the 2025 kindergarten through twelfth grade (K-12) enrollment forecast, which suggest that total program requirements will increase by \$211 million year-over-year. Additionally, the 2025 assessed valuation forecast implies a \$21 million decrease in the local share in FY 2026-27 over current year levels.

K-12 Enrollment

Enrollment in the current school year totaled 823,452 student FTE, a decrease of 1.5 percent, or 12,477 student FTE, compared to the prior year. Enrollment decreased due to slowing net migration, smaller kindergarten cohorts entering schools, and continued impacts from low birth rates and housing affordability challenges. Enrollment is projected to continue to decline, decreasing by 8,188 student FTE, or 1.0 percent, in the 2026-27 school year, and 6,038 student FTE, or 0.7 percent, in the 2027-28 school year.

There are both upside and downside risks for the forecast. Enrollment may exceed expectations if federal immigration policy relaxes, the impacts of current immigration policy lessen, birth rates stabilize, or net migration and homeschool enrichment program enrollment are higher than expected. Enrollment may be lower than expected if net migration is slower than expected, federal immigration policy and enforcement tightens, or if birth rates and housing affordability result in smaller cohorts than expected. Enrollment projections begin on page 69.

Assessed Values

A forecast for assessed values – the property tax base for school districts and local governments – begins on page 77. The section mainly presents projections of the property tax base for the state’s school districts, but an outlook of the property tax base for other local government entities is also included. The assessed value outlook continues to be shaped by policy changes passed during the 2024 legislative session and the August 2024 special session, including a step down in nonresidential assessment rates for most property classes through the 2027 property tax year.

Property values in the state are appreciating at a rate well below the historically fast pace of growth experienced in the 2023 property tax year. Taking into account changes to assessment, assessed value for school districts increased 9.4 percent in the 2025 reassessment year. While slow but positive property value appreciation is expected through the forecast period, assessed values are expected to contract 0.9 percent in the 2026 property tax year as lower nonresidential assessment rates impact the property tax base. For 2027, assessed values are expected to increase 0.8 percent as modest value appreciation in a reassessment year is partially offset by still lower nonresidential assessment rates. In 2028, new construction activity will contribute to assessed values increasing by 1.1 percent.

Correctional Populations

A forecast for the state’s adult prison population and parole caseload begins on page 93. A forecast for youth correctional populations, including commitment, parole, and detention populations, begins on page 105.

The state’s adult prison population rose to 17,890 in June 2025, an increase of 401 offenders compared with the previous fiscal year. The prison population is expected to increase to 18,551 inmates in June 2026 and 19,020 inmates in June 2027. The in-state adult parole population declined in FY 2024-25, to 7,146 parolees. The parole population is expected to decline further, to 6,694 in June 2026, before increasing to 6,923 in June 2027.

The youth commitment population fell to an average of 262 youths in FY 2024-25. It is expected to decrease, to 242 youths in FY 2025-26, and to remain relatively steady, increasing to 244 youths by the end of FY 2027-28. The youth parole population averaged 108 youths in FY 2024-25, and is expected to decline to 100 youths in FY 2027-28. The detention population is expected to increase from 177 youths in FY 2024-25 to 194 youths in FY 2027-28.

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General Fund Budget Overview

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

- a budget scenario for FY 2026-27 and FY 2027-28 that incorporates the Governor’s October 31, 2025, budget request (Table 2);
- a summary of changes in expectations relative to the September forecast (Table 3);
- a summary of transfers to and from the General Fund (Table 4);
- 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 transfers to and from the General Fund (Table 7), other than those included in Table 5.

Legislative Assumptions

This forecast is based on current law and incorporates all 2025 legislation that became law, including legislation enacted during the August 2025 special session and ballot measures approved by voters at the November 2025 statewide election, as well as emergency supplemental appropriations (“1331 supplementals”) approved by the JBC during the 2025 interim. The forecast incorporates executive action to reduce current year spending through Executive Order D 2025 014, but does not incorporate other budgetary actions requested by the Governor that would require legislation in order to occur, except in the budget scenario incorporating the Governor’s budget proposal.

FY 2024-25

Based on preliminary reports from the Office of the State Controller, the General Fund is estimated to have ended FY 2024-25 with a 15.4 percent reserve, \$49.9 million above the statutory reserve requirement (Table 1, line 22). General Fund revenue fell by 0.4 percent and totaled \$17.18 billion. State revenue exceeded the TABOR limit by \$296.8 million, and the state TABOR refund obligation for FY 2025-26 totaled \$293.3 million after accounting for prior year overrefunds. Figures for FY 2024-25 will be finalized with the State Controller’s publication of the annual comprehensive financial report, which will occur before the March 2026 forecast.

Relative to the September forecast, the estimate of the year-end reserve was increased by \$144.7 million upon inclusion of preliminary estimates for reversions of General Fund appropriations, which were not ready in time for the September forecast.

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

Line	Funds Available	FY 2024-25 Preliminary	FY 2025-26 Estimate	FY 2026-27 Estimate	FY 2027-28 Estimate
1	Beginning Reserve	\$3,153.5	\$2,408.4	\$1,545.8	*
2	General Fund Revenue (Table 12)	\$17,181.3	\$16,870.3	\$18,325.5	\$19,239.5
3	Transfers from Other Funds (Table 7A)	\$519.9	\$226.8	\$54.4	\$30.3
4	Total Funds Available	\$20,854.7	\$19,505.5	\$19,925.7	*
5	Percent Change in Funds Available	5.5%	-6.5%	2.2%	*

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

Table 1B
General Fund Expenditures
Dollars in Millions

Line	Expenditures	FY 2024-25 Preliminary	FY 2025-26 Budgeted	FY 2026-27 Estimate	FY 2027-28 Estimate
6	General Fund Appropriations Subject to the Limit	\$15,621.8	\$16,570.9	*	*
7	Overexpenditure from General Fund	\$68.6			
8	TABOR Refund Obligation (Table 10)	\$293.3	\$0.0	\$500.8	\$817.0
9	Rebates and Expenditures (Table 6)	\$187.4	\$829.7	\$530.6	\$305.3
10	Transfers to Other Funds (Table 7B)	\$1,884.1	\$448.9	\$461.6	\$481.2
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	\$170.6	\$20.0	\$20.0
14	Total Expenditures	\$18,572.8	\$18,062.7	*	*
15	Percent Change in Funds Available	10.1%	-2.7%	*	*
16	Reversions and Accounting Adjustments	\$126.6	\$103.0	*	*

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

Line 6, "General Fund Appropriations Subject to the Limit," includes JBC-approved emergency supplemental ("1331 supplemental") appropriations for FY 2025-26.

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. FY 2025-26 reflects expected reversions based on the Governor's executive order reducing spending relative to current law appropriations.

Table 1C
General Fund Reserve
Dollars in Millions

Line	Reserve	FY 2024-25 Preliminary	FY 2025-26 Estimate	FY 2026-27 Estimate	FY 2027-28 Estimate
17	Year-End Reserve in General Fund	\$2,408.4	\$1,545.8	*	*
18	Year-End Reserve in PERA	\$0.0	\$500.0	*	*
19	Total Year-End Reserve	\$2,408.4	\$2,045.8	*	*
20	Year-End Reserve as a Percent of Appropriations	15.4%	12.3%	*	*
21	Statutorily Required Reserve	\$2,358.5	\$2,444.4	*	*
22	Amount in Excess or (Deficit) of Statutory Reserve	\$49.9	-\$398.6	*	*
23	Excess Reserve as a Percent of Expenditures	0.3%	-2.2%	*	*

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 (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 Preliminary	FY 2025-26 Estimate	FY 2026-27 Estimate	FY 2027-28 Estimate
24	Amount in Excess or (Deficit) of 15% Reserve Requirement			-\$163.5	
25	As a Percent of Prior-Year Expenditures			-0.9%	

This scenario holds appropriations in FY 2026-27 equal to appropriations in FY 2024-25 (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
Scenario for Governor's FY 2026-27 Budget Proposal
Dollars in Millions

Line	Addendum Items	FY 2024-25 Preliminary	FY 2025-26 Estimate	FY 2026-27 Estimate	FY 2027-28 Estimate
26	Amount in Excess or (Deficit) of Reserve Requirement		-\$107.7	-\$25.9	-\$880.0
27	As a Percent of Proposed Current-Year Expenditures		-0.6%	-0.1%	-4.4%

This scenario assumes the Governor's October 31, 2025, budget proposal. For FY 2025-26, it increases net transfers to and appropriations from the General Fund, and reduces the statutory reserve requirement to 13%. For FY 2026-27, it includes all requested appropriations, placeholders, and transfers, and reduces the statutory reserve requirement to 13%. For FY 2027-28, it assumes the FY 2026-27 ending balance and includes estimated out-year appropriations and capital costs included in the request, a placeholder for controlled maintenance, and a 13.4% reserve requirement. Line 26 includes the year-end reserve amounts held in both the General Fund and in PERA. See the November 12, 2025, JBC Staff briefing document available at: <https://content.leg.colorado.gov/sites/default/files/11-12-2025%20Overview%20Doc.pdf>

Table 1F
General Fund Overview Addenda
Dollars in Millions

Line	Addendum Items	FY 2024-25 Preliminary	FY 2025-26 Estimate	FY 2026-27 Estimate	FY 2027-28 Estimate
28	Percent Change in General Fund Appropriations	13.0%	6.1%	*	*
29	5% of Colorado Personal Income Appropriations Limit	\$22,392.7	\$23,530.3	\$24,635.6	\$25,870.9
30	Transfers to State Education Fund per Amendment 23	\$1,060.6	\$1,018.8	\$1,119.0	\$1,185.9

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

FY 2025-26

Incorporating ballot measures approved by voters, 1331 supplementals approved by the JBC, and updated forecasts for revenue, transfers, and rebates and expenditures, the General Fund is expected to end FY 2025-26 with a 12.3 percent reserve, \$398.6 million below the 15 percent reserve requirement (Table 1, line 22). In addition to normal forecast revisions, any supplemental

appropriations adopted during the 2026 legislative session and other legislative changes to appropriations and transfers will affect this amount.

General Fund revenue collections are expected to decline by 1.8 percent. A 31 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 23 percent increase in insurance premium tax revenue. State revenue subject to TABOR is expected to fall short of the Referendum C cap by \$464.7 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 8.6 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 \$500.8 million. 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 \$163.5 million, or 0.9 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. It includes Executive Order D 2025 014, which directs executive branch agencies to reduce expenditures for the current year, but does not include other transfers of cash fund revenue to the General Fund, as these require legislation.

Governor's proposed budget scenario for FY 2026-27

The Governor's request scenario, shown in Table 1E, presents the amount of the General Fund reserve in excess or deficit of the proposed statutory reserve requirement for FY 2025-26 through FY 2027-28 assuming adoption of the Governor's October 31, 2025, budget proposal. These estimates are provided for informational purposes and to allow for comparison with the budget overview from the Office of State Planning and Budgeting. The inclusion of this scenario is not an endorsement of the Governor's proposal by Legislative Council Staff.

Under this scenario, the General Fund would end FY 2025-26 with a 12.1 percent reserve, \$107.7 million below the proposed 13.0 percent reserve requirement. The General Fund would

end FY 2026-27 with a 12.6 percent reserve, \$25.9 million below the proposed 13.0 percent reserve requirement.

Table 2 details the assumptions used to calculate this scenario. Some additional explanation is provided below. For a full discussion of the General Fund overview under the Governor’s proposed budget, see the [JBC Staff briefing document dated November 12, 2025](#).

Table 2
Scenario Incorporating Governor’s Proposed FY 2026-27 Budget
Dollars in Millions

Line	Component	FY 2025-26	FY 2026-27
1	Excess Reserve Under Scenario A	-\$398.6	-\$163.5
2	Proposed Changes to Transfers In	\$199.4	\$427.0
3	Change in FY 2026-27 Beginning Balance		-\$24.8
4	Change in Funds Available	\$199.4	\$402.3
5	FY 2025-26 Supplementals and Placeholders	\$121.1	
6	HCPF Proposed Increase from Current Appropriations		\$311.2
7	Judicial Proposed Increase from Current Appropriations		\$75.1
8	Corrections Proposed Increase from Current Appropriations		\$63.2
9	Education Proposed Increase from Current Appropriations		\$42.5
10	Human Services Proposed Increase from Current Appropriations		\$36.8
11	All Other Proposed Increase from Current Appropriations		\$32.1
12	Total Change in Appropriations	\$121.1	\$560.8
13	Change in Rebates and Expenditures	\$0	-\$16.8
14	Proposed Transfers to Capital Construction Fund		\$160.3
15	Proposed Changes to Other Transfers Out		\$0.3
16	Total Change in Transfers	\$0	\$160.6
17	Change in TABOR Refund Obligation	\$0	-\$181.5
18	Change in Required Reserve	-\$315.7	-\$258.5
19	Total Change in General Fund Obligations (Sum of Lines 12, 13, 16, 17, and 18)	-\$194.5	\$264.7
20	Change in Accounting Adjustment: FY 2025-26 reversions (Table 1, Line 16) assumed accounted as reduced appropriations (incorporated in net amount on Table 2, Line 5)	-\$103.0	\$0
21	Excess Reserve Under Governor’s Request Scenario (Line 1 plus Line 4 minus Line 19 plus Line 20)	-\$107.7	-\$25.9

Changes in the FY 2025-26 budget. The Governor’s request scenario accounts for:

- \$199.4 million in proposed transfers from cash funds to the General Fund above those in current law (Table 2, Line 2), the largest of which is a \$110.0 proposed transfer of income tax revenue that would otherwise be diverted to the State Affordable Housing Fund under Proposition 123;
- \$121.1 million in net additional current year appropriations beyond those included in Scenario A (Table 2, Line 5), including a net of \$112.9 million in additional appropriations expected to be requested through the FY 2025-26 supplemental budget process, and \$8.2 million in proposed appropriations to the Department of Human Services for an adoption and relative guardianship assistantship entitlement. The supplemental appropriations package is expected to account for reversions that would occur as a result of spending reductions, such that the accounting adjustment in FY 2025-26 (Table 1, line 16) is no longer needed (Table 2, Line 20); and
- the proposed reduction of the reserve requirement from 15.0 percent to 13.0 percent (Table 2, Line 18).

The Governor’s request does not change the FY 2025-26 appropriation for the state share of total program funding for school finance. Based on the updated forecast expectations presented in the School Finance section of this document, the General Assembly could reduce the state share appropriations from the General Fund, the State Education Fund, or a combination of these by \$104.3 million.

Proposed FY 2026-27 budget. The governor’s request scenario accounts for:

- a \$24.8 million lower beginning balance than assumed in Scenario A (Table 2, Line 3), due to budget changes for FY 2025-26;
- \$427.0 million in proposed transfers to the General Fund above those in current law (Table 2, Line 2), of which \$400.0 million is attributable to the Governor’s proposed sale of Pinnacle Assurance;
- \$560.8 million in net appropriations above those included in Scenario A (Table 2, Lines 6 through 11), including \$664.6 million in additional Long Bill appropriations and a reduction of \$103.7 million through requested legislation and other placeholders;
- a \$16.8 million reduction in rebates and expenditures (Table 2, Line 13), due to the proposed elimination of the business personal property tax backfill;
- \$160.6 million in proposed additional transfers above those in current law to the Capital Construction Fund and other cash funds (Table 2, Lines 14 and 15);
- \$181.5 million in proposed reductions to the TABOR refund obligation (Table 2, Line 17), based on the proposed handling of the FY 2024-25 refund obligation as a TABOR overrefund, proposed reductions in cash fund revenue subject to TABOR, and a proposed reclassification of certain Aviation Fund revenue as collections for another government exempt from TABOR; and

- the proposed reduction of the reserve requirement from 15.0 percent to 13.0 percent (Table 2, Line 18).

The Governor’s request assumes a requirement of \$5.64 billion for the FY 2026-27 state share of total program funding for school finance, \$39.6 million more than the amount calculated based on the updated forecast expectations presented in the School Finance section of this document. Relative to the Governor’s request, the General Assembly could appropriate \$39.6 million less for the state share. Additionally, the State Public School Fund is expected to have \$25.9 million more available to spend for the state share than the appropriation requested by the Governor. Accordingly, the General Assembly could appropriate \$65.4 million less than requested from the General Fund, the State Education Fund, or a combination of these.

Assumptions for FY 2027-28. This scenario assumes that the General Fund will begin FY 2027-28 with a balance of \$1,660.0 million after incorporating assumptions for FY 2025-26 and FY 2026-27. For FY 2027-28, the scenario assumes:

- General Fund appropriations of \$18,131.5 million for FY 2027-28, including out-year changes to appropriations in the Governor’s proposal;
- additional requested transfers into the General Fund (\$2.1 million);
- a proposed decrease in rebates and expenditures (-\$16.7 million);
- a proposed decrease in the TABOR refund obligation (-\$166.7 million);
- a proposed decrease in transfers to other cash funds (-\$0.4 million);
- a capital transfer (\$241.8 million) sufficient to accommodate out-year capital costs for building projects and IT projects included in the Governor’s request for FY 2026-27 and controlled maintenance expenses equal to 1 percent of the current replacement value of state facilities, the State Architect’s recommended amount; and
- the 13.4 percent reserve requirement in the Governor’s proposal.

Under this scenario, the General Fund is expected to end FY 2027-28 with an 8.3 percent reserve, \$880.0 million below the reserve requirement.

FY 2027-28 (Unbudgeted)

General Fund revenue is projected to increase 5.0 percent in FY 2027-28 and total \$19.24 billion, with moderate growth across all revenue streams. State revenue subject to TABOR is expected to exceed the Referendum C cap by just over \$800 million. 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 \$304.4 million relative to the September 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 as they will impact the expected General Fund beginning balance.

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. A recession would both reduce revenue and heighten demand for state services, pinching the budget from multiple angles.

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.

OBBBA impacts on revenue will first be visible in March 2026 and April 2026 filing season collections data, 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 late 2026 or into 2027.

Changes Between the September and December Forecasts

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

FY 2024-25

The expected amount of the year-end balance was upgraded by \$144.7 million, nearly entirely as a result of reversions of FY 2024-25 General Fund reversions and accounting adjustments that were unknown at the time of the September forecast.

FY 2025-26

The September anticipated that the General Fund would end FY 2025-26 with a deficit of \$306.7 million relative to the reserve requirement. The outlook for the year-end balance has been downgraded by \$92.0 million, such that this December forecast now anticipates a year-end deficit of \$398.6 million relative to the reserve requirement.

The largest changes are:

- a \$144.7 million upgrade to the expected beginning balance, due to reversions identified for FY 2024-25;
- a \$304.4 million downgrade to the General Fund revenue forecast, with reduced expectations for corporate income tax revenue and individual income tax revenue; \$100 million of this amount was directly offset by increased expectations for transfers into

the General Fund, due to a change in how the forecast accounts for revenue from [House Bill 25B-1004](#); and

- \$32.9 million in JBC-approved 1331 supplemental appropriations for FY 2025-26, which also entail a \$4.9 million increase in the statutory reserve requirement.

FY 2026-27

Table 3 presents a like-to-like comparison between the FY 2026-27 General Fund budget outlook under Scenario A in the September and December forecasts. Expectations for revenue available to be spent or saved were decreased by \$47.2 million, largely as a result of carrying forward a lower expected FY 2025-26 ending balance. Downgrades to the General Fund revenue forecast were wholly offset by a lower expectation for the TABOR refund obligation. Reduced expectations for cash fund revenue subject to TABOR further reduces the TABOR refund obligation, making more General Fund revenue available to spend or save. Finally, the scenario incorporates a greater amount of assumed operating appropriations, carrying forward the FY 2025-26 emergency supplementals approved by the JBC since the September forecast.

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

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

Components of Change	FY 2024-25	FY 2025-26	FY 2026-27	Description of Changes
Funds Available	-\$0.1	-\$56.1	-\$210.5	
Beginning Balance	\$0.0	\$144.7	-\$87.0	Carries forward prior year end balances.
General Fund Revenue	\$0.0	-\$304.4	-\$119.0	See Table 12. Downgrade to income tax, especially corporate income tax.
Transfers from Other Funds	-\$0.1	\$103.7	-\$4.5	See Table 7A. Shows HB 25B-1004 tax credit sales revenue as an FY 2025-26 transfer into the General Fund, rather than as General Fund revenue.
Expenditures	-\$0.7	\$30.9	-\$168.3	
Operating Appropriations	\$0.0	\$32.9	\$32.9	Reflects 1331 supplemental appropriations approved for FY 2025-26.
TABOR Refund Obligation	\$0.0	\$0.0	-\$205.0	See Table 10. Reflects downgrades to revenue forecasts in all years; lower TABOR limit expectation for FY 2027-28 only.
Rebates and Expenditures	\$0.0	-\$4.3	\$1.0	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	\$0.0	\$0.0	See Table 5B.
Other Cash Fund Transfers	-\$0.7	\$2.3	\$2.8	See Table 7B.
Required Reserve	\$0.0	\$4.9	\$4.9	Reflects 1331 supplemental appropriations approved for FY 2025-26.
Accounting Adjustment	\$144.1	\$0.0	\$0.0	Preliminary reversions for FY 2024-25.
Surplus Relative to Required Reserve	\$144.7	-\$92.0	-\$47.2	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. Detailed transfers not included in Table 5 are presented in Table 7 on pages 24 through 25.

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

Transfer Category	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Cash Fund Transfers to the General Fund (Table 7A)	\$519.9	\$226.8	\$54.4	\$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	-\$170.6	-\$20.0	-\$20.0
General Fund Transfers to Other Cash Funds (Table 7B)	-\$1,884.1	-\$448.9	-\$461.6	-\$481.2
Net General Fund Transfers	-\$1,881.8	-\$435.3	-\$488.2	-\$581.4

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

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

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

Bill Number	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
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		
Total Transfers to Capital Funds	\$254.1	\$170.6	\$20.0	\$20.0

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. 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	Preliminary FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28
Senior and Veterans Property Tax Exemptions	\$173.1	\$184.3	\$198.3	\$205.0
Portion Accounted as TABOR Refund Mechanism	-\$173.1	-\$184.3	\$0.0	-\$205.0
Percent Change in Property Tax Exemptions	7.4%	6.4%	7.6%	3.4%
Property Tax Assessed Value Reductions	\$0.0	\$1.6	\$4.1	\$0.0
Portion Accounted as TABOR Refund Mechanism	N/A	-\$1.6	\$0.0	\$0.0
Percent Change in Assessed Value Reductions	N/A	N/A	161.5%	-100.0%
Direct Distributions to PERA		\$664.6	\$165.4	\$147.0
Percent Change in Direct Distribution to PERA		N/A	-75.1%	-11.1%
Cigarette Rebate	\$6.4	\$4.9	\$4.8	\$4.4
Percent Change in Cigarette Rebate	-6.4%	-23.1%	-1.8%	-9.1%
Old Age Pension Fund	\$89.7	\$90.2	\$88.4	\$85.4
Percent Change in Old Age Pension Fund	-3.5%	0.6%	-2.0%	-3.4%
Aged Property Tax and Heat Credit	\$16.4	\$11.9	\$12.4	\$12.6
Percent Change in Aged Property Tax and Heat Credit	35.5%	-27.4%	3.7%	2.1%
Older Coloradans Fund	\$10.0	\$10.0	\$10.0	\$10.0
Percent Change in Older Coloradans Fund	0.0%	0.0%	0.0%	0.0%
Interest Payments for School Loans	\$22.2	\$20.9	\$19.7	\$18.5
Percent Change in Interest for School Loans	-15.3%	-5.9%	-5.9%	-5.9%
Firefighter Pensions	\$4.0	\$4.1	\$4.1	\$4.1
Percent Change in Firefighter Pensions	-2.6%	1.7%	0.0%	0.0%
Amendment 35 Distributions	\$0.6	\$0.5	\$0.5	\$0.5
Percent Change in Amendment 35 Distributions	-6.0%	-6.8%	-0.6%	-5.9%
Marijuana Sales Tax Transfer to Local Governments	\$18.6	\$6.1	\$6.0	\$6.1
Percent Change in Marijuana Tax to Local Gov'ts	-4.4%	-67.2%	-1.1%	1.5%
Business Personal Property Exemptions	\$19.5	\$16.4	\$16.8	\$16.7
Percent Change in Business Personal Prop. Exemptions	18.5%	-15.8%	2.5%	-1.0%
Total Rebates and Expenditures	\$187.4	\$829.7	\$530.6	\$305.3
Percent Change in Total Rebates and Expenditures	-22.5%	342.7%	-36.1%	-42.5%

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 are the first and second TABOR refund mechanisms, respectively, used to meet the prior year's refund obligation. Direct distributions to PERA 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 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. Based on this December forecast, the credits are expected to 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. Based on this December forecast, the cap is expected to 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.

This forecast expects that both tax credits will be available at a reduced level for tax year 2027 (51 percent of the full value for the FATC and 60 percent of the full value for the expanded EITC) and tax year 2028 (29 percent of the full value for the FATC and 40 percent of the full value for the expanded EITC). 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	FY 2024-25	FY 2025-26	FY 2026-27	FY 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	\$28.3	\$24.7	\$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	\$40.1	\$25.0	
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		
All Bills	Total Transfers to the General Fund	\$519.9	\$226.8	\$54.4	\$30.3

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

Bill Number	Transfers from the General Fund	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
SB 11-047 & HB 13-1001 & SB 23-066 & HB 24-1396	Bioscience Income Tax Transfer to OEDIT	\$22.0	\$23.1	\$24.1	\$25.2
SB 14-215 & SB 25-268	Marijuana Tax Cash Fund	\$119.9	\$121.6	\$120.3	\$122.2
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	\$240.5	\$246.8	\$248.4
SB 22-191	Procurement of Information Tech. 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

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

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

Bill Number	Transfers from the General Fund	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
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	\$15.9	\$23.9	\$31.8
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 24-170	America 250 - Colorado 150 Cash Fund	\$0.3			
SB 24-214	State Agency Sustainability Revolving Fund	\$0.4			
SB 24-218	Line worker 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	\$25.0
All Bills	Total General Fund Transfers to Other Cash Funds	\$1,884.1	\$448.9	\$461.6	\$481.2

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.

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.

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School Finance Outlook

This section presents information on the state budget outlook for school finance, both in the current year (FY 2025-26) and the budget year (FY 2026-27). This outlook incorporates both the K-12 enrollment and assessed value projections, located on page 69 and page 77 of the forecast document.

Enrollment changes are a major determinant of required formula funding (total program) since funding is allocated on a per pupil basis. Similarly, school district assessed values determine a district's property tax base, which, along with a district's total program mill levy, determine a school district's property tax revenue. This revenue, supplemented by specific ownership tax revenue from vehicle registrations, constitutes the district's local share funding. The difference between total program and the local share is the required state equalization payments, or state aid.

FY 2025-26 state aid. Relative to last year's appropriation, the FY 2025-26 requirement for state aid has decreased by just over \$104 million. This is because:

- total program requirements have decreased by nearly \$33 million; and
- revenue available for the local share increased by just over \$71 million.

FY 2026-27 state aid. For FY 2026-27, the state aid requirement is expected to increase by about \$232 million on a year-over-year basis because:

- total program requirements are projected to increase by \$211 million relative to current year levels, due to updated inflation and enrollment estimates; and
- revenue available for the local share is projected to decrease by nearly \$21 million relative to the current year.

State funding for total program will depend on decisions made by the General Assembly, including the scheduled phase-in of the new formula and the funding allocation between the General Fund and State Education Fund (SEF). For example, for FY 2026-27, the contribution for school finance from the SEF would increase by \$2.3 million and the SEF would maintain a \$523 million ending balance if:

- the General Fund contribution to school finance grows by 3.0 percent on a year-over-year basis; and
- the new formula is phased in by 30 percent, as required under current law in FY 2026-27.

Funding for the Current Fiscal Year (FY 2025-26)

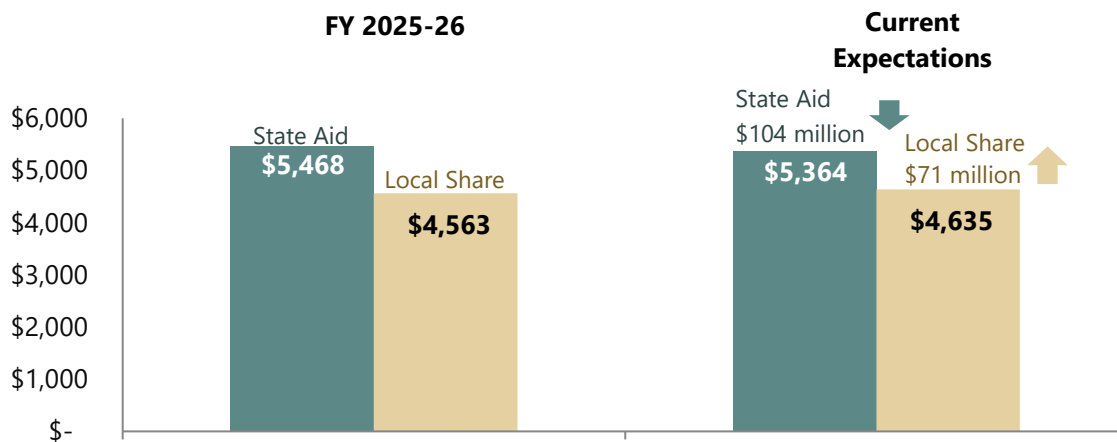
Lower-than-expected enrollment and increased expectations for property tax revenue collections are expected to decrease the state aid requirement by \$104.3 million in the current fiscal year relative to the initial appropriation enacted in the 2025 legislative session.

Enrollment counts. Preliminary funded pupil counts are lower than estimates made last year, and at-risk pupil and ELL pupil counts have also decreased significantly. Specifically, the funded pupil count decreased by about 4,100 students, while funded at-risk and ELL enrollment decreased by about 3,800 and 2,400 students, respectively, from preliminary estimates. Combined, these changes decrease the overall total program cost by nearly \$33 million relative to the initial appropriation.

Local share. At the same time, the preliminary estimate for the local share is about \$71.5 million, or 1.6 percent, higher than expected during the 2025 legislative session. This is the net impact of an increase of just over \$67.9 million in property taxes and an increase of just over \$3.6 million in specific ownership taxes.

Funding. As shown in Figure 1 below, the combination of these changes means that the state’s obligation for school finance is \$104.3 million lower than the appropriation for state aid made in the 2025 legislative session. The General Assembly could choose to decrease either the General Fund or the State Education Fund appropriation by \$104.3 million, or make a combined decrease of the two totaling \$104.3 million, to address this decrease in the state’s obligation.

Figure 1
Change in Expectations for School Finance Funding, FY 2025-26
 Dollars in Millions



Impact of Declining Enrollment on Averaging

The acceleration in the enrollment decline has significantly increased the impact of multi-year enrollment averaging on the funded pupil count. At the time of the initial appropriation, enrollment for FY 2025-26 was expected to decline by 0.2 percent and the impact of averaging was about 11,000 student FTE. In fact, enrollment in the current year has declined by 1.5 percent year over year, and the estimated impact of averaging has increased to just over 18,000 student FTE, a 64 percent increase. This increase tempers the decline in funded pupil count.

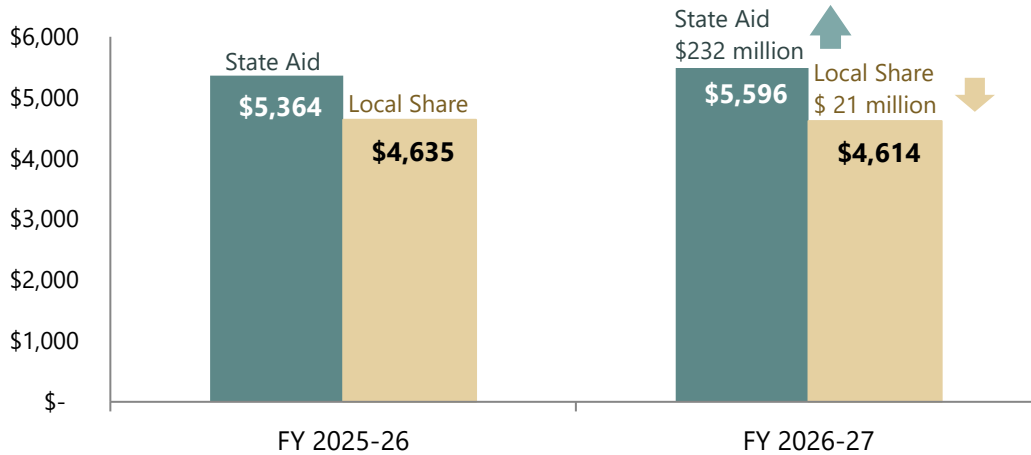
Funding Outlook for Next Fiscal Year (FY 2026-27)

Total program funding requirements are expected to increase by about \$211 million between FY 2025-26 and FY 2026-27, a nearly \$460 increase in per pupil funding. Inflation expectations in 2025 have increased from 2.3 percent to 2.5 percent year-over-year since last March. The estimated funded pupil count is expected to decrease by just over 14,000 pupils on a year-over-year basis, due to both declining enrollment and the shift from four-year student count averaging to three-year student count averaging.

School district assessed values are projected to decrease by 0.8 percent in FY 2026-27 on a year-over-year basis, driving a \$21 million decrease in the local share. As shown in Figure 2, the net

impact of the change in the total program cost and the expected local share decrease is a year-over-year increase of \$232 million in the state aid requirement.

Figure 2
Change in Expectations for School Finance Funding, FY 2025-26 to FY 2026-27
 Dollars in Millions



New School Finance Formula

[House Bill 24-1448](#) created a new school finance formula to distribute funding to school districts. As amended by [House Bill 25-1320](#), the new formula is phased in over seven years through FY 2031-32. Implementation of the formula is paused if any of the following conditions are met:

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

Currently, the changes in the local share are not expected to pause the implementation of the new formula in FY 2025-26 or FY 2026-27. Based on current forecasts, the year-over-year change in the income tax diversion to the SEF is expected to decline by 3.9 percent in FY 2025-26 and increase by 9.8 percent in FY 2026-27. As a result, these changes are not expected to pause the implementation of the new formula. Expectations for SEF diversions will be updated as part of the March 2026 forecast.

General Fund and SEF Funding Projections

To illustrate the impact of updated enrollment and assessed value projections on the state budget outlook, this forecast presents updated results for the three scenarios considered in this year’s JBC staff briefing. Table 8 shows the projected ending balances in the State Education Fund for FY 2025-26 through FY 2029-30, for each of the three scenarios listed below.

Scenario 1 (Current Law). Scenario 1 assumes the new school finance formula is phased in by 30 percent in FY 2026-27 and that the General Fund contribution to school finance is grown by 3.0 percent annually through the four-year forecast period, which translates to an average

annual increase of about \$135 million. Under these assumptions, the ending balance in the State Education Fund would be \$523 million in FY 2026-27, \$341 million in FY 2027-28, \$133 million in FY 2028-29, and \$100 million in FY 2029-30. The contribution from State Education Fund would increase by \$2.3 million in FY 2026-27 and increase by about \$100 million in FY 2027-28 on a year-over-year basis.

Scenario 2 (One-Year Pause) and Scenario 3 (Two-Year Averaging). To provide a sensitivity analysis to Scenario 1, the two alternative scenarios presented in this year’s Joint Budget Committee Education briefing have been updated. Specifically, both alternative scenarios assume the Governor’s request of an additional \$50 million in General Fund appropriations for the state share for FY 2026-27 and a placeholder General Fund increase of \$275 million in FY 2027-28. Scenario 2 assumes a one-year pause in formula implementation for FY 2027-28, while Scenario 3 assumes a change to two-year averaging beginning in FY 2027-28.

Comparison to JBC Staff Briefing. In Scenario 1, the required percentage General Fund increase to maintain a \$100 million ending balance in FY 2029-30 has dropped from 6.2 percent to 3.0 percent, compared to the expectations included in the JBC staff briefing in November. This is primarily the result of a steeper enrollment decline in FY 2025-26 and a steeper projected decline in the out years compared to last year’s forecast.

This same impact may also be seen in Scenarios 2 and 3, as both are more affordable with the updated projections. Compared with the projections presented during the briefing, while the assumed General Fund contributions are the same through FY 2027-28, SEF contributions are lower and the SEF ending balances are higher. In particular, while the projected SEF ending balance for FY 2027-28 was negative in both briefing Scenarios 2 and 3, with the updated projections, the ending balance is above \$300 million for FY 2027-28, and remains over \$100 million through FY 2029-30.

Forecast uncertainty. It must be emphasized that estimates beyond FY 2026-27 have significantly elevated uncertainty, which increases with each additional year. Results for all three scenarios largely depend on continued enrollment declines through FY 2028-29 and flat enrollment in FY 2029-30, and assumes 1.0 percent and 5.8 percent increases to the local share in the 2027 and 2029 reassessment years, respectively, with little change during the intervening years. Any significant departure from these assumptions will have an important impact on scenario results.

Table 8
State Education Fund End Balances Under Three Scenarios

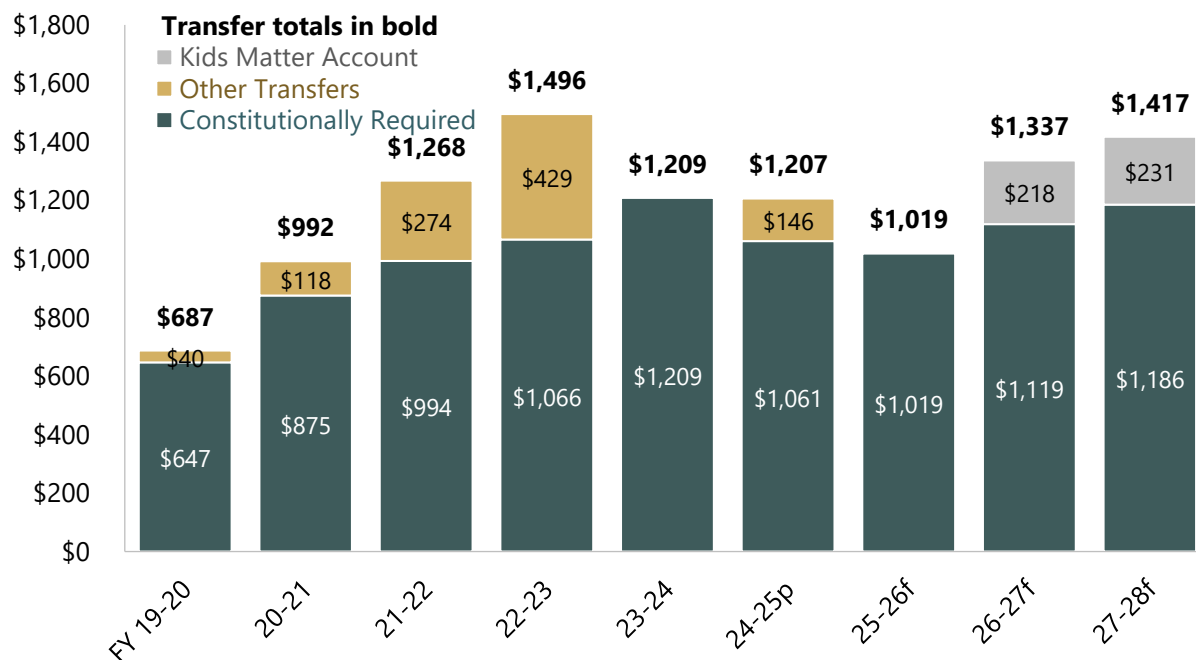
Scenario	Scenario 1 Current Law	Scenario 2 1 Year Pause	Scenario 3 2 Year Averaging
<i>GF Contribution</i>	<i>3.0% Growth</i>	<i>\$50 M, \$275 M, \$32 M, \$89 M</i>	<i>\$50 M, \$275 M, \$34 M, \$99 M</i>
FY 2025-26	\$632 million	\$632 million	\$632 million
FY 2026-27	\$523 million	\$443 million	\$443 million
FY 2027-28	\$341 million	\$314 million	\$375 million
FY 2028-29	\$133 million	\$144 million	\$173 million
FY 2029-30	\$100 million	\$100 million	\$100 million

State Education Fund Transfers

The Colorado Constitution 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 \$1.02 billion as a result of this requirement. The SEF transfer is estimated at \$1.12 billion in FY 2026-27, with higher amounts in later years resulting from growth in taxable income among Colorado taxpayers. In addition, the newly created Kids Matter Account within the SEF is expected to receive \$218 million in FY 2026-27, and higher amounts in future years.

Figure 3 shows revenue to the State Education Fund.

Figure 3
Revenue to the State Education Fund
Dollars in Millions



Source: Office of the State Controller and Legislative Council Staff forecast. p = Preliminary. f = Forecast.

"Other transfers" includes transfers under SB 19-246 for FY 2019-20, HB 20-1420 for FY 2020-21 and FY 2021-22, HB 20-1427 for FY 2020-21 through FY 2022-23, SB 21-208 for FY 2021-22, HB 22-1390 for FY 2022-23, and SB 23B-001 for FY 2024 25.

"Constitutionally required" shows one-third of one percent of federal taxable income that is required to be credited to the State Education Fund under Article IX, Section 17 of the Colorado Constitution (Amendment 23). The transfer for FY 2023-24 includes \$135 million in corrections for prior year under transfers.

Summary of Information Incorporated into the School Finance Model

Enrollment. Each fall, school districts collect enrollment information from all 178 school districts and the state Charter School Institute (CSI). Districts report preliminary totals to CDE, which in turn provides this information to Legislative Council Staff to assist in the development of K-12 enrollment projections and to be incorporated into the Legislative Council Staff school finance model. Enrollment components include the overall pupil count for grades 1-12, as well as total kindergarten, online, extended high school, and CSI students, and are provided on a full-time equivalent (FTE) basis. This information is used to determine a school district's funded pupil count.

CDE also provides information on the number of funded at-risk, English language, special education students and K-12 membership, which is used to determine a school district's funding for those student groups, which for many districts can be a significant component of district total program. When preliminary counts are finalized in January, the school finance model will be updated accordingly.

