

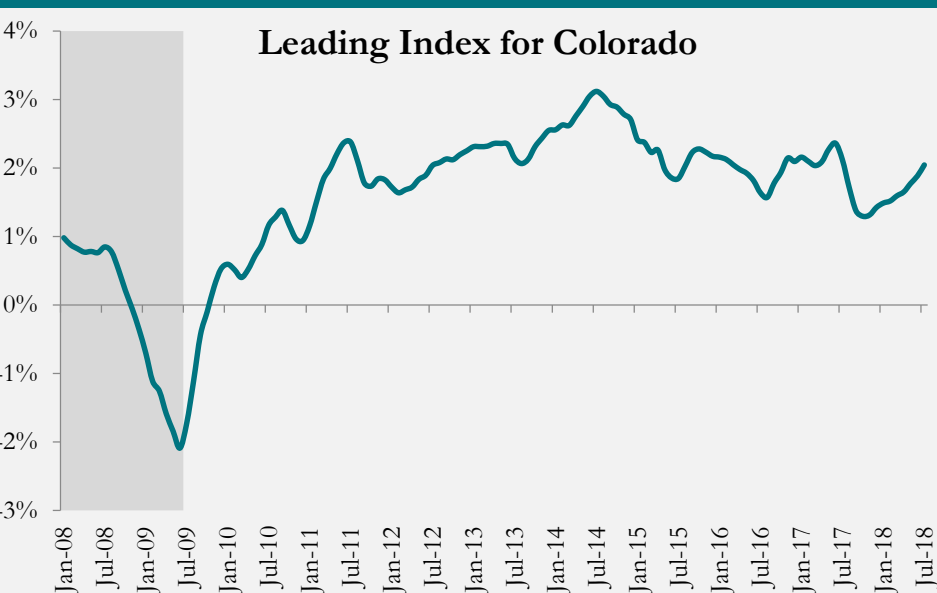
# The Colorado Outlook

## Economic and Fiscal Review, September 2018

The following information is excerpted from the Colorado Office of State Planning and Budgeting's September 2018 forecast. To access the full forecast document, click on the image above or follow this link: <https://goo.gl/PVYQDb>

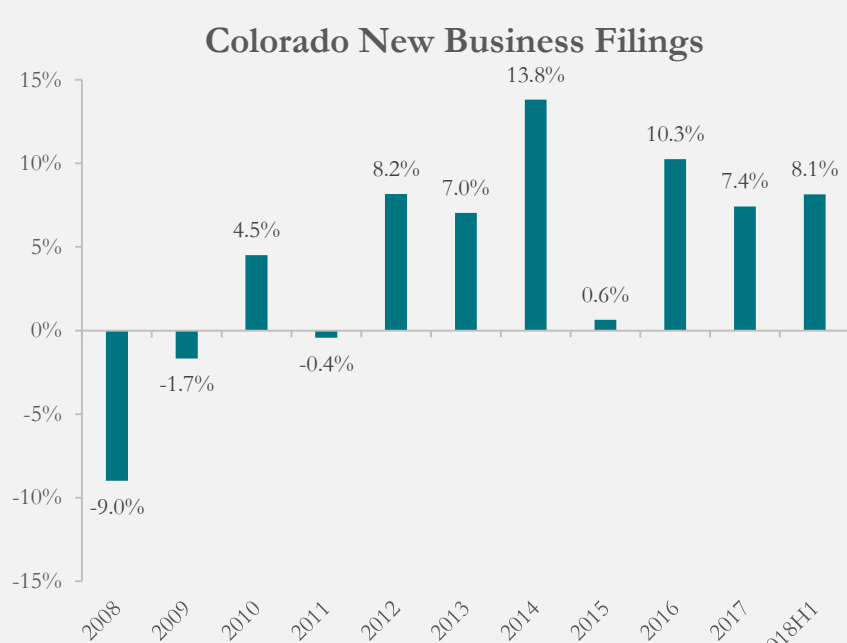
### The Economy

Colorado's economic growth accelerated in the first half of 2018. Colorado's employment growth has been robust and widespread across all industries and regions, while wage growth has risen above inflation in recent months. Oil and gas production has recovered from the mid-decade downturn, albeit at lower levels of employment, and business formation is strong. However, slower labor force growth and tight housing market conditions are expected to limit growth in the later years of the forecast.

