

Colorado Economic and Fiscal Outlook

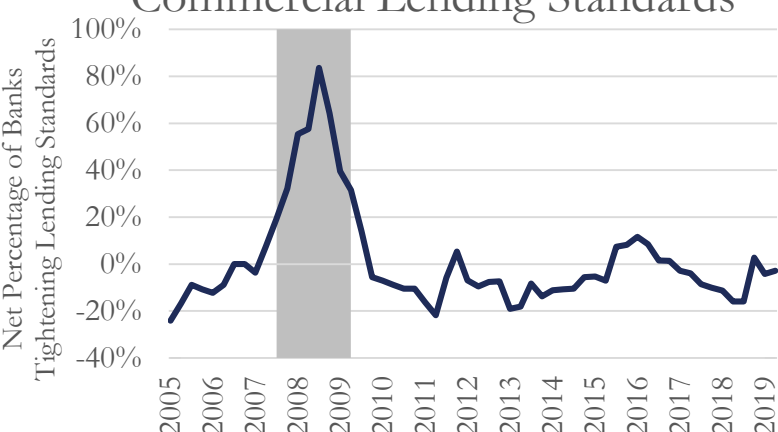
September 2019

The following information is from the Colorado Office of State Planning and Budgeting's September 2019 forecast. To access the full forecast, click on the image above or follow this link: <https://www.colorado.gov/governor/economics>

Economic Outlook

Colorado's economy has strengthened in recent months, but growth is expected to slow over the forecast period. Employment and wage growth have been strong, encouraging consumer activity, but the tight labor market is constraining business growth. Lower housing and energy price growth is reducing inflation. While the agricultural and manufacturing industries face headwinds due to the ongoing trade war, Colorado's economic expansion is expected to continue.

Commercial Lending Standards

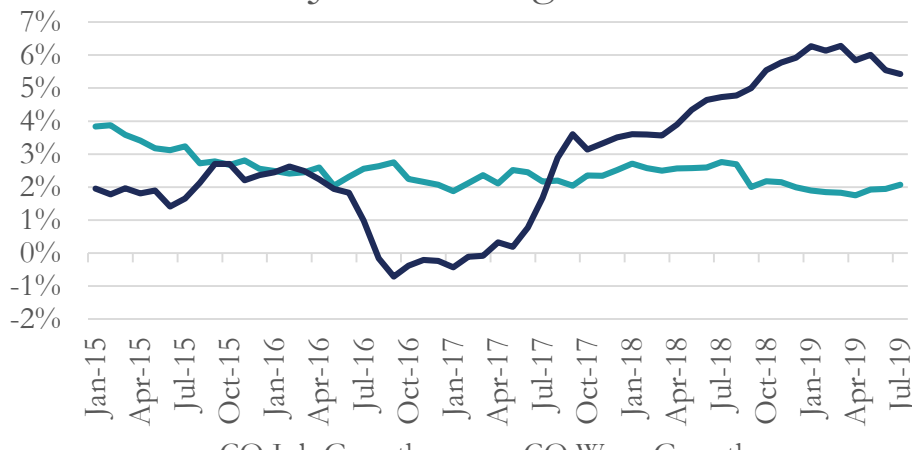


Source: Federal Reserve Board of Governors.

Slightly more banks are loosening lending standards than tightening them, indicating that banks do not see excessive risks in the economy.

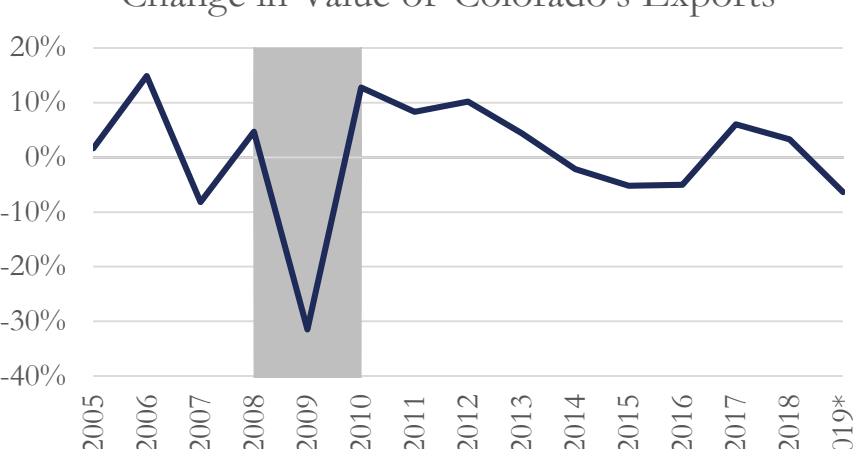
Colorado's job growth accelerated last quarter, to an average of 8,000 jobs per month, up from 3,600 jobs per month in Q1 2019.