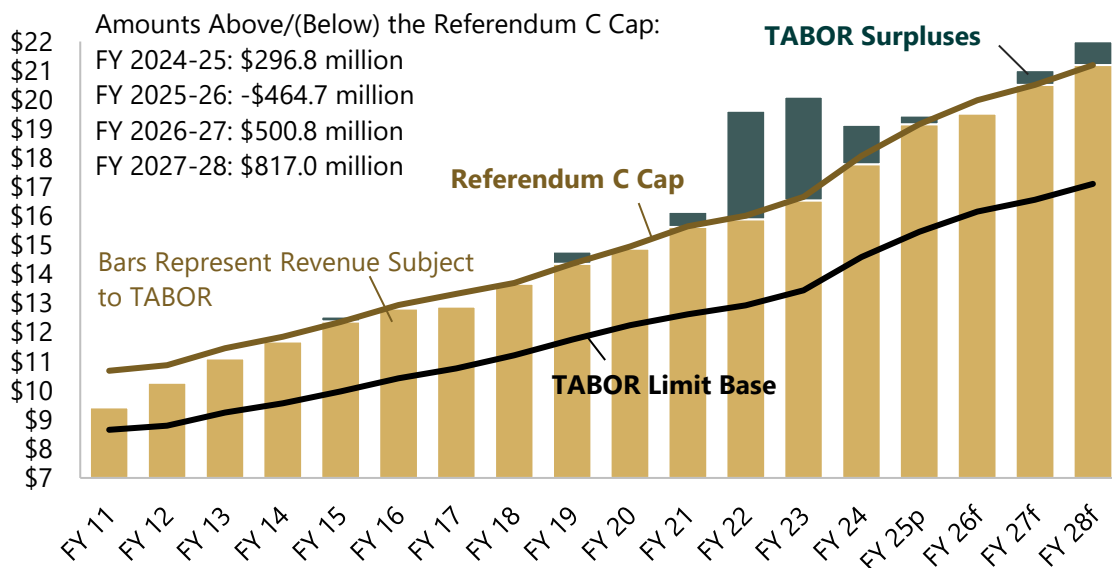
Local share. In addition, CDE typically obtains district-level information on school district assessed values and specific ownership tax revenue. This information is combined with certified mill levies for each district to obtain estimates for the amount of funding school districts will receive from local revenue sources.

Updated enrollment and local share estimates thus combine to provide the best estimate for the state's obligation for state equalization payments for both the current and subsequent fiscal years. Final true up for the FY 2025-26 appropriation for state aid will occur through passage of a mid-year supplemental bill for CDE. The appropriation for state aid in FY 2026-27 will be made through passage of the 2026 Long Bill and the 2026 School Finance Act.

TABOR Outlook

The state TABOR outlook is presented in Table 10 and illustrated in Figure 4, which also provides a history of the TABOR limit base and the Referendum C cap. In FY 2024-25, state revenue subject to TABOR exceeded the Referendum C cap, 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 once again 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 4
TABOR Revenue, TABOR Limit Base, and the Referendum C Cap
Dollars in Billions



Source: Office of the State Controller and Legislative Council Staff. p = preliminary; f = forecast. The refund amount for FY 2024-25 differs from the surplus amount because it includes \$2.7 million in over-refunds from prior TABOR surpluses.

FY 2024-25

On September 1, 2024, the State Controller certified that state revenue subject to TABOR exceeded the Referendum C cap by \$296.1 million in FY 2024-25. On September 15, 2025, the State Auditor provided results of her TABOR audit, indicating that adjustments were needed due to corrections made after the certification. With these adjustments, state revenue subject to TABOR exceeded the Referendum C cap by \$296.8 million. The state refund obligation totals \$293.3 million in the current FY 2024-25 and includes an adjustment attributable to over-refunds of prior TABOR surpluses (\$2.7 million). The FY 2024-25 surplus is expected to be refunded to taxpayers via the refund mechanisms in current law, 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 \$464.7 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. The state obligation to reimburse counties for homestead exemptions and assessed value reductions, estimated at \$202.4 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 \$500.8 million in FY 2026-27, and by \$817.0 million in FY 2027-28. Refunds of those amounts are expected to be returned to taxpayers in the fiscal year following the collection of each surplus. The actual refund obligation in any given year will incorporate any over- or under-refund of prior year surpluses.

Relative to the September forecast, expectations for revenue subject to TABOR were decreased by about \$250 million in FY 2025-26. Decreased expectations for General Fund revenue subject to TABOR more than offset an increase in cash fund revenue. General Fund revenue was revised downward primarily as a result of downward revisions to individual and corporate income tax revenue. These downward revisions carried through to FY 2026-27 and FY 2027-28, with downward revisions of about \$185 million and \$272 million. Both years also incorporate a downward revision to cash fund revenue subject to TABOR.

The forecast includes adjustments for qualification and disqualification of enterprises. The Front Range Waste Diversion Enterprise was repealed by [House Bill 24-1449](#), and is therefore disqualified as a TABOR enterprise starting in FY 2024-25. The Waste Tire Management Enterprise is created as an enterprise starting in FY 2025-26 by [Senate Bill 24-123](#), and moves the fees collected on 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 an institution 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, \$134.3 million in FY 2025-26, and -\$143.0 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. Recent disruptions in government data collection and publication increase this risk.

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 range between 2.4 and 3.7 percent of revenue subject to TABOR, 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 may 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. The TABOR limit for FY 2026-27 will depend on the U.S. Census Bureau's vintage 2025 estimate for the state population as of July 1, 2025. This estimate is usually available for inclusion in the December LCS forecast; however, publication of this estimate has been delayed to January 2026 as a result of the October 2025 federal government shutdown. 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 5. 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 5 includes this mechanism with the "Property Tax Refunds" label. The mechanism is estimated to refund \$1.6 million in property tax year 2025.

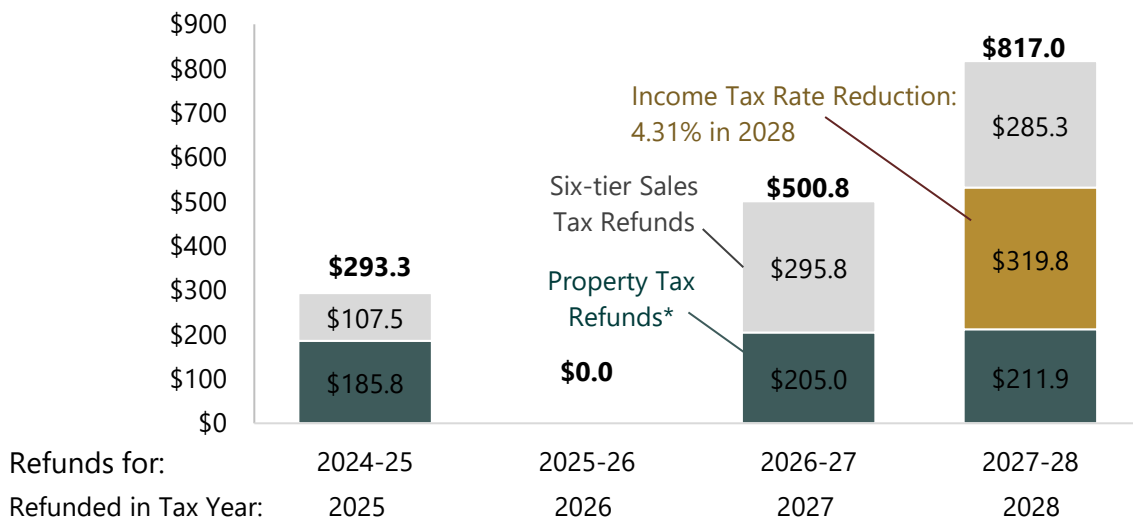
As discussed above, revenue subject to TABOR is expected to fall below the Referendum C cap in FY 2025-26. This means that the homestead property tax reimbursements, which are expected to total \$198.3 million, and the additional property tax reimbursements under SB 24-111, which are expected to total \$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 4.31 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 taxpayers are projected to exceed the \$15 threshold to trigger identical sales tax 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 9 on page 37 presents estimated six-tier sales tax refund amounts for tax years 2025, 2027, and 2028.

Figure 5
Expected TABOR Refunds and Refund Mechanisms
 Dollars in Millions



Source: Legislative Council Staff December 2025 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 9
Projected TABOR Refunds via the Six-Tier or Identical Sales Tax Refund Mechanisms
Tax Year 2025 Refunds from FY 2024-25 TABOR Refund Obligation

Taxpayer Distribution by AGI	Single Filers	Joint Filers
up to \$54,000	\$19	\$38
\$54,001 to \$110,000	\$25	\$50
\$110,001 to \$176,000	\$29	\$58
\$176,001 to \$250,000	\$35	\$70
\$250,001 to \$329,000	\$37	\$74
\$329,001 and up	\$59	\$118

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

Taxpayer Distribution by AGI	Single Filers	Joint Filers
up to \$56,000	\$0	\$0
\$56,001 to \$114,000	\$0	\$0
\$114,001 to \$182,000	\$0	\$0
\$182,001 to \$257,000	\$0	\$0
\$257,001 to \$339,000	\$0	\$0
\$339,001 and up	\$0	\$0

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

Taxpayer Distribution by AGI	Single Filers	Joint Filers
up to \$57,000	\$49	\$98
\$57,001 to \$117,000	\$66	\$132
\$117,001 to \$186,000	\$76	\$152
\$186,001 to \$263,000	\$90	\$180
\$263,001 to \$347,000	\$97	\$194
\$347,001 and up	\$155	\$310

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

Taxpayer Distribution by AGI	Single Filers	Joint Filers
up to \$58,000	\$47	\$94
\$58,001 to \$119,000	\$63	\$126
\$119,001 to \$191,000	\$72	\$144
\$191,001 to \$270,000	\$86	\$172
\$270,001 to \$356,000	\$93	\$186
\$356,001 and up	\$149	\$298

AGI = Adjusted gross income.

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

Table 10A
State Revenue Subject to TABOR
Dollars in Millions

Line	TABOR Revenue	Preliminary FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28
1	General Fund Revenue	\$16,680.4	\$16,380.1	\$17,829.0	\$18,734.4
2	Cash Fund Revenue	\$2,769.8	\$3,137.3	\$3,185.4	\$3,273.1
3	Total TABOR Revenue	\$19,450.2	\$19,517.4	\$21,014.4	\$22,007.5

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

Table 10B
TABOR Revenue Limit
Dollars in Millions

Line	Revenue Limit	Preliminary FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28
4	Allowable TABOR Growth Rate	5.9%	3.6%	3.4%	3.3%
5	Inflation (from Prior Calendar Year)	5.2%	2.3%	2.5%	3.1%
6	Population Growth (from Prior Calendar Year)	0.6%	1.4%	0.9%	0.2%
7	TABOR Limit Base	\$15,462.7	\$16,158.5	\$16,560.0	\$17,106.5
8	Voter Approved Revenue Change (Referendum C)	\$3,690.7	\$3,358.9	\$3,953.6	\$4,084.1
9	Total TABOR Limit / Referendum C Cap	\$19,153.4	\$19,982.1	\$20,513.6	\$21,190.6
10	TABOR Revenue Above or Below Ref. C Cap	\$296.8	-\$464.7	\$500.8	\$817.0

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

Table 10C
Revenue Retained and Refunded Under TABOR
Dollars in Millions

Line	Retained/Refunded Revenue	Preliminary FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28
11	Revenue Retained under Referendum C	\$3,690.7	\$3,358.9	\$3,953.6	\$4,084.1
12	Fiscal Year Spending	\$19,153.4	\$19,517.4	\$20,513.6	\$21,190.6
13	Prior Year Overrefund Amount	-\$2.7			
14	Revenue Refunded to Taxpayers	\$293.3	\$0.0	\$500.8	\$817.0

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

Line 13, "Outstanding Overrefund Amount," represents overrefunds from prior years.

Table 10D
TABOR Reserve Requirement
Dollars in Millions

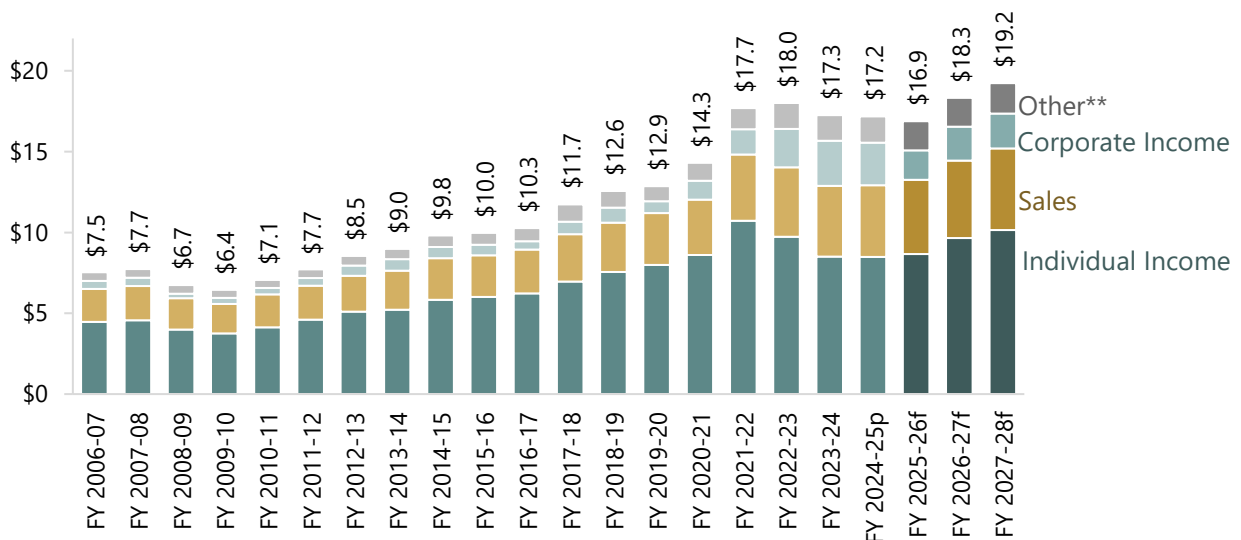
Line	Reserve Requirement	Preliminary FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28
15	TABOR Reserve Requirement	\$574.6	\$585.5	\$615.4	\$635.7

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 12 on pages 48 through 49 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 6, 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 6
General Fund Revenue Sources
Billions of Dollars



Amounts shown for FY 2025-26 through FY 2027-28 are forecasts. FY 2024-25 is preliminary.

The segment labeled “Other” includes: use tax; retail marijuana special sales tax; cigarette, tobacco, and liquor excise taxes; Proposition EE tobacco taxes; firearms and ammunition tax; insurance premium tax; pari-mutuel wagering tax; court receipts; investment income; and miscellaneous small sources that are not forecasted independently.

Source: Office of the State Controller and Legislative Council Staff September 2025 forecast.

Based on preliminary data, 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. Corporate income tax revenue also fell in FY 2024-25, declining 6.3 percent from record highs posted in the prior year. Sales tax revenue finished the year up 1.8 percent, a sluggish pace of growth compared to its historical average.

General Fund revenue is projected to fall by 1.8 percent in FY 2025-26 as the OBBBA takes effect, reducing total income tax revenue. 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 rebounding slightly 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 8.6 percent in FY 2026-27 and 5.0 percent in FY 2027-28, reaching \$19.24 billion by the end of the forecast period.

Risks to the General Fund revenue forecast are elevated as economic conditions and the revenue impacts of the OBBBA are highly uncertain. 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.

For most taxpayers, final payments for tax year 2024 were due in April 2025. While data on final payments are incomplete, available data suggest that net tax receipts for the 2024 tax year were up by 4 percent compared with 2023 net tax receipts. Table 11 presents net tax receipts for tax years 2023 and 2024, including forecast expectations for the remaining final payments for tax year 2024. As shown in Table 11, an increase in cash with returns, withholding, and estimated payments more than offset a significant increase in refunds, driven by new or expanded state income tax credits, discussed below. State and federal tax policy changes that impede taxpayers' ability to anticipate tax liability are expected to continue to impact the volatility and levels of estimated payments, refunds, and cash with returns.

Table 11
Individual Income Tax Receipts by Source, Tax Years 2023 and 2024
Dollars in Millions

	Actual TY 2023	Estimated TY 2024	Percent Change
Withholding	\$9,559	\$10,119	5.9%
Estimated Payments	\$1,369	\$1,547	13.0%
Cash With Returns	\$1,458	\$2,011	38.0%
Refunds	-\$2,194	-\$3,087	40.7%
Total	\$10,192	\$10,591	4.0%

Source: Office of the State Controller; Department of Revenue; and September 2025 Legislative Council Staff forecast.

For illustrative purposes, withholding and estimated payments for a tax year show receipts between February of that year and January of the following year. Cash with returns and refunds for a tax year show transactions between January and December of the following year. Tax received during these time periods may be for the current or any prior tax year, but are assumed to be representative of the tax years indicated.

Cash with returns and refunds for tax year 2024 include preliminary data for November 2025 and forecasted transactions for December 2025. TABOR refund amounts that reduced final payments are added to refunds.

Forecast for FY 2025-26. Individual income tax revenue is expected to increase by 2.3 percent in FY 2025-26, to total \$10.23 billion before the SEF and affordable housing transfers. Expectations for revenue were decreased by \$52.6 million relative to the September forecast. The downgrade primarily reflects reduced expectations for cash with returns expected to be accrued back into the current fiscal year.

Forecasts for FY 2026-27 and FY 2027-28. Individual income tax collections are expected to grow by 13.4 percent in FY 2026-27 to \$11.59 billion, and by 5.2 percent in FY 2027-28 to \$12.29 billion. Relative to the September forecast, this represents an upward revision of \$44.9 million in FY 2026-27, and a downward revision of \$29.0 million in FY 2027-28. These revisions are driven largely by increased expectations for estimated payments and wage

withholding, offsetting or partially offsetting increased expectations for refunds due to the availability of certain income tax credits that are conditional on revenue expectations.

Forecast adjustments. 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.

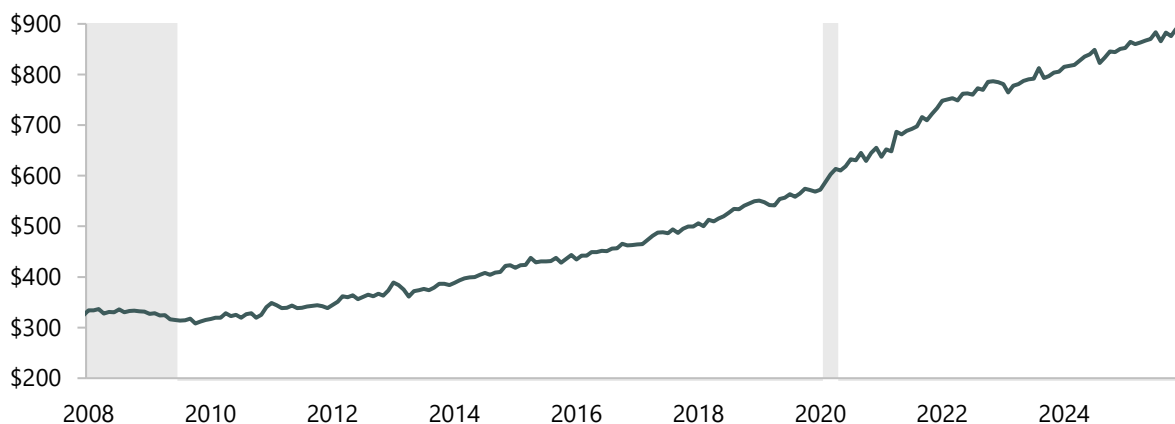
Both credits are projected to be partially available in tax years 2027 and 2028. The September 2025 LCS forecast had anticipated that both of these tax credits would be available at lower amounts for these tax years than in the current forecast, resulting in larger income tax refunds, which are a subtraction from total income tax revenue. Accordingly, expected growth in FY 2026-27 and FY 2027-28 revenue is lower than would have been the case had conditional tax credits been expected to be available in their lower amounts.

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.

The forecast includes downward adjustments of \$867.1 million in FY 2025-26, \$508.1 million in FY 2026-27, and \$520.1 million in FY 2027-28 to individual income tax revenue due to the OBBBA. The OBBBA is expected to impact income tax collections primarily through cash with returns starting with tax year 2025. The forecast also includes an 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.

As shown in Figure 7, 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—slowed considerably in 2023, the first year when the income tax rate cut in Proposition 121 applied to withheld taxes. Wage withholding has since grown at rates consistent with a moderate expansion. Wage withholding is expected to continue to show moderate but slowing growth in 2025 and 2026, before picking up in 2027, reflecting expectations for growth in employment and wages.

Figure 7
Monthly Individual Income Tax Withholding Collections
 Millions of Dollars



Source: Office of the State Controller with Legislative Council Staff seasonal adjustments. Data are shown as a three-month moving average on a cash basis. November 2025 collections are preliminary data from the Department of Revenue.

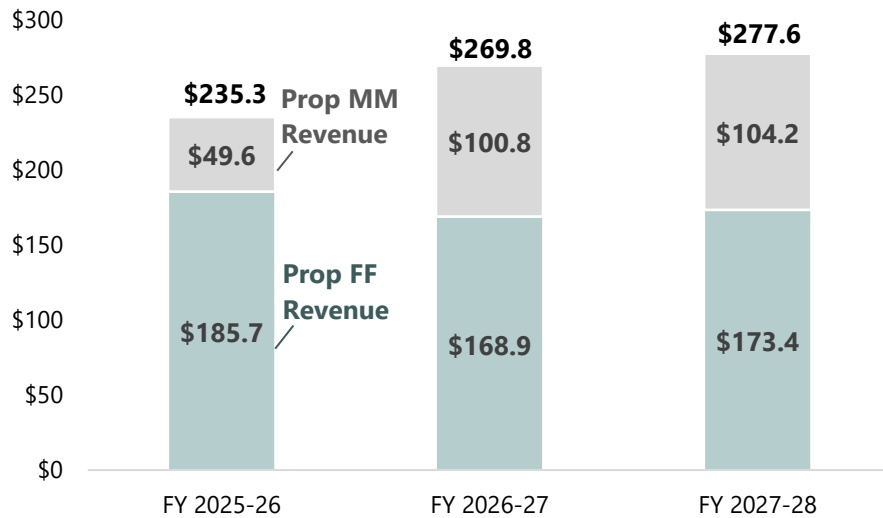
This forecast includes adjustments for future impacts of legislation and ballot measures on individual income tax revenue enacted by the General Assembly during the 2025 regular and special legislative sessions, including the expansion of the income tax credit for care workers in [House Bill 25-1296](#), the extension of the income tax credit for energy storage systems in [Senate Bill 25-026](#), and the extension of the state add-back of the federal qualified business income deduction for certain taxpayers in HB 25B-1001. The forecast also includes an adjustment of \$218.2 million in FY 2026-27 and \$231.2 million in FY 2027-28 for the diversion from the General Fund to the Kids Matter Account in the SEF under [House Bill 25-1320](#).

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. As a result, revenue expectations were increased throughout the forecast period.

Starting in tax year 2026, the forecast incorporates upward adjustments for Proposition LL and Proposition MM, which were approved by voters in November 2025. The forecast also continues to incorporate upward adjustments for the OBBBA, which expands federal standard and itemized deductions, thereby increasing the amount that taxpayers will be required to add back to calculate their state income tax liability.

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 8.

Figure 8
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.

Corporate Income Tax

The corporate income tax forecast includes collections from C corporations and partnerships with property, payroll, or sales in Colorado. Corporate income taxes are historically volatile because they respond to economic conditions and changes in federal and state policies. Additionally, corporations often make strategic decisions about when and how to claim credits and deductions, which complicates 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. In the current FY 2025-26, corporate revenue is expected to come in at \$1.81 billion, a 30.8 percent decline from the prior year. About half of the decrease is attributable to the OBBBA business provisions, which 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 \$2.08 billion in FY 2026-27, a 15.0 percent increase, and to \$2.18 billion in FY 2027-28, a 4.4 percent increase from the prior year.

Legislative adjustments. This forecast reflects corporate tax provision adjustments due to the OBBBA enacted in early July 2025 and legislation passed by the Colorado General Assembly during the 2025 special legislative session.

Because Colorado’s corporate income tax is based on federal taxable income, the OBBBA is projected to reduce corporate income tax revenue by \$336.3 million in FY 2025-26, \$151.3 million in FY 2026-27, and \$149.7 million in FY 2027-28. In addition, during the 2025 special legislative session, the Colorado General Assembly passed several bills that will also impact corporate income tax revenue in current and future fiscal years.

[House Bill 25B-1002](#) creates a state income tax addition to state taxable income of corporations 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.

[House Bill 25B-1004](#) authorizes the State Treasurer to sell up to \$125.0 million in insurance premium and corporate income tax credit certificates at a reduced amount. The bill is projected to generate up to \$100.0 million in sales proceeds in FY 2025-26, which will be transferred to the General Fund. Preliminary terms indicate the credits will be offered only to insurance companies. Therefore, the forecast assumes all credits will be claimed by insurance premium taxpayers, reducing insurance premium tax revenue rather than corporate income tax revenue. If tax credits are sold to C corporations, Colorado corporate income tax revenue will decrease beginning in FY 2026-27.

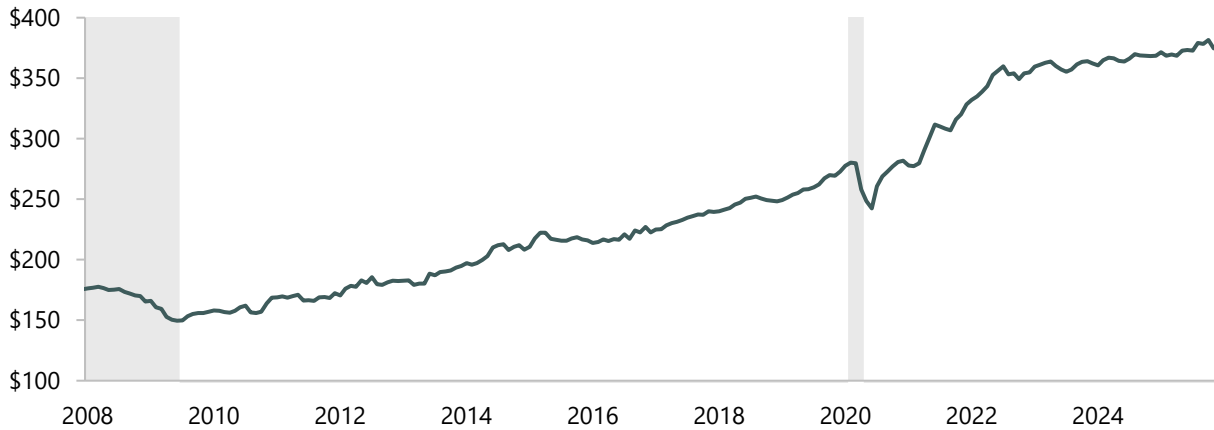
[House Bill 25B-1006](#) authorizes the State Treasurer to sell up to \$125.0 million in insurance premium and corporate income tax credit certificates at a reduced amount. The bill is expected to generate total sales proceeds of up to \$103.2 million, which are credited to the Health Insurance Affordability (HIA) cash fund. Preliminary terms indicate the credits will be offered only to insurance companies. Therefore, this forecast assumes all the credits will be claimed by insurance premium taxpayers, resulting in reduced insurance premium tax revenue rather than corporate income tax revenue. If tax credits are sold to C corporations, Colorado corporate income tax revenue will decrease beginning in FY 2026-27.

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. FY 2024-25 General Fund revenues were boosted by [House Bill 24-1434](#), which reduced the amount of sales tax revenue to be diverted from the General Fund to the Housing Development Grant Fund by \$35 million per year beginning in FY 2024-25. Still, sales tax revenue grew by a sluggish 1.8 percent to \$4.44 billion in FY 2024-25, and was projected to post another year of slow growth in FY 2025-26 before legislative adjustments. Sales tax revenue is expected to grow 3.6 percent to \$4.60 billion in FY 2025-26, with \$27.6 million of that growth attributable to [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.

In line with the retail sales forecast, this forecast reflects only minor changes from the September 2025 forecast as Colorado consumers continue to slow their spending in the face of household budgets constrained by a weakening labor market and high prices for essential goods. Sales tax revenue is expected to rebound to 4.3 percent growth in FY 2026-27 with the first full fiscal year of implementation of HB 25B-1005, and grow another 5.2 percent in FY 2027-28, as waning economic uncertainty boosts consumer spending.

Figure 9
Monthly Sales Tax Collections
 Millions of Dollars



Source: Office of the State Controller with Legislative Council Staff seasonal adjustments. Data are shown as a three-month moving average on a cash basis. November 2025 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.

Lowering interest rates may encourage investment in industries contributing to use tax revenues such as oil and gas, construction, and manufacturing. As such, use tax revenue is expected to grow 7.3 percent in FY 2025-26, 6.8 percent in FY 2026-27, and 15 percent in FY 2027-28. However, supply constraints and evolving trade policy are expected to continue to contribute to high input costs, partially offsetting growth in 2026.

The forecast has been upgraded compared to the September 2025 forecast by just under \$10 million per fiscal year after collections came in slightly stronger than expected through the first five months of FY 2025-26. Higher collections were likely as a result of more investment following lower interest rates paired with inflated input costs for construction and manufacturing. Still, risk to the forecast remains heightened as tariff policy continues to evolve and disruptions in trade and immigration policy impact production decisions.

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 increase 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 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 12 shows expected revenue collections, while equivalent transfers from the General Fund to the 2020 Tax Holding Fund are shown in Table 7B on page 24.

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 7.3 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 elevated 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. Alternatively, it could boost collections by shifting consumers to more expensive, domestically produced, FDA-authorized products. Additionally, increased federal enforcement against flavored e-cigarettes may reduce sales.

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 10.1 percent to \$18.3 million in the current fiscal year as many tobacco products, such as cigars, are imported and consumption may be reduced due to increased tariffs.

Table 12A
Total General Fund Revenue Estimates
Dollars in Millions

Category	Preliminary FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28
Sales, Use, and Excise Taxes	\$5,188.9	\$5,359.6	\$5,586.6	\$5,882.7
Percent Change in Sales, Use, and Excise Taxes	1.8%	3.3%	4.2%	5.3%
Income Tax to the General Fund	\$11,107.4	\$10,478.5	\$11,734.9	\$12,317.8
Percent Change in Income Tax to the General Fund	-1.7%	-5.7%	12.0%	5.0%
Other General Fund Revenue	\$885.0	\$1,032.2	\$1,004.0	\$1,039.0
Percent Change in Other General Fund Revenue	4.1%	16.6%	-2.7%	3.5%
Gross General Fund Revenue	\$17,181.3	\$16,870.3	\$18,325.5	\$19,239.5
Percent Change in Gross General Fund Revenue	-0.4%	-1.8%	8.6%	5.0%

Table 12B
Sales, Use, and Excise Taxes
Dollars in Millions

Category	Preliminary FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28
Sales Tax	\$4,441.1	\$4,600.1	\$4,798.5	\$5,046.0
Percent Change in Sales Tax	1.8%	3.6%	4.3%	5.2%
Use Tax	\$216.6	\$232.3	\$248.1	\$285.2
Percent Change in Use Tax	-7.1%	7.3%	6.8%	15.0%
Retail Marijuana Sales Tax	\$186.4	\$174.6	\$172.7	\$175.4
Percent Change in Retail Marijuana Sales Tax	-4.4%	-6.3%	-1.1%	1.5%
Cigarette Tax	\$19.5	\$17.5	\$17.2	\$15.6
Percent Change in Cigarette Tax	-4.6%	-10.6%	-1.8%	-9.1%
Tobacco Products Tax	\$23.7	\$22.5	\$23.2	\$23.3
Percent Change in Tobacco Products Tax	9.8%	-5.1%	2.9%	0.4%
Liquor Tax	\$54.0	\$56.3	\$56.2	\$57.0
Percent Change in Liquor Tax	-3.6%	4.3%	-0.2%	1.4%
Proposition EE Tobacco Taxes	\$243.6	\$240.5	\$246.8	\$248.4
Percent Change in Proposition EE Tobacco Taxes	17.2%	-1.3%	2.6%	0.7%
Firearms and Ammunition Tax	\$3.9	\$15.9	\$23.9	\$31.8
Percent Change in Firearms and Ammunition Tax	N/A	303.8%	50.1%	33.4%
Total Sales, Use, and Excise Taxes	\$5,188.9	\$5,359.6	\$5,586.6	\$5,882.7
Percent Change in Sales, Use, and Excise Taxes	1.8%	3.3%	4.2%	5.3%

Table 12C
Income Taxes
Dollars in Millions

Category	Preliminary FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28
Net Individual Income Tax	\$9,997.9	\$10,225.8	\$11,593.2	\$12,191.4
Percent Change in Net Individual Income Tax	-0.5%	2.3%	13.4%	5.2%
Net Corporate Income Tax	\$2,619.5	\$1,812.5	\$2,084.4	\$2,176.8
Percent Change in Net Corporate Income Tax	-6.3%	-30.8%	15.0%	4.4%
Total Income Taxes	\$12,617.4	\$12,038.3	\$13,677.6	\$14,368.2
Percent Change in Total Income Taxes	-1.7%	-4.6%	13.6%	5.0%
Less: Portion Diverted to the SEF	-\$1,060.6	-\$1,018.8	-\$1,119.0	-\$1,185.9
Percent Change in SEF Diversion	-12.3%	-3.9%	9.8%	6.0%
Less: Portion Diverted to Kids Matter Account	\$0.0	\$0.0	-\$218.2	-\$231.2
Percent Change in Kids Matter Diversion			N/A	6.0%
Less: Portion Diverted for Affordable Housing	-\$317.0	-\$305.6	-\$335.7	-\$355.8
Percent Change in Affordable Housing Diversion	-3.1%	-3.6%	9.8%	6.0%
Less: Portion Diverted for Healthy School Meals	-\$132.3	-\$235.3	-\$269.8	-\$277.6
Percent Change in School Meals Diversion	N/A	77.8%	14.6%	2.9%
Income Tax to the General Fund	\$11,107.4	\$10,478.5	\$11,734.9	\$12,317.8
Pct. Change in Income Tax to the General Fund	-1.7%	-5.7%	12.0%	5.0%

Income tax collected under Proposition FF is diverted to the Healthy School Meals for All Cash Fund beginning in FY 2024-25.

Table 12D
Other General Fund Revenue
Dollars in Millions

Category	Preliminary FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28
Insurance Premium Tax to General Fund	\$659.5	\$809.6	\$829.3	\$886.4
Percent Change in Insurance Premium Tax	21.7%	22.8%	2.4%	6.9%
Pari-Mutuel Wagering Tax	\$0.3	\$0.2	\$0.2	\$0.2
Percent Change in Pari-Mutuel Wagering Tax	-20.4%	-30.2%	-7.8%	-3.3%
General Fund Investment Income	\$166.7	\$180.5	\$130.5	\$108.0
Percent Change in Investment Income	-33.7%	8.2%	-27.7%	-17.2%
Court Receipts to General Fund	\$2.1	\$1.1	\$1.2	\$1.1
Percent Change in Court Receipts	-35.3%	-45.7%	4.6%	-1.9%
Other General Fund Income	\$56.5	\$40.9	\$42.9	\$43.3
Percent Change in Other General Fund Income	6.4%	-27.6%	5.1%	0.8%
Total Other General Fund Revenue	\$885.0	\$1,032.2	\$1,004.0	\$1,039.0
Percent Change in Other General Fund Revenue	4.1%	16.6%	-2.7%	3.5%

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Cash Fund Revenue

This section provides the forecast for cash fund revenue subject to TABOR and for selected sources of cash fund revenue exempt from TABOR. Revenue subject to TABOR determines the state's TABOR refund obligation, which is paid from the General Fund. While exempt cash fund revenue does not directly affect the General Fund budget, expenditures from these funds may offset General Fund spending.

Cash Fund Revenue Subject to TABOR

Table 13 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 13
Cash Fund Revenue Subject to TABOR

Dollars in Millions

Line	Revenue Source	Preliminary FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	CAAGR
1	Transportation-Related	\$1,494.0	\$1,515.0	\$1,568.7	\$1,624.3	
2	Transportation-Related Percent Change	4.8%	1.4%	3.5%	3.5%	2.8%
3	Severance Tax	\$66.9	\$215.8	\$248.2	\$225.6	
4	Severance Tax Percent Change	-69.4%	222.4%	15.0%	-9.1%	49.9%
5	Gaming Revenue	\$94.4	\$92.5	\$96.7	\$98.4	
6	Gaming Revenue Percent Change	1.6%	-2.0%	4.5%	1.7%	1.4%
7	Insurance-Related	\$28.3	\$24.0	\$27.2	\$27.4	
8	Insurance-Related Percent Change	-0.8%	-15.2%	13.6%	0.7%	-1.0%
9	Regulatory Agencies	\$116.2	\$123.1	\$126.8	\$131.5	
10	Regulatory Agencies Percent Change	20.9%	5.9%	3.0%	3.7%	4.2%
11	2.9% Sales Tax on Marijuana	\$4.7	\$4.0	\$3.8	\$3.8	
12	2.9% Sales Tax on Marijuana Percent Change	-13.0%	-14.0%	-6.3%	1.4%	-6.5%
13	Housing Development Grant Fund (HDGF)	\$34.8	\$73.4	\$47.1	\$51.7	
14	HDGF Percent Change	-54.8%	111.1%	-35.9%	10.0%	14.2%
15	Kids Matter Account in State Education Fund			\$218.2	\$231.2	
16	Kids Matter Account Percent Change			N/A	5.9%	
17	Other Cash Funds	\$930.7	\$1,089.4	\$848.6	\$879.0	
18	Other Cash Funds Percent Change	8.8%	17.1%	-22.1%	3.6%	-1.9%
19	Total Cash Fund Revenue Subject to the TABOR Limit	\$2,769.8	\$3,137.3	\$3,185.4	\$3,273.1	
20	Total Cash Fund Revenue Percent Change	-1.0%	13.3%	1.5%	2.8%	5.7%

Totals may not sum due to rounding.

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

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. Preliminary figures from the Office of the State Controller show that cash fund revenue subject to TABOR was just under \$2.77 billion in FY 2024-25, a 1.0 percent decrease from the previous year. This decline 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 miscellaneous cash fund revenues.

FY 2025-26. For the current fiscal year, cash fund revenue subject to TABOR is projected to rise by 13.3 percent from the previous year, reaching nearly \$3.14 billion. This increase is mainly due to one-time tax credit sales, shown in the other cash funds category. [House Bill 25B-1004](#) and [House Bill 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 Fund within the Health Insurance Affordability Enterprise (HIAE). This transfer will disqualify the HIAE as a state-owned 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 September forecast, total expectations for cash fund revenue subject to TABOR were revised up by \$55.0 million.

FY 2026-27. Cash Fund revenue is projected to increase by 1.5 percent from the prior year, reaching just less than \$3.19 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. Revenue expectations have been revised downward by \$56.1 million compared to the September forecast

FY 2027-28. By FY 2027-28, cash fund revenue subject to TABOR is projected to reach approximately \$3.27 billion, a 2.8 percent increase from FY 2026-27. Most major cash fund components are expected to contribute to this growth, although severance tax revenue is projected to decline.

Transportation-Related Revenue

Transportation-related revenue subject to TABOR increased by a moderate 4.8 percent in FY 2024-25. Transportation-related revenue is expected to continue to increase through the forecast period, albeit at a slower pace, growing 1.4 percent in FY 2025-26, 3.5 percent in FY 2026-27, and 3.5 percent in FY 2027-28. The slowdown is largely attributable to [Senate Bill 25-258](#), which temporarily reduces the road safety surcharge by \$3.70 from September 1, 2025, to September 1, 2027. In addition, [Senate Bill 25-317](#) diverts interest earnings for certain accounts in the Highway Users Tax Fund (HUTF) to the General Fund for FY 2025-26, contributing to slower collections for FY 2025-26. The forecast for transportation-related revenue is presented in Table 14.

For FY 2025-26, the transportation-related revenue forecast was revised upward by \$13.8 million compared to the September 2025 forecast.

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. Following national trends, gasoline and diesel tax collections declined by 0.7 percent in FY 2024-25 and are projected to decrease by another 1.6 percent in FY 2025-26 due to lower consumption expectations. Collections are forecast to recover slightly, growing by 1.2 percent in each of FY 2026-27 and FY 2027-28. However, increased vehicle fuel efficiency and ongoing shifts to remote or hybrid work are expected to limit long-term growth in motor fuel collections.

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.

Downward revisions to revenue from motor fuel and road usage fees were offset by increased projections for collections from **vehicle registrations, including the road safety surcharge** after ending FY 2024-25 up 11.6 percent. However, growth is expected to remain flat in FY 2025-26 and FY 2026-27 due to the temporary reduction in the road safety surcharge. This temporary reduction is expected to reduce revenue by \$20.4 million in FY 2025-26 and \$24.5 million in FY 2026-27. Total registration-related revenue is expected to decline 0.5 percent in FY 2025-26 and another 0.1 percent in FY 2026-27, as declines in the road safety surcharge revenue are partially offset by increasing registration fee revenue.

Aviation-related transportation revenue declined 19.4 percent in FY 2024-25 and totaled \$43.8 million. The decline in revenue is partially attributable to jet fuel prices, which declined 19 percent in FY 2024-25. In addition, United Airlines started using a new jet fuel provider which has led to tax remittance issues for the airline. FY 2024-25 collections are approximately \$4 million to \$8 million less than they would have been without the delayed payments. As a result, expected jet fuel price declines in FY 2025-26 are expected to be offset by late payments, leading to an 11.1 percent increase in aviation-related revenue. Aviation revenue growth is expected to continue to increase through the forecast period as jet fuel prices moderate.

Finally, **retail delivery fees**, which were created by [Senate Bill 21-260](#) and went into effect on July 1, 2022, came in line with September 2025 forecast expectations and revenue projections were little changed. Revenue from retail delivery fees is expected to continue to increase at double-digit rates throughout the forecast period as online spending continues to grow and the fee increases by a minimum of 1 cent per year from its current level of 28 cents per delivery.

Table 14A
Transportation Revenue by Source
Dollars in Millions

Line	Revenue Source	Estimate 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	\$1,304.6	\$1,348.0	\$1,413.9	2.0%
2	Non-HUTF	\$205.0	\$210.4	\$220.6	\$210.4	0.0%
3	Total Transportation Funds	\$1,494.1	\$1,515.0	\$1,568.7	\$1,624.3	1.8%
4	Total Transportation Funds Percent Change	4.8%	1.4%	3.5%	3.5%	

Totals may not sum due to rounding.

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

Table 14B
Highway Users Tax Fund Revenue
Dollars in Millions

Line	Revenue Source	Estimate FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	CAAGR
5	Motor and Special Fuel Taxes	\$644.3	\$634.1	\$641.7	\$649.6	0.6%
6	Motor and Special Fuel Taxes Percent Change	-0.7%	-1.6%	1.2%	1.2%	
7	Road Usage Fees	\$120.1	\$146.3	\$178.4	\$202.7	8.5%
8	Road Usage Fees Percent Change	29.2%	21.8%	21.9%	13.6%	
9	Total Registrations	\$434.8	\$432.6	\$432.4	\$459.7	1.5%
10	Total Registrations Percent Change	11.6%	-0.5%	-0.1%	6.3%	
11	<i>Total Registrations - Registrations</i>	<i>\$244.5</i>	<i>\$256.4</i>	<i>\$261.0</i>	<i>\$265.9</i>	0.9%
12	<i>Total Registrations - Road Safety Surcharge</i>	<i>\$145.1</i>	<i>\$130.2</i>	<i>\$124.7</i>	<i>\$147.1</i>	3.1%
13	<i>Total Registrations - Late Registration Fees</i>	<i>\$45.1</i>	<i>\$46.0</i>	<i>\$46.7</i>	<i>\$46.7</i>	0.4%
14	Retail Delivery Fees	\$22.6	\$25.3	\$28.0	\$31.6	5.7%
15	Retail Delivery Fees Percent Change	6.4%	11.9%	10.7%	12.9%	
16	Other HUTF Receipts	\$67.3	\$66.2	\$67.5	\$70.2	1.5%
17	Other HUTF Receipts Percent Change	3.1%	-1.7%	2.0%	3.9%	
18	Total HUTF	\$1,289.1	\$1,304.6	\$1,348.0	\$1,413.9	2.0%
19	Total HUTF Percent Change	5.8%	1.2%	3.3%	4.9%	

Totals may not sum due to rounding.