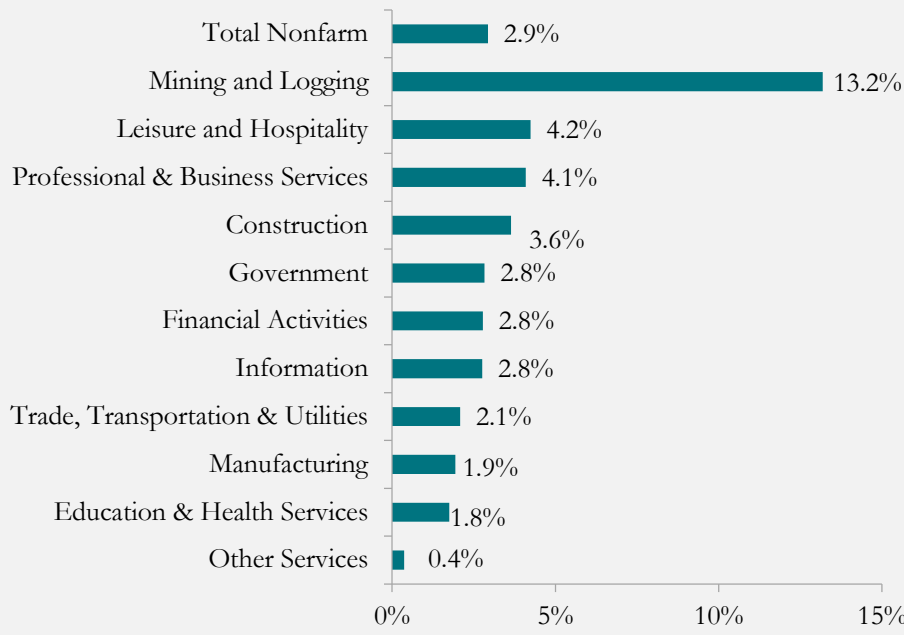


Leading indicators like the Federal Reserve Bank of Philadelphia's Leading Index suggest that Colorado's economic activity will continue to strengthen in the near-term. Other measures show that this growth has continued in recent months.

New business filings with the Colorado Secretary of State's office grew 8.1 percent in the first half of 2018. Increased levels of business formation indicate an optimism in the stability and growth of the economy and are an important indicator of future job growth.