CO Job and Wage Growth



Source: Federal Reserve Bank of St. Louis and U.S. Bureau of Labor Statistics.

Change in Value of Colorado's Exports



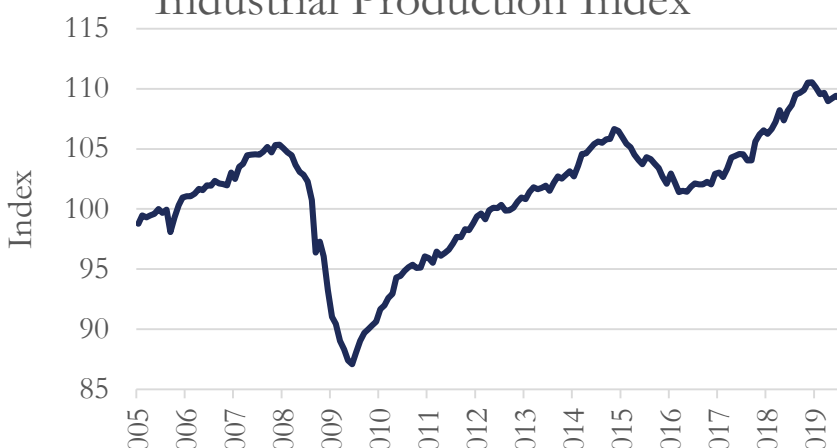
*2019 figures represent change in 2019 YTD figures from 2018 YTD figures

Source: WiserTrade.

Export activity in Colorado declined by 6%, following escalating tariffs and trade policy uncertainty, with larger declines seen in food and agriculture exports.

Industrial production at the national level has been declining in 2019, which also reflects business uncertainty around trade policy and a strong dollar.

Industrial Production Index



Source: Federal Reserve Board of Governors.

U.S. Retail Sales

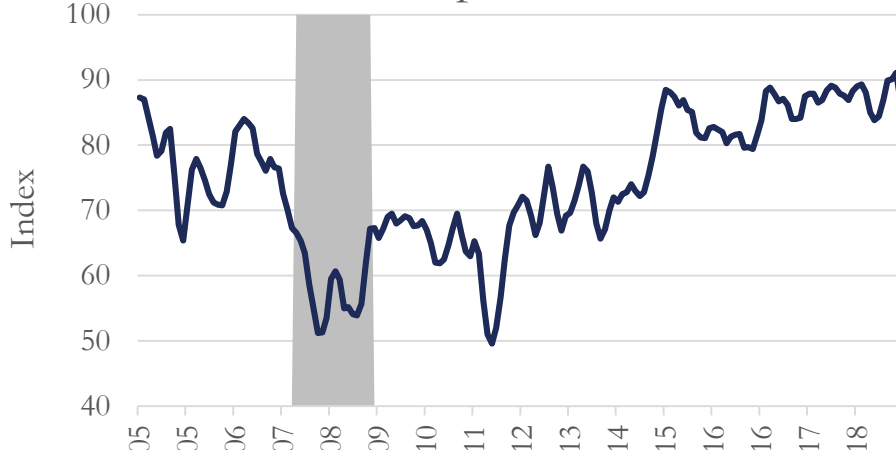


Source: U.S. Census Bureau.

Consumers are still spending. National data shows that retail sales were up 4% year-over-year in August.

Consumer expectations remain high, but declined in August, suggesting consumers are increasingly aware of the potential impact of tariffs on economic growth.