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

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 14C
Non-HUTF Transportation Revenue Subject to TABOR
Dollars in Millions

Line	Revenue Source	Preliminary FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	CAAGR
20	State Highway Fund (SHF)	\$35.2	\$29.4	\$33.3	\$33.5	3.3%
21	SHF Percent Change	26.5%	-16.5%	13.3%	0.6%	
22	Other Transportation Funds	\$169.8	\$181.0	\$187.4	\$177.0	-0.6%
23	Other Percent Change	-5.3%	6.6%	3.5%	-5.6%	
24	<i>Other - Aviation Fund</i>	\$43.8	\$48.7	\$49.4	\$50.1	0.7%
25	<i>Other - Multimodal Transp. Options Fund</i>	\$15.0	\$16.8	\$18.6	\$21.0	5.7%
26	<i>Other - Law Enforcement-Related</i>	\$6.7	\$6.3	\$6.0	\$5.8	-1.8%
27	<i>Other - Registration-Related</i>	\$104.3	\$109.2	\$113.4	\$100.0	-2.2%
28	Total Non-HUTF	\$205.0	\$210.4	\$220.6	\$210.4	0.0%
29	Total Non-HUTF Percent Change	-1.0%	2.6%	4.9%	-4.6%	

Totals may not sum due to rounding.

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

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 based on how much revenue is collected. 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 15 below.

Table 15
Highway Users Tax Fund Distributions
Dollars in Millions

Line	HUTF Distribution Forecast	Preliminary 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	\$651.9	\$676.3	\$724.0
5	Counties	\$245.4	\$249.5	\$260.2	\$271.1
6	Municipalities	\$176.2	\$181.3	\$189.4	\$196.7
7	Total HUTF Distributions	\$1,290.6	\$1,306.2	\$1,349.4	\$1,415.4
8	Total Nonexempt Revenue	\$1,289.1	\$1,304.6	\$1,348.0	\$1,413.9
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 weaker value of oil and gas production. In FY 2025-26, severance tax revenue subject to TABOR is expected to increase to \$215.8 million with a rebound in oil and gas severance tax revenue. However, the outlook has been downgraded since the September forecast for FY 2025-26, largely due to another jump in refunds in November totaling about \$27 million. Severance tax revenue is more volatile than other revenue sources due to the boom-bust nature of the oil and gas sector and Colorado's tax structure. The forecast for the major components of severance tax revenue is shown in Table 16.

Severance tax collections from **oil and natural gas** 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 \$190.9 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 13.1 percent in FY 2026-27, as natural gas prices continue to increase and offset declines in the value of oil production. In FY 2027-28, oil and gas collections are expected to fall by 11.1 percent. Despite improved market conditions, larger ad valorem credits will offset forecast gains in taxable income.

Table 16
Severance Tax Revenue Forecast by Source

Dollars in Millions

Revenue Source	Preliminary FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28	CAAGR
Oil and Gas Taxes	\$28.0	\$190.9	\$215.8	\$191.9	
Oil and Gas Percent Change	-84.3%	582.1%	13.1%	-11.1%	90.0%
Coal Taxes	\$6.9	\$6.5	\$5.7	\$5.4	
Coal Percent Change	5.4%	-6.4%	-12.3%	-6.2%	-8.3%
Molybdenum and Metallics Taxes	\$2.1	\$2.3	\$2.2	\$2.3	
Molybdenum and Metallics Percent Change	28.2%	6.3%	-2.6%	1.7%	1.7%
Total Severance Tax Revenue	\$37.1	\$199.7	\$223.8	\$199.5	
Total Severance Tax Revenue Pct. Change	-80.1%	438.5%	12.1%	-10.9%	75.2%
Interest Earnings	\$29.8	\$16.1	\$24.4	\$26.2	
Interest Earnings Percent Change	-6.8%	-46.1%	52.0%	7.1%	-4.3%
Total Severance Tax Fund Revenue	\$66.9	\$215.8	\$248.2	\$225.6	
Severance Tax Fund Revenue Pct. Change	-69.4%	222.4%	15.0%	-9.1%	50.0%

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 is set to end coal production by the end of 2025. Ongoing reductions in demand from the electricity sector are expected to contribute to declines through the forecast period. Severance tax revenue from coal is expected to decline by 6.4 percent in FY 2025-26, 12.3 percent in FY 2026-27, and 6.2 percent in FY 2027-28.

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. The market for metals and molybdenum is expected to contribute to further gains in FY 2025-26. Molybdenum production started 2025 with double-digit growth and exports are strong. 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), which is TABOR-exempt. In addition, [House Bill 24-1469](#) specifies that limited gaming revenue that is distributed to local governments by a constitutional requirement is considered a collection for another government, and is therefore exempt from TABOR. Thus, pre-Amendment 50 county and city distributions, as well as distributions of revenue in the State Historical Fund to gaming cities, are no longer subject to TABOR. The bill is expected to decrease the gaming tax revenue accounted as subject to TABOR by about \$33 million per year through the forecast period.

Growth in gaming revenue has decelerated since FY 2020-21, with the 2.2 percent growth rate posted in FY 2024-25 the lowest since the COVID-19 recession. Gaming revenue growth is expected to slow further to 1.6 percent in FY 2025-26, boosted by the opening of the Chamonix Casino Hotel in Cripple Creek and only partially offset by [Senate Bill 25-317](#), which diverts interest in the Limited Gaming Fund to the General Fund for the FY 2025-26. The Chamonix Casino Hotel opened in 2024 but finished construction in July 2025; correspondingly, Cripple Creek gaming revenue increased 16.1 percent in FY 2024-25 compared to a 0.1 percent increase in Black Hawk and an 8.0 percent decline in Central City.

Collections from gaming are expected to reaccelerate to grow 2.7 percent in FY 2026-27 before slowing somewhat to 1.9 percent in FY 2027-28, as visits to the new casino in Cripple Creek are expected to continue to buoy growth through FY 2026-27 despite a softening labor market and a more wary consumer. 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 13 shows revenue subject to TABOR that is collected in cash funds other than those for which a specific forecast is prepared. The number of cash funds varies across fiscal years and is the second largest source of the overall forecast for cash fund revenue subject to TABOR. Year-to-year fluctuations in this revenue can be an important determinant of the TABOR refund obligation and the General Fund budget.

FY 2024-25. Preliminary figures from the Office of the State Controller show other cash funds revenue subject to TABOR totaled \$930.7 million, an 8.8 percent increase from the prior year. Out of the almost 400 cash funds, the top 20 funds made up 62.0 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 the 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 17.1 percent to about \$1.09 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.

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 September forecast, revenue expectations for other cash funds were revised up \$38.0 million.

FY 2026-27 through FY 2027-28. Other cash funds revenue is expected to fall by 22.1 percent, from the prior fiscal year and total about \$848.6 million in FY 2026-27. The reduction in revenue is primarily from legislation enacted in the 2025 legislation session, which is expected to reduce other cash funds by \$132.5 million, and because tax credit sales under HB 25B-1004 and HB 25B-1006 will end after FY 2025-26. Compared to the September forecast, revenue expectations for FY 2026-27 were revised down by \$53.7 million. By FY 2027-28, other cash funds revenue is expected to total near \$879 million, 3.6 percent higher than in the previous fiscal year.

Cash Fund Revenue Exempt from TABOR

Key sources of TABOR-exempt cash fund revenue are presented below due to their importance as budget factors. A few of the areas discussed include revenue subject to TABOR, such as the 2.9 percent sales tax on marijuana products, sports betting fee revenue, and unemployment

support surcharges. This section is not comprehensive, as many other sources of TABOR-exempt cash fund revenue are not included.

Marijuana Tax Revenue

Marijuana tax revenue continues to fall. The decline in marijuana tax revenue has largely been due to low prices alongside falling demand as other states across the country legalize marijuana, and the increasing availability of intoxicating hemp. Revenue is expected to continue to decline through FY 2026-27, before rebounding slightly in FY 2027-28. The marijuana forecast will be impacted by the evolving legal landscape for intoxicating hemp, a marijuana-like product cultivated outside of legal marijuana grow 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 the state’s revenue limit. The marijuana tax revenue forecast is shown in Table 17.

Table 17A
Tax and Interest Revenue from the Marijuana Industry

Dollars in Millions

TABOR Status	Preliminary FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
Exempt	\$230.0	\$216.7	\$213.4	\$217.0
Nonexempt	\$4.7	\$4.0	\$3.8	\$3.8
Total	\$234.7	\$220.8	\$217.2	\$220.9
Percent Change in Total Revenue	-7.0%	-5.9%	-1.6%	1.7%

Table 17B
Exempt Revenue from the Marijuana Industry

Dollars in Millions

Revenue Source	Preliminary FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
Special Sales Tax	\$186.4	\$174.6	\$172.7	\$175.4
Percent Change in Special Sales Tax	-4.4%	-6.4%	-1.1%	1.5%
Excise Tax	\$40.2	\$39.3	\$38.1	\$38.5
Percent Change in Excise Tax	-16.1%	-2.3%	-3.0%	1.0%
Interest	\$3.4	\$2.9	\$2.6	\$3.2
Percent Change in Interest	-17.0%	-15.2%	-10.3%	23.1%
Total Exempt Revenue	\$230.0	\$216.7	\$213.4	\$217.0
Percent Change in Total Exempt	-6.9%	-5.8%	-1.5%	1.7%

Table 17C
Nonexempt Revenue from the Marijuana Industry
Dollars in Millions

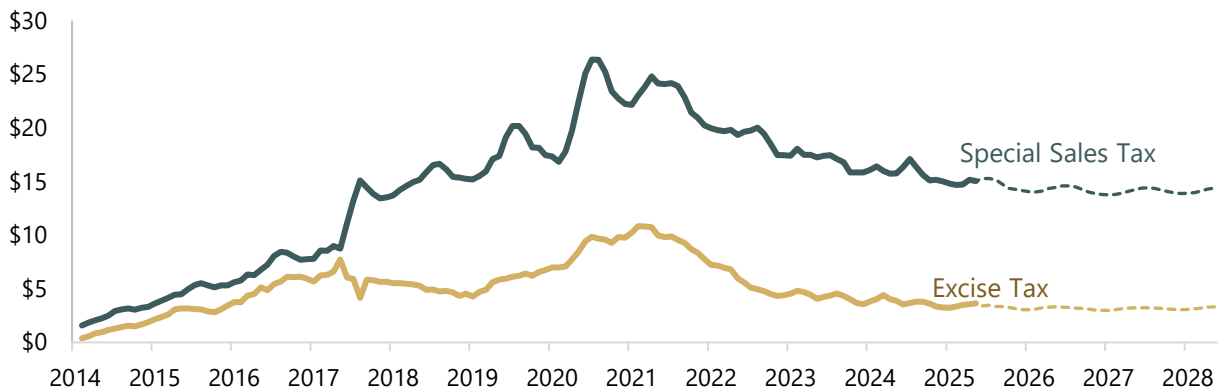
Revenue Source	Preliminary FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
Sales Tax on Medical Marijuana	\$3.0	\$2.0	\$1.5	\$1.2
Percent Change in Medical Marijuana	-23.3%	-32.2%	-26.1%	-19.6%
Sales Tax on Non-Marijuana Products	\$1.5	\$1.9	\$2.2	\$2.5
Percent Change in Non-Marijuana Sales	23.3%	21.9%	15.5%	15.3%
Interest Income	\$0.1	\$0.1	\$0.1	\$0.1
Percent Change in Interest	-15.7%	-15.0%	-11.0%	15.0%
Total Nonexempt Revenue	\$4.7	\$4.0	\$3.8	\$3.8
Percent Change in Nonexempt Revenue	-12.2%	-13.9%	-6.3%	1.4%

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. However, the special sales tax can be quite volatile on a monthly basis, making it difficult to predict.

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 ended FY 2024-25 4.4 percent lower compared to the prior year, and is expected to fall by another 6.4 percent in the current fiscal year. 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. The number of licensed cultivators has fallen by 10.4 percent compared to one year ago.

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



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

Wholesale prices for bud are 1.4 percent lower than they were ago, but the number of licensed stores has increased. Revenue is expected to be 2.3 percent lower in FY 2025-26 than the prior year and then decrease by another 3.0 percent in FY 2026-27.

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 \$2.9 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 continued falling medical marijuana 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 stay fairly low throughout the rest of the forecast period.

Table 18
Distributions of Marijuana Revenue

Dollars in Millions

Marijuana Revenue Distribution	Preliminary FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28
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
Total Distributions	\$234.6	\$220.8	\$217.2	\$220.9
Percent Change in Total Distributions	-7.0%	-5.9%	-1.6%	1.7%

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 19, FML revenue is forecast to increase about 24 percent to \$105.3 million in FY 2025-26, with expectations for sustained higher natural gas prices over the next year. Natural gas prices are forecast to rise further through 2027, increasing 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 legislation 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 19
Federal Mineral Lease Revenue Distribution
Dollars in Millions

Item	Preliminary FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28
Total FML Revenue	\$85.0	\$105.3	\$119.4	\$139.7
Bonus Payments (portion of total revenue)	\$0.2	\$3.2	\$1.2	\$1.4
Local Government Permanent Fund	\$0.08	\$1.6	\$0.6	\$0.7
Higher Education FML Revenue Fund	\$0.08	\$1.6	\$0.6	\$0.7
Other FML Payments (non-bonus revenue)	\$84.8	\$102.2	\$118.2	\$138.3
State Public School Fund	\$41.0	\$49.3	\$57.1	\$66.8
Colorado Water Conservation Board	\$8.5	\$10.2	\$11.8	\$13.8
DOLA Grants	\$17.0	\$20.4	\$23.6	\$27.7
DOLA Direct Distribution	\$17.0	\$20.4	\$23.6	\$27.7
School Districts	\$1.4	\$1.7	\$2.0	\$2.4
Higher Education FML Revenue Fund	\$0.1	\$1.6	\$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, grew by 20.8 percent in FY 2024-25 and totaled \$37.5 million. Growth is expected to accelerate to 27.7 percent or \$10.4 million in FY 2025-26, another 37.3 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 tax 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—declined 20.7 percent to \$1.9 million in FY 2024-25, largely due to a decline in license fee revenue, which is collected annually from sports betting operators. Fee revenue is expected to decline another 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 13.

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 nationwide trends of declining firearms sales, 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 \$15.9 million in FY 2025-26, a half-million less than the September 2025 forecast as actuals came in slightly lower than expected. Firearms tax revenue is expected to grow 50.9 percent to \$23.8 million in FY 2026-27 and another 33.8 percent to \$31.8 million in FY 2027-28. This forecast assumes that purchases for which tax is remitted return to 90 percent of what firearm purchases would have been without the tax by FY 2027-28.

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 Unemployment Insurance Trust Fund (UITF) revenue, benefit payments, and year-end balances are shown below in Table 20. Revenue to the UITF is not subject to TABOR and is therefore excluded from Table 13. Revenue to the Employment Support Fund and Benefit Recovery Fund, which receive a portion of the UI premium surcharge, is subject to TABOR and is included in the revenue estimates for other cash funds in Table 13.

Table 20A
Unemployment Insurance Trust Fund Balance
Dollars in Millions

Component	Preliminary FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28
Beginning Balance	\$726.1	\$1,231.5	\$1,703.4	\$1,802.1
Total Revenue	\$1,315.3	\$1,436.6	\$1,133.8	\$1,026.7
Less: Benefits Paid	\$796.6	\$964.7	\$1,035.1	\$1,076.1
Other Net Changes	-\$13.3	\$0.0	\$0.0	\$0.0
Ending Balance	\$1,231.5	\$1,703.4	\$1,802.1	\$1,752.7
Ending Reserve Ratio	0.65%	0.85%	0.87%	0.80%

Table 20B
Unemployment Insurance Trust Fund Revenue
Dollars in Millions

Source	Preliminary FY 2024-25	Estimate FY 2025-26	Estimate FY 2026-27	Estimate FY 2027-28
UI Premium	\$1,018.6	\$1,069.7	\$967.1	\$977.6
UI Premium Percent Change	26.1%	5.0%	-9.6%	1.1%
Solvency Surcharge	\$242.2	\$279.7	\$116.7	\$0.0
Solvency Surcharge Percent Change	87.9%	15.5%	-58.3%	-100.0%
Interest	\$20.9	\$33.8	\$37.2	\$35.8
Interest Percent Change	159%	62.1%	9.8%	-3.8%
Employer Support Surcharge Diversions	\$33.6	\$53.5	\$12.9	\$13.2
Employer Support Surcharge Percent Change	109.8%	59.3%	-75.8%	2.4%
Total Revenue	\$1,315.3	\$1,436.6	\$1,133.8	\$1,026.7
Percent Change in Total Revenue	28.1%	9.2%	-21.1%	-9.5%

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. The fund ended the fiscal year with a balance of \$1.23 billion and a reserve ratio of 0.65 percent.

FY 2025-26. UITF revenue is expected to increase by 9.2 percent in FY 2025-26, driven by a higher wage base in 2026. The UI premium and employer support surcharge rates are expected to decrease in 2026 due to an improved reserve ratio. Benefit payments are expected to increase through FY 2025-26 as unemployment increases. The number of continued claims is 14.4 percent higher compared to the same period in the prior fiscal year, and is expected to continue to increase. 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. The fund balance is expected to reach \$1.70 billion by the end of the fiscal year, increasing the reserve ratio to 0.85 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 \$37.2 million, while employer support surcharge diversions are expected to fall. Benefits payments are expected to increase only slightly, about 4.0 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 \$1.80 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 \$977.6 million, a 1.1 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 \$1.75 billion.

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K-12 Enrollment Projections

This section of the forecast presents projections for kindergarten through twelfth grade (K-12) enrollment in Colorado’s public schools. Projections are presented in full-time equivalent (FTE) terms, and are an important factor in determining funding levels for Colorado’s 178 school districts. Table 21 summarizes current and projected enrollment for the 2025-26 through 2027-28 school years by forecast region. Figure 12 on page 75 shows enrollment growth projections by school district for the 2026-27 school year.

- **FY 2025-26.** Enrollment in Colorado’s public schools totaled 823,452 student FTE in the current year, a decrease of 1.5 percent, or 12,477 student FTE, compared to the prior year. Enrollment decreased in the current year due to slowing net migration to the state, smaller kindergarten cohorts entering the system, and continued impacts from low birth rates and housing affordability challenges.
- **FY 2026-27 and FY 2027-28.** Statewide K-12 enrollment is projected to further decline through the forecast period, with an expected decrease of 8,188 student FTE, or 1.0 percent in the 2026-27 school year and 6,038 student FTE, or 0.7 percent, in the 2027-28 school year. Slower projected declines are due to lessening migration declines and stabilizing birth rates.

Table 21
K-12 Public School Enrollment
Full-time equivalent (FTE) students

Region	Actual 2025-26	Percent Change	Estimated 2026-27	Percent Change	Estimated 2027-28	Percent Change	Average Growth*
Colorado Springs	125,204	0.0%	126,096	0.7%	127,135	0.8%	0.8%
Eastern Plains	24,179	-1.1%	24,051	-0.5%	24,008	-0.2%	-0.4%
Metro Denver	466,448	-1.4%	460,686	-1.2%	455,549	-1.1%	-1.2%
Mountain	22,617	-3.5%	22,210	-1.8%	21,937	-1.2%	-1.5%
Northern	90,355	-2.5%	89,349	-1.1%	88,967	-0.4%	-0.8%
Pueblo	29,464	-3.9%	28,723	-2.5%	28,069	-2.3%	-2.4%
San Luis Valley	6,510	-3.8%	6,465	-0.7%	6,446	-0.3%	-0.5%
Southwest Mountain	11,505	-4.0%	11,354	-1.3%	11,261	-0.8%	-1.1%
Western	47,172	-1.0%	46,330	-1.8%	45,854	-1.0%	-1.4%
Statewide Total	823,452	-1.5%	815,264	-1.0%	809,226	-0.7%	-0.9%

Source: Colorado Department of Education and Legislative Council Staff

*Compound average annual growth rate between 2025-26 and 2027-28.

Forecast Comparison

Relative to the Legislative Council Staff forecast published in December 2024, actual enrollment in the 2025-26 school year was 11,146 FTE, or 1.3 percent, lower than expected. The prior year forecast projected a decline in enrollment due to low birth rate and housing affordability issues, but noted downside risk due to immigration policy and smaller cohorts entering the system. Slowing net migration to the state, particularly from international immigration, has resulted in declines that exceeded the previous forecast.

Enrollment in 2026-27 is expected to decline by 1.0 percent, a steeper decline than was forecast in December 2024. This downward revision to the forecast is the result of the steeper-than-expected decline in the current year, and the outlook for continued slowing immigration to the state, low birth rates, and affordability challenges for families.

Risks to the Forecast

There are both upside and downside risks for the forecast. To the upside, changes in federal immigration policy that relax current restrictions, lesser impacts of current policy on migration patterns, stabilizing birth rates, or more net migration may result in more moderate declines or flat enrollment through the forecast period. In addition, continued growth in homeschool enrichment programs represent an upside risk to the forecast.

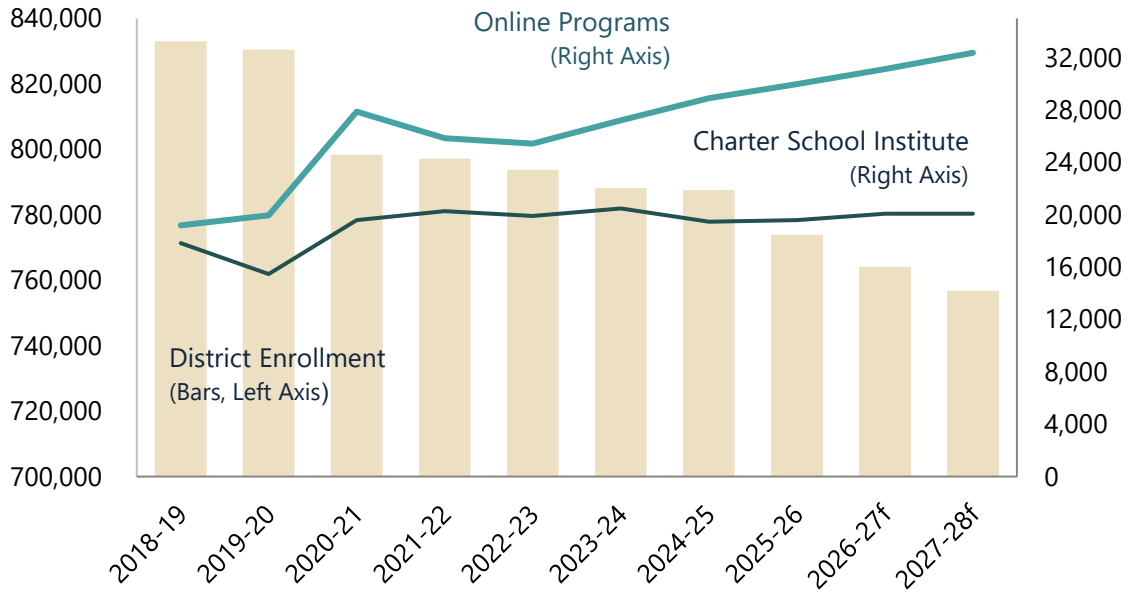
To the downside, tighter immigration policy and enforcement and slowing net migration to the state may result in larger declines than expected. Data from the State Demography Office (SDO) indicates that slower-than-expected net migration to the state would put significant downward pressure on the state's population of school age children.

Other downside risks include the high cost of living in Colorado, which is likely to persist, causing regional shifts in enrollment as young families seek affordable housing and lifestyles. Birth rates in Colorado have declined in recent years, resulting in smaller cohorts moving through the system. Downside risk exists to the extent that cohorts entering the system are smaller than expected, or families move out of the state before their children reach school age.

Current Enrollment Trends

Since the COVID-19 pandemic, Colorado's public school enrollment has declined at a moderate pace each year, with the exception of flat enrollment in 2024-25 due to an influx in immigrant students who arrived in Colorado. In the current 2025-26, total enrollment declined by 1.5 percent, the largest decline since the pandemic. The forecast expects continued declines throughout the forecast period. Figure 11 below shows recent and forecast traditional district, CSI, and online enrollment.

Figure 11
K12 Public School Enrollment
 Full-time equivalent students



District K-12 Enrollment

School district K-12 enrollment decreased by 13,669 student FTE, or 1.8 percent, in the 2025-26 school year. School district enrollment includes traditional brick and mortar district schools, extended high school, and single district online programs. The decline is likely due to reduced migration to the state, particularly among immigrant students, and smaller kindergarten cohorts entering the system and replacing larger graduating classes. Housing prices and the cost of living continue to be a factor as well. Traditional district enrollment is expected to decrease by 1.3 percent in 2026-27 and 1.0 percent in 2027-28, in line with projections for the school age population in Colorado.

- Extended High School.** Enrollment in the three extended high school programs (ASCENT, TREP, and PTECH) decreased by 393 student FTE, with a decrease in ASCENT enrollment of 481 FTE offset by a 94 FTE increase in the PTECH program. The decline in ASCENT is due to legislative changes to the per student funding rate for 2025-26 and the upcoming elimination of the program. Extended high school enrollment is expected to decline by almost 1,500 FTE beginning in 2026-27, as the ASCENT program ends.
- Homeschool.** Students enrolled in part-time homeschool enrichment programs are each counted in district enrollment as 0.5 FTE. Growth in homeschool enrichment programs can represent either an enrollment increase if a homeschooled student was previously not enrolled in an enrichment program or a decrease if the student was previously enrolled as a full-time student. Preliminary data indicates that enrollment in these programs in 2025-26 has increased by about 2,800 individual students, or 18 percent, compared to 2024-25.

Online Enrollment

Enrollment in multidistrict online schools increased by 3.7 percent in the current school year. The increases primarily occurred in schools authorized by the Byers, Falcon, and Julesburg school districts, with the growth in Byers and Falcon at least partially due to growth in online part-time enrichment programs.

Online enrollment is expected to grow by about 4.0 percent in 2026-27 and 2027-28, based on the recent enrollment increases in Byers and Falcon. At this time, no new schools are expected to open in 2026-27, although application deadlines are not until later this winter.

Charter School Institute Schools

Enrollment in schools authorized by the state Charter School Institute (CSI) was largely flat in 2025-26, with offsetting shifts as large schools switched from district authorization to state authorization, and from state authorization to district authorization. Enrollment is expected to grow by 2.5 percent in 2026-27, with two schools expected to expand (geographically located in Westminster and Aurora) and new schools expected to open (geographically located in Aurora and Douglas County).

The forecast assumes that a new state-authorized charter school in Douglas County will open in 2025-26; however, there is some uncertainty around that timeline. If opening is delayed, CSI enrollment will be 410 student FTE lower than expected, with district enrollment higher than expected by the same amount.

Long-Term Enrollment Trends

Enrollment in Colorado continues to be heavily influenced by birth and fertility rates, migration to the state, and housing affordability. The SDO projects that the population of school age children, which has declined in recent years, will continue to decline through the forecast period; however, the population is expected to stabilize in the medium to long term.

- **Birth rates and fertility rates.** Low birth rates and decreasing fertility rates have constrained school enrollment in Colorado for many years, with women having fewer children and/or waiting until their thirties to have them. However, the SDO indicates that births are starting to stabilize, with flat births estimated for 2024 and 2025 and small increases of 0.6 percent expected in 2026 and 2027, offering some potential for lessening declines in K-12 enrollment in the medium-term.
- **Migration.** Migration remains a key factor in school enrollment in Colorado, with international migration becoming a much more significant determinant of overall migration than domestic migration in the last three years. The SDO projects that net migration to Colorado is slowing, due to slower job growth and international immigration policy, before ticking back up in the longer term as international immigration potentially rebounds. Lower-than-expected net migration would put significant downward pressure on K-12 enrollment. Retirements opening up jobs for younger workers with young families may provide some upside for in-migration to the state.

- **Housing affordability.** High housing costs have influenced the distribution of enrollment across the state, although prices may be starting to flatten or slow. Housing prices in the Metro Denver area have pushed families with school-age children to relocate to the exurbs or more affordable metro areas. In the mountain region, expensive housing has pushed families to move into relatively more affordable areas outside resort communities, although even these more affordable areas are becoming out of reach for many families. Additionally, many rural areas are facing housing shortages.

Enrollment by Region

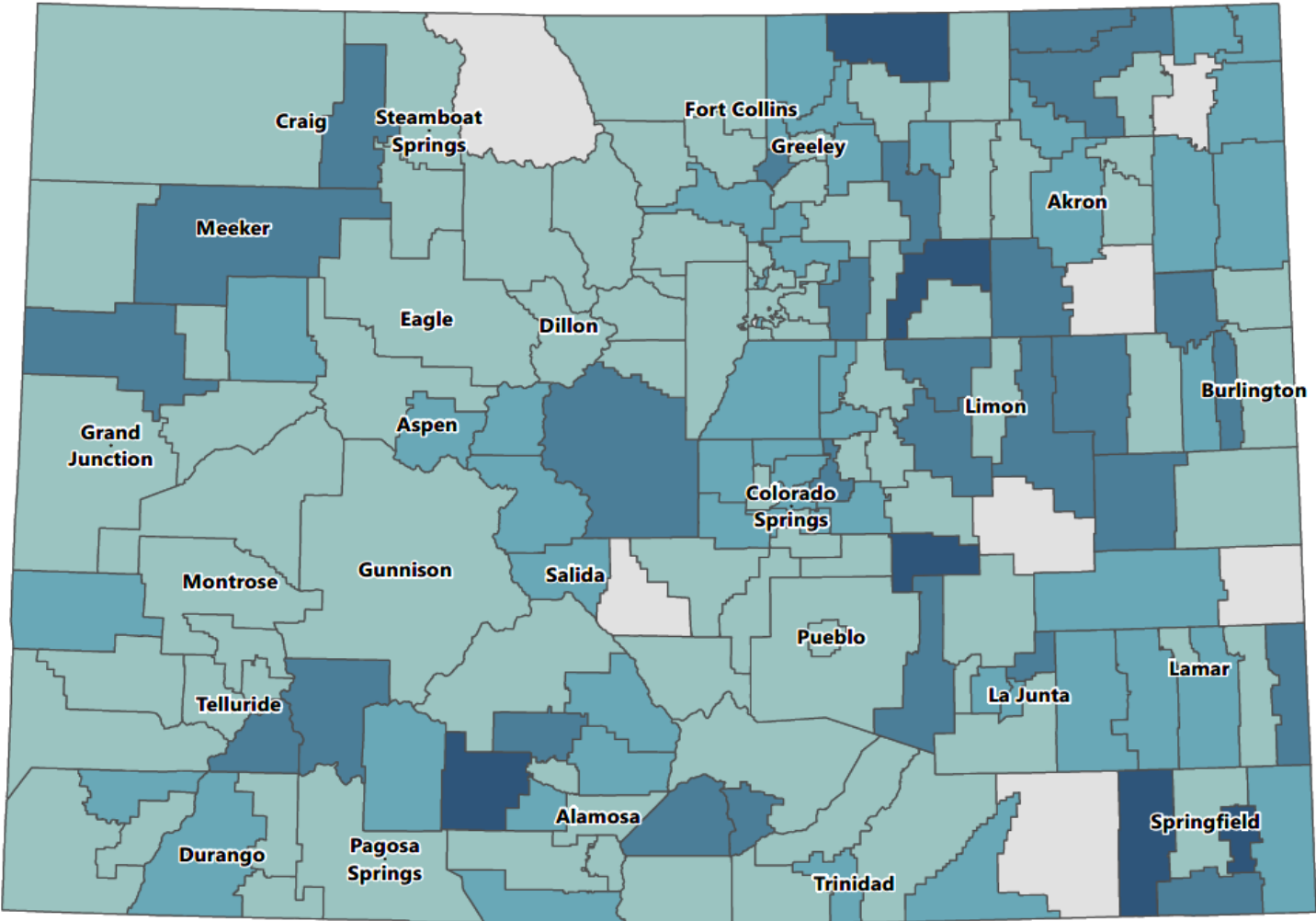
The following paragraphs briefly summarize enrollment trends for school districts in the nine forecast regions of the state.

- **Colorado Springs.** The Colorado Springs region is the only region in the state without declining enrollment in 2025-26. This is driven by enrollment in the Falcon School District, which grew by 5 percent due to significant increases in homeschool enrichment and online programs, and new local housing developments. All other districts in the region remained flat or declined. Regional increases in traditional brick and mortar and online enrollment were offset by a decline in CSI enrollment due to a school shifting to district authorization. Enrollment is expected to grow by about 0.7 percent in both 2026-27 and 2027-28, due to flat enrollment in several districts and continued growth in Falcon.
- **Eastern Plains.** Total enrollment in the Eastern Plains declined by 1.1 percent in 2025-26. Many small districts saw flat or slowly declining enrollment in line with recent trends, due to low birth rates, housing availability, and a lack of job opportunities. Enrollment in larger districts in Morgan and Elbert counties, which had grown in recent years, slowed or declined in 2025-26, likely due to immigration reductions, increased interest in home school options, and timing of new housing developments. Enrollment is expected to decline by 0.5 percent in 2025-26 and 0.2 percent in 2026-27.
- **Metro Denver.** Total enrollment in the Metro Denver region decreased by 1.5 percent in 2025-26, a steeper decline than in recent years and a reversal of the increase in 2024-25. The steeper decline is likely attributable to a decrease in migration to the area, particularly among families moving from outside the United States. In 2024-25, many districts saw an increase in new immigrant students; however, in 2025-26, enrollment of these students was well below previous years.

In addition, recent trends of low birth rates and housing affordability issues continue to contribute to declining enrollment, and this region enrolled a significant number of ASCENT students who will no longer be enrolled as the program ends in 2026-27. The region has seen modest growth in online and CSI enrollment, offsetting some of the decline. The forecast assumes continued declines, at slower rates than in 2025-26.

- **Mountain.** Total enrollment in the Mountain region declined 3.5 percent in the 2025-26 school year, and is expected to decline by 1.8 percent in 2026-27 and 1.2 percent in 2027-28. Regional enrollment is challenged by low birth rates and housing affordability concerns, as resort towns are generally expensive for families and previously affordable areas outside the resort towns have become more expensive. Additionally, slowing migration to the state has likely impacted enrollment in this region.
- **Northern.** Total enrollment in the Northern region declined by 2.5 percent in 2025-26, a large decline after several years of flat or growing enrollment. Windsor and Johnstown saw growth slow in 2025-26, while declines in Poudre and Thompson were steeper than in previous years, likely attributable to housing prices, migration patterns, and homeschool options. Enrollment is expected to decline through the forecast period, by 1.1 percent in 2025-26 and 0.4 percent in 2026-27. No changes in online enrollment or CSI school offerings in the region are expected.
- **Pueblo-Southern Mountains.** Total enrollment in the Pueblo-Southern Mountains region declined by 3.9 percent in the 2025-26 school year, including decreases in both traditional brick and mortar and online enrollment. Enrollment is expected to continue to decline through the forecast period, as a result of long-term trends including an aging population, reduced jobs, and in-migration by a largely older population with few young families.
- **San Luis Valley.** Total enrollment in the San Luis Valley has declined for several years, and continued to decline by 3.8 percent in the 2025-26 school year. Enrollment is expected to decline by 2.5 percent in the 2026-27 school year, and 0.3 percent in 2027-28, as the population of school age children in the region begins to stabilize. As a rural region, many districts are challenged by an aging population, declining births, and lack of job opportunities for families.
- **Southwest Mountain.** Total enrollment in the Southwest Mountain region declined by 4.0 percent in 2025-26, as fewer young families move to the area. Traditional brick and mortar enrollment fell by 5.3 percent, offset by an increase in CSI enrollment in Montezuma and small increases in online enrollment across the region. Enrollment is expected to decline by 1.3 percent in 2026-27 and 0.8 percent in 2027-28, as the population of school aged children is expected to continue to decline.
- **Western.** Total enrollment in the Western region declined by 1.0 percent in the 2025-26 school year, with steeper brick and mortar declines slightly offset by growth in online enrollment in Delta. Enrollment is expected to further decline through the remainder of the forecast period. Regional enrollment is impacted by several different factors, with economic and job availability challenges in Moffat County, migration impacts in Mesa and Delta, and housing affordability issues in Telluride and throughout the rest of the region.

Figure 12
Forecast Percent Change in Enrollment by School District
FY 2025-26 to FY 2026-27



Less than -4.8% (8)
 -4.7% - -1% (86)
 -0.9% - 1% (51)
 1.1% - 4.9% (27)
 5% - 9.4% (6)

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Assessed Value Projections

Assessed values represent the property tax base for school districts and local governments. For non-exempt property, assessed values are the taxable portion of a property's value to which mill levies are applied. This section of the outlook presents projections of the property tax base for the state's school districts. This section, including the figures, tables, and maps, focus on assessed values for taxable properties, meaning assessed values for properties except those that are exempt from taxation, like government buildings. Local property tax revenue is the first source of funding for local, public-school districts and is an important determinant of the amount of state aid provided to each district. The projections include an outlook for residential and nonresidential assessed values for property tax years (PTY) 2026 through 2028. At the end of the section, an outlook of the property tax base for other local government entities is also included.

This year's assessed value projections continue to be shaped by policy changes passed during the 2024 legislative session and the August 2024 special session. This includes a recent Division of Property Taxation (DPT) determination that the permanent residential assessment rate for the school district property tax base is 7.05 percent, consistent with expectations from the December 2024 forecast. Additionally, nonresidential assessment rates for most property classes will continue to step down through PTY 2027.

As discussed in more detail below, property values in the state continue to appreciate, but well below the historically fast pace of growth experienced in PTY 2023. Slow but positive value growth is expected through the forecast period. Taking into account changes to assessment, assessed value growth for school districts was boosted 9.4 percent in PTY 2025, but is expected to contract 0.9 percent in PTY 2026 as lower nonresidential assessment rates impact the property tax base. In PTY 2027, assessed values are expected to increase 0.8 percent as modest value growth for the reassessment year is partially offset by lower nonresidential assessment rates. In PTY 2028, new construction activity will contribute to assessed values increasing by 1.1 percent.

2025 Assessed Values

Every two years, county assessors determine new values for most classes of property as part of the reassessment process. For the 2025 reassessment year, data from the DPT in the Department of Local Affairs indicate that the statewide assessed value tax base for school districts increased by 9.4 percent, as shown in Table 22. Growth reflected an increase of 16.1 percent for residential property, and a 2.6 percent increase in nonresidential property.

In PTY 2025, the pace of residential assessed value growth was due in part to an increase in the assessment rate from a temporarily lower 6.7 percent to 7.05 percent. Additionally, assessed value rose further with the elimination of subtractions that reduced taxable value by \$55,000 for each residential property during PTY 2023 and PTY 2024.

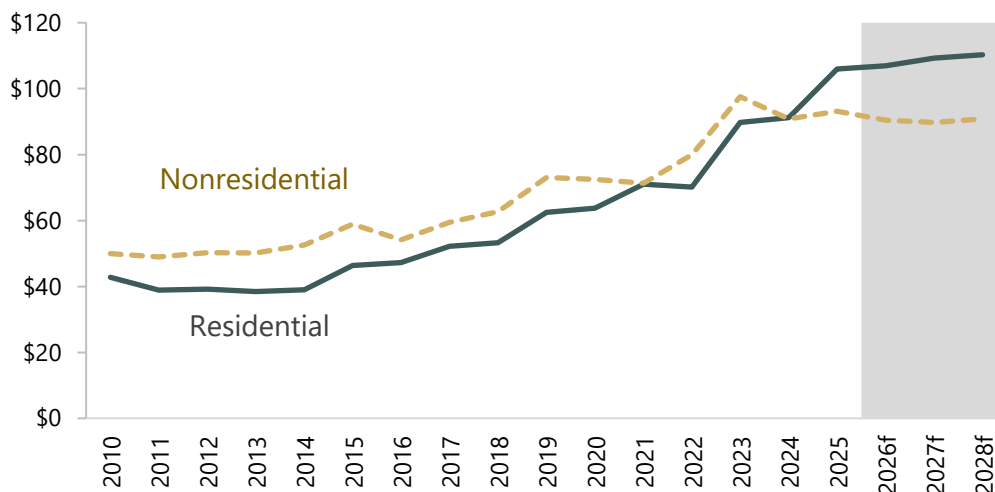
For nonresidential property, broad-based growth across most property classes for PTY 2025 was partly offset by a decrease in oil and gas value and a decrease in the value of natural resources. The fastest rate of growth among nonresidential property classes was recorded for vacant property, where assessed value increased by 10.2 percent.

Assessed Value Forecast for School Districts

The assessed value forecast for school districts is presented in Figure 13 and Table 22. In PTY 2026, assessed values for school districts are expected to decrease by 0.9 percent with nonresidential assessment rate reductions offsetting growth in residential assessed values at a rate more typical for an intervening year. In an intervening property tax year like 2026, assessed values typically increase, primarily due to new construction, but may also grow for property types that are assessed annually, including oil and gas, mining, and state assessed properties.

In PTY 2027, assessed values for school districts are expected to increase by 0.8 percent with further nonresidential assessment rate reductions partly offsetting modest growth in residential and nonresidential values for the reassessment year. Property values for PTY 2027 are forecast to grow at the slowest rate for a reassessment year since 2013. In 2028, an intervening year, new construction combined with growth in the value of oil and natural gas is projected to increase assessed value by 1.1 percent.

Figure 13
Statewide Assessed Values for School Districts
 Billions of Dollars



Source: Colorado Department of Local Affairs, Division of Property Taxation and LCS projections. f=forecast for 2026 to 2028.