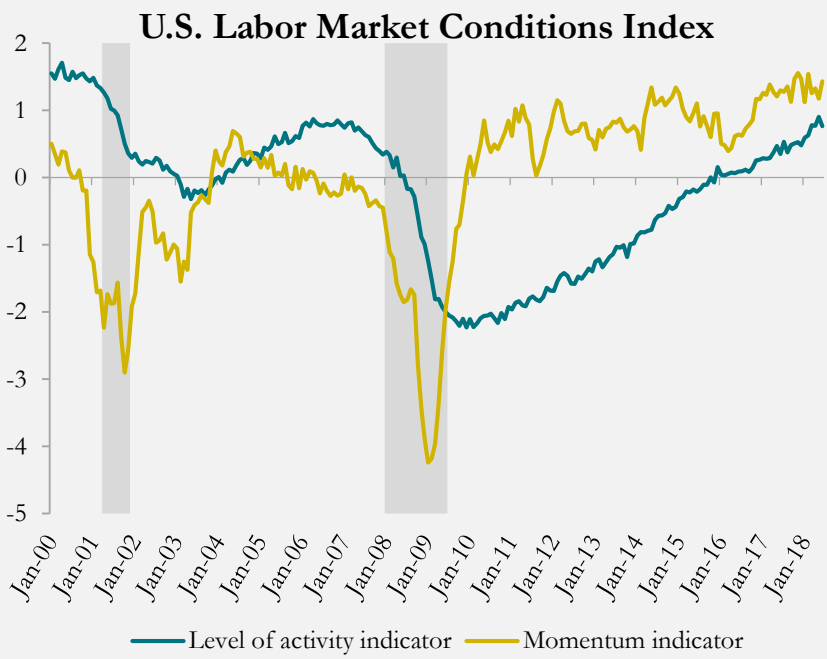
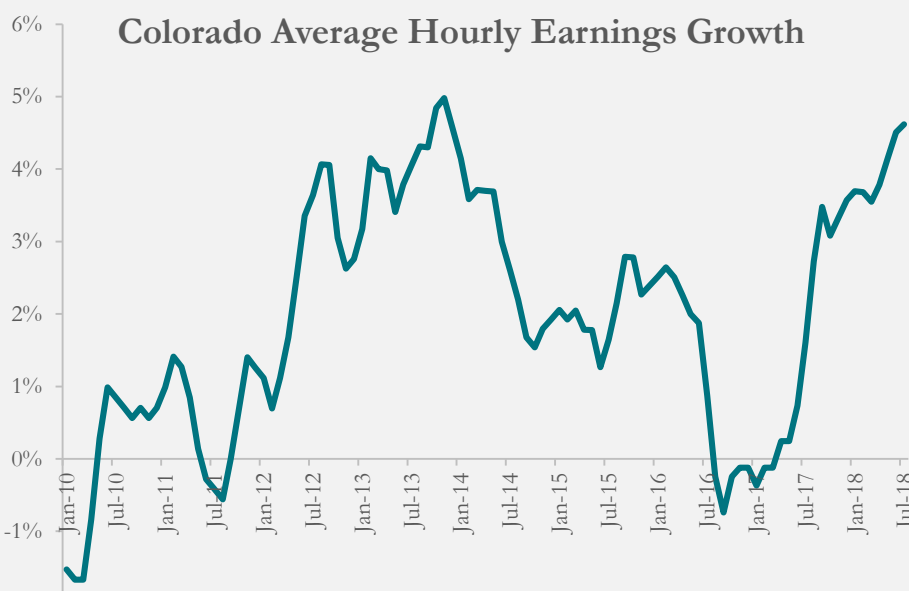


### 12-Month Job Growth by Industry, July 2018



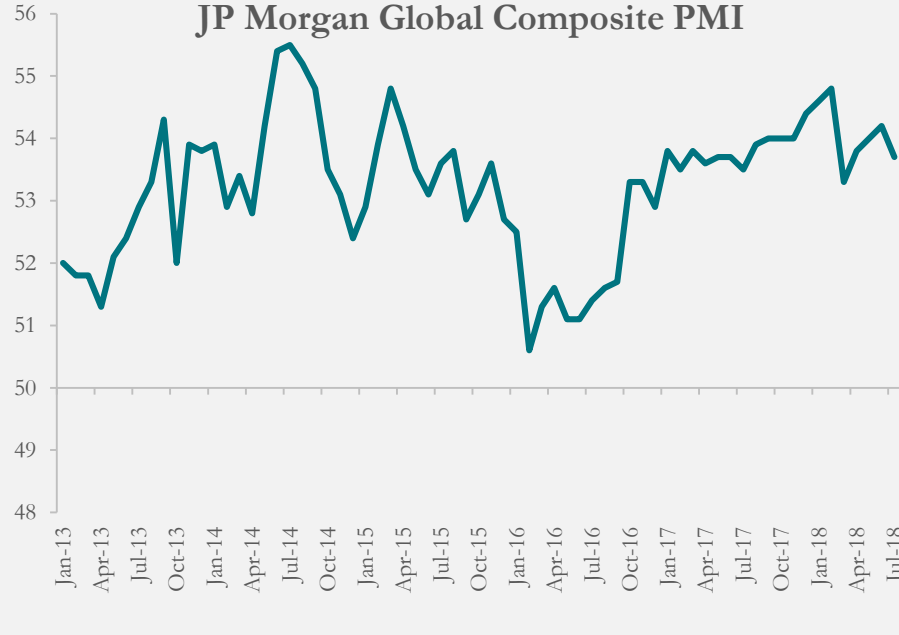
Colorado's strong economy is driving accelerated job growth across the state. All industries are currently experiencing job growth, with most experiencing faster job growth than a year ago. Mining and Logging grew at the fastest rate in the last 12 months, while Professional and Business Services added the most jobs.