Table 22
Residential and Nonresidential Assessed Values for School Districts
 Millions of Dollars

Year	Residential Assessed Value	Residential Percent Change	Nonresidential Assessed Value	Nonresidential Percent Change	Total Assessed Value	Total Percent Change
2010	\$42,727	1.0%	\$49,917	-10.0%	\$92,644	-5.3%
2011	\$38,874	-9.0%	\$48,962	-1.9%	\$87,835	-5.2%
2012	\$39,198	0.8%	\$50,211	2.6%	\$89,409	1.8%
2013	\$38,456	-1.9%	\$50,153	-0.1%	\$88,609	-0.9%
2014	\$38,997	1.4%	\$52,578	4.8%	\$91,575	3.3%
2015	\$46,378	18.9%	\$58,899	12.0%	\$105,277	15.0%
2016	\$47,261	1.9%	\$54,157	-8.1%	\$101,419	-3.7%
2017	\$52,162	10.4%	\$59,468	9.8%	\$111,630	10.1%
2018	\$53,279	2.1%	\$62,636	5.3%	\$115,915	3.8%
2019	\$62,486	17.3%	\$73,086	16.7%	\$135,572	17.0%
2020	\$63,751	2.0%	\$72,480	-0.8%	\$136,231	0.5%
2021	\$70,985	11.3%	\$71,295	-1.6%	\$142,279	4.4%
2022	\$70,180	-1.1%	\$79,986	12.2%	\$150,166	5.5%
2023	\$89,723	27.8%	\$97,571	22.0%	\$187,294	24.7%
2024	\$91,231	1.7%	\$90,784	-7.0%	\$182,015	-2.8%
2025	\$105,950	16.1%	\$93,182	2.6%	\$199,132	9.4%
2026f	\$106,953	0.9%	\$90,470	-2.9%	\$197,423	-0.9%
2027f	\$109,221	2.1%	\$89,760	-0.8%	\$198,981	0.8%
2028f	\$110,286	1.0%	\$90,873	1.2%	\$201,159	1.1%

Source: Colorado Department of Local Affairs, Division of Property Taxation. Legislative Council Staff forecast 2026 to 2028. f=forecast.

Residential and Nonresidential Assessment

In the 2024 regular session, the General Assembly adopted [Senate Bill 24-233](#). A main component of the bill was extending to PTY 2024 the temporarily lower assessment rates and value reductions in place for PTY 2023 for most classes of property.¹ This included a reduction in the assessment rate for residential properties to 6.7 percent, applied to the actual value of the property, minus either \$55,000 or the amount that reduced assessed value to \$1,000. For most nonresidential property classes, the assessment rate was reduced to 27.9 percent from 29 percent, and for improved commercial property this rate was applied to the value of the property, minus either \$30,000 or the amount that reduced assessed value to \$1,000.

Another provision of the bill was separating the tax base for schools and other local governmental entities by creating two assessed values for each residential property beginning with the 2025 property tax year. Then, beginning in 2026, the bill creates a new residential value subtraction for local governmental entities. The subtraction is equal to 10 percent of the actual value of the property, up to \$70,000, after which the assessment rate is applied. Beginning in PTY 2027, the \$70,000 threshold will be increased each reassessment cycle by inflation. Lastly,

¹ Temporarily lower assessment rates and value reductions for lodging in 2024 were extended with House Bill 24B-1001.

the bill lowered the assessment rates for improved commercial property and agricultural property to 27 percent in PTY 2025, then to 25 percent in PTY 2026 and later years.

In the August 2024 special session, the General Assembly further modified assessment rates for residential and nonresidential property with [House Bill 24B-1001](#). For residential property, the bill lowered assessment rates further for taxes imposed by schools and other local governmental entities at levels contingent on statewide actual value growth from 2024 to 2025.² For industrial, natural resources, personal, state assessed, and vacant property classes, the bill lowered the assessment rate to 27 percent in PTY 2025, to 26 percent in PTY 2026, and to 25 percent in PTY 2027 and later years. Assessment rate and value reductions from PTY 2025 through the forecast period are detailed in Table 23.

Table 23
Residential and Nonresidential Property Assessment Changes

Property Class	PTY 2025	PTY 2026	PTY 2027	PTY 2028
Residential values for school districts	7.05%	7.05%	7.05%	7.05%
Residential values for other local government entities	6.25%	6.8% after reduction of 10% of value up to \$70,000	6.8% after reduction of 10% of value up to \$70,000	6.8% after reduction of 10% of value up to \$70,000
Improved commercial	27%	25%	25%	25%
Agricultural	27%	25%	25%	25%
Other commercial, industrial, natural resources, personal property, state assessed, and vacant	27%	26%	25%	25%

Residential value reductions for the tax base of local government entities are for a reduction up to this amount, or the amount that reduces a property’s assessed value to \$1,000. Beginning with PTY 2027 the reduction threshold will be increased by inflation each reassessment cycle.

HB 24B-1001 also created a limit for statewide local share total program property tax revenue; however, this limit is not expected to impact assessment rates during the current forecast period. Beginning in 2025, a portion of statewide local share total program property tax revenue is limited, in general, to the highest statewide local share total program property tax revenue from a previous reassessment cycle, increased by 12 percent. If the qualifying portion of statewide local share total program property tax revenue exceeds this limit, the residential assessment rate for school districts will be balanced downward to meet the limit. The portion of local share total program revenue that qualifies for the limit excludes revenue from various sources including new construction, mill levy equalization, oil and gas, and other sources.

² In October 2025, the Property Tax Administrator determined that statewide actual value growth was less than 5 percent from PTY 2024 to PTY 2025, setting the residential assessment rate for schools at 7.05 percent and for other local governmental entities at 6.8 percent.

The outlook for statewide local share total program property tax revenue suggests the limit will not be reached in the 2025-2026 or 2027-2028 reassessment cycles. As a result, the forecast projects that the residential assessment rate for school district taxes will remain at 7.05 percent through the forecast period. However, a determination will be made at the beginning of each year by the State Board of Equalization based on information provided by LCS for the school district property tax limit each January.

Regional Impacts and Variations

Assessed values in each region of the state are determined by the unique mix of properties and economic forces specific to that region. Table 24 shows estimated 2025 assessed value by region for school districts and the expected change throughout the forecast period, while Table 26 includes discussion of specific regional trends.

The maps at the end of the section show estimated year-over-year growth in assessed values by region and school district for the 2025 reassessment year, and forecasted year-over-year growth by region and school district for the 2026 reassessment year. Total values include incremental values for which taxes are diverted due to local use of tax increment financing. Legislative Council Staff makes adjustments to exclude those values when estimating the local share of total program funding for school finance.

Table 24
2025 Assessed Values for School Districts and Forecast Changes
Millions of Dollars

Region	Assessed Value 2025	2025 Growth	2026 Growth	2027 Growth	2028 Growth	3-Year Average Growth
Colorado Springs	\$15,135	17.7%	-1.5%	1.0%	1.5%	0.4%
Eastern Plains	\$4,135	6.0%	-0.5%	2.0%	1.7%	1.1%
Metro Denver	\$105,552	7.2%	-1.2%	0.3%	0.8%	0.0%
Mountain	\$23,681	12.6%	-0.5%	3.7%	0.8%	1.3%
Northern	\$28,084	8.8%	-0.5%	-0.7%	1.7%	0.1%
Pueblo	\$4,444	18.2%	-1.0%	-0.7%	1.6%	0.0%
San Luis Valley	\$1,047	21.4%	-1.2%	1.6%	1.1%	0.5%
Southwest Mountain	\$3,953	13.6%	-0.8%	2.7%	1.6%	1.2%
Western	\$13,101	10.7%	1.1%	2.0%	1.7%	1.6%
Statewide Total	\$199,132	9.4%	-0.9%	0.8%	1.1%	0.3%

Source: Colorado Department of Local Affairs, Division of Property Taxation and Legislative Council Staff. Legislative Council Staff forecast 2026 to 2028.

2025 Reassessment Year

School district assessed values increased 9.4 percent in PTY 2025. All regions experienced growth in residential assessed values for PTY 2025. Growth in residential assessed value rose between 12.6 percent and 54.0 percent among the state's regions. Although impacted by weaker-than-usual appreciation for a reassessment year following the surge in post-pandemic value, residential assessed value for school districts rose 16.1 percent as value reductions effective for PTY 2023 and 2024 ended and the residential assessment rate for school districts

rose. Lower value regions of the state like the San Luis Valley experienced more rapid increases in value due to the expiration of value reductions. Larger-than-average statewide gains were also experienced in the Eastern Plains, Pueblo, Southwest Mountain and Western regions. In contrast, residential assessed value increased at a lower 12.6 percent pace in the Metro Denver region, and rose 15.9 percent in the Mountain region.

Overall, nonresidential assessed value in the state increased by 2.6 percent, though growth was mixed among Colorado's regions. The Colorado Springs region increased a rapid 18.4 percent, but no other region recorded double-digit growth. Nonresidential assessed value in the Pueblo region increased 7.8 percent, and was up 6.4 percent in the San Luis Valley. Three regions recorded contractions, including the Eastern Plains (-2.1 percent), the Southwest Mountains (-2.4 percent), and the Western region (-4.5 percent).

2026 Intervening Year

The forecast expects that school district assessed values will fall by 0.9 percent in PTY 2026. The outlook is influenced by new construction activity that is expected to contribute to a modest increase in residential and nonresidential actual values for most regions. Residential assessed values are projected to increase in line with growth during typical intervening years. However, nonresidential assessment rate changes are expected to result in a decrease in nonresidential assessed value in eight of nine regions. In the Western region, natural gas production is forecast to offset declines for other classes. Heavily commercial and agricultural regions are expected to decline more as assessment rates decline from 27 percent to 25 percent. This includes Colorado Springs, Metro Denver, the Mountain region, and the San Luis Valley. Areas with large amounts of state assessed property are expected to be more insulated with firm value growth anticipated.

2027 Reassessment Year

School district assessed values are projected to increase 0.8 percent in PTY 2027. This would be the slowest pace of assessed value growth for a reassessment year since 2013. Residential value is projected to increase just 2.1 percent as growth along the Front Range weighs on the outlook. Residential assessed value is expected to grow by just 0.4 percent in the Colorado Springs region, 1.5 percent in the Metro Denver region, and 2.2 percent in the Northern region. Assessed value is projected to contract by 0.4 percent in the Pueblo region.

In 2027, nonresidential assessed value will continue to be shaped by reductions in nonresidential assessment rates. In some cases, the reduction in assessment rates will partly offset growth in value from new construction and market conditions, but in other cases will combine with sluggish market conditions to bring down value further. In 2027, assessed values for nonresidential property are projected to decline for the Metro Denver, Northern, Pueblo and San Luis Valley regions. In Metro Denver, nonresidential assessed values are expected to be impacted by ongoing challenges in the City and County of Denver for commercial properties and large office buildings in particular. Lastly, oil and gas production is expected to contract, further impacting valuations in oil and gas dominant districts.

2028 Intervening Year

In PTY 2028, assessed values for school districts are expected to grow by 1.1 percent. The residential assessment rate for school districts is projected to remain stable as the state remains below the school district property tax limit and the nonresidential assessment rate for most classes settles at 25 percent. New construction is expected to contribute to modest increases in residential property values that are consistent with typical patterns in an intervening tax year. Faster residential growth is also anticipated for communities along I-70 east of Denver, parts of Weld County, and in communities between the Colorado Springs and Denver suburbs.

Typical growth from new construction is also expected for commercial and industrial property classes. The outlook for nonresidential value growth is bolstered by forecast increases in oil and gas values that will support growth in Weld County, the Western Slope, and in other districts with oil and gas operations.

Risks to the Forecast

The outlook for assessed values continues to be less certain than usual due to ongoing policy changes that will interact with a real estate market that is still recovering from the spike in post-pandemic values. The forecast anticipates slow but positive market value growth for most districts for the June 2024 to June 2026 period that will form assessors' determination of property values for the PTY 2027 reassessment. However, the final assessment of these property classes will not be finalized until 2027. Actual values that differ from those anticipated in the forecast present a risk to the forecast. If markets take longer than anticipated to adjust to lower interest rates, experience a correction, or some other factor that impedes residential and nonresidential property value growth, assessed values will be lower than expected. On the other hand, if markets perform better than anticipated, assessed values will be higher.

Lastly, volatility in oil and gas represents another risk to the forecast. The current forecast anticipates that weak oil prices will lead to a contraction in assessed value for oil for PTY 2027, before a modest recovery for PTY 2028. The outlook for natural gas anticipates solidly growing value through the forecast period as prices firm after lows recorded in 2024. Oil and gas volatility broadly impacts nonresidential assessed values, but more so in areas heavily influenced by oil and gas valuations. Deviations from the outlook may significantly affect the forecast for these parts of the state.

Assessed Value Outlook for Non-School Local Governmental Entities

The outlook for non-school local government entities differs from the outlook for school districts due to policy changes impacting residential assessments. The outlook for nonresidential assessed value is the same for both school and non-school district property taxes. Table 25 presents the outlook for assessed value for non-school local government entities.

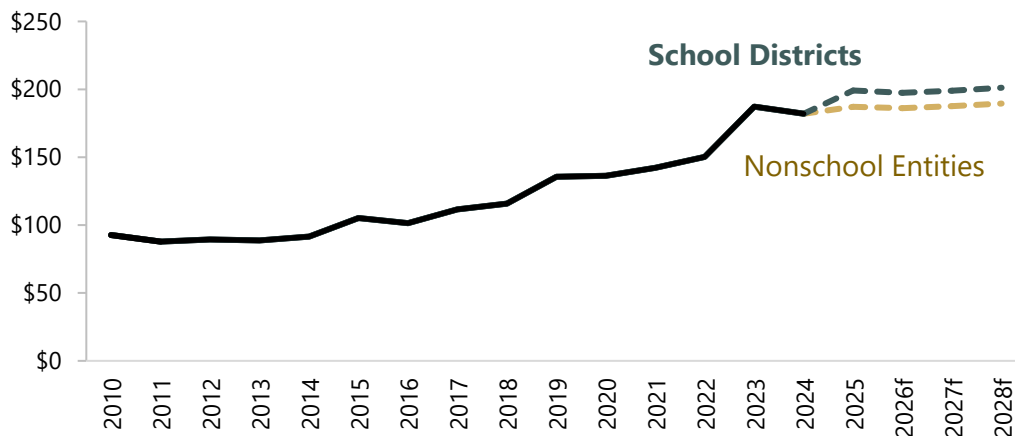
Like residential assessed value for school districts, the residential property tax base for local governmental entities through the forecast period is shaped by legislative adjustments in Senate Bill 24-233 and House Bill 24B-1001. Like with school district assessed value, PTY 2025 for non-school local governmental entities will be impacted by the end of residential value reductions that were effective for PTY 2023 and 2024. Partly offsetting the upward pressure of ending the value reductions is a lower residential assessment rate of 6.25 percent for PTY 2025. In contrast

to the 16.1 percent increase in residential assessed value for school property taxes, the lower assessment rate for non-school districts resulted in a 2.8 percent increase for the non-school property tax base. Despite the slow, positive rate of residential growth expected statewide, the impact of the changes varied widely among local entities. Areas of the state with low residential property values experienced rapid growth from 2024 to 2025 with the expiration of value reductions, including the Eastern Plains, Pueblo, San Luis Valley, and Southwest Mountains. Areas with higher values experienced less growth due to the lower assessment rate, including Colorado Springs, Metro Denver, and the Mountain regions.

In 2026, a new value reduction will be implemented for residential assessed value for non-school local governmental entities. Senate Bill 24-233 created a subtraction equal to 10 percent of the property’s actual value, up to \$70,000, or the amount that reduces assessed value to \$1,000, after which the assessment rate is applied. Beginning with PTY 2027, the \$70,000 threshold will be increased by inflation each reassessment cycle. Offsetting the downward impact of the value reduction is an increase in the assessment rate for non-school districts to 6.8 percent. With new construction and the policy changes, residential assessed value statewide for non-school local government entities will increase by 1.8 percent.

In 2027, slow growth and a largely consistent policy environment will result in residential assessed value for non-school district local governmental entities growing 2.3 percent, consistent with growth expected for residential school assessed values. In 2028, the influence of new construction will result in residential assessed value increasing a forecast 0.8 percent.

Figure 14
Statewide Assessed Values for School Districts and
Non-School Local Governmental Entities
 Billions of Dollars



Source: Colorado Department of Local Affairs, Division of Property Taxation. Legislative Council Staff forecast 2026 to 2028. f=forecast.

Table 25
Residential and Nonresidential Assessed Values
for Non-School Local Governmental Entities

Millions of Dollars

Year	Residential Assessed Value	Residential Percent Change	Nonresidential Assessed Value	Nonresidential Percent Change	Total Assessed Value	Total Percent Change
2010	\$42,727	1.0%	\$49,917	-10.0%	\$92,644	-5.3%
2011	\$38,874	-9.0%	\$48,962	-1.9%	\$87,835	-5.2%
2012	\$39,198	0.8%	\$50,211	2.6%	\$89,409	1.8%
2013	\$38,456	-1.9%	\$50,153	-0.1%	\$88,609	-0.9%
2014	\$38,997	1.4%	\$52,578	4.8%	\$91,575	3.3%
2015	\$46,378	18.9%	\$58,899	12.0%	\$105,277	15.0%
2016	\$47,261	1.9%	\$54,157	-8.1%	\$101,419	-3.7%
2017	\$52,162	10.4%	\$59,468	9.8%	\$111,630	10.1%
2018	\$53,279	2.1%	\$62,636	5.3%	\$115,915	3.8%
2019	\$62,486	17.3%	\$73,086	16.7%	\$135,572	17.0%
2020	\$63,751	2.0%	\$72,480	-0.8%	\$136,231	0.5%
2021	\$70,985	11.3%	\$71,295	-1.6%	\$142,279	4.4%
2022	\$70,180	-1.1%	\$79,986	12.2%	\$150,166	5.5%
2023	\$89,723	27.8%	\$97,571	22.0%	\$187,294	24.7%
2024	\$91,231	1.7%	\$90,784	-7.0%	\$182,015	-2.8%
2025	\$93,929	3.0%	\$93,182	2.6%	\$187,111	2.8%
2026f	\$95,646	1.8%	\$90,470	-2.9%	\$186,115	-0.5%
2027f	\$97,843	2.3%	\$89,760	-0.8%	\$187,602	0.8%
2028f	\$98,643	0.8%	\$90,873	1.2%	\$189,516	1.0%

Source: Colorado Department of Local Affairs, Division of Property Taxation. Legislative Council Staff
forecast 2026 to 2028. f=forecast.

Table 26
Regional Trends in Assessed Values for School Districts

Region	Residential Trends	Nonresidential Trends
Metro Denver	<ul style="list-style-type: none"> • Modest growth in actual residential value is expected for 2026 and 2027, with inventory increasing and prices remaining relatively high. • Slower construction and moderating home price appreciation will impact assessed values in 2026 and 2027, while higher activity will continue in the northern and eastern suburban areas. 	<ul style="list-style-type: none"> • Policy adjustments for commercial property classes will slow assessed value growth in the region, particularly in Metro Denver where values are projected to decline through 2027.
Colorado Springs	<ul style="list-style-type: none"> • Actual value growth expected to be slow for 2026 and 2027, attributable to limited price appreciation, moderate population growth, and slowing new construction. • Slower growth expected in southern and eastern areas competing with lower prices in neighboring regions. 	<ul style="list-style-type: none"> • Falling assessed values from policy adjustments in 2026, but slow positive growth expected in later years. • Higher growth in areas with large amounts of state assessed property.
Northern	<ul style="list-style-type: none"> • Slower construction than prior years expected in Larimer County, while Weld County communities continue to expand. • Slow price appreciation expected in much of the region, with some declines in outlying areas. 	<ul style="list-style-type: none"> • Low oil prices will affect values in Weld County before contributing to growth in 2028; near-term weakness may be offset somewhat by new drilling activity. • Policy adjustments will dampen growth through PTY 2027.
Western	<ul style="list-style-type: none"> • Slow to moderate home price appreciation expected through much of the region, with declines expected in Moffat and Hinsdale counties. • Little new construction expected in 2026 and 2028. 	<ul style="list-style-type: none"> • Policy adjustments for most nonresidential property classes will slow growth through the forecast period. • Region buoyed by expected growth in natural gas prices impacting oil and gas values, impacting areas of Garfield, Mesa, and Rio Blanco counties.
Pueblo – Southern Mountains	<ul style="list-style-type: none"> • Slight home price depreciation in Pueblo, Cañon City, and Florence driving slight declines in 2027. • Residential construction has slowed over the past year. • Moderate new construction expected in 2028. 	<ul style="list-style-type: none"> • Appreciation in state assessed property driving gains in actual value in 2026 and 2027, while policy adjustments drive decline in assessed values. • Growth driven primarily by Pueblo County.

**Table 26 (Cont.)
Regional Trends in Assessed Values**

Region	Residential Trends	Nonresidential Trends
Eastern Plains	<ul style="list-style-type: none"> • New construction still expected in areas adjacent to Front Range communities such as along the I-76, I-70, and Highway 86 corridors. • Some low value communities may still experience higher-than-average value appreciation after lagging other areas of the state. 	<ul style="list-style-type: none"> • Slow construction and policy adjustments to dampen growth in most nonresidential property classes. • Moderate appreciation in state assessed values, new renewable projects could boost some areas significantly in the forecast period. • A mixed outlook for oil and gas throughout the region.
Mountain	<ul style="list-style-type: none"> • Modest home price appreciation still expected in both resort and non-resort areas through the forecast period following strong post-pandemic demand. 	<ul style="list-style-type: none"> • Policy adjustments to result in a contraction in nonresidential value in 2026 and dampen growth in 2027
Southwest Mountains	<ul style="list-style-type: none"> • Moderate home price appreciation expected in La Plata and Montezuma counties in 2027, with home price declines in Dolores and Archuleta counties. • Little new construction expected in the region. 	<ul style="list-style-type: none"> • Policy adjustments weigh on nonresidential valuation in 2026 and 2027, offset by slow growth in the region. • A mixed outlook for oil and gas in the region, coupled with appreciation in state assessed properties. • Commercial property in La Plata County is expected to grow moderately in 2027.
San Luis Valley	<ul style="list-style-type: none"> • Following significant price increases, the region is projected to continue growing in 2026 and 2027, though at a slower rate. • Moderate new construction and price appreciation will increase assessed property values in the region. 	<ul style="list-style-type: none"> • Nonresidential construction activity and price appreciation in the region will likely remain limited throughout the forecast period. • Policy adjustments in the agricultural classification will reduce nonresidential assessed values in 2026 and 2027.

Figure 15
Assessed Values for School Districts by Region
 Billions of Dollars

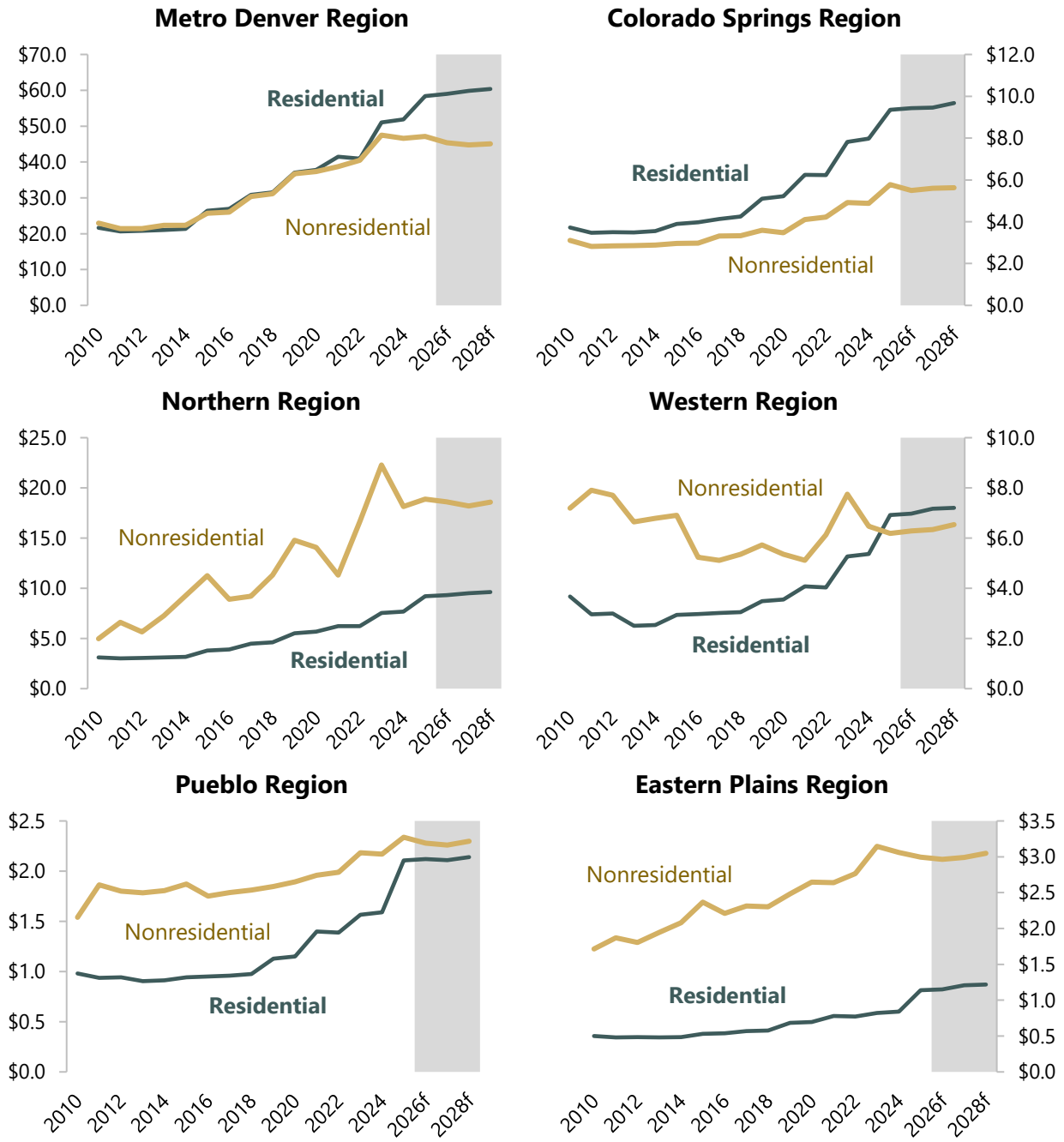
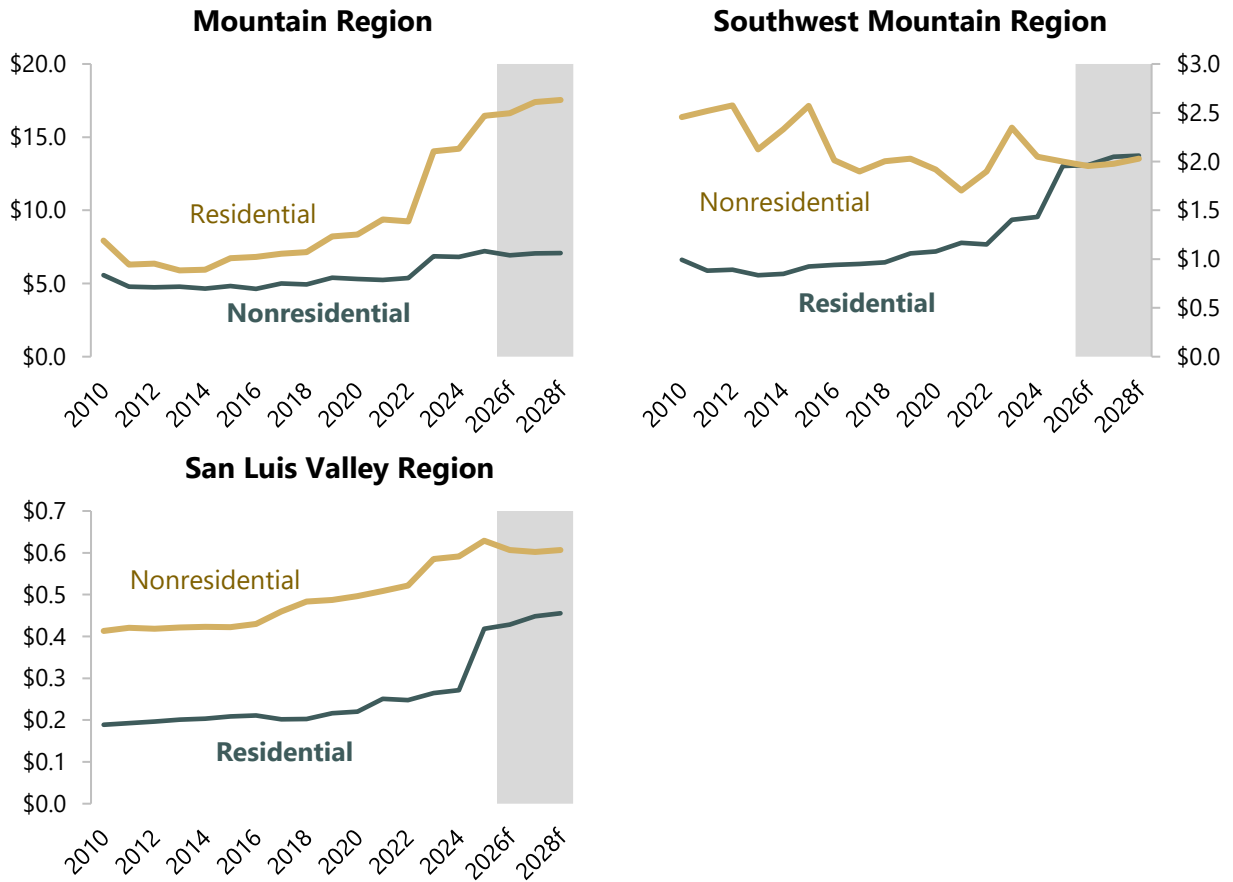
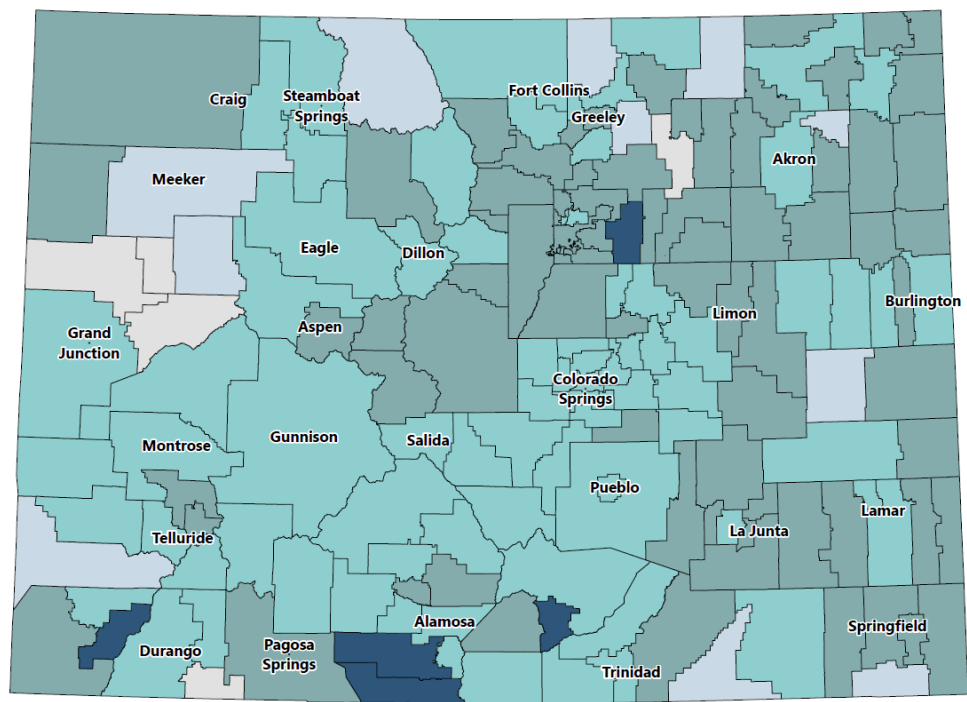
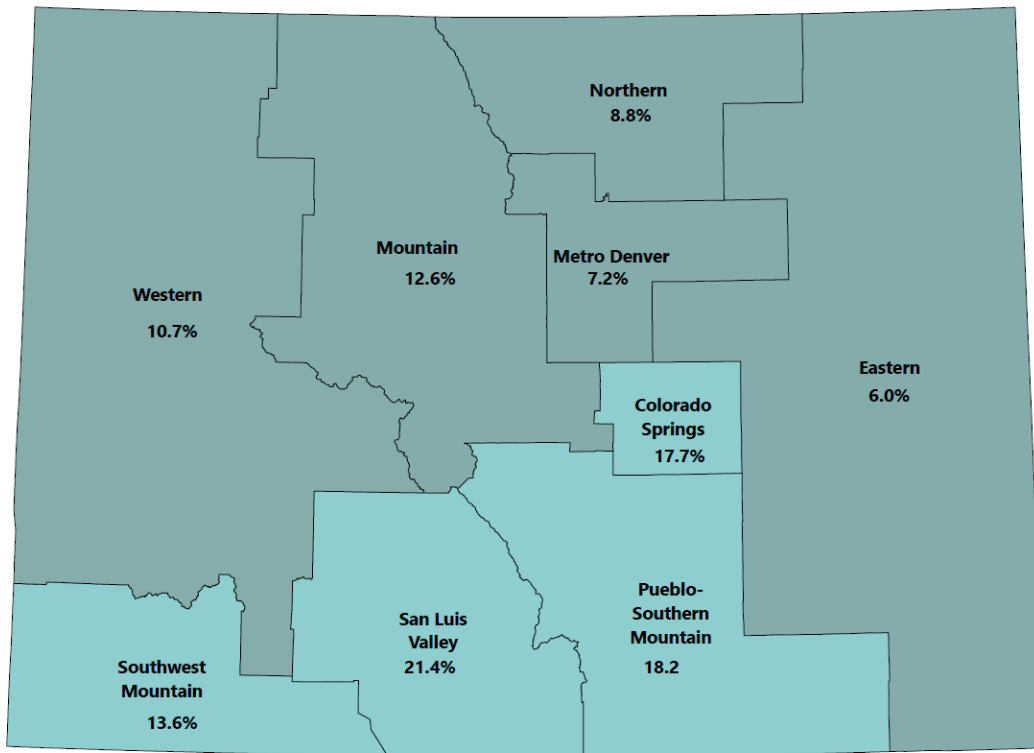


Figure 15 (Cont.)
Assessed Values for School Districts by Region
 Billions of Dollars



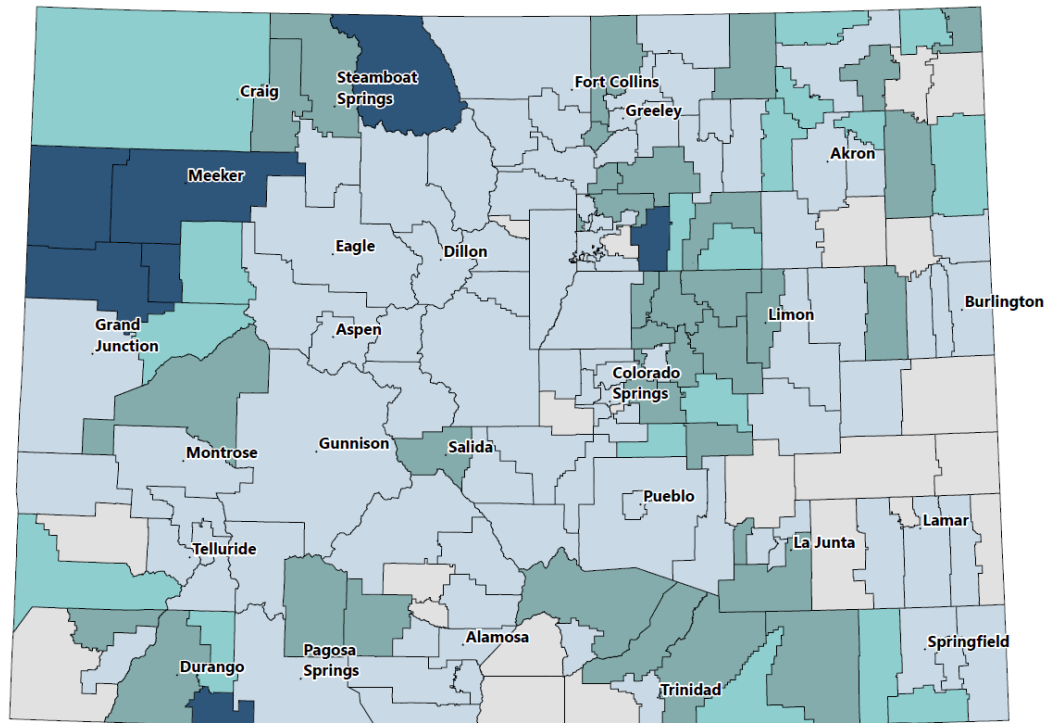
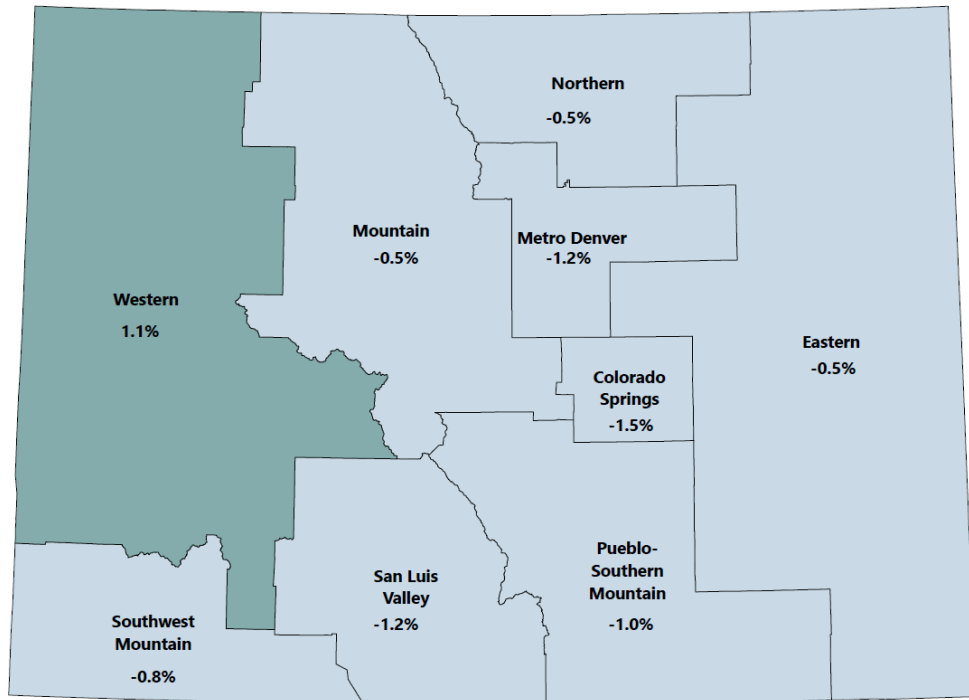
Source: Department of Local Affairs, Division of Property Taxation.
 Legislative Council Staff forecast 2026 through 2028.

Figure 16
Percent Change in School District Assessed Values by Region and School District
2025 Reassessment Year (FY 2025-26)



-32.9% - -16.5% (5)
 -16.4% - 0% (11)
 0.1% - 12.9% (78)
 13% - 33.7% (79)
 33.8% - 87.2% (5)

Figure 17
Percent Change in School District Assessed Values by Region and School District
2026 Intervening Year (FY 2026-27)



Legend for School District Percent Change:

- 10.8% - -2.8% (23)
- 2.7% - 0% (93)
- 0.1% - 1.5% (37)
- 1.6% - 6% (18)
- 6.1% - 18.9% (7)

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Adult Prison Population and Parole Caseload Projections

This section presents actual and projected caseloads for the state’s adult prison and parole populations from FY 2024-25 through FY 2027-28. It includes a discussion of the historical and current trends affecting these populations, changes to expectations since the December 2024 forecast, and relevant recent legislation. It concludes with an analysis of risks to the forecast.

Key Findings

The operation of the criminal justice system has stabilized following several years of fluctuation due to significant legislative changes affecting sentencing and parole, and the aftermath and recovery from the COVID-19 pandemic. However, new patterns have emerged in recent months. Ongoing staffing shortages throughout the system are contributing to underutilized bed capacity and lack of offender access to services and placement options to facilitate their release. These effects, alongside more rapid increases in the Department of Corrections (DOC) jurisdictional population (“prison population”) in recent months than have been seen in recent years, have contributed to very low vacancy rates in DOC facilities. Vacancy rates were below 3 percent for at least 30 consecutive days, triggering a Prison Population Management Plan (PPMP) in August 2025 for the first time since the vacancy rate trigger was enacted in 2018. Patterns that have emerged over calendar year 2025 are expected to continue, with the prison population continuing to increase and releases occurring less frequently than admissions.

Population Increases Continue

The prison population reached an inflection point in late 2024, and has been growing at a faster pace during calendar year 2025 than in the previous two years. The prison population closed FY 2024-25 at 17,890 offenders, an increase of 401 offenders compared with the previous fiscal year. As of June 30, 2025, the prison population exceeded the December 2024 forecast by 345 offenders, or 1.9 percent. After rising by 2.6 percent and 2.3 percent in FY 2023-24 and FY 2024-25, respectively, the total prison population is up 382 inmates in FY 2025-26 through November, or 2.1 percent, with no month-over-month declines during the calendar year.

Parole Caseload Remains at Historically Low Levels

The June 30, 2025, in-state parole population was 7,146, a decrease of 2.3 percent, or 165 parolees, from the previous year. In comparison, the December 2024 forecast anticipated an increase of 0.6 percent, to 7,357 parolees. As a result, the in-state parole population was below last year’s forecast by 211 parolees, or 3.0 percent. The domestic parole population has continued to decline since June, and is down by 5.3 percent, or 382 parolees, in FY 2025-26 through November.

Forecast Summary

As shown in Table 27 on page 98 (prison population) and Table 28 on page 101 (parole caseload), the outcomes described below are anticipated over the forecast period.

Overall population. The prison population is expected to increase to 18,551 inmates in June 2026, an increase of 3.7 percent in FY 2025-26, or an increase of 1.5 percent relative to the most recent population count on November 30. The population is expected to grow a further 2.8 percent in FY 2026-27, to 19,020 inmates in June 2027.

The forecast assumes relatively moderate population growth throughout the forecast period. However, it represents a significant upward revision from the December 2024 forecast, with the population expected to approach levels not seen since before the pandemic by the end of the forecast period. The forecast assumes that admissions will continue to decline more slowly than releases through the forecast period, though growth in releases will accelerate in the out years.

Staffing shortages are expected to continue affecting operations in some areas, with the remoteness of some facilities as well as private sector competition for workers presenting continuous challenges.

Male population. After increasing 2.4 percent to 16,375 inmates during FY 2024-25, the male prison population is expected to increase 4.0 percent further, by 662 inmates, to 17,037 inmates in June 2026. Growth in the male population is expected to slow to 2.8 percent, with the population reaching 17,510 inmates in June 2027. Trends driving changes in the male population are similar to those for the overall state inmate population.

Female population. After increasing by 0.7 percent in FY 2024-25, the female population is expected to remain flat through FY 2025-26 and FY 2026-27, with a minimal decline of 5 inmates over this two-year period. The share of the female population in the total prison population is expected to decrease from 8.5 percent in June 2025 to 8.0 percent in June 2027.

Parole caseload. After declining by 2.3 percent to 7,146 in June 2025, the in-state parole caseload is expected to decline 6.3 percent further to 6,694 in June 2026, before increasing by 3.4 percent to 6,923 in June 2027. The parole caseload forecast follows the pattern of expected releases from the prison population.

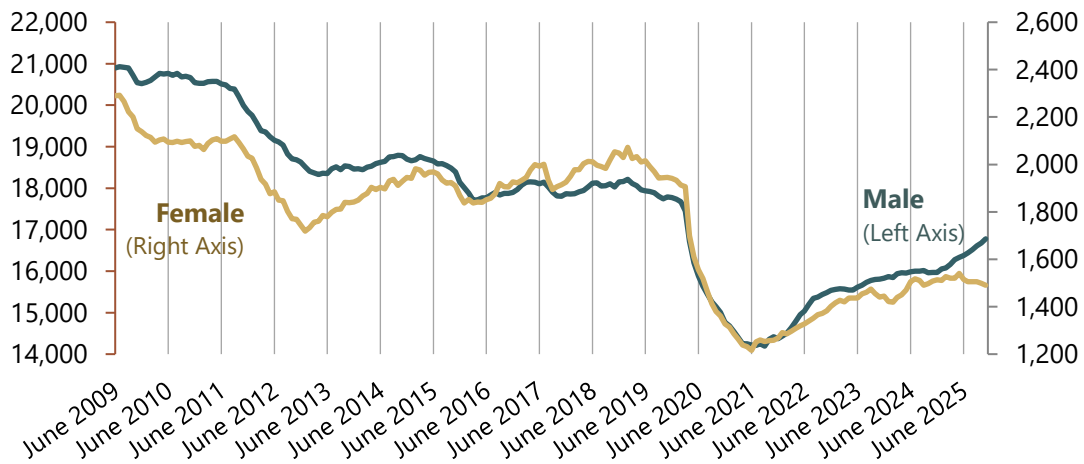
Prison Population

Recent Trends

This forecast projects the number of offenders committed to DOC custody, including those in state prisons, private prisons, community corrections facilities, county jails, and other locations.

The prison population reached an inflection point in late 2024, and has been growing at a faster pace in calendar year 2025 than in the previous two years. The trajectory of the male and female populations has diverged, as shown in Figure 18. After rising by 2.6 percent and 2.3 percent in FY 2023-24 and FY 2024-25, respectively, the total population was up 382 inmates between June 2025 and November 2025, or 2.1 percent in the first five months of FY 2025-26. There have been no month-over-month declines during the calendar year.

Figure 18
Prison Population by Sex
 June 2009 to November 2025

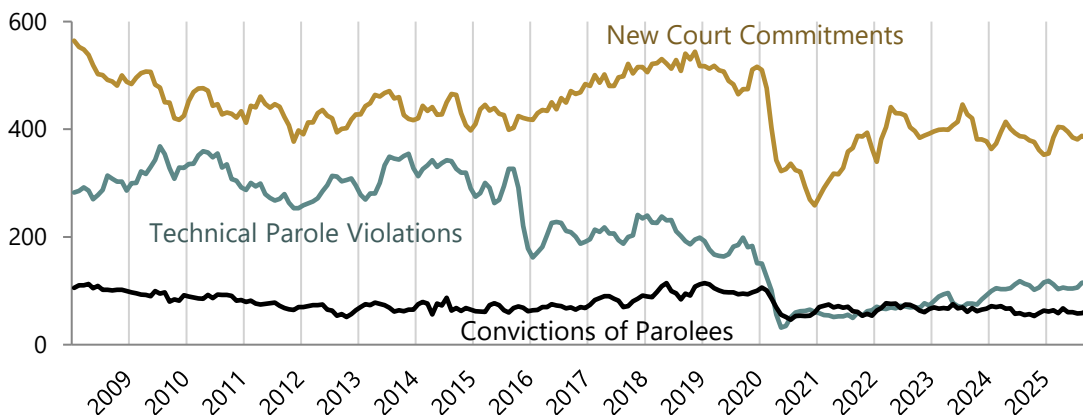


Source: Colorado Department of Corrections.

Admissions

The majority of admissions to a DOC facility are due to an offender being convicted of a felony and sentenced to a period of incarceration, also called a **new court commitment**. The two other principal types of admissions are for readmissions of parolees, either because the parolee **committed a new crime** while on parole or because the parolee incurred a **technical parole violation**—a violation of parole conditions that was not prosecuted as a new crime. Of the primary sources of admissions, new court commitments have the greatest impact on the prison population, representing 70 percent of prison admissions in the fiscal year-to-date through November 2025. Not only do they account for the majority of admissions, but newly convicted offenders generally remain in prison for a longer duration than those revoked from parole.

Figure 19
State Prison Admissions by Source
 Three-Month Moving Average



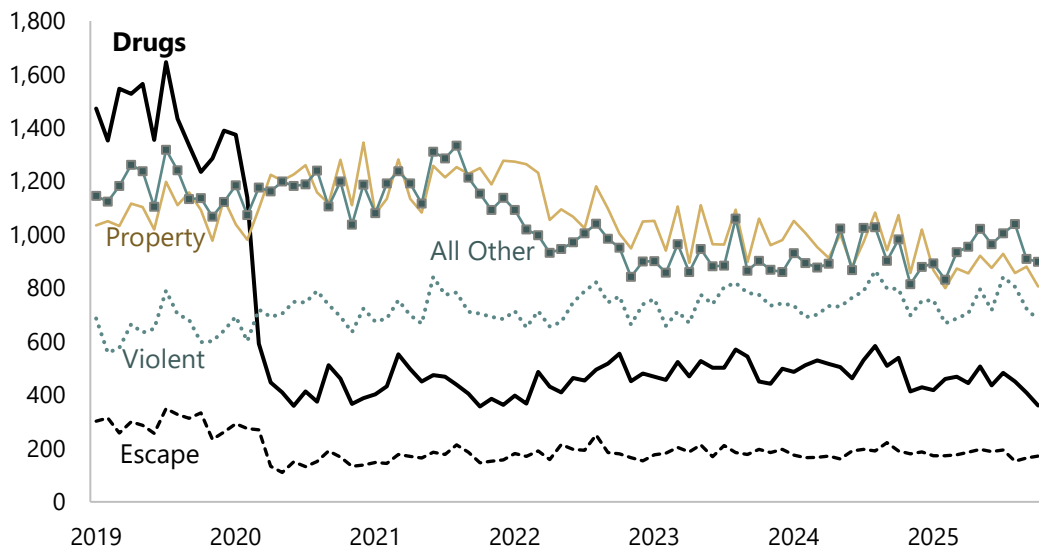
Source: Colorado Department of Corrections.

Omits admissions for returns from prior releases to probation, court order discharge or appeal bond, interstate compact, and youthful offender system terminations. The omitted categories produced a combined average of seven admissions per month over the sample period.

Trends in prison admissions are presented in Figure 19. After trending upward since reaching a low of 337 in November 2020, monthly admissions have flattened and remain low compared to pre-pandemic levels. Admissions fell by 0.7 percent in FY 2024-25, for a monthly average of 552, down over 30 percent from the FY 2018-19 monthly average of 807. Through November 2025, monthly admissions in FY 2025-26 have averaged 548, down 0.6 percent so far in FY 2025-26. An increase in technical parole violations offset a decline in new court commitments during FY 2024-25, but both have levelled off in the first five months of the current fiscal year. The share of admissions for technical parole violations in total admissions has drifted upward to 21 percent in FY 2024-25, since reaching a low of 11 percent in FY 2021-22.

Figure 20 shows felony case filings, the precursor to DOC sentences and new court commitments, by crime type since January 2019. As shown in Figure 20, a significant driver of the decline in case filings in 2020 was the decline in drug filings. This decline followed the enactment of [House Bill 19-1263](#), which reclassified many drug felonies. Since 2020, case filings have flattened or declined further, with monthly case filings down 1.2 percent on average in FY 2024-25 compared with the previous year. Decreases in drug and property crime filings, down by 4.7 percent and 5.3 percent, respectively, were offset by increases of 0.2 percent, 3.6 percent, and 2.8 percent in filings for violent crimes, escape, and all other crime types, respectively.

Figure 20
State District Court Felony Case Filings by Crime Type



Source: Judicial Branch, State Court Administrator’s Office. Aggregation by Legislative Council Staff. Monthly data through October 2025.

Releases

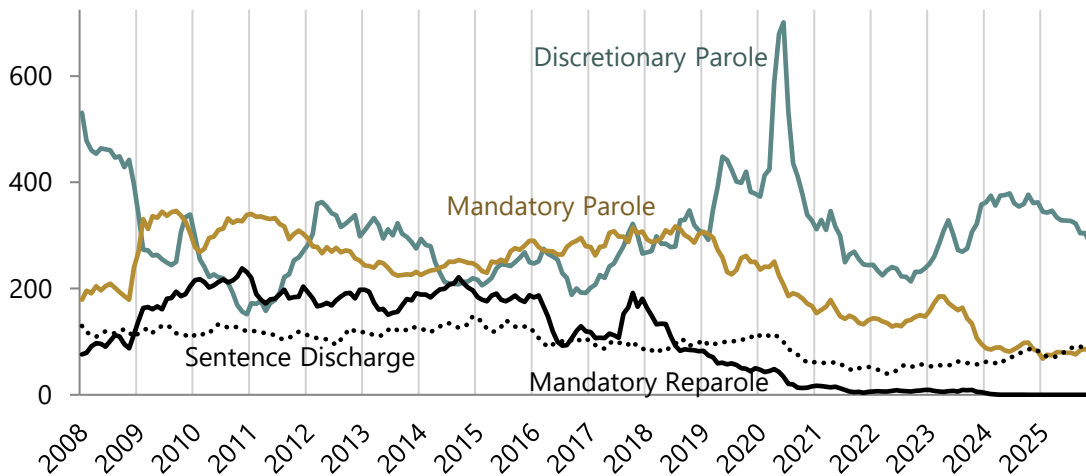
Inmates may be released from incarceration in three primary ways: discretionary parole, mandatory parole or reparole, and sentence discharge.

Discretionary parole releases occur when the State Board of Parole (Parole Board) chooses to release an offender who would otherwise remain incarcerated. Discretionary release may occur following the offender’s parole eligibility date but before the offender’s mandatory release date.

The board, in its discretion, may also rerelease offenders who were readmitted to DOC following a violation of their terms of parole (technical parole violations).

Mandatory parole releases indicate an offender was not granted early parole and instead was allowed to leave a DOC facility after reaching their mandatory release date. Mandatory reparole releases used to occur after a readmitted offender completed the term for which they were revoked to a DOC facility; however, mandatory reparoles have fallen to zero following implementation of [Senate Bill 19-143](#), which limited the circumstances under which the Parole Board may revoke an offender’s parole and removed the option of mandatory reparole. Instead, revoked offenders are required to serve out the duration of their sentence in a DOC facility before receiving a **sentence discharge**, unless they are granted discretionary reparole first. Figure 21 presents state prison releases in each category.

Figure 21
State Prison Releases by Source
 Three-Month Moving Average



Source: Colorado Department of Corrections.

Omits releases to probation, court-ordered discharges, releases on appeal bonds and inmate deaths. The omitted categories produced a combined average of 17 releases per month over the sample period.

Monthly releases had been trending up since reaching a low of 372 in July 2022, peaking at a post-pandemic monthly average of 518 in FY 2023-24. They then declined by 0.1 percent to 517 per month on average in FY 2024-25. Average monthly releases remain low compared to historical levels that exceeded 800 in the years prior to the pandemic. In the current fiscal year through November 2025, average monthly releases are down 9.3 percent further to 469 offenders. A relatively steady decline in discretionary parole releases and flat mandatory releases since July 2024 have been only partially offset by an uptick in sentence discharges. The triggering of the PPMP has not had an appreciable impact on releases due to statutory barriers alongside issues of access to services to facilitate release and support successful outcomes in the community. Twenty-three offenders have been released early under the PPMP out of 232 offenders identified by the DOC and reviewed by the Parole Board between August 16 and November 7.

Prison Population Forecast

This forecast anticipates that the prison population will increase through the forecast period, with admissions outpacing releases. Policy changes impacting drug case filings and technical parole violations have permanently shifted admissions, and subsequently, releases, to lower levels. Admissions and releases are both expected to continue to decline later in the current fiscal year before returning to growth, with growth in releases outpacing that of admissions.

The DOC population is expected to increase by 3.7 percent during FY 2025-26 to total 18,551, the fastest rate of growth since FY 2022-23 and the highest level since FY 2018-19. The population is expected to grow a further 2.5 percent in FY 2025-27 to total 19,020 offenders in July 2027, and 2.1 percent in FY 2027-28, to total 19,425 offenders in June 2028. Growth in the female population has slowed. The number of women is expected to remain flat while the male population grows throughout the forecast period, with the share of women in the population of incarcerated persons falling from 8.5 percent in FY 2024-25 to 7.9 percent in FY 2027-28.

Table 27
Adult Prison Population by Sex
As of June 30 each Fiscal Year

Fiscal Year	Males	Percent Change	Females	Percent Change	Total	Percent Change
FY 2010-11	20,512	-1.2%	2,098	0.2%	22,610	-1.1%
FY 2011-12	19,152	-6.6%	1,885	-10.2%	21,037	-7.0%
FY 2012-13	18,355	-4.2%	1,780	-5.6%	20,135	-4.3%
FY 2013-14	18,619	1.4%	1,903	6.9%	20,522	1.9%
FY 2014-15	18,655	0.2%	1,968	3.4%	20,623	0.5%
FY 2015-16	17,768	-4.8%	1,851	-5.9%	19,619	-4.9%
FY 2016-17	18,108	1.9%	1,993	7.7%	20,101	2.5%
FY 2017-18	18,125	0.1%	2,011	0.9%	20,136	0.2%
FY 2018-19	17,935	-1.0%	2,016	0.2%	19,951	-0.9%
FY 2019-20	15,886	-11.4%	1,555	-22.9%	17,441	-12.6%
FY 2020-21	14,218	-10.5%	1,216	-21.8%	15,434	-11.5%
FY 2021-22	15,033	5.7%	1,328	9.2%	16,361	6.0%
FY 2022-23	15,618	3.9%	1,436	8.1%	17,054	4.2%
FY 2023-24	15,984	2.3%	1,505	4.8%	17,489	2.6%
FY 2024-25	16,375	2.4%	1,515	0.7%	17,890	2.3%
FY 2025-26	17,037	4.0%	1,514	-0.1%	18,551	3.7%
FY 2026-27	17,510	2.8%	1,510	-0.3%	19,020	2.5%
FY 2027-28	17,893	2.2%	1,533	1.5%	19,425	2.1%

Source: Colorado Department of Corrections.

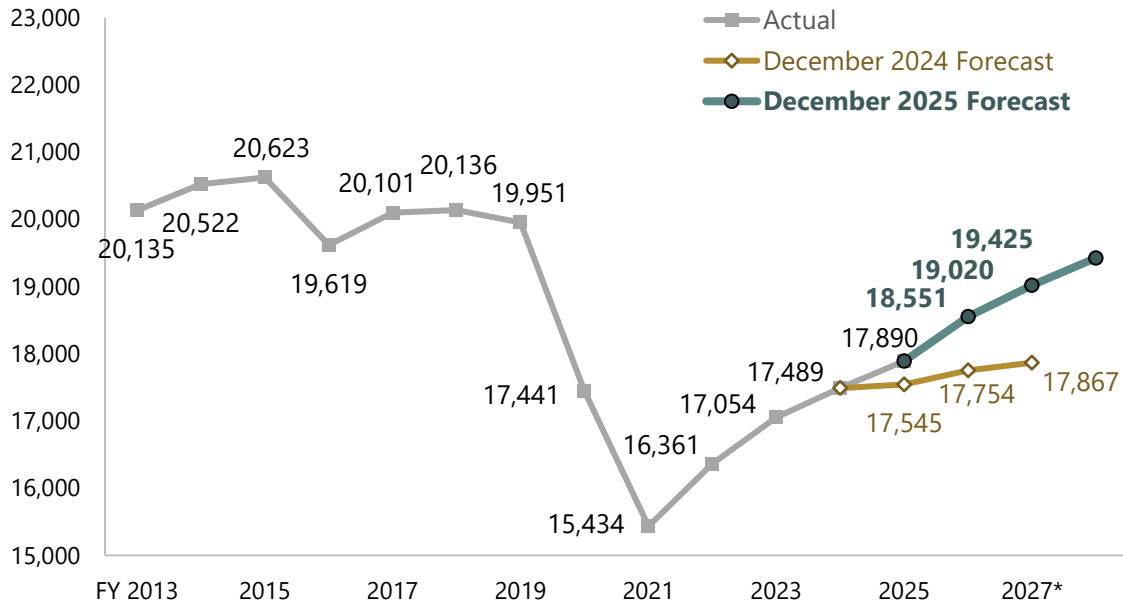
FY 2025-26 through FY 2027-28 are Legislative Council Staff projections.

Adjustments to the Prison Population Forecast

Figure 22 illustrates the inmate population forecasts published in December 2024 and December 2025. The June 2025 population exceeded the December 2024 forecast by 345 inmates, or 1.9 percent. Since then, the inmate population has grown more quickly than anticipated, and in November 2025 is above the December 2024 forecast by 519 inmates, or 2.8 percent. Reflecting

more rapid growth than expected during the current fiscal year, this forecast makes upward revisions to the expected population throughout the forecast period.

Figure 22
Adult Inmate Population as of June 30



Source: Colorado Department of Corrections and Legislative Council Staff.
Actual values shown for FY 2012-13 through FY 2024-25.

Parole Caseload

Colorado’s parole population encompasses offenders who have been released from prison but have not yet been discharged from DOC supervision. These offenders may live with family or friends in the community, be housed in community corrections facilities, or be detained in county jails for violating parole terms. Offenders who reside in Colorado are generally supervised by the DOC’s Division of Adult Parole. With authorization, offenders may be supervised by parole officers in another state, and some offenders from other states are supervised in Colorado. Offenders who stop reporting to their parole officers, or who illegally leave the state without authorization, are counted as absconders.

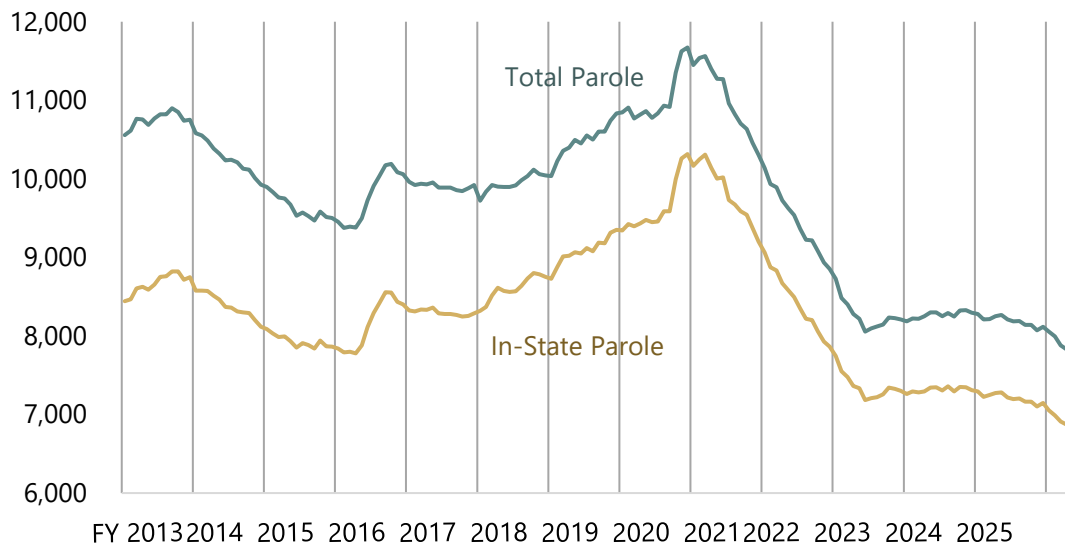
Offenders may be released to parole on or after their parole eligibility date at the discretion of the Parole Board (**discretionary parole**). Offenders who are not granted discretionary parole are released at their mandatory release date (**mandatory parole**). An offender’s parole period is dictated by statute according to the offender’s initial sentence. Offenders who violate parole terms may be revoked to DOC following a Parole Board revocation hearing. Parolees who are convicted for new crimes may again be sentenced to DOC custody and returned to prison to begin a new sentence.

For these reasons, the prison and parole populations are intertwined. For example, an inmate who is released onto parole is assumed to add to the parole population, and a parolee who is readmitted to DOC is assumed to subtract from the parole population. This forecast uses the assumptions already identified for the prison population as determinants of parole caseload.

Recent Trends

Figure 23 shows the parole population's steep decline from June 2020 to June 2023. After increasing slightly in FY 2023-24, the in-state parole population declined 2.3 percent to 7,146 in FY 2024-25. The domestic parole population has continued to decline during the first five months of FY 2025-26, by 382 offenders, or 5.3 percent.

Figure 23
Colorado Parole Caseload



Source: Colorado Department of Corrections. Omits absconders.

Parole Caseload Forecast

This forecast anticipates the parole caseload will reflect the pattern of expected releases, with a continued decline in the current fiscal year followed by an increase, then further decline in the following two years. Table 28 presents the parole caseload forecast, which is discussed below.

Table 28
Parole Caseload

As of June 30 each Fiscal Year

Fiscal Year	In-State Parole	Percent Change	Out-of-State Parole	Percent Change	Total	Percent Change
FY 2010-11	8,181	-4.1%	1,922	-8.5%	10,103	-5.0%
FY 2011-12	8,445	3.2%	2,066	7.5%	10,511	4.0%
FY 2012-13	8,746	3.6%	2,008	-2.8%	10,754	2.3%
FY 2013-14	8,116	-7.2%	1,808	-10.0%	9,924	-7.7%
FY 2014-15	7,865	-3.1%	1,636	-9.5%	9,501	-4.3%
FY 2015-16	8,402	6.8%	1,656	1.2%	10,058	5.9%
FY 2016-17	8,286	-1.4%	1,633	-1.4%	9,919	-1.4%
FY 2017-18	8,752	5.6%	1,290	-21.0%	10,042	1.2%
FY 2018-19	9,352	6.9%	1,480	14.7%	10,832	7.9%
FY 2019-20	10,315	10.3%	1,357	-8.3%	11,672	7.8%
FY 2020-21	9,198	-10.8%	1,106	-18.5%	10,304	-11.7%
FY 2021-22	7,862	-14.5%	992	-10.3%	8,854	-14.1%
FY 2022-23	7,300	-7.1%	912	-8.1%	8,212	-7.3%
FY 2023-24	7,311	0.2%	984	7.9%	8,295	1.0%
FY 2024-25	7,146	-2.3%	971	-1.3%	8,117	-2.1%
FY 2025-26	6,694	-6.3%	908	-6.5%	7,602	-6.3%
FY 2026-27	6,923	3.4%	939	3.4%	7,862	3.4%
FY 2027-28	6,732	-2.8%	913	-2.8%	7,645	-2.8%

Source: Colorado Department of Corrections.

FY 2025-26 through FY 2027-28 represent Legislative Council Staff projections.

Adjustments to the Parole Caseload Forecast

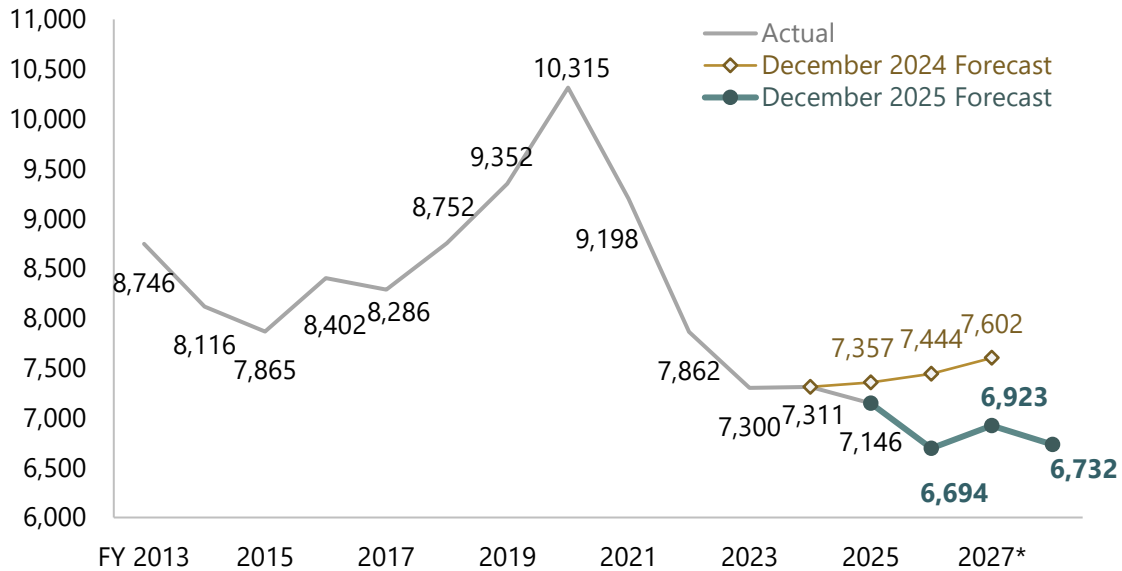
Figure 24 illustrates the in-state parole caseload forecasts published in December 2024 and December 2025. The June 2025 parole population fell short of last year's expectations by 211 offenders, or 3.0 percent. Several factors are expected to exert downward pressure on parole caseload through the forecast period.

The availability of certain treatment and reentry programs often required for inmates to be eligible for parole continues to impact the parole caseload. [House Bill 18-1029](#), which reduced mandatory parole periods from five years to three years for class 3 felony crimes committed on and after July 1, 2018, and for class 2 felony crimes that are not crimes of violence, is expected to begin impacting the parole population during the forecast period. The bill is projected to result in a permanent shift to a lower parole population.

Absconders are omitted from the parole caseload for purposes of this forecast. The population of absconders declined by 31 percent over the past two years after increasing significantly during the pandemic. An accelerated decline in the population of absconders is consistent with an uptick in admissions for technical parole violations, discussed above. It also contributes to a lower parole population, as apprehended absconders are likely to be returned to DOC custody rather than released back onto parole. To the extent that fugitive apprehension activities within

the DOC continue to contribute to a declining population of absconders, growth in the parole caseload will continue to be limited.

Figure 24
Adult In-State Parole Population as of June 30



Source: Colorado Department of Corrections and Legislative Council Staff.
Actual values shown for FY 2012-13 through FY 2024-25.

Factors Affecting the Adult Prison Population and Parole Caseload

It can be difficult to isolate the factors that directly impact the adult prison population and parole caseload. The following section describes how external factors—including demographic trends, changes within the criminal justice system, new legislation, and internal factors, including departmental and Parole Board administration—can influence the growth or decline of the inmate population and parole caseload volume.

Colorado's Population

All other things being equal, a larger state population may result in a greater number of criminal offenses, arrests, criminal felony filings, and prison commitments. Colorado's population is projected to grow more slowly than in recent years through the forecast period, which may reduce the growth rate of the prison population. Population growth for particular age groups more likely to commit crimes, for example, 18- to 24-year-olds, may be more directly related to growth in the prison population. Young adult demographics are growing more slowly than the state as a whole as the population ages.

Criminal Justice System

The actions of the state courts affect inmate population growth. In particular, commitment of offenders to prison is the most significant determinant of the inmate population. The mix of crimes sentenced also affects the prison population because more serious crimes entail longer durations of stay in correctional facilities.

Parole Policy and Parole Board Administration

Statute defers the authority to grant discretionary inmate releases or to revoke parole for a violation to the appointed members of the Parole Board. Subject to statutory requirements, the board is autonomous, and any change in the board's pattern of releases or revocations would have a significant effect on the state prison population and parole caseload.

Departmental Administration

The DOC's Division of Prisons oversees the state's prisons and, within constraints imposed by an offender's sex and custody level, has discretion to place inmates in appropriate facilities. Because the Parole Board has appeared more willing to grant parole to inmates who have completed certain treatment and reentry programs, navigation of inmates to the facilities in which those programs are offered may have an effect on the rate at which inmates are granted parole. In particular, as treatment and programs increase in availability, it is possible that the number of inmates released to parole will increase.

The DOC's Division of Adult Parole oversees the state's parole officers. Division leaders must decide in which cases to pursue revocation when an offender violates the conditions of parole. Under [Senate Bill 19-143](#), the division is able to pursue revocation only in specifically identified circumstances.

Community Corrections

In addition to housing convicted offenders who are serving diversionary sentences in lieu of being sentenced to the DOC, community corrections facilities are used to house DOC jurisdictional inmates in residential transitions programs (called transition placements). Admission of an offender to a community corrections facility occurs at the discretion of the local board that oversees that facility. These boards' willingness and capacity to accept offenders from DOC may be a determinant of an offender's possibility of release to parole.

Legislation

Legislation enacted by the General Assembly may influence the state prison population and parole caseload. Over the past several years, the General Assembly has enacted bills that have impacted the state prison population and/or parole caseload, as discussed above. The following additional measures enacted by the General Assembly in 2025 are expected to have potential impacts on corrections populations:

[House Bill 25-1171](#) adds motor vehicle theft in the first degree to the list of offenses qualifying for the crime of possession of weapons by a previous offender. The bill is expected to minimally increase the prison population.

[Senate Bill 25-003](#) prohibits the manufacture, distribution, transfer, sale, or purchase of certain semiautomatic firearms starting August 1, 2026. Certain exceptions are provided, including for persons who have completed qualifying firearm-related courses. It adds rapid-fire devices to the list of dangerous weapons for which possession is punishable as a class 5 felony. The bill is expected to minimally increase the prison population.

[Senate Bill 25-024](#) increases the number of district and county judges by 15 over two years, starting in FY 2025-26. To the extent that the increased number of judges expands court activities and increases the speed at which criminal trials are resolved, the measure may temporarily increase the prison population.

[Senate Bill 25-189](#) requires juries, instead of a judge, to determine habitual criminal status. The measure has an indeterminate impact on the prison population.

[Senate Bill 25-190](#) allows a defendant released on bail to stay overnight in jail to facilitate a connection to a service provider, and makes changes to special needs parole. The measure is expected to minimally reduce the prison population and increase the parole population.

Risks to the Forecast

The forecast assumes relatively moderate population growth throughout the forecast period, but is a significant upward revision from recent forecasts, following a shift in the trajectory of growth in calendar year 2025. While this forecast assumes that these recent patterns and relationships will continue to hold, the possibility of unforeseen disruptors presents both upside and downside risks to the forecast. Small shifts in timing and magnitudes of relationships between felony case filings, DOC sentences, new court commitments, prison admissions, releases, and parole discharges or revocations can contribute to substantial deviations in the prison and parole populations above or below those forecast.

Among all projections published in this document, the correctional population forecasts are unique in that the values they estimate do not move reliably in response to economic or demographic conditions. Instead, these forecasts are based on expectations for behavior by a panoply of decision-makers, including not only would-be offenders, law enforcement officials, prosecutors, juries and judges, inmates, Parole Board members, and DOC administrators, but also legislators. The forecast does not anticipate changes in current patterns of behavior or structures beyond those that can be extrapolated from currently available data. Yet, these are in some instances influenced by this and other forecasts of the correctional populations. The possibility of unanticipated behavioral or structural change either in response to this forecast or in some other exogenously determined variable in the management of an evolving policy area compounds forecast risks.

Youth Corrections Population Projections

This section presents the forecast for the population of juvenile offenders administered by the Division of Youth Services (DYS) in the Department of Human Services (CDHS). The three major populations administered by the DHS are youths committed to custody, previously committed youths serving a period of parole, and youths in DHS detention.

Summary

The DHS-administered commitment population is expected to decrease during the forecast period before stabilizing, with the parole population mirroring this trend. The detention population is expected to rise at a slowing rate. Expectations for the commitment population have been revised downward to reflect a decrease in the population in FY 2024-25, and recent trends in the average daily population and in new commitments year-to-date. Expectations for the detention population reflect increases in the average daily population year-to-date, following a decline in FY 2024-25. The following outcomes are anticipated over the forecast period.

- The **DYS commitment population will decrease** during the forecast period from an average daily population of 262 youths in FY 2024-25, to 242 youths in FY 2025-26. The population will **stabilize** over the remainder of the forecast period, averaging 246 youths in FY 2026-27, and 244 youths in FY 2027-28.
- The **average daily parole population will correspondingly decrease**, from 108 youths in FY 2024-25 to 97 youths in FY 2025-26, before **stabilizing** at 101 youths in FY 2026-27 and 100 youths in FY 2027-28.
- The **DYS detention population will increase** from an average daily population of 177 youths in FY 2024-25, to 186 youths in FY 2025-26, 190 youths in FY 2026-27, and 194 youths in FY 2027-28.

Juvenile Offender Sentencing Options

Juvenile offenders not prosecuted as adults are managed through the juvenile courts. If a court determines that a youth committed a crime, the individual is adjudicated as a juvenile offender. Upon adjudication, the court may sentence a youth to any one or a combination of the sentences described below.

Commitment

Depending on age and offense history, a youth may be committed to the custody of the DHS for a determinate period between one to seven years for committing an offense that would be a felony or misdemeanor if committed by an adult. The commitment population is housed at long-term commitment facilities.

Detention

The court may sentence a youth to a detention facility if the youth is found guilty of an offense that would constitute a class 3, 4, 5, or 6 felony or a misdemeanor if committed by an adult. Detention sentences typically do not exceed 45 days, and most youths remain in detention for

less than a month. Juvenile offenders awaiting adjudication with lengthy trials or being prosecuted as adults and awaiting trial in an adult court may also be part of the detention population. In these cases, the average length of stay in detention is generally much longer, exceeding six months.

County Jail or Community Corrections

Individuals between 18 and 21 years of age who are adjudicated as juvenile offenders prior to turning 18 may be sentenced to county jail for up to six months or to a community corrections facility or program for up to one year.

Probation or Alternative Legal Custody

The court may order that a youth be placed under judicial district supervision and report to a probation officer. Conditions of probation may include participation in public service, behavior programs, restorative justice, or restitution. The court may also place the youth in the custody of a county department of social services, a foster care home, a hospital, or a child care center.

Influences on the Juvenile Offender Population

Court Sentencing Practices

Total juvenile case filings increased consistently during the 1990s, peaking in 1998, and then declined in most years until FY 2021-22. Since then, filings have been on the rise again, with a dip in calendar year 2024. The decline in case filings correlated with the rising availability of pre-trial diversion programs. In addition to changes in the number of cases adjudicated, changes to statute and sentencing practices have led to the rise of alternative sentencing options, which have correspondingly reduced the population of detained and committed youths. Limited availability of these options post-pandemic, as well as the increase in youth adjudicated for violent offenses, discussed below, has placed upward pressure on both the commitment and detention populations so that they have declined less rapidly, or even increased, in recent years.

Composition of Youth Offender Admissions

The proportion of detainees and committed youths with violent charges has increased in recent years, increasing the time these youths stay in DYS facilities. For example, the share of youths committed for homicide or a closely related charge has increased steadily, from less than 1 percent in FY 2016-17, to 17 percent in FY 2024-25. For the detention population, homicide filings have increased from around 50 in FY 2020-21 to a peak of around 150 in FY 2023-24. Juveniles accused of a homicide offense can spend two to three years in detention awaiting the court process. These trends put upward pressure on the average length of stay and the number of beds needed in DYS facilities.

The complexity of youth offender cases in the commitment population impacts the viability of alternative sentencing options and the need for supportive services. For example, youths requiring formal mental health intervention has increased from 66 percent of new commitments in FY 2019-20, to 90 percent of new commitments in FY 2024-25.

As a result of these trends, the average length of stay for a youth committed to a secure state facility increased from 8.3 months in FY 2015-16 to a peak of 16.6 months in FY 2023-24, before declining to 14.1 months in FY 2024-25.

Legislative Action

Policies affecting sentencing alternatives for adjudicated youths affect the size of the detention, commitment, and parole populations. These include the creation of diversionary programs as alternatives to incarceration, mandated caps on sentence placements, and changes to parole terms. **Senate Bill 21-071** reduced the detention bed cap from 327 to 215 beds.

House Bill 23-1307 and **House Bill 25-1146** allowed DYS to administer a total of 39 additional temporary emergency detention beds statewide.

Division of Youth Services Sentencing Placements and Population Forecast

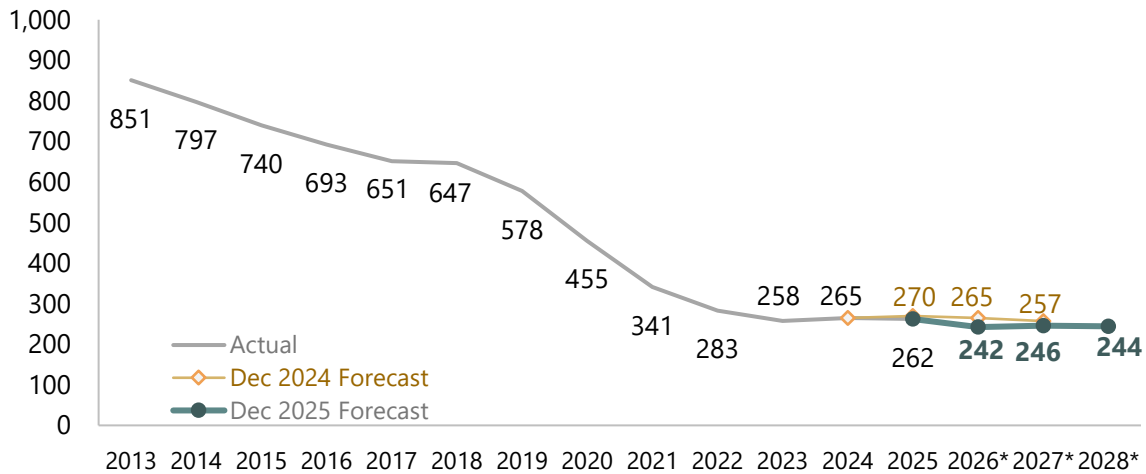
Commitment

The commitment population consists of youths adjudicated for a crime and committed to DYS custody. After registering its first increase in almost two decades in FY 2023-24, the average daily commitment population fell to 262 youths in FY 2024-25, representing a 1 percent decrease from the prior year.

The average daily commitment population was below the December 2024 forecast by 8 youths. The commitment population is expected to decrease in the current fiscal year, by 7.6 percent, reflecting year-to-date monthly average daily populations well below those during the same period in FY 2023-24, as well as a decline in new commitments since May 2025. The commitment population is expected to remain relatively steady through the end of the forecast period, increasing by 1.5 percent in FY 2026-27 and decreasing by 0.7 percent in FY 2027-28, to 244 youths.

The projection reflects the continued impacts of long-term shifts toward diversion programs and alternative sentencing, which have contributed to a decrease in commitments to DYS, against shorter-term trends placing upward pressure on the commitment population. These shorter-term trends include those limiting the availability of alternative sentencing options and related youth services, as well as the increasingly complex composition of youth offenders, as discussed above. With the lower-than-expected commitment population through November 2025, expectations for the commitment population have been revised downward throughout the forecast period, as shown in Figure 25.

Figure 25
Comparison of DYS Average Daily Commitment Population Forecasts



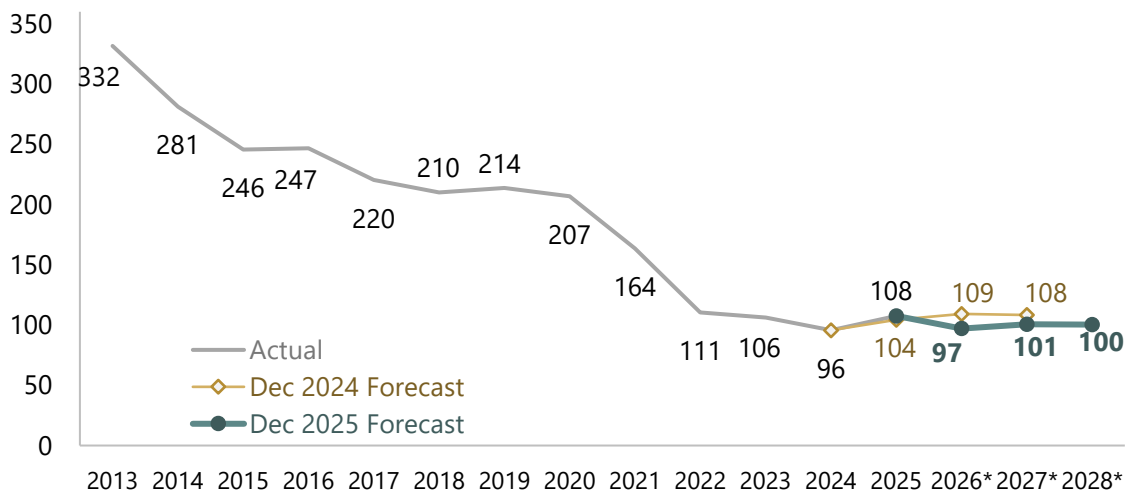
Source: Colorado Department of Human Services Division of Youth Services and Legislative Council Staff.
 "*" indicates forecast estimates.

Parole

Youths who have served their commitment sentence are usually granted release to community parole upon approval of the Juvenile Parole Board. All youths serve a parole period of at least six months, although the board may extend the parole period for certain offenders.

The juvenile parole population averaged 108 youths in FY 2024-25, an increase of 12.4 percent from FY 2023-24, and was 4 offenders above the December 2024 forecast, as shown in Figure 26. The parole population is expected to fluctuate in line with but lagging the commitment population, declining by 9.8 percent, to 97 youths, before increasing to 100 youths by the end of the forecast period as releases from commitment rise, then flatten.

Figure 26
Comparison of DYS Average Daily Parole Population Forecasts

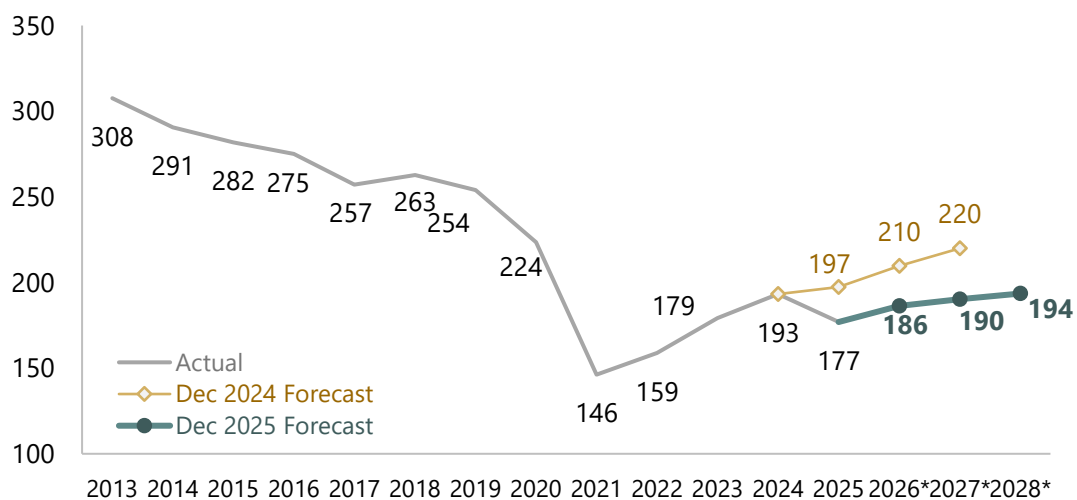


Source: Colorado Department of Human Services Division of Youth Services and Legislative Council Staff.
 "*" indicates forecast estimates.