Colorado's tight labor market is propelling stronger wage growth. Year-over-year wage growth was 4.2 percent in July, and has outpaced inflation since late 2017. Employers struggling to fill positions often raise wages in order to recruit and retain talented workers. Colorado currently has more jobs posted online than unemployed people.



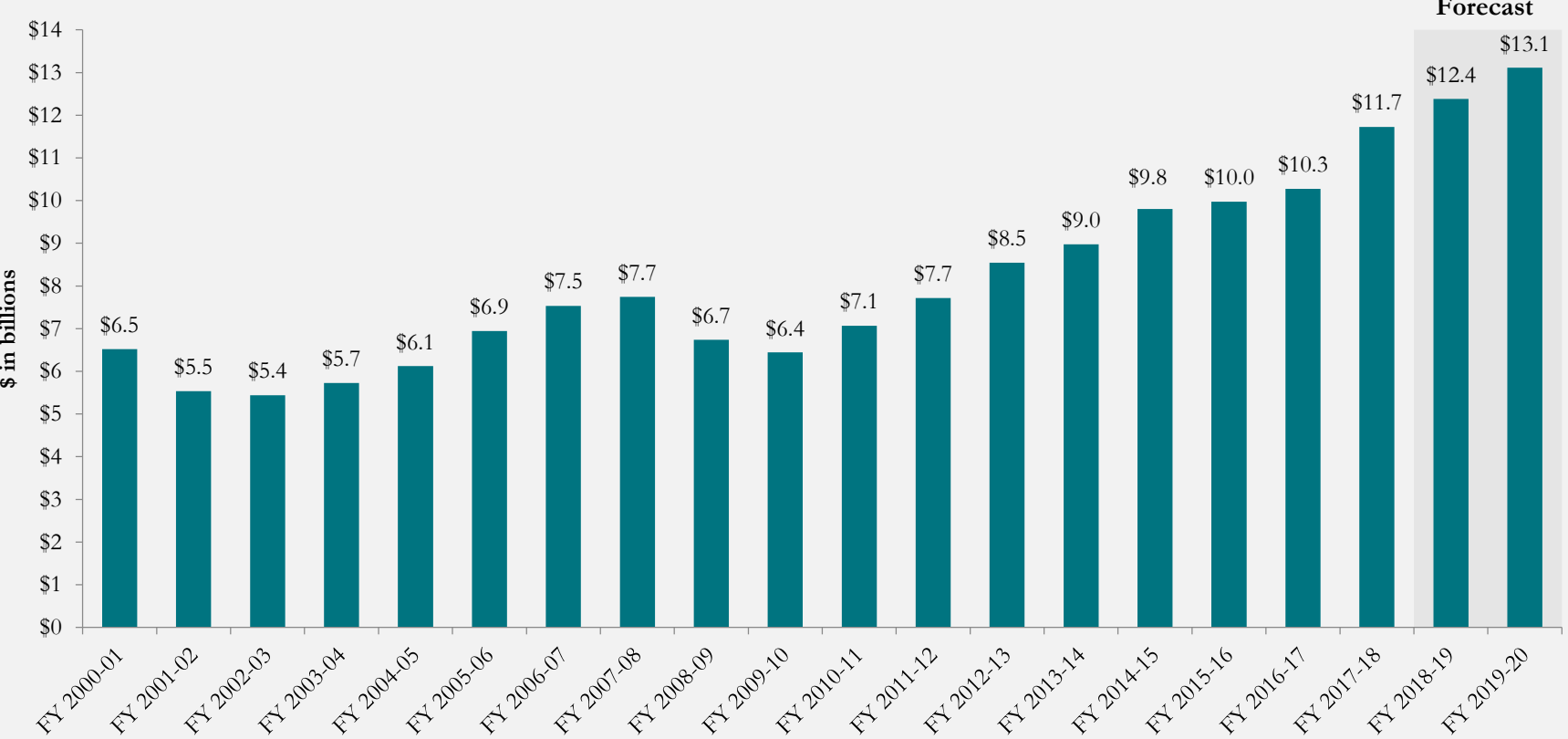
The Kansas City Federal Reserve's Labor Market Conditions Index shows that labor market momentum remains near its highest level of the expansion. This momentum is driven largely by ongoing decreases in initial unemployment claims and the recent stabilization of the labor force participation rate. The national unemployment rate was at a 49-year low in July and August, at 3.9 percent.