Detention

The DYS manages eight secure facilities housing detained youth. Under Senate Bill 21-071, the detention population cap is 215 youths, with an additional 39 temporary emergency detention beds allowed under House Bill 23-1307 and House Bill 25-1146. Relative to the commitment and parole populations, the detention population is more volatile because of the short sentences served by most detained youth. It rose from a low of 132 youths reached in April 2021, to a post-pandemic high of 206 youths in June 2024. In a reversal of the previous three years of increases, the detention population averaged 177 youths in FY 2024-25, an 8 percent decrease from FY 2023-24, following an 8 percent increase in that year over the prior year. The FY 2024-25 population was below the December 2024 forecast by 20 youths. Accordingly, while the detention population is expected to increase by 5 percent, to 186 youths in the current fiscal year, reflecting year-to-date growth through November 2025, expectations for the detention population have been revised downward through the forecast period. As shown in Figure 27, the detention population is expected to grow to 194 youths in FY 2027-28.

Figure 27
Comparison of DYS Average Daily Detention Population Forecasts



Source: Colorado Department of Human Services Division of Youth Services and Legislative Council Staff.
"*" indicates forecast estimate.

Risks to the Forecast

The forecast assumes that the commitment and parole populations will decline then remain relatively steady during the forecast period. This assumes that new commitments and average length of stay will level-off after recent declines. Whether these declines will continue remains a significant source of uncertainty in this forecast, with risks weighted to the downside.

Likewise, the availability of diversion programs and alternative sentencing options has been challenged in recent years, requiring judges to place more offenders under DYS supervision, partially reversing contemporary trends in sentencing practices which have contributed to long-term declines in the commitment, parole, and detention populations.

The detention population is particularly volatile, increasing the risk in this forecast, and has exceeded an average daily population of 200 sixteen times in FY 2025-26 so far. Eleven of those occurrences were in October, when the population reached a peak of 211. This forecast anticipates that the detention population will not exceed 215 youths on a daily average basis in any month during the forecast period. While many of the precursors for detention, including the juvenile population, arrests, screenings, new filings, new probationers, and new admissions have dipped or remain steady, the share of admissions with crimes of violence continues to rise. The balance of these competing trends could result in an increase or decrease in the detention population not anticipated in this forecast.

Economic Outlook

The current economic situation is cloudier than normal as the federal government shutdown caused delays in data releases, and significant changes in federal policy have created heightened uncertainty. Most economic indicators signify that the economy is continuing to expand, but at a slowing pace. Consumer spending has maintained a moderate pace of growth, unemployment rates remain relatively low, and business activity remains steady. The Colorado economy appears to be modestly weaker than the U.S. economy across a variety of indicators, including GDP, unemployment claims, retail spending, and housing prices and construction.

High tariffs, immigration policy, and inflation remain top concerns for consumers and businesses. Faced with uncertainty and high costs, businesses have reduced rates of hiring and consumers have slowed their pace of retail spending. Despite weakening in business conditions, investment in artificial intelligence (AI) has bolstered economic growth. While this forecast anticipates that the U.S. and Colorado economies will continue to expand through the forecast period, weakening in 2025 has heightened risks and narrowed the path for continued economic expansion. Risk of a near-term recession is elevated, though a recession is not assumed here.

Labor markets are softening with downward pressure on both supply and demand, as businesses reduce hiring and immigration policy reduces the number of available workers. People are claiming unemployment insurance benefits for longer periods of time, particularly in Colorado, indicating that it is becoming increasingly difficult to find a job. The unemployment rate is projected to remain elevated through the forecast period for both the U.S. and Colorado as demand for labor remains weak. Although labor markets indicators show signs of weakening, data quality concerns in Colorado and outdated data cloud the picture.

Over the forecast period, tariffs are likely to reduce trade volumes, dampen business investment, and increase prices. Inflation has crept back up for both the Denver area and the nation, remaining stubbornly above the Federal Reserve's target. Inflation is expected to tick up further in 2026 before falling slightly in 2027, as weak demand for goods and reduced immigration put downward pressure on prices. Elevated inflation in the near-term combined with slowing labor market conditions make it difficult to predict the path of monetary policy for 2026 and 2027, adding another layer of uncertainty. Additionally, high prices continue to weigh on household finances, resulting in falling household savings and rising credit card delinquencies.

Given the rapidly evolving environment, this forecast is subject to elevated uncertainty, with significant upside and downside risks. On the upside, recent tax cuts may provide more stimulus than expected, while certain tariffs may be reduced. On the downside, the impact of high tariffs may be more negative than expected, or investment in AI may prove to be less profitable, resulting in a market correction.

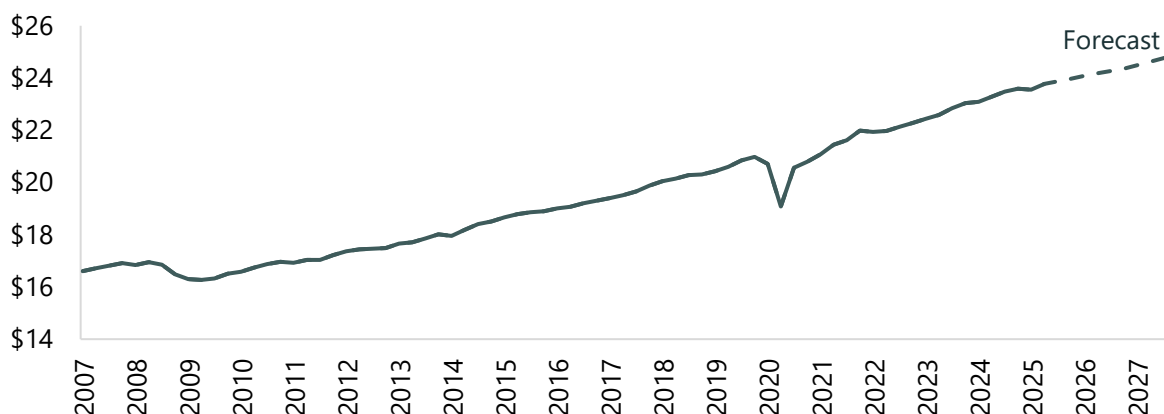
Tables 29 and 30 on pages 141 and 142 present the December 2025 Legislative Council Staff forecasts for the U.S. and Colorado economies, respectively. The tables in the Appendix, beginning on page 153, present historical data for the U.S. and Colorado economies.

Gross Domestic Product

Gross Domestic Product (GDP) is a comprehensive measure of national economic activity, incorporating the value of production of all goods and services. Because of the federal government shutdown, GDP data are available only through the second quarter of 2025. After declining in the first quarter of 2025, U.S. real GDP increased at an annualized rate of 3.8 percent in the second quarter of the year. The rebound was primarily driven by a reduction in imported goods after businesses stockpiled foreign-made products during the first quarter of the year. In addition, despite low consumer sentiment, spending in the second quarter increased modestly. However, businesses did pull back on investments in nonresidential and residential properties, and total government expenditures were down.

Real U.S. GDP growth is projected to slow in 2025, with GDP rising by 1.9 percent as consumer activity weakens. The labor market's lagged response to high interest rates, weak business investment, tariffs, and reduced federal government spending will likely contribute to slower growth. Economic activity is expected to increase by 1.8 percent in 2026 and slightly pick up in 2027.

Figure 28
U.S. Real Gross Domestic Product
2017 Dollars in Trillions



Source: U.S. Bureau of Economic Analysis and Legislative Council Staff December 2025 Forecast.

Consumer spending is still sluggish. Consumer spending on goods and services increased at an annual rate of 2.5 percent in the second quarter of 2025, after growing by just 0.6 percent in the first quarter of the year. Spending on goods increased at an annual rate of 2.2 percent from the prior quarter while services increased by 2.6 percent. The outlook for the overall economy depends greatly on consumer activity. The economy will expand as long as consumers are able to sustain growth. This forecast anticipates positive U.S. consumer contributions through 2027, although deteriorating labor markets, high tariffs, and higher prices will slow the pace of expansion.

Business investment fell in the second quarter. After rising by 23.3 percent in the first quarter, total business investment fell at an annual rate of 13.8 percent in the second quarter of 2025. The notable increase in the first quarter was expected to be temporary as businesses built up inventories in anticipation of higher future costs from tariffs. Investment in equipment and

intellectual property was boosted by AI-related investment, rising at annual rates of 8.5 percent and 15.0 percent respectively in the second quarter. However, these gains were offset by reduced investment in factories, offices, commercial buildings, and residential properties.

Total government spending was flat in the second quarter of 2025. Total government expenditures declined by 0.1 percent in the second quarter of 2025 after falling by 1.0 percent in the prior quarter. The decline in federal spending more than offset increases in state and local government spending. Public sector contributions, especially at the federal level, are expected to be minimal or negative through the remainder of 2025 and in 2026.

U.S. imports surged in early 2025 to outrace tariffs. U.S. importers frontloaded goods purchases in the first quarter of 2025 to outrace anticipated tariff hikes. As a result, U.S. imports surged in the first quarter of 2025, increasing by a robust 38.0 percent from the prior quarter, and then fell by 29.3 percent in the second quarter.

Colorado's economic growth remains slower than the U.S. Colorado's GDP fell by 1.1 percent in the first quarter of 2025, followed by a rebound of 3.5 percent growth in the second quarter. On average, the Colorado economy grew by 1.2 percent annualized in the first half of the year, compared to 1.6 percent for the nation. Colorado has the 15th largest state economy in the U.S. and was ranked 21st in terms of economic growth for the first half of the year.

The manufacturing sector was particularly weak in Colorado, falling by 1.6 percent in the first half of 2025, compared to a 2.7 percent increase for the nation. Real estate and professional, scientific, and technical services bolstered economic growth in Colorado.

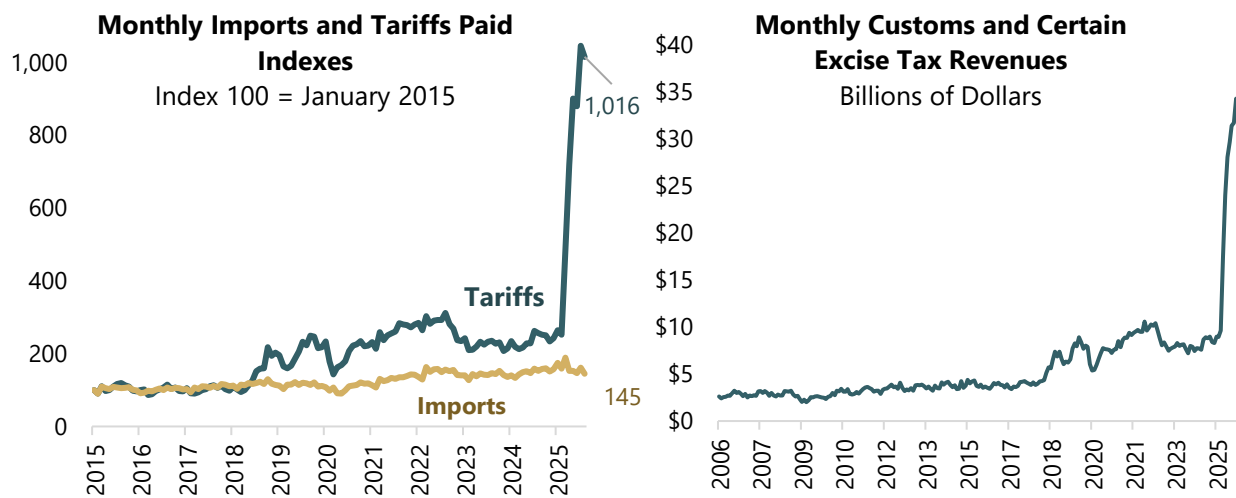
Global Economy and International Trade

Global economic growth is expected to slow in 2025 and 2026 as an evolving trade war impacts business investment decisions across the globe. Still, global GDP growth is expected to remain positive as inflation wanes and financial conditions improve at the aggregate level. Conflicts in the Middle East and Ukraine, including the U.S. bombing of Iranian nuclear facilities, have had a minor impact on supply chains for the rest of the world. However, conflict escalation still poses a risk to global supply and to broader economic growth.

A slow-to-moderate expansion is projected for the global economy. The International Monetary Fund slightly upgraded its baseline projection for global GDP growth in October 2025 based on the resolution of some policy-induced uncertainty as some countries worked to deescalate the trade war, though growth estimates remain below pre-trade war projections. Expectations for global growth were upgraded from 3.0 percent to 3.2 percent in 2025 and remain at 3.1 percent for 2026, in line with a slow-to-moderate expansion. Most emerging markets and economies are buoyed by more accommodative monetary policy and a weakening U.S. dollar. In contrast, total output growth for advanced economies is expected to slow to 1.6 percent in 2026, dampened by slow growth in the U.S., Euro area, United Kingdom, and Japan. The outlook for advanced economies is hampered by evolving trade policy that continues to breed uncertainty, inflation that rests above target levels, and weakening labor markets. Slower growth in 2026 is additionally projected for China—the country most impacted by recent U.S. tariff policy—as manufacturing export growth moderates and real estate investments in the country shrink.

The trade outlook remains uncertain as federal policy continues to evolve and businesses await a Supreme Court decision surrounding the constitutionality of the U.S tariffs imposed under the International Emergency Economic Powers Act (IEEPA). This forecast assumes current law and therefore expects that current tariffs imposed under IEEPA will be allowed to remain in effect. Additionally, the Trump administration may continue to impose new tariffs and remove or modify existing tariffs, creating additional uncertainty. Since January 2025, the Trump administration has imposed sweeping commodity- and country-specific tariffs. Tariffs have collected \$149.3 billion through August 2025 at a century-high effective tariff rate, up nearly 200 percent from the same period last year. While trade policy will continue to develop and tariff rates may be reduced in 2026, the effective tariff rate is nonetheless expected to remain historically high, reducing trade flows through the forecast period.

Figure 29
Monthly Imports and Tariffs Paid Indexes
 Index 100 = January 2015



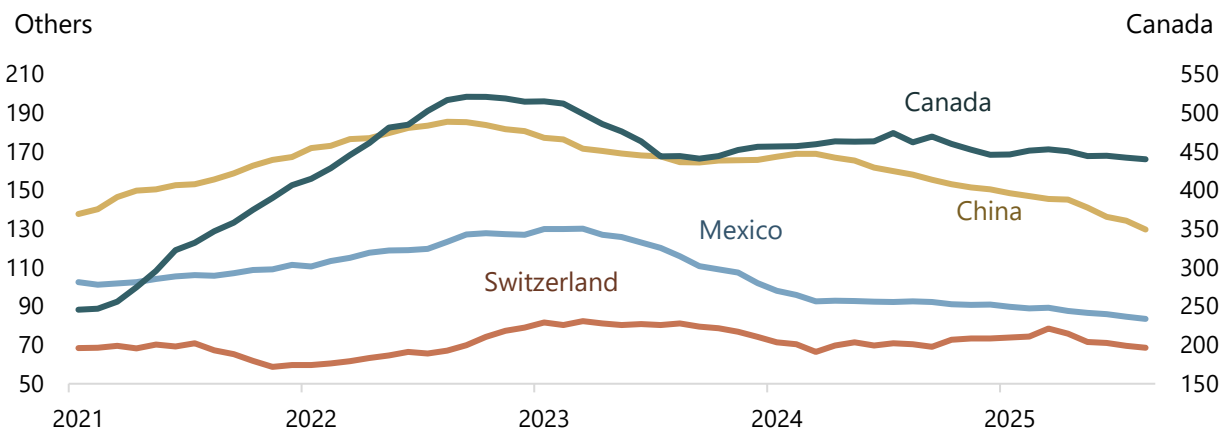
Source: U.S. Census Bureau, Economic Indicators Division; U.S. Import and Export Merchandise trade statistics through August 2025 (left). U.S. Treasury Department Fiscal Data, Daily Treasury Statements; data through November 2025; <https://fiscaldata.treasury.gov/datasets/daily-treasury-statement/operating-cash-balance> (right).

Evolving tariff policy is expected to continue to impact business investment decisions. In 2025, U.S. imports were buoyed by businesses stocking up on inventory prior to the implementation of increased tariffs. U.S. imports were up 8.9 percent year-to-date as of August 2025, but growth is expected to slow through the forecast period as tariff rates weigh on business' international investment decisions. The retaliatory tariffs imposed by U.S. trade partners in response to U.S. tariff hikes have not significantly impacted U.S. or Colorado exports, which have grown at accelerated rates of 4.0 percent and 6.3 percent, respectively, through August 2025. Exports are expected to maintain modest growth through the forecast period as the U.S. negotiates trade deals and a weakening U.S. dollar make U.S. goods more attractive to international investors.

Colorado imports have largely declined since mid-2023, a trend that has not been significantly altered by federal trade policy at the aggregate level. Colorado businesses may be investing less than those nationwide while the Colorado economy underperforms that of the United States.

Colorado imports are down 2.3 percent through the first eight months of 2025, a slower decline than the 5.5 percent posted in 2024. In contrast, imported goods in the manufacturing sector—the sector most prominently impacted by Section 232 tariffs—are up 6.8 percent in Colorado through August, compared to a near 11 percent decline in 2024. However, a softening labor market, century-high tariff rates, and still-evolving trade policy are expected to further weaken business investment in 2026 and influence sourcing for Colorado businesses. For example, Colorado’s top four trading partners for imports—Canada, China, Mexico, and Switzerland—have seen some of the highest country-specific U.S. tariff hikes in 2025. Imports from those countries declined 7.5 percent through August 2025, a trend expected to continue through 2026 as trade negotiations continue.

Figure 30
Monthly Colorado Imports by Country of Origin
 Millions of Dollars, 12-Month Moving Average



Source: U.S. Census Bureau, Economic Indicators Division. Colorado Import and Export Merchandise trade statistics through August 2025. Data is seasonally adjusted using a 12-month moving average.

Labor Markets

With the lack of available data significantly clouding the picture, labor market conditions appear to remain largely unchanged since the September forecast. The U.S. and Colorado labor markets continue to show signs of fraying, raising concern for overall economic health. Employment growth is challenged by weak business and consumer confidence coincident with a sharp decline in immigration and AI-related disruptions. Revised economic data indicate that labor market activity is not as robust as previously thought, with the unwelcome specter of further downward revisions plaguing the outlook. Risks to the labor market outlook remain elevated.

Employers are adding new employees at lackluster rates while claims for unemployment benefits creep up. Unemployment rates remain low but are drifting upward, as exits from the labor force mask some labor market weakness. Near-term employment growth will continue to slow for both the U.S. and Colorado, as labor markets are likely to respond slowly to anticipated interest rate cuts and as the impacts of tariff uncertainty and immigration policies linger. Wage growth data indicate that lower wage workers are falling behind, raising concerns of narrowing support for continued consumer spending and economic growth.

- U.S. nonfarm employment growth is expected to slow from 1.0 percent in 2025 to 0.1 percent in 2026, before growing 0.4 percent in 2027. The U.S. unemployment rate is expected to average 4.2 percent in 2025, 4.1 percent in 2026, and 4.6 percent in 2027.
- In Colorado, employment growth is expected to decelerate from 0.4 percent in 2025 to 0.2 percent in 2026, before growing 0.5 percent in 2027. The Colorado unemployment rate is expected to decrease from 4.5 percent in 2025 to 4.4 percent in 2026, then increase to 4.7 percent in 2027.

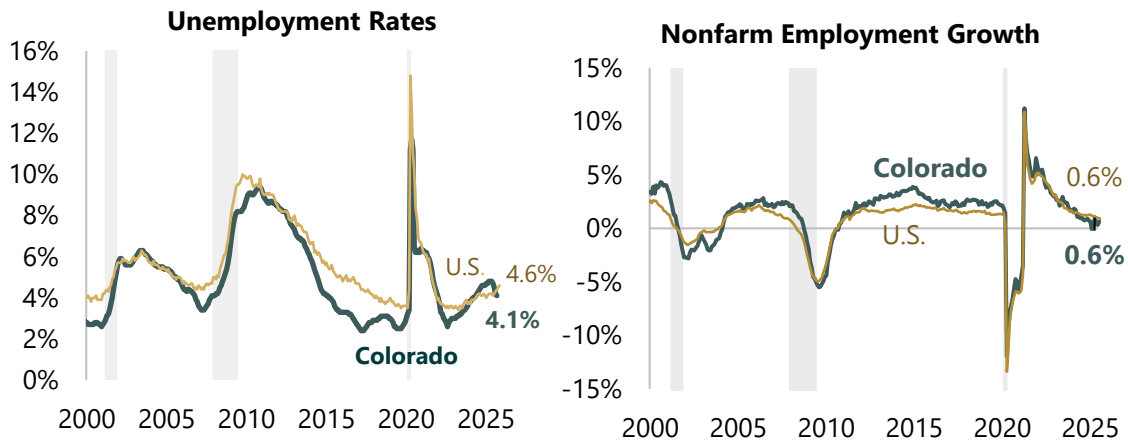
Data gaps leave labor market picture largely unchanged since September. With the government shutdown disrupting the collection and publication of national and state employment data, there is less data available than usual to inform this forecast since September. Employment growth continues to show considerable slowing since the spring. U.S. employers added only 119,000 jobs on net from May through November, compared with a monthly average gain of 123,000 from January through April. October saw the third month of job losses since May, raising concerns of a stalling labor market (Figure X, right). Weak job growth may trigger a self-reinforcing rise in unemployment if the poor labor market leads consumers to pull back from spending.

Employers continue to face considerable headwinds from tariff and immigration policies impacting hiring plans. Through November 2025, the number of nonfarm jobs in the U.S. was up 0.6 percent relative to year-ago levels, slowing from 1.3 percent growth in 2024. Colorado added jobs at a rate of 0.6 percent through September 2025. These numbers may undergo significant downward revisions, as discussed below.

Through November 2025, the unemployment rate in the U.S. averaged 4.6 percent, up from an average of 4.0 percent in 2024 (Figure 31, left). Colorado's unemployment rate declined to an average of 4.1 percent in September.

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. These 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 deteriorate.

Figure 31
Selected Colorado and U.S. Labor Market Indicators



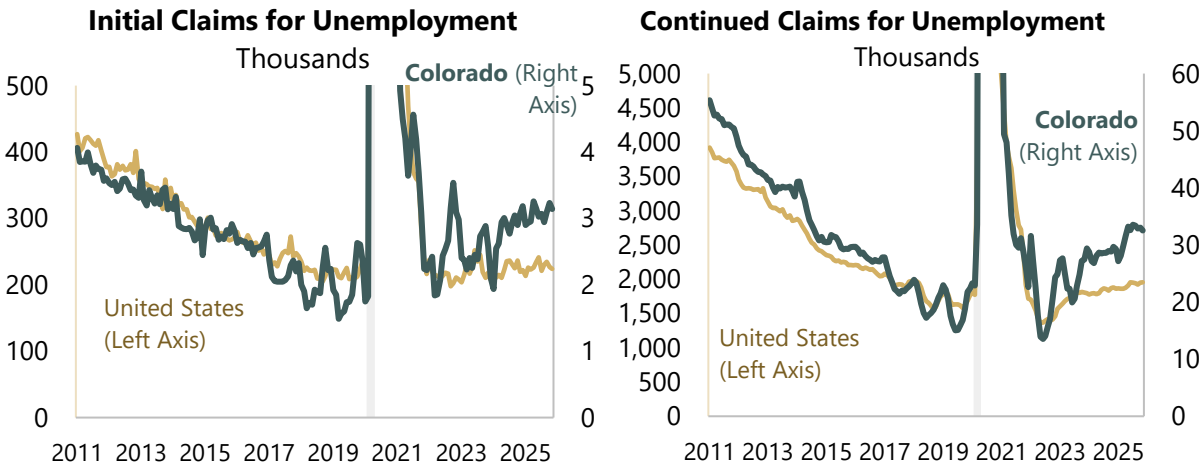
Source: U.S. Bureau of Labor Statistics. Data are seasonally adjusted. U.S. data are through November 2025. Colorado data are through September 2025.

Expected revisions to nonfarm employment. Preliminary annual revisions to nonfarm payroll employment numbers are expected to be larger than in prior years, with an expected downward revision in February 2026 of 911,000 jobs in the U.S., or 0.6 percent of employment, the largest revision since 2002. 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 are not yet reflected in the official data used in Figure 31. Along with lack of available data, these larger-than-usual revisions increase the amount of uncertainty in the economic forecast.

Rising unemployment claims signal labor market stalling. Unemployment claims data can provide a more current picture of labor market health than monthly data based on establishment and household surveys, which, as discussed above, is considerably delayed from its usual schedule. Initial claims, which measure the number of first-time claims for unemployment benefits and continued claims, which measure ongoing unemployment claims for people who continue to be unemployed, are published with a one-week and two-week lag, respectively.

As shown in Figure 32, seasonally adjusted monthly average initial claims are up by about 2 percent year-over-year in November 2025 in both the U.S. and Colorado, while continued claims have risen by 4 percent in the U.S. and 10 percent in Colorado over the same time period. This indicates that while layoffs have remained steady, those who are unemployed are experiencing longer periods of unemployment and greater difficulty finding new jobs, as employers remain skittish in the face of uncertainty. While unemployment claims remain at low levels compared to previous recessionary periods, they have seen a general upward trend in both the state and the nation since 2022.

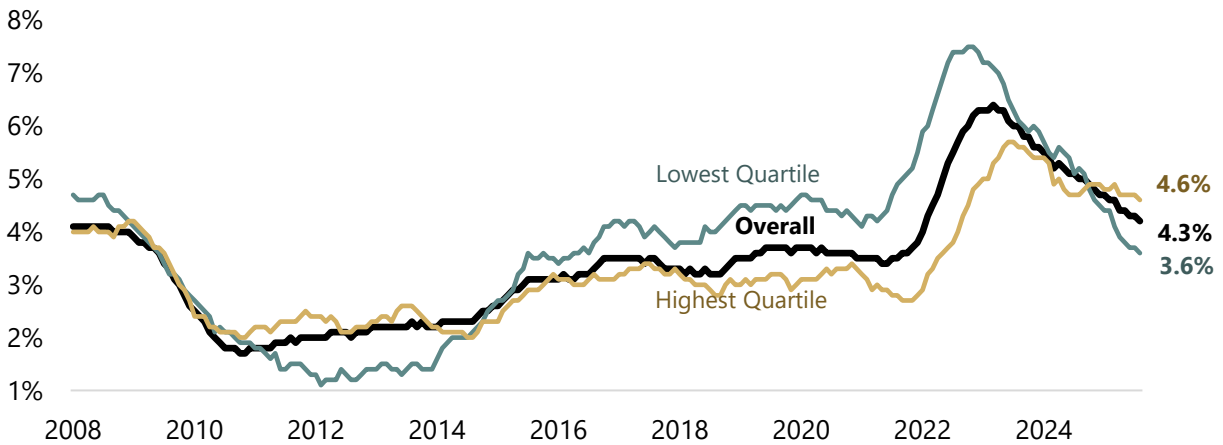
Figure 32
Colorado and U.S. Claims for Unemployment



Source: U.S. Bureau of Labor Statistics. Data are seasonally adjusted, monthly averages of weekly claims through November 15, 2025 (continued claims) and November 22, 2025 (initial claims).

Wage growth for low wage earners lags, signaling diverging conditions across workers. In a reversal of longer-term trends toward narrowing wage inequality, recent data indicate that wage-growth has slowed more for lower wage workers. As shown in Figure 33, wage growth among the bottom 25 percent of workers fell to 3.6 percent in August 2025, down from a high of 7.5 percent in November 2022. Wage growth for the highest-paid quartile of workers was 4.6 percent during the same period, down from a high of 5.7 percent in July 2023. As conditions diverge across workers, economic growth relies increasingly on more affluent households.

Figure 33
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 August 2025.

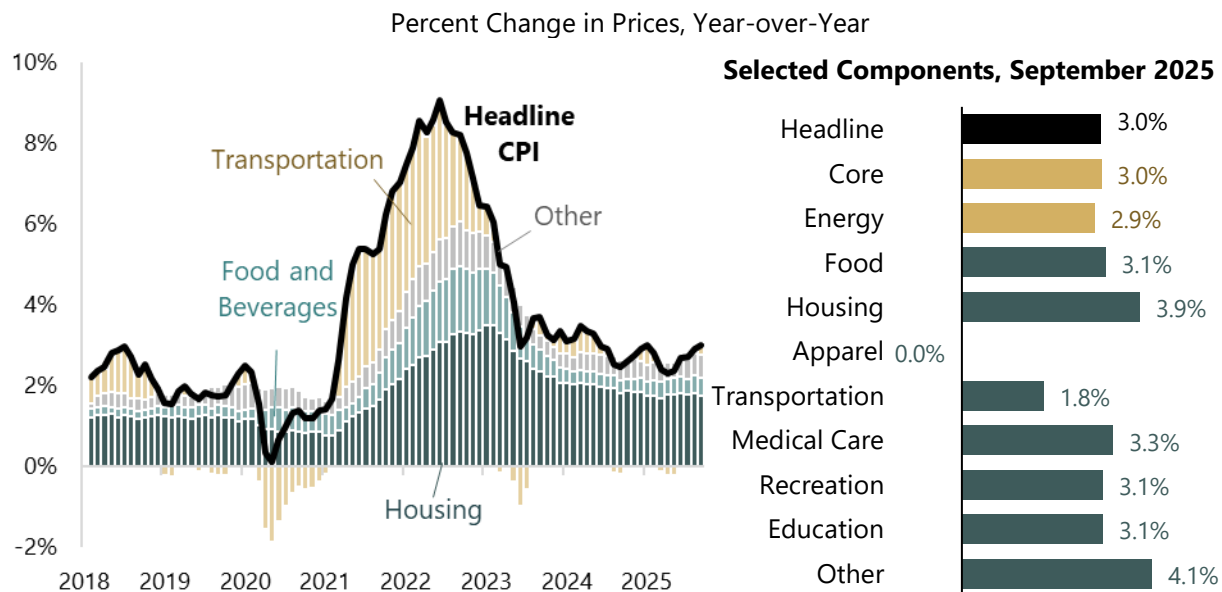
Inflation

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 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 prices statewide.

Due to the government shutdown, CPI data for October were not collected and will not be released, and data for November are delayed. Therefore, this section presents data only through September 2025. Additionally, beginning in April 2025, the Bureau of Labor Statistics (BLS) stopped collecting price data in Buffalo, New York; Lincoln, Nebraska; and Provo, Utah. The BLS also reduced the sample size in existing cities, including the Denver area, by approximately 15 percent. Reduced data collection may make data less reliable, particularly for smaller indices.

Inflation continues to tick up despite weak consumer demand. U.S. inflation continues to increase above the Federal Reserve’s long-term target, ticking up to 3.0 percent in September after reaching its lowest value in over four years in April (2.3 percent). A slight increase in transportation inflation, driven by fuel prices, contributed to the uptick in headline inflation in recent months.

Figure 34
Contributions to U.S. Consumer Price Index (CPI-U) Inflation



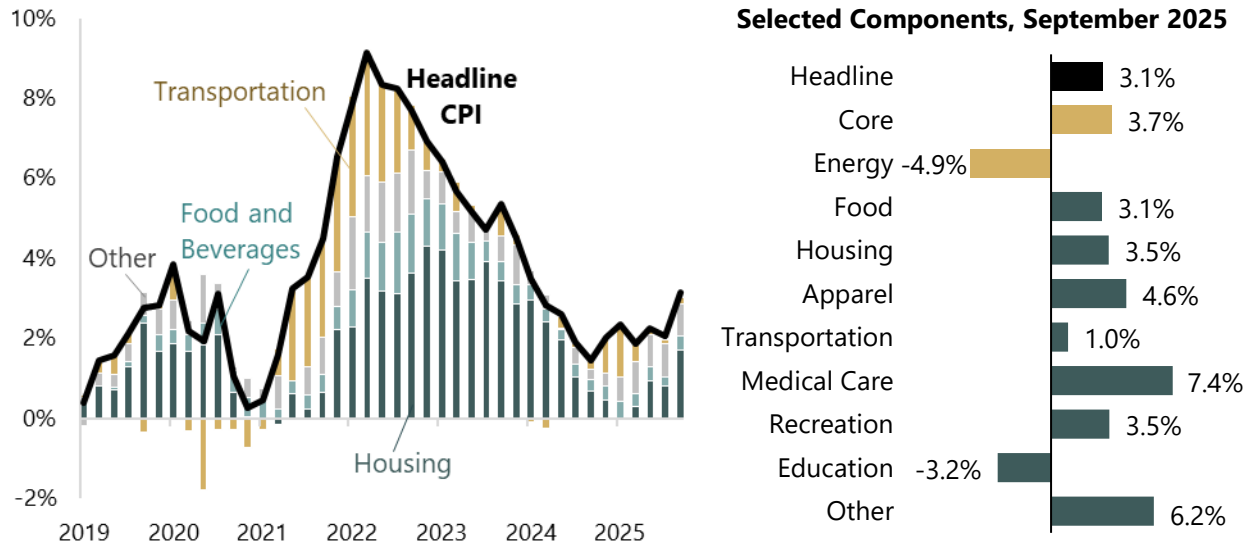
Source: U.S. Bureau of Labor Statistics.

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 ticks up as housing inflation rebounds. Inflation in the Denver area sat at 3.1 percent in September, the most recent reading. Figure 35 shows the recent path of headline inflation and inflation among select components, as measured by the Denver area CPI. Housing inflation has rebounded, accelerating rapidly to 3.5 percent in September after falling to 0.0 percent in January, on a year-over-year basis. Transportation inflation has been volatile throughout 2025 due to changes in vehicle and gas prices, but remains low. Inflation for goods in the Denver area fell to 0.2 percent in the most recent reading, compared with 2.9 percent for services.

Figure 35
Denver-Aurora-Lakewood Consumer Price Index (CPI-U) Inflation

Percent Change in Prices, Year-over-Year

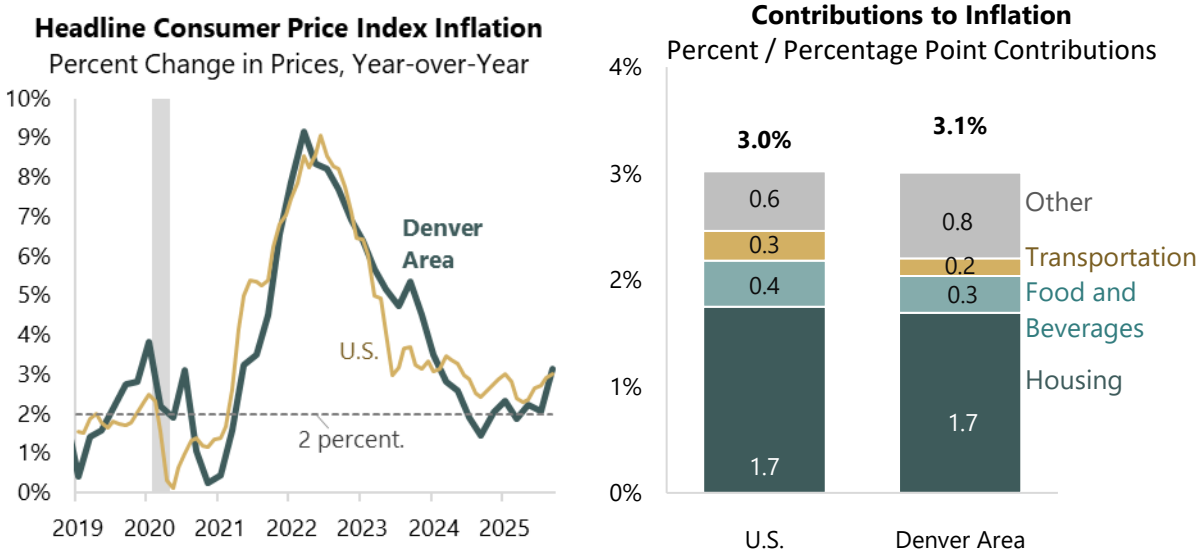


Source: U.S. Bureau of Labor Statistics and Legislative Council Staff calculations.

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 September, inflation in the Denver area was just 0.1 percentage points higher than the nation, with a very similar composition. Slightly lower food and transportation inflation in the Denver area has been partially offset by higher inflation in the “other” category, which includes personal care products, tobacco products, and a variety of miscellaneous services. Figure 36 (right) presents contributors to the current rates of inflation for the nation compared to the Denver area.

Figure 36
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 through September 2025, reflecting the most recent data available. Totals may not sum due to rounding.

Tariffs and weak demand muddle the inflation outlook. New tariffs are expected to put upward pressure on inflation beginning in 2026. However, there is considerable uncertainty around how tariffs will impact inflation, as legal contests, retaliatory tariffs, and reversals continue to develop. The forecast assumes the continuation of tariffs currently in place. 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.

- U.S. inflation is expected to be 2.8 percent in 2025, accelerating to 3.0 percent in 2026, before dropping to 2.4 percent in 2027.
- Denver-area inflation is expected to be 2.5 percent in 2025, increase to 3.1 percent in 2026, and then tick down to 2.4 percent in 2027.

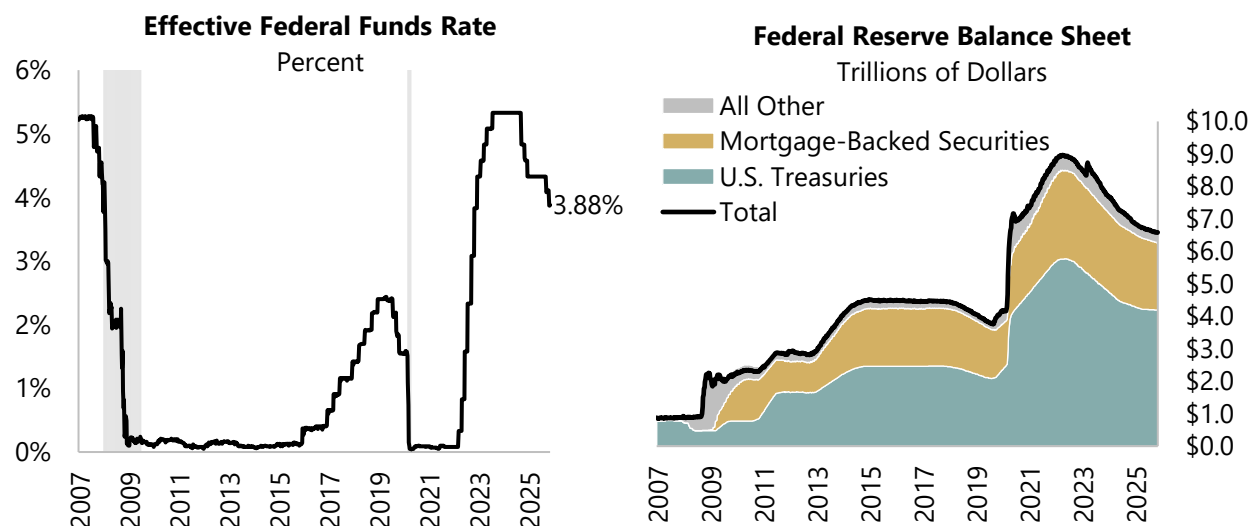
Monetary Policy

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.

More interest rate cuts expected as the labor market weakens. The FOMC cut interest rates in September, October, and December, citing slowing job gains and a rising unemployment rate. This forecast expects the FOMC will continue to reduce interest rates slowly in 2026 as modest economic growth continues. The longer run outlook remains cloudy as the labor market is expected to continue to soften while tariffs put upward pressure on inflation, but additional cuts are expected in 2026.

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 percent average inflation target, inching up to 2.9 percent in the most recent reading. At the same time, the unemployment rate continues to tick up steadily and employment growth has stagnated in recent months, aside from a slightly stronger employment report in September. Weakening employment growth has caused the FOMC to indicate that rate cuts are more likely, even amidst small upticks in inflation. The path of the federal funds rate beyond 2025 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). Additionally, the FOMC is operating with less data than normal due to the government shutdown, which may cause the committee to be more cautious in making monetary policy changes while awaiting new information.

Figure 37
Federal Funds Rate and Balance Sheet



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

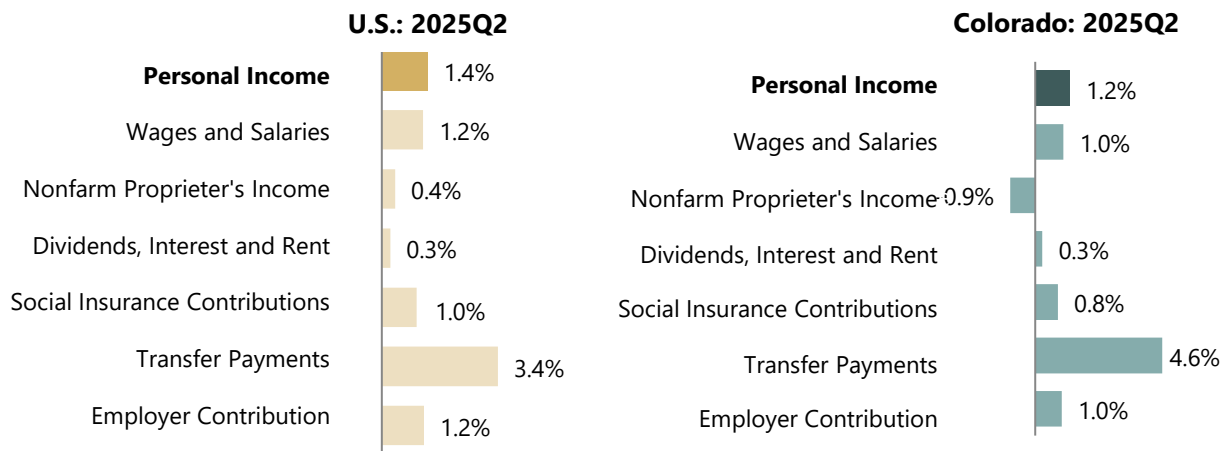
The Fed continues to reduce its balance sheet, but at a slowing pace. During the financial crisis of 2008 and the COVID-19 pandemic, the Fed purchased a vast amount of U.S. treasuries and mortgage-backed securities, a process known as quantitative easing. Purchasing mortgage-backed securities reduces 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 has dramatically slowed its pace 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. Due to the government shutdown, personal income data is delayed, and data for the third quarter are not yet available. 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 38
Personal Income and Its Contributions
 Quarter-over-Quarter Percent Change



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

Colorado personal income is growing modestly. Figure 38 shows personal income growth in the second quarter of 2025, the most recent data available. Total personal income in the U.S. grew by 1.4 percent compared to Colorado’s 1.2 percent. 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 1.0 percent quarterly growth, or 4.3 percent compared to the prior year. Slowing wage growth may be due to receding inflationary pressure, slower employment growth, or poor-quality data underreporting wages.