Global economic growth is continuing at a stable, high rate after experiencing rapid acceleration throughout 2016 and 2017, as reflected in the JP Morgan Global Composite PMI. The International Monetary Fund expects the global economy to grow at a 3.9 percent annual rate in 2018 and in 2019.



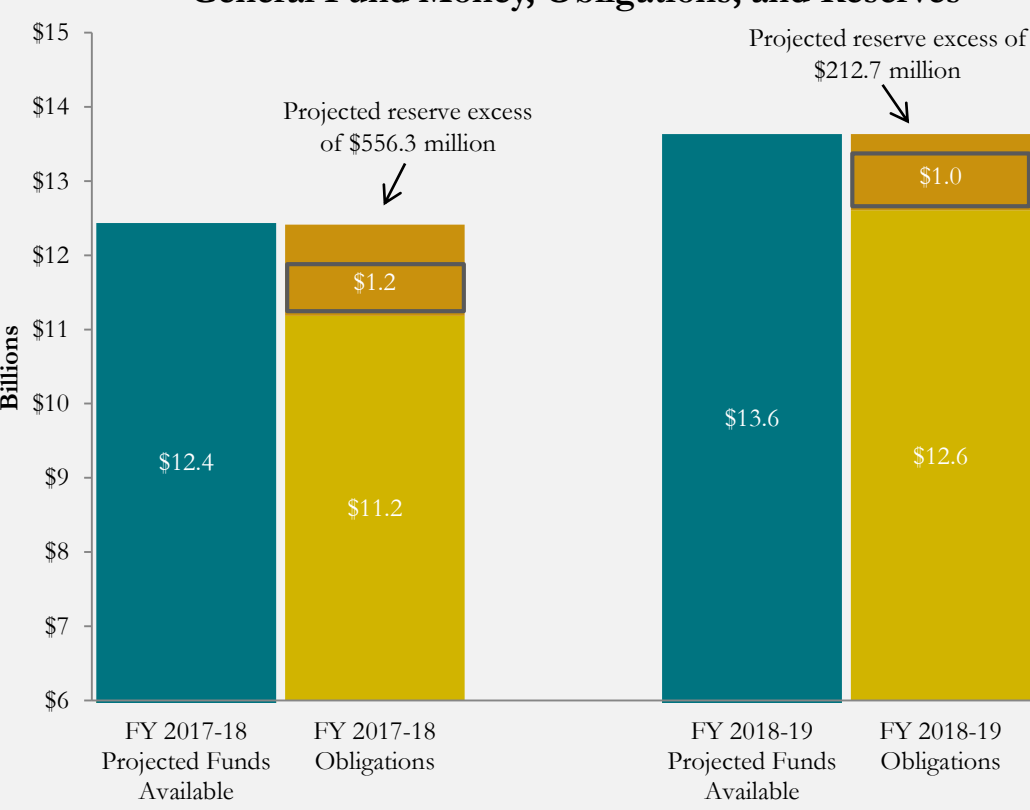
### General Fund Revenue Forecast

After a strong 14.1 percent increase in FY 2017-18, General Fund revenue is forecast to increase at a more moderate rate of 5.6 percent in FY 2018-19. General Fund revenue is projected to increase at a rate of 5.9 percent in FY 2019-20 with continued economic growth. Relative to the June projections, preliminary FY 2017-18 General Fund revenue collections were \$103.1 million higher, or 0.9 percent, while the FY 2018-19 forecast of General Fund revenue is higher by \$303.2 million, or 2.5 percent. The FY 2018-19 revision includes \$44 million in additional revenue expected from collection of state sales tax from online retailers that is expected to begin in December. The FY 2019-20 forecast is higher by \$390.0 million, or 3.1 percent.