The second-largest component of personal income, dividends, interest, and rent, grew by just 0.3 percent in the second quarter, particularly due to slow growth in dividends. Modest growth in most areas of personal income have been offset by larger government transfer payments as the Social Security Fairness Act takes effect, increasing social security payments for many public service retirees beginning in 2025. Payments for Medicaid also accelerated in the second quarter.

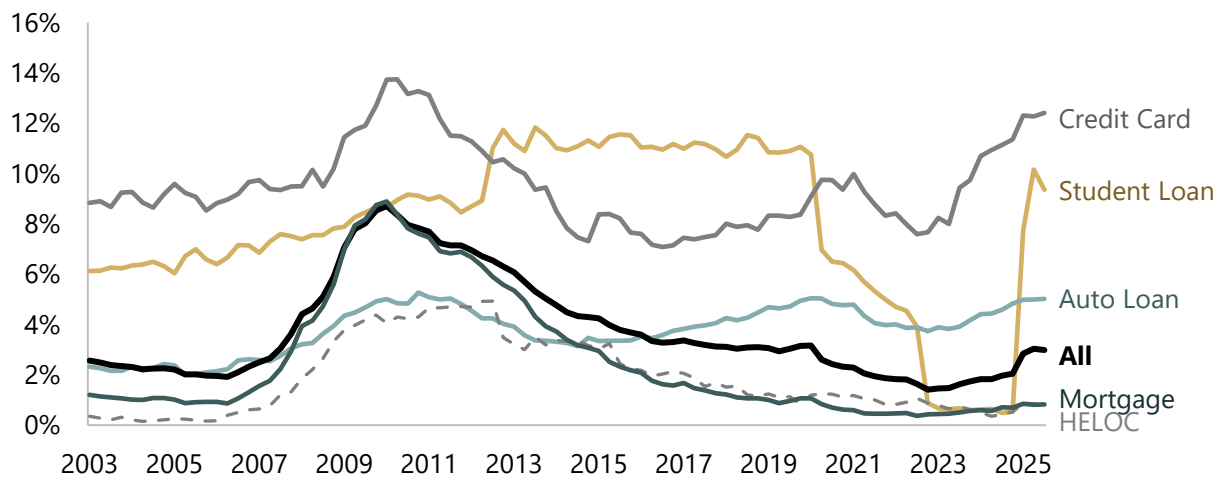
- U.S. personal income growth is expected to slow to 5.0 percent in 2025, 4.1 percent in 2026, and 4.4 percent in 2027.
- Personal income growth in Colorado is expected to reach a modest 5.0 percent in 2025 as employment growth weakens but transfer payments accelerate. Personal income is projected to increase 4.2 percent in 2026, then grow 4.6 percent in 2027.

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 39). 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 third quarter of 2025, nearly 9.4 percent of student loan debt was delinquent by more than 90 days, slightly below the pre-pandemic delinquency rate.

Figure 39
U.S. Serious Delinquency Rates by Loan Type
 Percent of Debt



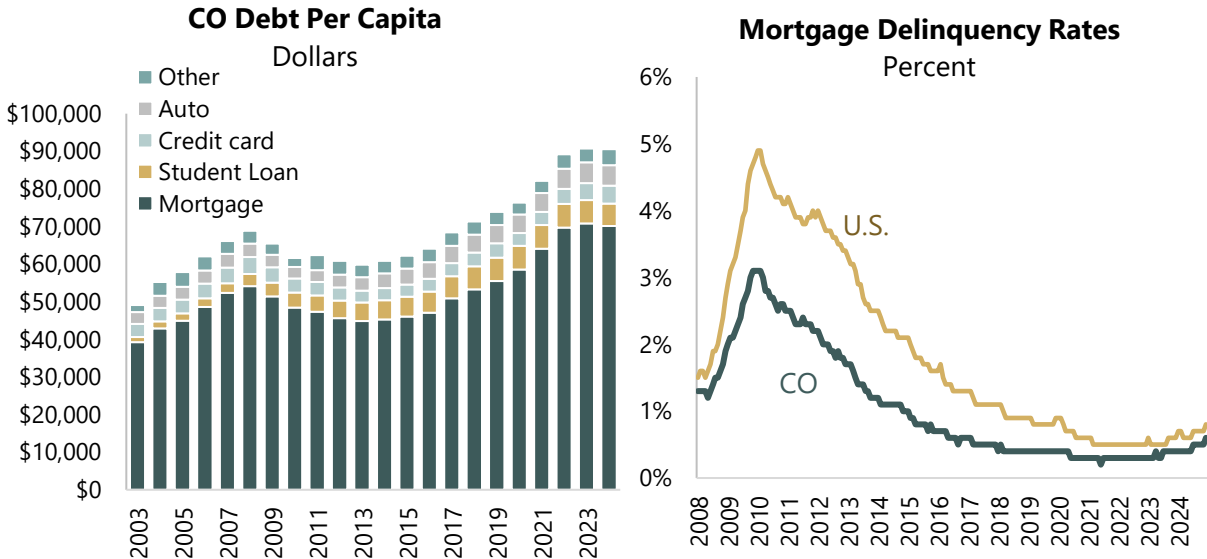
Source: New York Fed Consumer Credit Panel/Equifax. Data are through 2025Q3. Serious delinquency rates are the percentage of total debt that is delinquent by 90 days or more.

The delinquency rate on credit card debt continues to climb, now sitting at 12.4 percent, the highest rate since 2011. Additionally, Americans hold 5.7 percent more credit debt in aggregate than they did one year ago. On the other hand, the mortgage delinquency rate remains at a healthy level, below its pre-pandemic rate and holding steady in the third quarter. In total, 3.0 percent of debt was delinquent by 90 days or more in the third quarter.

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 credit reports. FICO scores are expected to begin reflecting BNPL loans, which will impact some households' credit scores. According to a [report](#) by the Federal Reserve, BNPL is primarily used by low-income households, and nearly one in four users were late making a payment in 2024.

Colorado has the highest level of debt per capita of any state as of 2024, averaging \$90,540 in debt per person in 2024. The second highest state is California, which averages \$86,000, while the national average is \$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. Mortgage debt in Colorado ticked down slightly in 2024, while most states saw a modest increase. Despite high levels of debt, mortgage delinquency rates in Colorado have been lower than the national average in every year since 2008, and remain low at 0.6 percent in the most recent reading.

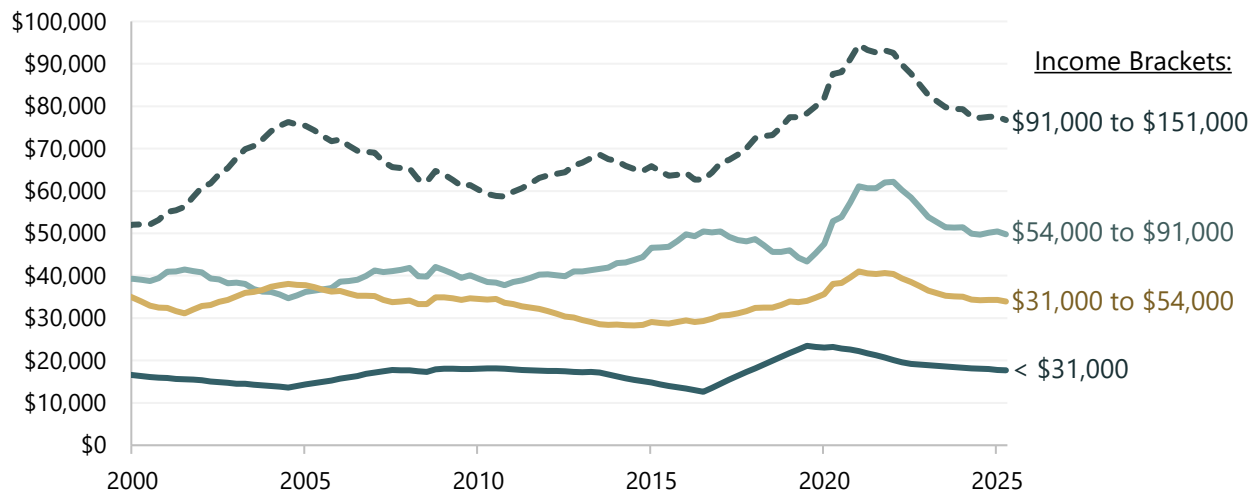
Figure 40
Colorado Debt and Mortgage Delinquencies



Source: New York Fed Consumer Credit Panel/Equifax: State Level Household Debt Statistics.

Real household savings are declining. Average household savings in the U.S. are declining across all income brackets after adjusting for inflation, but particularly among those with the lowest incomes. Figure 41 shows average real savings per household in the U.S. for the lowest four income quintiles (the highest income quintile is omitted to make the chart legible, as high-income households have far more savings than the other groups). Households with incomes below \$31,000, which likely includes many retirees, have an average household savings of \$17,784, down 2.4 percent from a year ago and 23.7 percent below pre-pandemic levels. On the other hand, households with incomes between \$91,000 and \$151,000 have an average of \$76,746 in savings, down 1.1 percent from a year ago and only 4.0 percent lower than pre-pandemic levels. Households with incomes greater than \$151,000 (not shown) have an average savings of \$341,754, which is 4.0 percent more than before the pandemic.

Figure 41
U.S. Average Real Household Savings by Income
 Constant 2025 Dollars

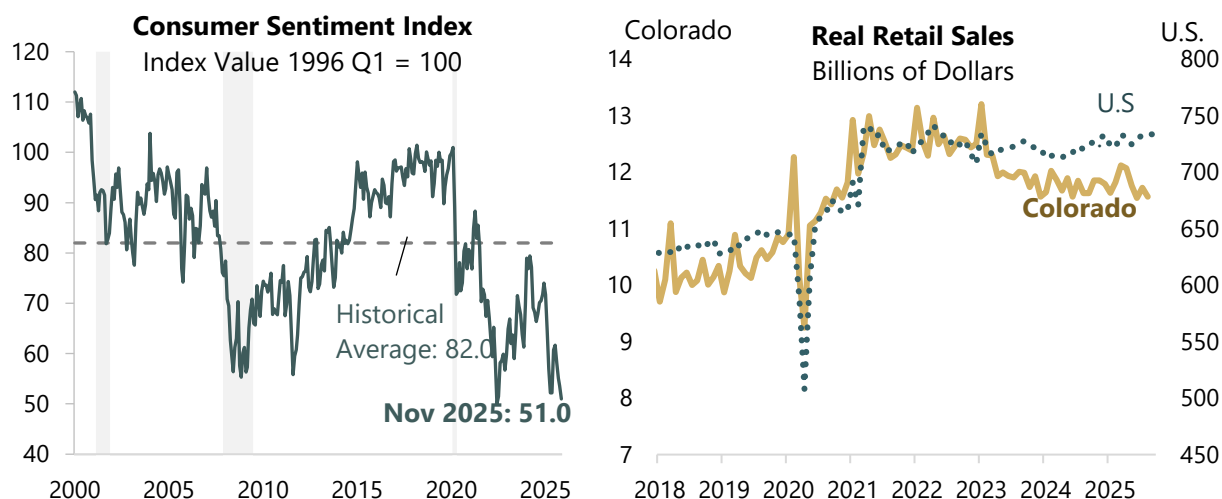


Source: Federal Reserve Bank of New York, Distributional Financial Accounts with Legislative Council Staff calculations.
 Note: Data are through the second quarter of 2025. Average real household savings are calculated by dividing total savings by the number of households, and adjusting for inflation using CPI. Income ranges are approximate.

Consumer Activity

National consumer spending continued to grow in 2025, but at a slower pace as the labor market weakened, inflated prices weighed on disposable income, and high interest rates made borrowing more expensive. Inflation-adjusted national retail trade sales grew an average of 0.01 percent per month in 2025, a stark slowdown from the historical and 2024 average of 0.14 percent. Weakened growth in consumer spending is in line with historically low consumer sentiment as reported by the University of Michigan's Survey of Consumers (Figure 42, left), a less reliable but more forward-looking indicator. Low consumer sentiment suggests that consumers may be more cautious with their spending in the wake of high prices and a softening labor market. Both national and Colorado consumer spending growth are expected to remain slow but positive through 2026 as the labor market and income growth continue to weaken.

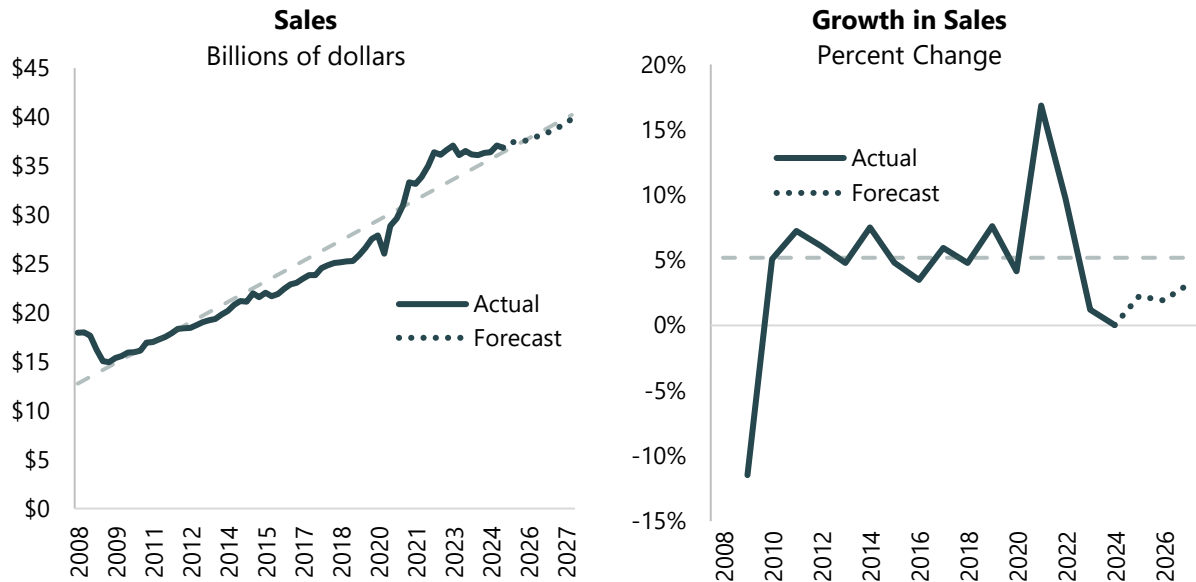
Figure 42
Consumer Activity Indicators



Source: University of Michigan Survey of Consumers; data through November 2025 (left). U.S. data from U.S. Census Bureau, seasonally adjusted through September 2025; Colorado data from Colorado Department of Revenue seasonally adjusted through August 2025 (right).

Colorado expects another year of real declines in retail spending. Growth in nominal state retail sales in the retail trade sector has not kept pace with inflation. Despite higher inflation projections for 2026, nominal retail spending is expected to grow by just 1.9 percent as a weakening labor market, slowing income growth, and persistently high prices continue to weigh on discretionary spending. Slowing international tourist activity—down 3.0 percent through October 2025—is expected to continue through the forecast period and may additionally weigh on businesses and regions reliant on tourism, such as leisure and accommodation retailers in the Colorado mountains. Colorado and national consumer activity may rebound in 2027 as employment growth accelerates and lower interest rates encourage borrowing. Colorado retail sales are projected to grow 3.1 percent in 2027, which would mark the first year since 2022 that growth in spending outpaced inflation.

Figure 43
Colorado Nominal Retail Trade and Accommodation Forecast



Source: LCS December 2025 Forecast. Actuals from Colorado Department of Revenue through the second quarter of 2025.

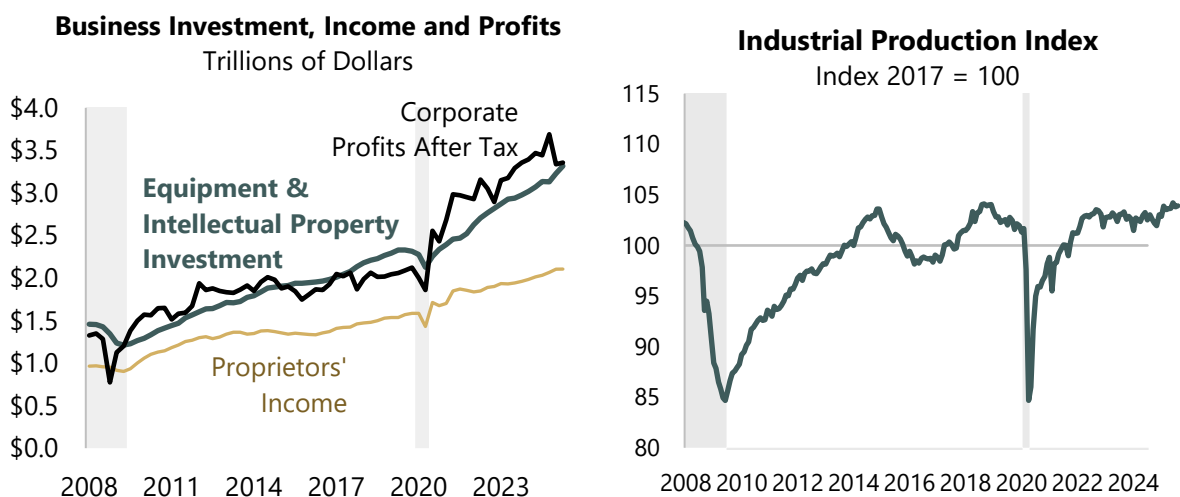
Spending by higher-income households buoys consumer activity. Bank of America credit card data reveal a stark divergence in spending for lower-income versus higher-income households, with higher-income spending through October up 2.7 percent compared to the year prior while lower-income spending is up just 0.7 percent. Differences in consumer spending by income level are most prominent in airlines, furniture, and lodging. They are partly attributable to a bifurcation in wage and salary growth, with higher-income growth up 3.7 percent year-over-year and lower-income growth up just 1.0 percent, indicative of a real decline when accounting for inflation. This divergence in consumer spending is expected to continue into 2026 as inflationary pressures continue to diminish purchasing power for lower-income consumers while a healthy stock market combined with high wage growth boost income and wealth outcomes for those at the top of the income distribution.

Business Activity

U.S. business indicators remain stable, even in the face of trade policy and inflation uncertainty and poor consumer sentiment. Corporate profits after tax have fallen in 2025 after posting record highs in 2024, though earnings have been mixed across industries. Banks and other service sector businesses continue to post strong corporate profits as they are not as directly exposed to tariffs, while many manufacturers struggle with high borrowing costs, tariffs, and a sluggish global economy. Nearly every type of manufacturing is showing declines in corporate profits, with the exception of computer and electronic products which increased 34.0 percent year-over-year, boosted by AI investment. Finally, although major U.S. stock indices have been volatile, they continue to post near-record highs.

U.S. business activity is expected to improve at a slower pace through the forecast period as pressures from tariffs, inflation, and federal government spending mount. However, recent federal tax cuts and possible trade agreements with key partners could boost business activity.

Figure 44
Selected U.S. Indicators of Business Activity



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

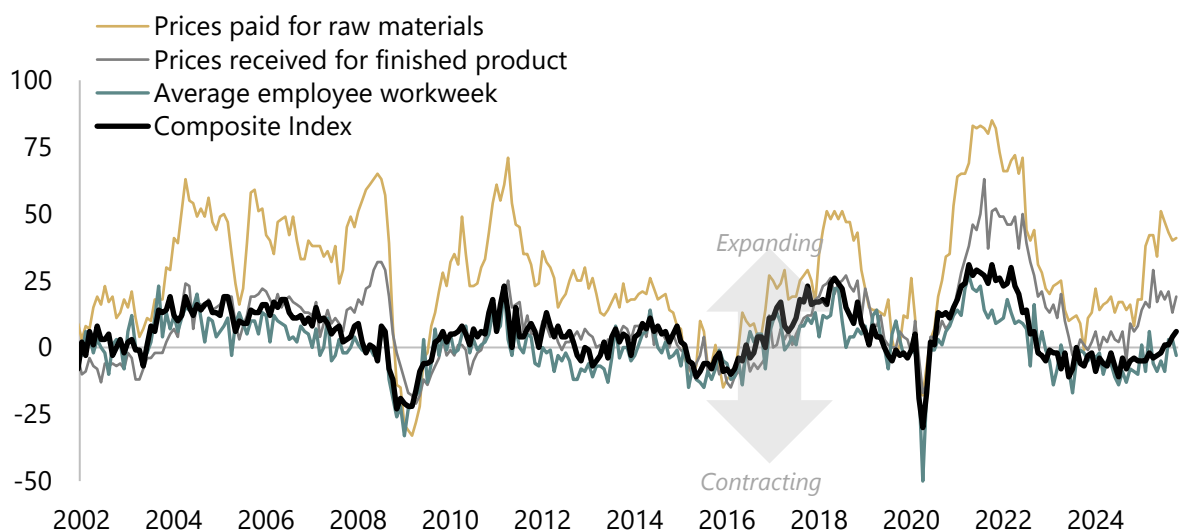
Corporate profits have fallen from record highs. After posting strong gains in 2024, U.S. corporate profits have declined through the first half of 2025, down 9.0 percent from recent highs (Figure 44, left). In the last quarter of 2024, corporate profits increased by 7.1 percent from the previous quarter to \$3.7 trillion, the highest on record. Corporate earnings in the first half of 2025 averaged \$3.3 billion per quarter, down 2.5 percent from the same period one year ago. Profits will continue to increase through the forecast period, though a darkening outlook for consumer spending will create headwinds.

Capital investment in equipment and intellectual property surge in the first half of the year. Businesses continue to invest in equipment and intellectual property, with investment rising significantly in the first half of 2025. In the first two quarters, capital investment in these areas averaged \$3.3 billion per quarter, up 7.5 percent from the same period in 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, though at a slower rate through the forecast period, as companies ramp up demand for AI-related infrastructure such as data centers, processing chips, and software architecture.

Manufacturing remains sluggish, but growing. The industrial production index, which measures real output from manufacturing, mining, and utilities compared to output in 2017, has been sluggish since mid-2022 but has increased throughout the year (Figure 44, right). These industries are particularly sensitive to higher interest rates and global economic conditions, which have weakened demand and increased the cost for materials. In August 2025, the industrial production index increased modestly year-over-year, up 0.8 percent.

Following the post-pandemic surge, the manufacturing sector struggled. The Federal Reserve Bank of Kansas City produces a monthly manufacturing index for the Tenth District region, which includes Colorado and several surrounding states (Figure 45). 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 increases in production, volume of shipments, and prices received for final products.

Figure 45
Tenth District Manufacturing Index
 Diffusion Index

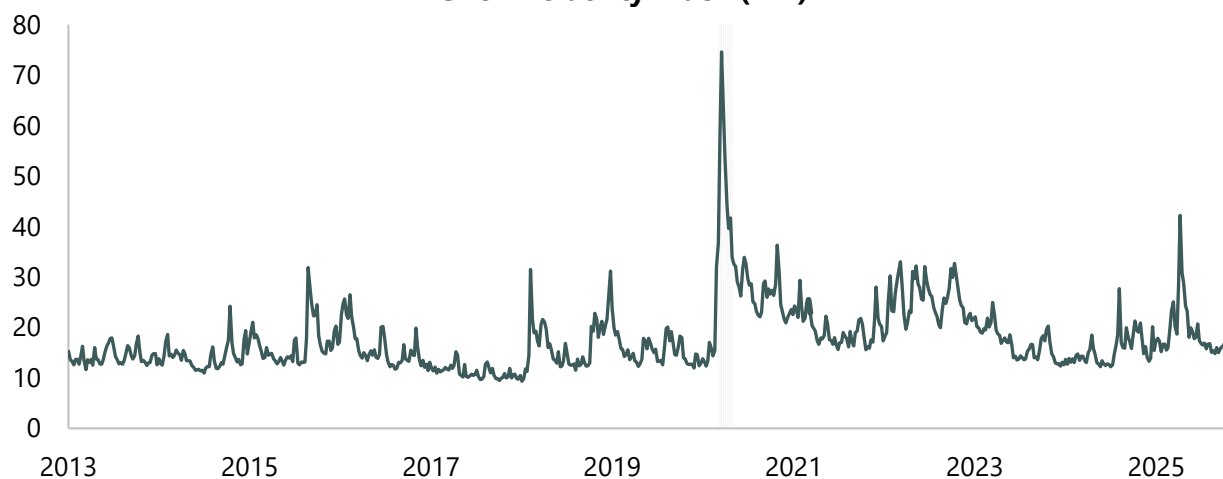


Source: Federal Reserve Bank of Kansas City. Data are seasonally adjusted. Data through October 2025. A value above zero indicates expansion; below zero indicates contraction.

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.

The VIX steadily gained momentum in late March 2025 as reciprocal tariff policies on nearly all U.S. imports escalated. By April 8, 2025, the VIX reached 52, among the highest on record (Figure 46). A 90-day pause on all reciprocal tariffs, excluding China, was announced on April 9, 2025, easing market concerns. However, the VIX stayed above its historical average through the rest of the month and into early May as tariff concerns with China continued. On May 12, 2025, a temporary trade agreement that substantially reduced tariffs between the U.S. and China was announced. Since then, the VIX has steadily declined but remains above its historical average. Through November 2025, the average VIX reading was 19.8, as uncertainty over the federal government shutdown and AI-related equity evaluations persisted throughout the month.

Figure 46
CBOE Volatility Index (VIX)



Source: Chicago Board Options Exchange. Data through November 28, 2025.

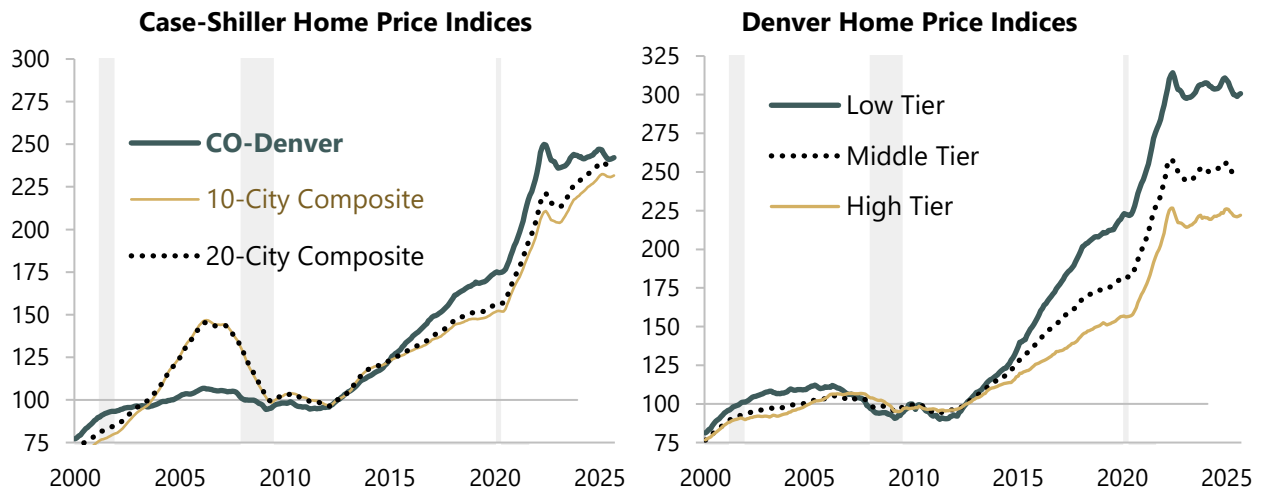
Real Estate and Construction Activity

National home prices reverse trend, posting month over month declines in 2025. 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, according to the Case-Shiller 20-city composite index. In September, the price index was up just 1.4 percent year-over-year.

As tracked by the National Association of Realtors (NAR), home sales have declined by about 36 percent since early 2022 and inventory is at its highest level since 2020. Home affordability has improved recently under the current price and interest rate environment, but remains higher than a few years ago. As measured by the NAR, mortgage payments for a household with median income buying a median-priced home eased to 24.8 percent of income in the third quarter, down from 25.6 percent in the second quarter, but still higher than 23 percent in 2022. The national housing market appears set for an ongoing price correction. Although the market will warm to interest rate cuts, the poor labor market and impositions of tariffs on construction materials will weigh on sales.

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, 3.1 percent below the peak level as of September. Like other areas of the country, prices in Denver contracted in 2025, falling through the first half of the year and down 0.6 percent year-over-year in September.

Figure 47
Selected Home Price Indicators
 Index 100 = July 2012



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

Across the state, the Colorado Association of Realtors reported a similar trend, with the median price of a single-family home down 0.7 percent year-over-year to \$580,000 in August 2025. The growing inventory of active listings is decelerating but was still up 5.1 percent year-over-year. Though affordability remains a challenge for the state under the current economic environment, interest rates have already begun to ease. In August, the 30-year fixed rate mortgage averaged about 6.3 percent, down from a high of 7.6 percent in October 2023. Interest rates have remained above 6 percent since the end of 2022.

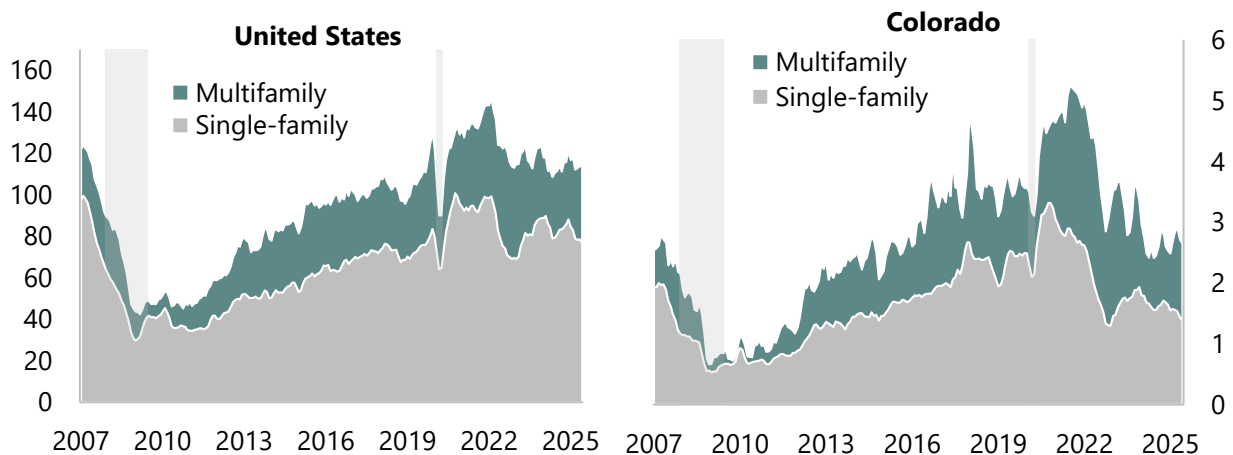
Market conditions lead to less single-family homebuilding. Housing permits for new units in the U.S. are struggling for the third consecutive year since the interest rate hikes that began in 2022. In August 2025, permits were up just 0.7 percent year-to-date, with a 4.8 percent decrease in single-family units that was offset by a 16.5 percent increase in multifamily. Homebuilder sentiment remains weak according to data from the National Association of Home Builders. For 19 consecutive months through November, 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 interest rates, tariffs, and materials costs. Homebuilders continue to offer price reductions and sales incentives at higher levels to boost purchases.

In Colorado, housing starts have been challenged over the past few years. Multifamily starts fell about 53 percent from 2022 to 2024, and single family starts fell about 41 percent from 2021 to 2024. In August 2025 year-to-date, starts are up 2.5 percent, with a 10.9 percent decline in single-family starts offset by a 27.0 percent surge in multifamily starts. Despite the surge in multifamily, permits are still anticipated to decline for the year with weak single-family market conditions.

Residential construction in the state is expected to be tepid over the forecast period and remain well below the peak levels that followed the pandemic. The market will struggle with rising unsold inventory, stagnant or declining prices and rents, and a higher level of vacancy. Vacancy rates are rising from post-pandemic lows as reported from a variety of sources. Estimates from the Colorado State Demography Office for housing units and households indicate vacancy may have risen to levels not experienced in over a decade. While part of the increase may be attributable to the rise in second homes and investment properties in the state, data 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 in 2025 by 0.2 percent. Permit issuances are expected to decline by another 3.6 percent in 2026 and 2.0 percent in 2027.

Figure 48
Building Permits for New Construction
 Thousands of Units, Three-Month Moving Average



Source: U.S. Census Bureau. Data through August 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 August 2025, nonresidential spending fell 1.5 percent year-over-year. Construction of commercial structures continued to struggle, falling by 7.5 percent year-over-year. Manufacturing construction has likewise contracted and was down 8.2 percent year-over-year. Infrastructure projects were mixed, with declining spending for highways and streets and the power sector, but improved spending 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 have improved year-to-date through October, posting the highest level of spending since 2022. Construction for the year is expected to grow from the low recorded in 2024. However, developers and builders will continue to navigate the impact of tariffs on prices and business

investment. 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 increase by 31.1 percent in 2025, decline by 15.8 percent in 2026, then rebound by 3.3 percent in 2027.

Energy Markets

Oil prices softening on weak global demand and increased supply. Crude oil prices have rapidly contracted during 2025. The average price was \$75.74 per barrel in January 2025 and had fallen to \$61.49 as of October. (Figure 49, left). For the year, oil prices are expected to average \$65.22, slightly higher than the September forecast but 14.8 percent below the average in 2024.

While global oil production and consumption were balanced in 2024, production is expected to outpace consumption through 2026, according to the Energy Information Administration (EIA). Despite sluggish demand growth globally, public and private inventory growth has partially supported prices and mitigated some effects of growing production. Tariff policies are still expected to reduce global trade volumes during the forecast period, putting downward pressure on demand for fuel. Tariffs are expected to weigh on consumer demand and business activity, and reduce demand for travel.

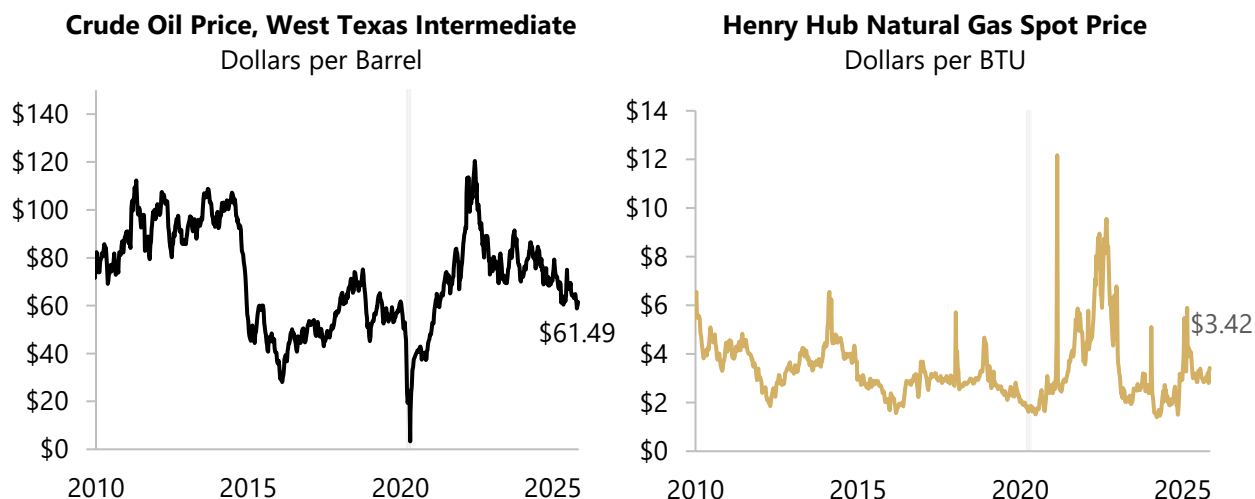
On the supply side, OPEC+ countries are producing oil near targeted levels, having unwound voluntary production cuts over the year. The EIA reports OPEC+ countries will increase targeted production through the end of the year, but pause in early 2026. The EIA estimates that in 2025, 75 percent of the world's growth in production has been from the U.S., Canada, Brazil, and Guyana. These countries are projected to account for 67 percent of the increase in global production in 2026.

- The price of West Texas Intermediate crude oil is expected to decrease in 2026, with the price per barrel averaging \$65.22 in 2025, \$56.93 in 2026, and \$58.07 in 2027.

Natural gas prices are expected to climb. After rising as high as \$8.76 per million BTU in August 2022, natural gas prices fell back to mid-pandemic levels over the past two years as supply outpaced demand. The outlook for natural gas prices has been revised down through the forecast period from the September forecast on weaker than expected prices over the fall. In 2025, the spot price is now expected to average \$3.47, down from \$3.63 in the September 2025 forecast. In October, the Henry Hub spot price averaged \$3.17 per million BTU, up nearly 40 percent year-over-year. Prices are expected to rise higher over the winter months into 2026 due to typical seasonal fluctuations and strong, ongoing demand for liquified natural gas exports. However, the agency anticipates a warmer winter will moderate demand pressures.

- In 2025, the Henry Hub spot price is expected to average \$3.47 per million BTU, rising to \$3.95 in 2026, and \$4.62 in 2027.

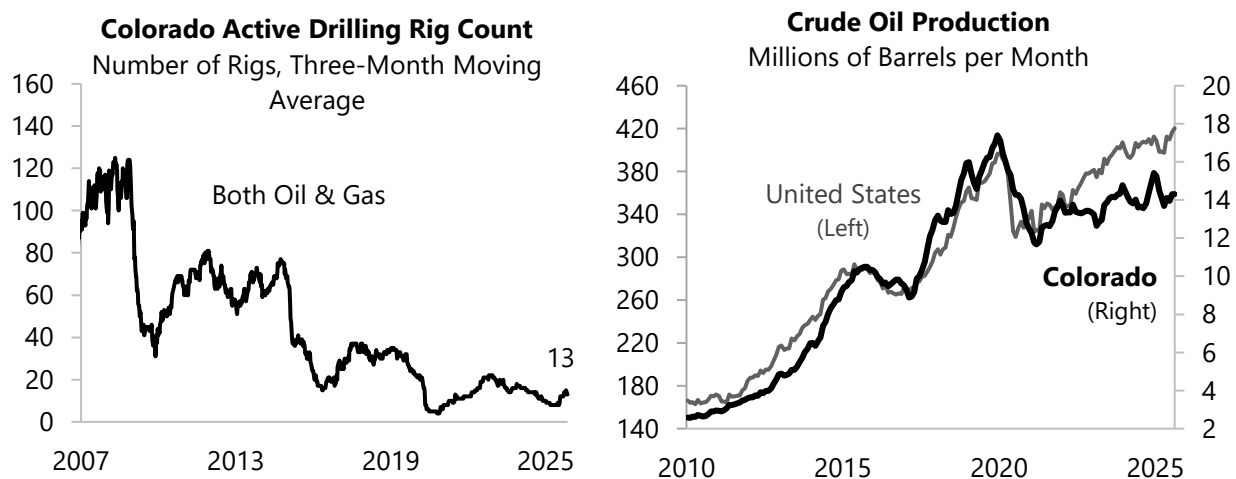
Figure 49
Select Energy Price Indicators



Source: U.S. Energy Information Administration. Weekly average prices. Data are not seasonally adjusted and are through the week of November 7, 2025.

Colorado’s oil production remains stable in 2025, but is expected to decline in future years. Colorado’s crude oil production remains below pre-pandemic levels, growing by only 7.4 percent between 2022 and 2024, compared with 10.4 percent nationwide (Figure 50, right). The outlook for Colorado’s production has been revised down from the September forecast for 2026 and 2027 as the outlook for prices remains weak. In 2025, production is projected to remain stable, up from an expected decrease of 1.5 percent projected in September. In contrast, U.S. crude oil production is forecast by the EIA to increase 2.7 percent.

Figure 50
Select Energy Production Indicators



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

Low oil prices are expected to impact Colorado's production through the forecast period. According to the Federal Reserve Bank of Kansas City's second quarter energy survey, firms reported that oil prices in the tenth district, which includes Colorado, needed to be at least \$63 per barrel on average for drilling to be profitable, and around \$78 per barrel for a substantial increase in drilling. Projected prices in 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 overall beginning in the second half of the year through 2027. The state's production is projected to decline by 4.4 percent in 2026, and another 8.2 percent in 2027. In contrast, U.S. production is forecast by the EIA to remain stable in 2026.

Colorado natural gas production has lagged the U.S. for several years. From 2020 to 2024, Colorado natural gas production declined by 7.2 percent, compared with a 12.6 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 due to stronger than expected production in recent months. Production is now expected to increase 0.4 percent in 2025 compared with a projected decrease of 0.8 percent in the September forecast. 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 third quarter, firms indicated a spot price of \$3.56 per million BTU for drilling profitable new wells. Because prices are expected to exceed this level in both 2026 and 2027, production in the state is expected to increase modestly. In 2026 and 2027, natural gas production in Colorado is expected to increase by 1.4 percent and 1.8 percent, respectively.

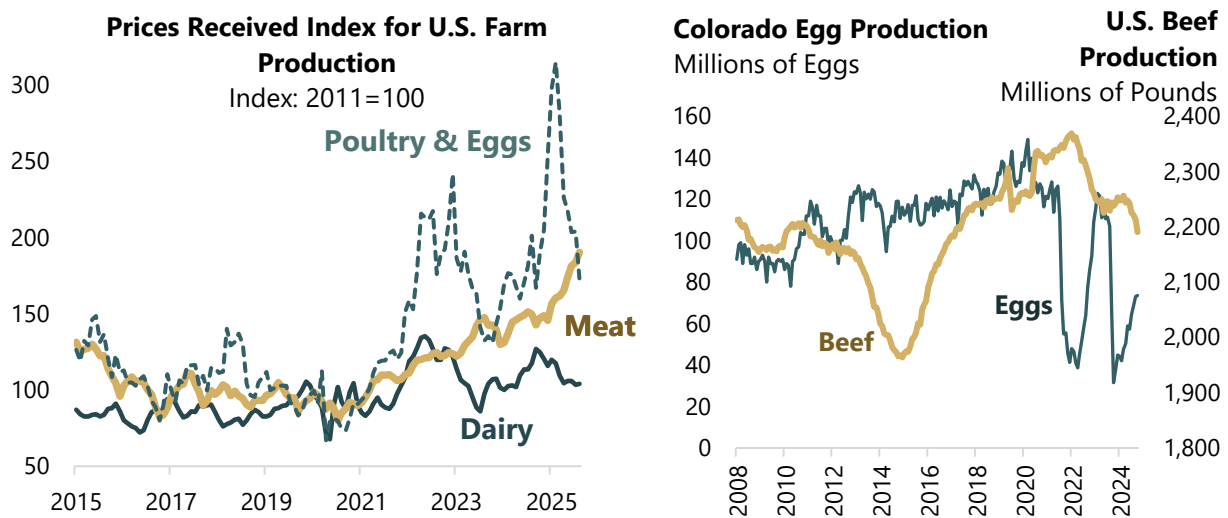
Colorado's retail gasoline prices are expected to average \$3.05 in 2025. Colorado's retail gasoline prices averaged about \$3.10 per gallon through October 2025, lower than the \$3.25 average through October one year ago, and lower than the U.S. average of \$3.25. Prices in October were down nearly 12 percent year-over-year and continue to trend below U.S. prices, consistent with the trend historically. From 2025 to 2027, U.S. retail gasoline prices are expected to trend downward with projected oil prices.