### General Fund Budget

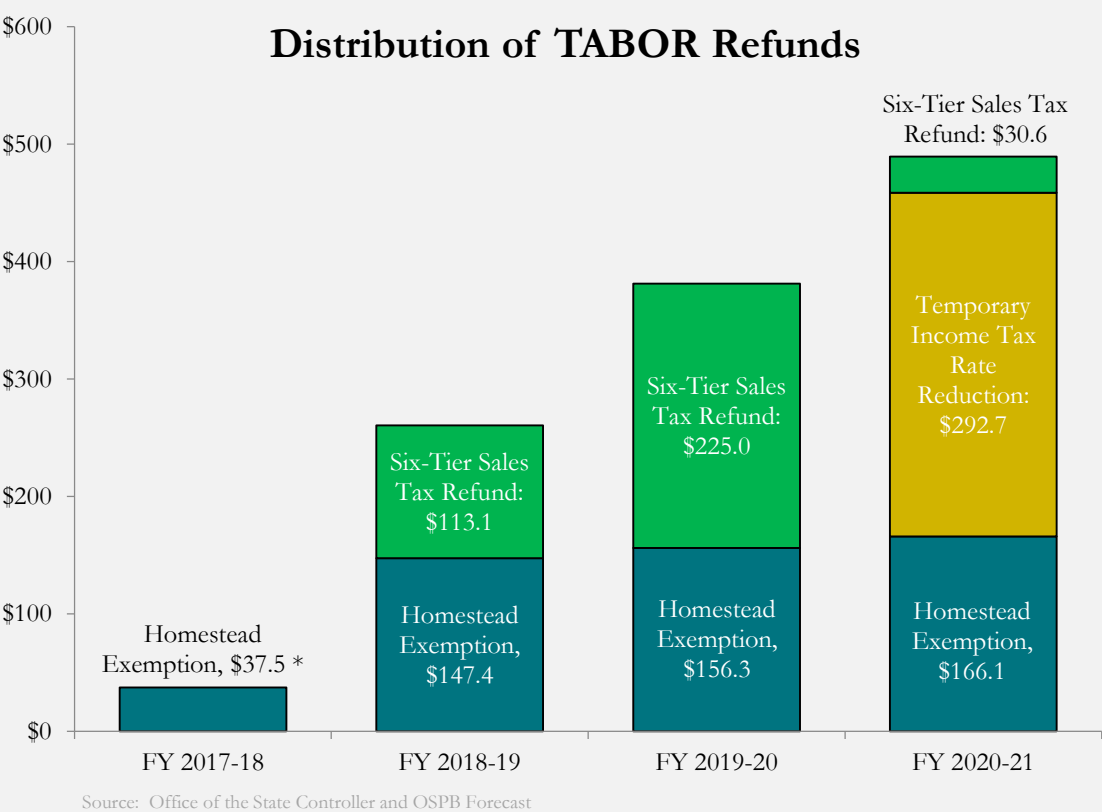
#### General Fund Money, Obligations, and Reserves



The General Fund reserve is projected to be \$556.3 million above the required statutory reserve amount of 6.5 percent of appropriations in FY 2017-18. During the 2018 legislative session, the reserve requirement was increased to 7.25 percent beginning in FY 2018-19. The General Fund reserve is projected to be \$212.7 million above the higher required reserve amount under this forecast and FY 2018-19's budgeted expenditures.

### Taxpayer's Bill of Rights: Revenue Limit

#### Distribution of TABOR Refunds



TABOR revenue is projected to be above the cap by a preliminary \$16.2 million in FY 2017-18, with \$21.3 million remaining to be refunded from prior years. Excess FY 2017-18 revenue will be refunded through the senior homestead and disabled veterans property tax exemption expenditures. TABOR revenue is expected to exceed the cap by \$260.5 million in FY 2018-19 and \$381.3 million in FY 2019-20. The refund of excess revenue will occur in the fiscal year after it is received.