Agriculture

The USDA expects national net farm income to end 2025 up 40.7 percent compared to 2024, largely driven by increases in direct government farm payments and livestock cash receipts and only partially offset by inflated production costs and declining crop cash receipts. A persistently low cattle inventory paired with lower feed costs leaves room for new entrants into the cattle market through the forecast period. Tighter international inventories and a slowdown in U.S. imports may additionally boost demand and prices received for U.S. and Colorado crops. While easing interest rates and government payments may additionally provide some relief to farmers through the forecast period, increasing production costs, labor supply constraints, and drought conditions pose risks to production and profitability.

For livestock, low production leads to high prices received. Both cattle and poultry product prices received by farmers are elevated as inventory and production remain low. Egg production continues to rebound after a July 2024 avian flu outbreak in Weld County, but remains 40 percent below peak production prior to the outbreak. As egg production recovers, prices received for both eggs and poultry begin to moderate but remain well above historical averages. Egg production is expected to continue to rebound through 2026, and prices received are correspondingly expected to continue to moderate.

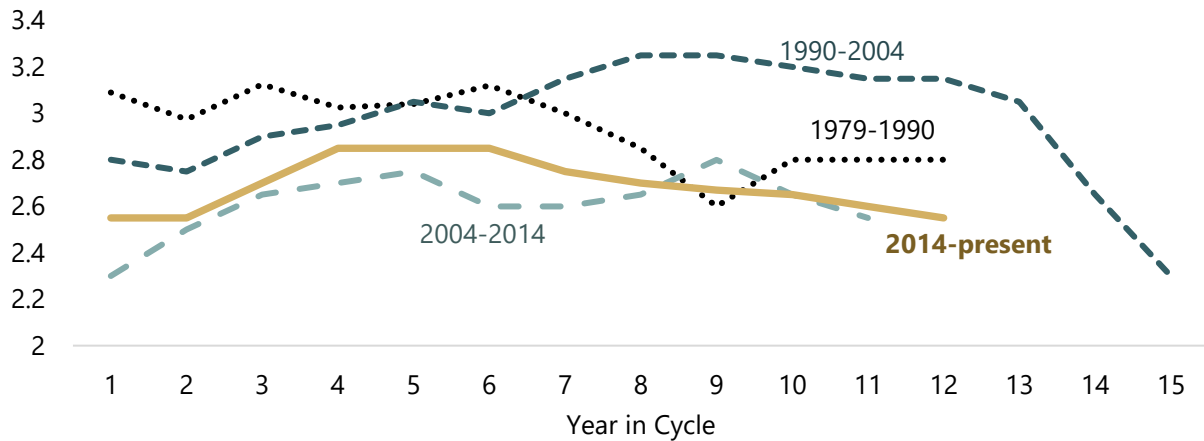
Figure 51
U.S. and Colorado Livestock Indicators



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

With cattle inventory levels at their lowest since the end of the last cattle cycle in 2014 (Figure 52), beef production is correspondingly down 21.2 percent year-over-year (Figure 51, right), while prices received are up 27.0 percent through August 2025 (Figure 51, left). Low feed prices paired with high prices received for beef may encourage increased cattle production through the forecast period; however, labor supply challenges and declining prices for dairy products may weigh on profitability. On net, beef production is expected to remain dampened and prices elevated while cattle inventory remains low.

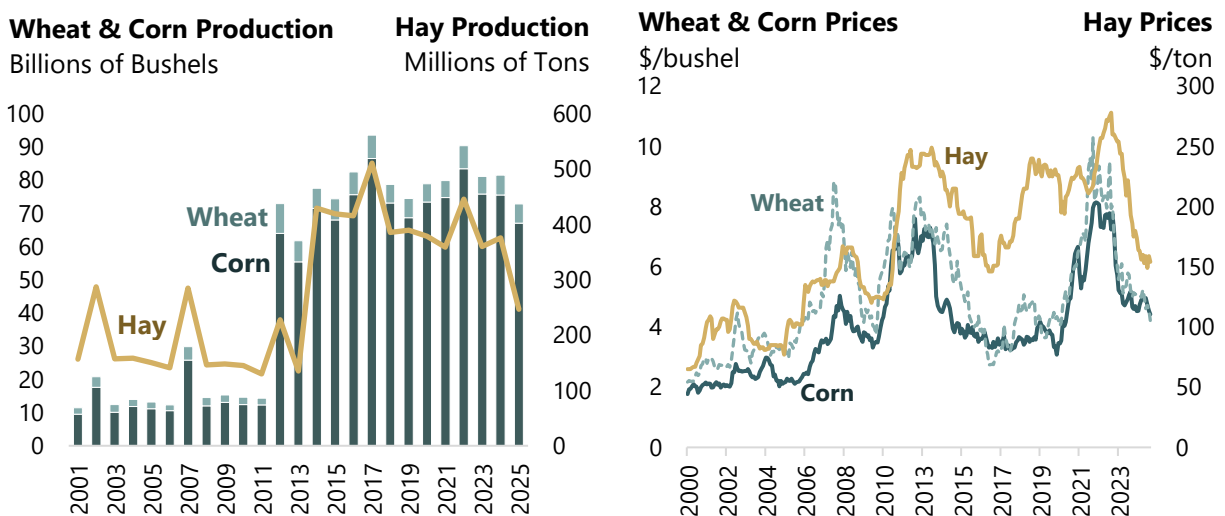
Figure 52
Colorado Cattle Inventory on U.S. Cattle Cycle
 Cattle in Millions, Includes Beef and Dairy Cattle/Calves



Source: USDA National Agricultural Statistics Service. Survey data through 2025.

Prices received for crops are low while inventories are high. Cash receipts for wheat, corn, and hay continued to decline in 2025, respectively down 15.4 percent, 5.2 percent, and 17.2 percent year-over-year. An abundance of international supply and competition amongst other producing countries, in combination with high levels of production nationally for over a decade, likely contributed to the three-year decline in prices received. Inventories globally and U.S. imports are expected to moderate through the forecast period, potentially putting upward pressure on prices for wheat, corn, and hay.

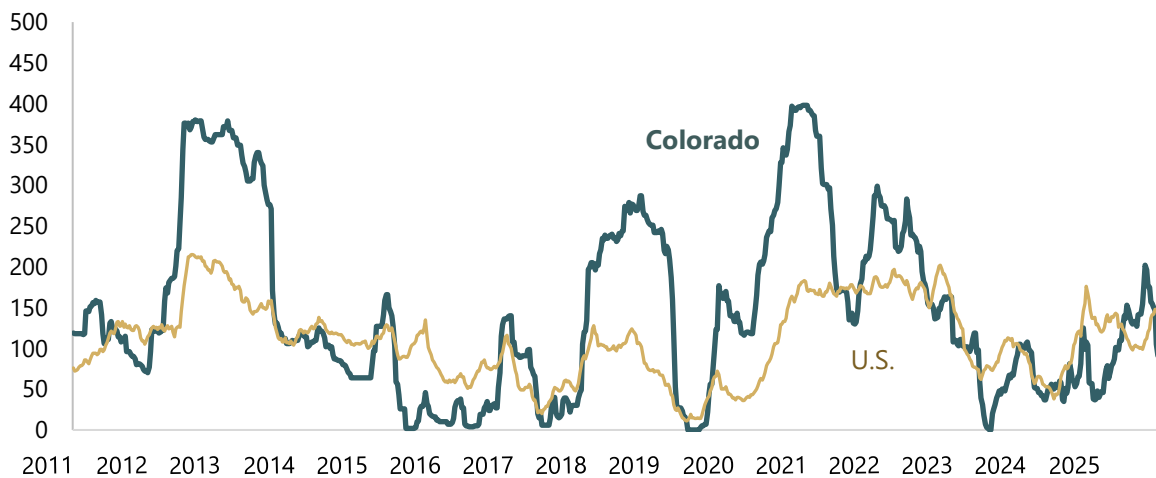
Figure 53
U.S. Crop Production and Colorado Crop Prices Received



Source: USDA National Agricultural Statistics Services; data through August 2025. September-December 2025 production estimates are forecasted by the USDA.

Moisture conditions are relatively poor heading into 2026. After seeing the state’s worst moisture conditions in three years in 2025, drought levels are expected to persist only in the northwestern region of the state through the winter season. The Lee Fire, the fourth-largest in state history, burned significant portions of Rio Blanco County during the 2025 growing season. A wetter winter for the southwest and eastern plains regions of the state may provide some water supply relief for those regions going into the 2026 growing season. While the Upper Rio Grande and Arkansas basins ended 2025 at above-average levels of snowpack, precipitation, and reservoir storage, the majority of the state saw levels well below historical medians through the year. Healthy levels of precipitation in early 2026 would be a welcome change from 2025 and will be critical for the year’s growing season and longer-term water supply outlook, particularly for the northwest Colorado.

Figure 54
Drought Severity and Coverage Index
 Index 0-500



Source: United States Drought Monitor. Data through November 11, 2025.

Risks to the Forecast

The current economy faces extremely 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.

Lower interest rates, tariff reductions, and stimulus from tax breaks present upside risks to the forecast. Because the economy is experiencing both weakening labor markets and rising inflation at the same time, the outlook for interest rates is difficult to predict. If inflation pressure deteriorates, then interest rates may fall more quickly than expected. Lower interest rates may provide a significant economic stimulus, particularly for a highly leveraged economy.

The Trump administration has recently reduced several tariffs, such as those imposed on some agricultural products and certain Swiss goods. If tariffs are further reduced or eliminated in the future, then the impact of tariffs on business activity and prices may be more muted than currently anticipated.

In addition, the outlook may benefit from tax policy stimulus enacted through OBBBA. A permanent extension of lower tax bracket rates, higher standard deductions for individual income taxpayers, and immediate tax deductions for businesses may boost consumer and business confidence more than anticipated in this forecast.

Deteriorating labor market conditions, tariff uncertainty, and an AI market correction present downside risks to the forecast. Recent labor market data show a slowdown in hiring and rising unemployment rates. The baseline forecast already projects very little employment growth. Further job growth deceleration or job losses will create challenges across household finances, consumer activity, and business activity, and could spark a recession.

To date, the economy has remained resilient in the face of broad tariff impositions. However, current trade policy is very new, and the impacts may take time to be fully realized. This forecast anticipates an economic response consistent with that already observed. However, if the lagged impact of new tariffs proves to be more severe, future economic growth may be slower than currently anticipated.

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 29
National Economic Indicators

Calendar Years	2020	2021	2022	2023	2024	Legislative Council Staff Forecast		
						2025f	2026f	2027f
Real GDP (Billions, 2017 dollars)	\$20,267.6	\$21,494.8	\$22,034.8	\$22,671.1	\$23,305.0	\$23,754.5	\$24,177.7	\$24,664.4
Percent Change in Real GDP	-2.2%	6.1%	2.5%	2.9%	2.8%	1.9%	1.8%	2.0%
Nonfarm Employment (Millions)	142.2	146.3	152.5	155.9	158.0	159.5	159.7	160.3
Percent Change in Nonfarm Employment	-5.8%	2.9%	4.3%	2.2%	1.3%	1.0%	0.1%	0.4%
Unemployment Rate	8.1%	5.3%	3.6%	3.6%	4.0%	4.2%	4.1%	4.6%
Personal Income (Billions)	\$19,620.1	\$21,419.5	\$22,088.9	\$23,402.5	\$24,669.3	\$25,901.2	\$26,950.4	\$28,136.2
Percent Change in Personal Income	6.8%	9.2%	3.1%	5.9%	5.4%	5.0%	4.1%	4.4%
Wage and Salary Income (<i>Billions</i>)	\$9,465.7	\$10,315.6	\$11,123.1	\$11,725.2	\$12,401.1	\$13,021.6	\$13,547.2	\$14,156.8
Percent Change in Wages and Salary Income	1.5%	9.0%	7.8%	5.4%	5.8%	5.0%	4.0%	4.5%
Inflation	1.2%	4.7%	8.0%	4.1%	2.9%	2.8%	3.0%	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, 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 30
Colorado Economic Indicators

Calendar Years	2020	2021	2022	2023	2024	Legislative Council Staff Forecast		
						2025f	2026f	2027f
Population (Thousands, as of July 1)	5,787.1	5,814.0	5,850.9	5,901.3	5,957.5	5,989.9	6,025.0	6,070.0
Percent Change in Population	0.5%	0.5%	0.6%	0.9%	1.0%	0.5%	0.6%	0.7%
Nonfarm Employment (Thousands)	2,652.7	2,750.9	2,869.7	2,937.5	2,971.0	2,983.9	2,989.7	3,004.7
Percent Change in Nonfarm Employment	-4.9%	3.7%	4.3%	2.4%	1.1%	0.4%	0.2%	0.5%
Unemployment Rate	6.8%	5.5%	3.1%	3.3%	4.3%	4.5%	4.4%	4.7%
Personal Income (Millions)	\$374,262	\$416,727	\$447,854	\$470,606	\$492,712	\$517,418	\$539,293	\$564,348
Percent Change in Personal Income	6.5%	11.3%	7.5%	5.1%	4.7%	5.0%	4.2%	4.6%
Wage and Salary Income (Millions)	\$187,826	\$205,637	\$224,794	\$238,724	\$250,216	\$261,898	\$272,913	\$286,028
Percent Change in Wage and Salary Income	2.7%	9.5%	9.3%	6.2%	4.8%	4.7%	4.2%	4.8%
Retail Trade Sales (Millions)	\$112,431	\$131,528	\$144,145	\$145,707	\$145,993	\$149,260	\$152,120	\$156,880
Percent Change in Retail Trade Sales	6.5%	17.0%	9.6%	1.1%	0.2%	2.2%	1.9%	3.1%
Housing Permits (Thousands)	40.5	56.5	48.3	39.4	32.2	32.1	31.0	30.3
Percent Change in Housing Permits	4.8%	39.7%	-14.5%	-18.5%	-18.3%	-0.2%	-3.6%	-2.0%
Nonresidential Construction (Thousands)	\$5,607.5	\$5,681.0	\$6,630.1	\$6,690.8	\$4,668.0	\$6,118.1	\$5,149.2	\$5,320.6
Percent Change in Nonresidential Construction	8.6%	1.3%	16.7%	0.9%	-30.2%	31.1%	-15.8%	3.3%
Denver-Aurora-Lakewood Inflation	2.0%	3.5%	8.0%	5.2%	2.3%	2.5%	3.1%	2.4%

Sources:

Population and housing permits from U.S. Census Bureau. 2020 population numbers reflect the 2020 Census, while other numbers reflect the July 1 estimates.

Residential housing permits are the number of new single- and multifamily housing units permitted for building.

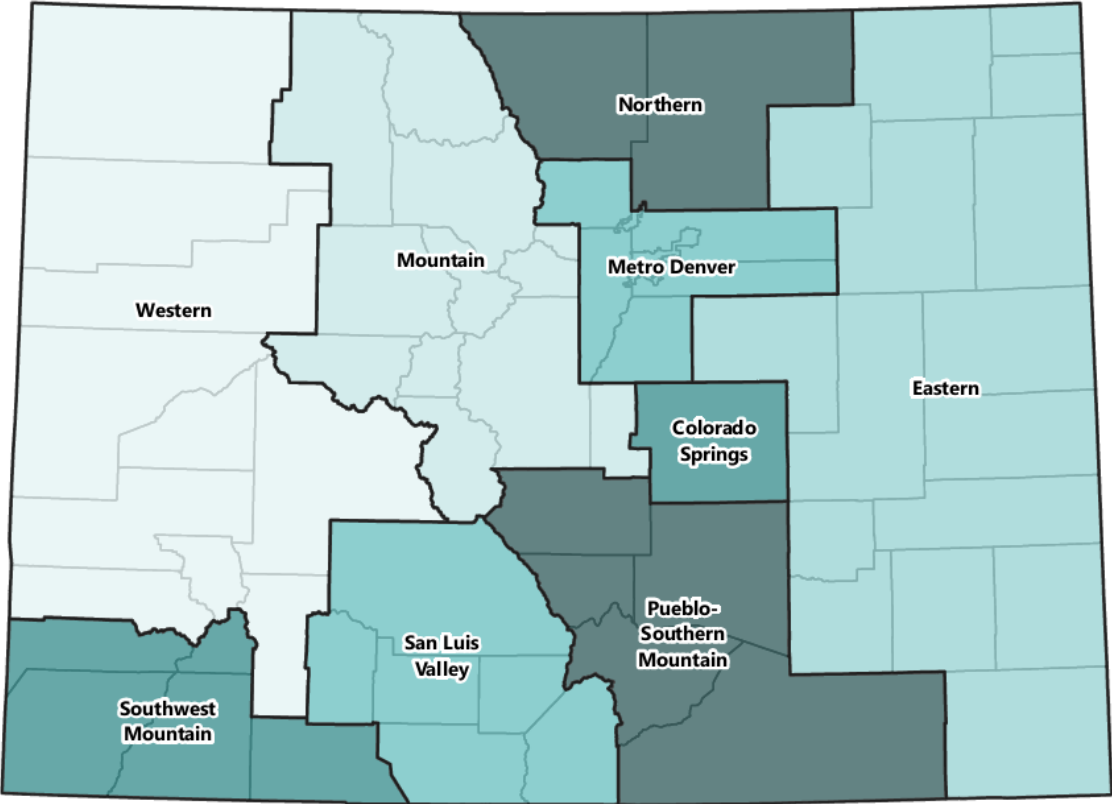
Employment and inflation data from U.S. Bureau of Labor Statistics. Inflation shown as the year-over-year change in the consumer price index.

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

Retail trade sales data from Colorado Department of Revenue.

Nonresidential construction data from F.W. Dodge.

Colorado Economic Regions



The 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

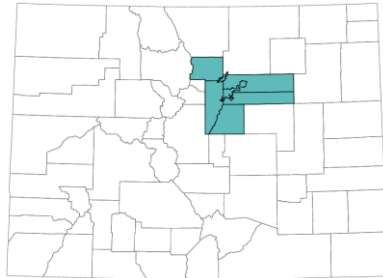


Table 31
Metro Denver Region Economic Indicators
 Adams, Arapahoe, Broomfield, Boulder, Denver, Douglas, and Jefferson Counties

Economic Indicators	2021	2022	2023	2024	YTD 2025
Employment Growth in Denver MSA	3.9%	5.0%	2.1%	0.6%	0.0%
Employment Growth in Boulder MSA	3.5%	4.2%	1.7%	-0.5%	0.0%
Unemployment Rate	5.4%	3.0%	3.2%	4.2%	4.4%
Average Weekly Wage Level	\$1,524	\$1,604	\$1,654	\$1,729	\$1,912
Average Weekly Wages Growth	6.5%	5.2%	3.1%	4.5%	4.2%
Single Family Permit Growth in Denver MSA	16.3%	-22.3%	-10.2%	0.3%	-15.7%
Single Family Permit Growth in Boulder MSA	-34.4%	42.7%	22.8%	-31.5%	-11.9%
Nonresidential Construction Value Growth	2.8%	35.5%	-15.4%	-22.6%	28.7%
Nonres Construction Square Footage (thousands)	19,470	24,977	12,845	9,738	8,400
Nonres Construction Square Footage Growth	32.4%	28.3%	-48.6%	-24.2%	-7.6%
Number of Nonresidential Projects	788	900	1,021	1,101	813
Nonresidential Projects Growth	14.4%	14.2%	13.4%	7.8%	-13.6%
Average Single Family Sale Price	\$712,000	\$790,000	\$787,000	\$802,000	\$812,000
Average Single Family Sale Price Growth	19.4%	10.8%	-0.4%	2.0%	0.9%
Single Family Inventory Growth	-46.4%	102.3%	13.6%	41.3%	34.8%
Single Family Home Sales Growth	1.9%	-21.1%	-16.3%	8.2%	4.2%
Retail Sales Growth	17.4%	11.4%	-0.1%	1.7%	2.4%

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

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

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2025Q1.

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

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

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

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

Northern Region

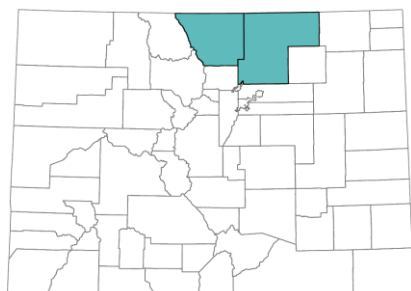


Table 32
Northern Region Economic Indicators
Weld and Larimer Counties

Economic Indicators	2021	2022	2023	2024	YTD 2025
Employment Growth in Fort Collins MSA	3.7%	4.2%	3.0%	1.0%	-0.7%
Employment Growth in Greeley MSA	-0.2%	4.6%	4.2%	3.0%	0.6%
Unemployment Rate	5.3%	3.1%	3.3%	4.3%	4.5%
Average Weekly Wage Level	\$1,149	\$1,219	\$1,284	\$1,317	\$1,422
Average Weekly Wages Growth	3.8%	6.2%	5.3%	2.6%	5.9%
State Cattle and Calf Inventory Growth	4.0%	-1.0%	-7.5%	-0.3%	-3.9%
Natural Gas Production Growth	-2.8%	-2.3%	0.8%	5.7%	1.1%
Oil Production Growth	-10.3%	-0.1%	0.8%	2.7%	1.4%
Total Housing Permit Growth in Fort Collins MSA	13.3%	-19.5%	7.7%	-29.3%	22.5%
Single Family Housing Permit Growth in Fort Collins MSA	-0.1%	-36.1%	-7.5%	6.5%	-24.3%
Total Housing Permit Growth in Greeley MSA	15.5%	17.8%	-14.1%	-30.4%	-2.4%
Single Family Housing Permit Growth in Greeley MSA	3.8%	-9.8%	-6.9%	-8.9%	1.6%
Nonresidential Construction Value Growth	-26.9%	61.0%	30.3%	-45.8%	9.2%
Nonresidential Construction Square Footage (thousands)	2,581	6,763	2,969	1,691	1,554
Nonresidential Construction Square Footage Growth	-1.5%	162.1%	-56.1%	-43.0%	-3.8%
Number of Nonresidential Projects	229	277	224	251	256
Nonresidential Projects Growth	-5.4%	21.0%	-19.1%	12.1%	13.3%
Average Single Family Sale Price	\$532,000	\$598,000	\$606,000	\$623,000	\$634,000
Average Single Family Sale Price Growth	16.5%	12.3%	1.4%	2.7%	1.8%
Single Family Inventory Growth	-44.3%	53.4%	14.5%	21.0%	30.0%
Single Family Home Sales Growth	2.3%	-20.4%	-19.0%	3.6%	9.3%
Retail Sales Growth in Larimer County	13.0%	12.3%	4.1%	-1.9%	4.8%
Retail Sales Growth in Weld County	13.6%	16.2%	3.7%	1.3%	6.4%

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

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

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2025Q1.

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

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

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

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

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

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

Colorado Springs Region

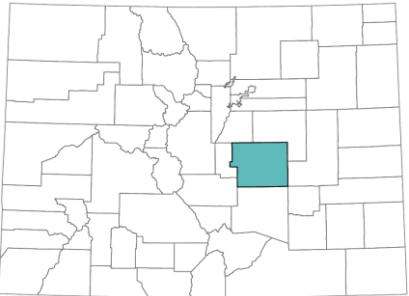


Table 33
Colorado Springs Region Economic Indicators
 El Paso County

Economic Indicators	2021	2022	2023	2024	YTD 2025
Employment Growth in Colorado Springs MSA	4.1%	4.3%	3.2%	1.6%	0.9%
Unemployment Rate	5.6%	3.2%	3.4%	4.3%	4.4%
Average Weekly Wage Level	\$1,140	\$1,192	\$1,244	\$1,298	\$1,369
Average Weekly Wages Growth	4.8%	4.6%	4.4%	4.3%	4.3%
Total Housing Permit Growth	34.7%	-5.5%	-40.0%	-24.6%	5.4%
Single Family Housing Permit Growth	0.7%	-28.4%	-26.2%	7.1%	-3.8%
Nonresidential Construction Value Growth	0.8%	-31.0%	14.7%	-37.7%	42.2%
Nonres Construction Square Footage (thousands)	3,480	2,253	1,603	1,433	2,136
Nonres Construction Square Footage Growth	-48.2%	-35.3%	-28.8%	-10.6%	55.5%
Number of Nonresidential Projects	320	374	213	428	330
Nonresidential Projects Growth	-26.4%	16.9%	-43.0%	100.9%	-9.3%
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%	0.7%
Single Family Inventory Growth	-30.0%	117.7%	8.0%	25.6%	31.8%
Single Family Home Sales Growth	4.0%	-17.5%	-24.3%	-1.9%	3.3%
Retail Sales Growth	18.3%	8.5%	0.1%	1.3%	3.1%

Employment data from U.S. Bureau of Labor statistics, CES (establishment survey). Seasonally adjusted. Data through August 2025.
 Unemployment rate from U.S. Bureau of Labor statistics, LAUS (household survey). Data through August 2025.
 Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2025Q1.
 Housing construction data from U.S. Census. Growth in the number of residential building permits. Data through August 2025.
 Nonresidential construction data from F.W. Dodge. Data through October 2025.
 Housing market data from Colorado Association of Realtors. Data through November 2025.
 Retail sales data from Colorado Department of Revenue. Seasonally adjusted. Data through September 2025.

Pueblo – Southern Mountains Region

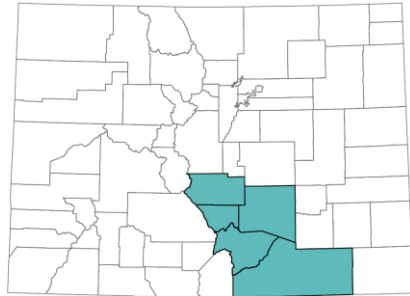


Table 34
Pueblo Region Economic Indicators
 Custer, Fremont, Huerfano, Las Animas, and Pueblo Counties

Economic Indicators	2021	2022	2023	2024	YTD 2025
Employment Growth in Pueblo Region	0.6%	1.6%	-0.5%	-0.7%	-0.4%
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%	5.9%
Average Weekly Wage Level	\$939	\$988	\$1,026	\$1,057	\$1,078
Average Weekly Wages Growth	3.8%	5.3%	3.8%	3.0%	5.4%
Total Housing Permit Growth in Pueblo MSA	24.0%	-22.9%	-43.8%	-13.5%	-9.8%
Single Family Permit Growth in Pueblo MSA	24.0%	-22.9%	-43.8%	-13.5%	-9.8%
Nonres Construction Value Growth	175.3%	-63.2%	157.0%	-62.3%	-69.1%
Nonres Construction Square Footage (thousands)	1,658	520	1,426	523	109
Nonres Construction Square Footage Growth	278.3%	-68.6%	174.2%	-63.3%	-76.3%
Number of Nonresidential Projects	71	56	72	110	70
Nonresidential Projects Growth	2.9%	-21.1%	28.6%	52.8%	-19.5%
Average Single Family Sale Price	\$326,000	\$340,000	\$349,000	\$347,000	\$343,000
Average Single Family Sale Price Growth	22.9%	4.2%	2.8%	-0.8%	-1.3%
Single Family Inventory Growth	-27.0%	68.7%	31.4%	28.3%	16.7%
Single Family Home Sales Growth	7.3%	-6.2%	-17.5%	-8.1%	-15.2%
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 August 2025.

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

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2025Q1.

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

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

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

Retail sales data from Colorado Department of Revenue. Seasonally Adjusted. Data through September 2025.

Eastern Region

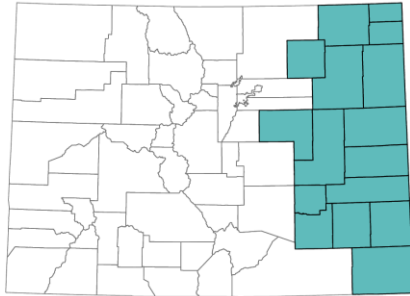


Table 35

Eastern Region Economic Indicators

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

Economic Indicators	2021	2022	2023	2024	YTD 2025
Employment Growth	-1.7%	1.3%	0.6%	0.4%	-0.9%
Unemployment Rate	4.8%	3.0%	3.1%	3.9%	4.0%
Average Weekly Wage Level	\$872	\$918	\$957	\$988	\$1,005
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%	-11.9%
Corn Price Growth (\$/Bushel)	53.8%	30.9%	-7.0%	-30.1%	-2.8%
Alfalfa Hay Price Growth (Baled, \$/Ton)	2.5%	2.8%	14.5%	-23.4%	-27.2%
State Cattle and Calf Inventory Growth	4.0%	-1.0%	-7.5%	-0.3%	-3.9%
Milk Production Growth	2.4%	0.7%	-1.9%	0.8%	4.2%
Housing Permit Growth	21.7%	-26.2%	-25.9%	47.4%	-3.3%
Average Single Family Sale Price	\$382,000	\$412,000	\$407,000	\$431,000	\$452,000
Average Single Family Sale Price Growth	16.6%	7.7%	-1.2%	5.9%	6.3%
Single Family Inventory Growth	-28.9%	65.9%	23.6%	11.6%	28.8%
Single Family Home Sales Growth	9.9%	-6.8%	-10.3%	0.7%	2.1%
Retail Sales Growth	12.5%	18.9%	-0.3%	0.2%	1.5%

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

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2025Q1.

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

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

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

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

Mountain Region

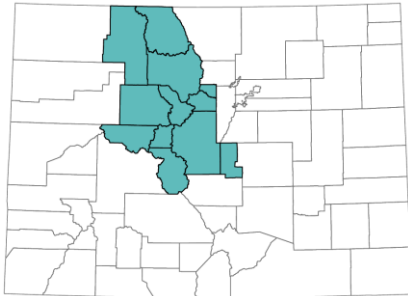


Table 36

Mountain Region Economic Indicators

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

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

Economic Indicators	2021	2022	2023	2024	YTD 2025
Employment Growth	1.8%	3.7%	1.9%	1.3%	1.0%
Unemployment Rate	5.1%	2.8%	2.9%	3.7%	3.7%
Average Weekly Wage Level	\$1,028	\$1,114	\$1,159	\$1,196	\$1,213
Average Weekly Wages Growth	4.8%	8.4%	4.1%	3.2%	3.4%
Housing Permit Growth	30.7%	41.1%	-34.7%	60.2%	-24.2%
Nonresidential Construction Value Growth	-55.1%	36.5%	-11.8%	19.2%	-23.4%
Nonres Construction Square Footage (thousands)	893	983	836	668	346
Nonres Construction Square Footage Growth	-21.7%	10.1%	-15.0%	-20.0%	-30.3%
Number of Nonresidential Projects	87	100	68	79	66
Nonresidential Projects Growth	7.4%	14.9%	-32.0%	16.2%	3.1%
Average Single Family/Townhouse/Condo Sale Price	\$1,300,000	\$1,424,000	\$1,465,000	\$1,601,000	\$1,623,000
Average Home Sale Price Growth	18.8%	9.6%	2.8%	9.3%	1.9%
Home Inventory Growth	-47.0%	21.8%	15.7%	37.1%	40.7%
Home Sales Growth	1.4%	-30.4%	-15.5%	2.8%	8.2%
Retail Sales Growth	21.0%	17.0%	4.0%	1.6%	2.0%

NA = Not available.

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

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2025Q1.

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

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

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

Western Region

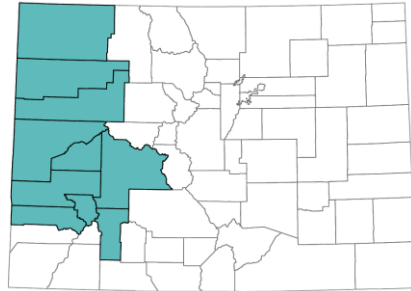


Table 37

Western Region Economic Indicators

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

Economic Indicators	2021	2022	2023	2024	YTD 2025
Employment Growth in Western Region	1.5%	2.0%	1.2%	1.5%	1.4%
Employment Growth in Grand Junction MSA	3.9%	2.5%	1.7%	1.8%	1.2%
Unemployment Rate	5.6%	3.4%	3.5%	4.3%	4.2%
Average Weekly Wage Level	\$954	\$1,025	\$1,072	\$1,102	\$1,120
Average Weekly Wages Growth	3.5%	7.4%	4.6%	2.8%	2.2%
Natural Gas Production Growth	-9.1%	-5.8%	-17.0%	-5.8%	2.1%
Housing Permit Growth	20.8%	-10.8%	13.9%	-36.0%	13.4%
Nonresidential Construction Value Growth	244.5%	-12.4%	-23.9%	63.9%	243.3%
Nonres Construction Square Footage (thousands)	774	773	687	866	1,375
Nonresidential Construction Square Footage Growth	61.6%	0.0%	-11.1%	26.1%	87.5%
Number of Nonresidential Projects	117	125	113	152	153
Nonresidential Projects Growth	34.5%	6.8%	-9.6%	34.5%	24.4%
Average Single Family Sale Price	\$519,000	\$536,000	\$597,000	\$636,000	\$653,000
Average Single Family Sale Price Growth	23.3%	3.3%	11.3%	6.6%	3.0%
Single Family Inventory Growth	-42.4%	25.2%	15.2%	10.4%	19.1%
Single Family Home Sales Growth	1.6%	-21.8%	-16.9%	1.4%	4.4%
Retail Sales Growth	19.2%	11.4%	4.8%	2.9%	6.1%
National Park Recreational Visits	12.7%	-3.9%	0.1%	0.0%	-8.8%

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

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

Wage data from U.S. Bureau of Labor Statistics, QCEW. Data through 2025Q1

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

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

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

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

Southwest Mountain Region

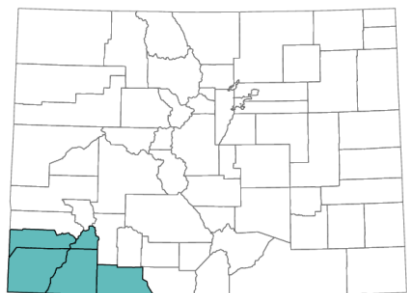


Table 38
Southwest Mountain Region Economic Indicators
 Archuleta, Dolores, La Plata, Montezuma, and San Juan Counties

Economic Indicators	2021	2022	2023	2024	YTD 2025
Employment Growth	-0.3%	2.5%	0.6%	1.3%	1.1%
Unemployment Rate	6.0%	3.5%	3.6%	4.4%	4.3%
Average Weekly Wage Level	\$948	\$991	\$1,042	\$1,085	\$1,077
Average Weekly Wages Growth	4.8%	4.5%	5.1%	4.1%	1.7%
Housing Permit Growth	18.4%	-21.9%	21.0%	10.3%	-43.8%
Average Single Family Sale Price	\$656,000	\$750,000	\$805,000	\$808,000	\$865,000
Average Single Family Sale Price Growth	21.2%	14.2%	7.4%	0.4%	6.7%
Single Family Inventory Growth	-47.5%	12.4%	8.9%	21.1%	24.3%
Single Family Home Sales Growth	-1.2%	-23.3%	-18.9%	-0.8%	4.5%
Retail Sales Growth	20.1%	4.9%	1.4%	2.7%	5.6%
National Park Recreational Visits	87.2%	-8.2%	2.3%	-5.3%	-5.0%

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

Wage data from U.S. Bureau of Labor statistics, QCEW. Data through 2025Q1.

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

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

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

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

San Luis Valley Region

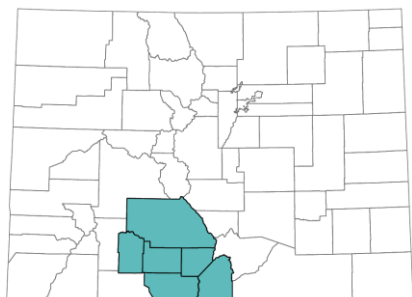


Table 39
San Luis Valley Region Economic Indicators
 Alamosa, Conejos, Costilla, Mineral, Rio Grande, and Saguache Counties

Economic Indicators	2021	2022	2023	2024	YTD 2025
Employment Growth	-1.9%	2.4%	0.2%	0.0%	-1.8%
Unemployment Rate	6.5%	4.0%	4.1%	5.1%	5.1%
Average Weekly Wage Level	\$805	\$856	\$901	\$906	\$908
Average Weekly Wages Growth	4.6%	6.3%	5.2%	0.6%	1.4%
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	28.6%	-21.6%	-6.3%	24.9%	52.5%
Average Single Family Sale Price	\$343,000	\$352,000	\$365,000	\$376,000	\$368,000
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%	16.0%
Single Family Home Sales Growth	7.1%	-25.4%	-14.8%	8.7%	-4.3%
Retail Sales Growth	17.1%	9.0%	2.3%	1.0%	1.8%
National Park Recreational Visits	30.6%	-18.1%	3.8%	-14.6%	-1.4%

N/A = not available.

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

Wage data from U.S. Bureau of Labor statistics, QCEW. Data through 2025Q1.

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

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

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

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

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

Appendix: Historical Data

National Economic Indicators

Calendar Years	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
GDP (Billions)	\$15,599.7	\$16,254.0	\$16,880.7	\$17,608.1	\$18,295.0	\$18,804.9	\$19,612.1	\$20,656.5	\$21,540.0	\$21,354.1	\$23,681.2	\$26,006.9	\$27,720.7	\$29,184.9
Percent Change in GDP	3.7%	4.2%	3.9%	4.3%	3.9%	2.8%	4.3%	5.3%	4.3%	-0.9%	10.9%	9.8%	6.6%	5.3%
Real GDP (Billions of 2017 dollars)	\$17,052.4	\$17,442.8	\$17,812.2	\$18,261.7	\$18,799.6	\$19,141.7	\$19,612.1	\$20,193.9	\$20,715.7	\$20,267.6	\$21,494.8	\$22,034.8	\$22,671.1	\$23,305
Percent Change in Real GDP	1.6%	2.3%	2.1%	2.5%	2.9%	1.8%	2.5%	3.0%	2.6%	-2.2%	6.1%	2.5%	2.9%	2.8%
Unemployment Rate	8.9%	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%
Inflation	3.1%	2.1%	1.5%	1.6%	0.1%	1.3%	2.1%	2.4%	1.8%	1.2%	4.7%	8.0%	4.1%	2.9%
10-Year Treasury Note (Annual Average)	2.8%	1.8%	2.4%	2.5%	2.1%	1.8%	2.3%	2.9%	2.1%	0.9%	1.4%	3.0%	4.0%	4.2%
Personal Income (Billions)	\$13,309.6	\$13,917.8	\$14,068.8	\$14,784.1	\$15,473.7	\$15,887.7	\$16,662.8	\$17,528.2	\$18,363.2	\$19,620.1	\$21,419.5	\$22,088.9	\$23,402.5	\$24,669.3
Percent Change in Personal Income	6.0%	4.6%	1.1%	5.1%	4.7%	2.7%	4.9%	5.2%	4.8%	6.8%	9.2%	3.1%	5.9%	5.4%
Wage & Salary Income (Billions)	\$6,626.2	\$6,928.1	\$7,114.0	\$7,476.3	\$7,859.5	\$8,091.2	\$8,474.4	\$8,899.8	\$9,325.1	\$9,465.7	\$10,315.6	\$11,123.1	\$11,725.2	\$12,401.1
Percent Change in Wage & Salary Income	4.0%	4.6%	2.7%	5.1%	5.1%	2.9%	4.7%	5.0%	4.8%	1.5%	9.0%	7.8%	5.4%	5.8%
Nonfarm Employment (Millions)	131.9	134.2	136.4	138.9	141.8	144.3	146.6	148.9	150.9	142.2	146.3	152.5	155.9	158.0
Percent Change in Nonfarm Employment	1.2%	1.7%	1.6%	1.9%	2.1%	1.8%	1.6%	1.6%	1.3%	-5.8%	2.9%	4.3%	2.2%	1.3%

Sources:

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

Colorado Economic Indicators

Calendar Years	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Nonfarm Employment (Thousands)	2,257	2,312	2,381	2,463	2,541	2,602	2,660	2,727	2,790	2,653	2,751	2,870	2,938	2,971
Percent Change in Nonfarm Employment	1.6%	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%
Unemployment Rate	8.7%	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%
Personal Income (Millions)	\$223,874	\$236,033	\$247,817	\$268,453	\$279,696	\$283,679	\$303,367	\$328,113	\$351,476	\$374,262	\$416,727	\$447,854	\$470,606	\$492,712
Percent Change in Personal Income	8.6%	5.4%	5.0%	8.3%	4.2%	1.4%	6.9%	8.2%	7.1%	6.5%	11.3%	7.5%	5.1%	4.7%
Per Capita Income	\$43,735	\$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
Percent Change in Per Capita Income	7.1%	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)	\$118,415	\$124,947	\$129,521	\$138,626	\$146,578	\$151,168	\$160,940	\$170,790	\$182,963	\$187,826	\$205,637	\$224,794	\$238,724	\$250,216
Percent Change in Wage & Salary Income	4.2%	5.5%	3.7%	7.0%	5.7%	3.1%	6.5%	6.1%	7.1%	2.7%	9.5%	9.3%	6.2%	4.8%
Retail Trade Sales (Millions)	\$69,874	\$74,100	\$77,639	\$83,395	\$87,379	\$90,627	\$95,890	\$100,503	\$105,547	\$112,431	\$131,528	\$144,145	\$145,707	\$145,993
Percent Change in Retail Trade Sales	7.2%	6.0%	4.8%	7.4%	4.8%	3.7%	5.8%	4.8%	5.0%	6.5%	17.0%	9.6%	1.1%	0.2%
Housing Permits	13,502	23,301	27,517	28,698	31,871	38,974	40,673	42,627	38,633	40,469	56,524	48,341	39,404	32,185
Percent Change in Housing Permits	16.5%	72.6%	18.1%	4.3%	11.1%	22.3%	4.4%	4.8%	-9.4%	4.8%	39.7%	-14.5%	-18.5%	-18.3%
Nonresidential Construction (Millions)	\$3,923	\$3,695	\$3,624	\$4,351	\$4,991	\$5,988	\$6,151	\$8,132	\$5,161	\$5,608	\$5,681	\$6,630	\$6,691	\$4,668
Percent Change in Nonresidential Construction	24.7%	-5.8%	-1.9%	20.1%	14.7%	20.0%	2.7%	32.2%	-36.5%	8.6%	1.3%	16.7%	0.9%	-30.2%
Denver-Aurora-Lakewood Inflation	3.7%	1.9%	2.8%	2.8%	1.2%	2.8%	3.4%	2.7%	1.9%	2.0%	3.5%	8.0%	5.2%	2.3%
Population (Thousands, July 1)	5,121.9	5,193.7	5,270.8	5,352.6	5,454.3	5,543.8	5,617.4	5,697.2	5,758.5	5,787.1	5,814.0	5,850.9	5,901.3	5,957.5
Percent Change in Population	1.5%	1.4%	1.5%	1.6%	1.9%	1.6%	1.3%	1.4%	1.1%	0.5%	0.5%	0.6%	0.9%	1.0%

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, 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.