Consumer Expectations Index

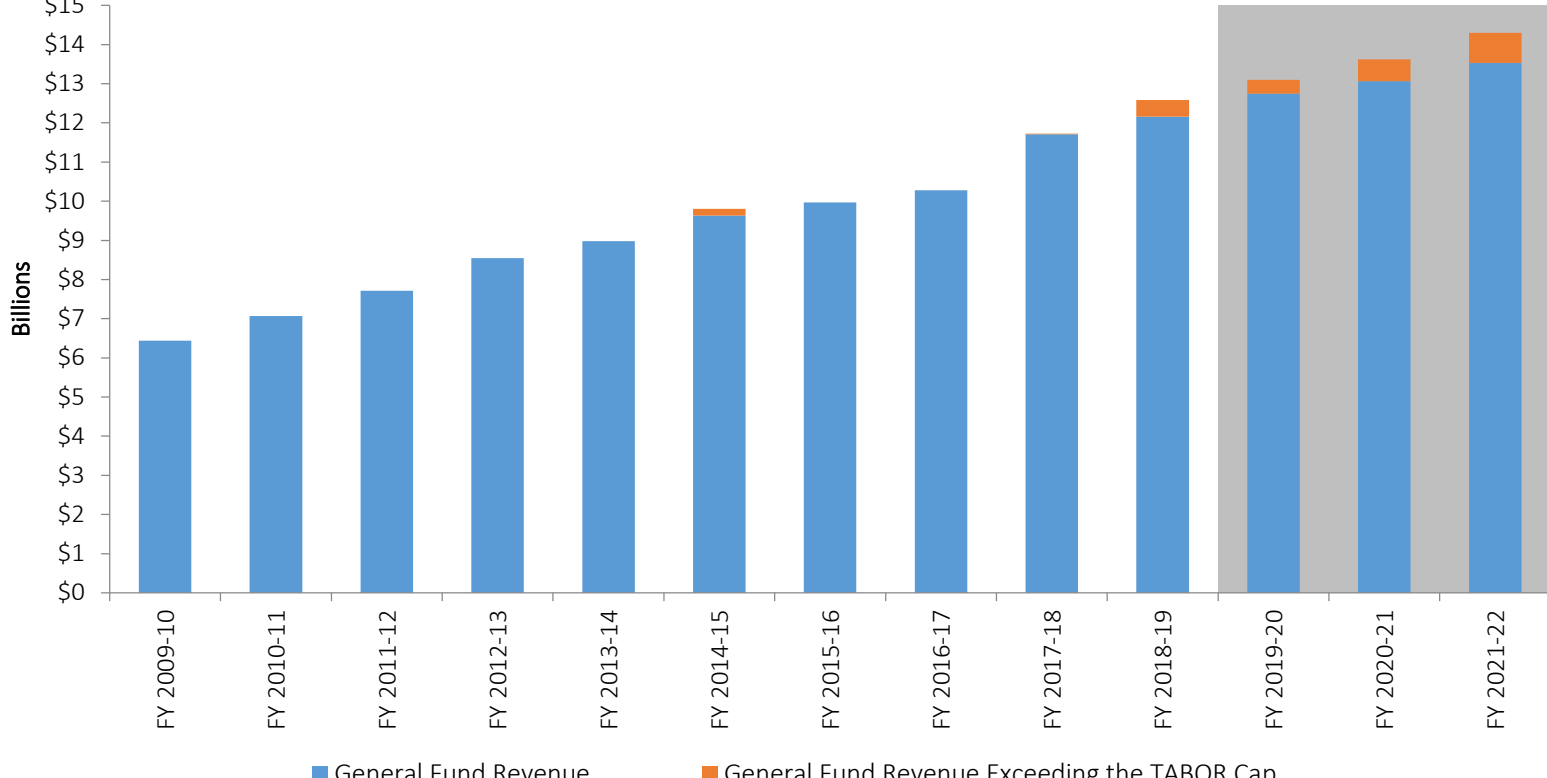


Source: University of Michigan.

General Fund Revenue Outlook

General Fund revenue is projected to grow by 4.1 percent in FY 2019-20 and 4.0 percent in FY 2020-21, after growing by 7.3 percent in FY 2018-19. This September forecast revised down projections for FY 2019-20 by \$44.1 million, or 0.3 percent, and projections for FY 2020-21 by \$109.5 million, or 0.8 percent. These revisions are primarily due to lower forecasts for corporate income tax collections. Strong employment and wage growth, and impacts from tax policy changes will contribute to continued General Fund revenue expansion throughout the forecast period.

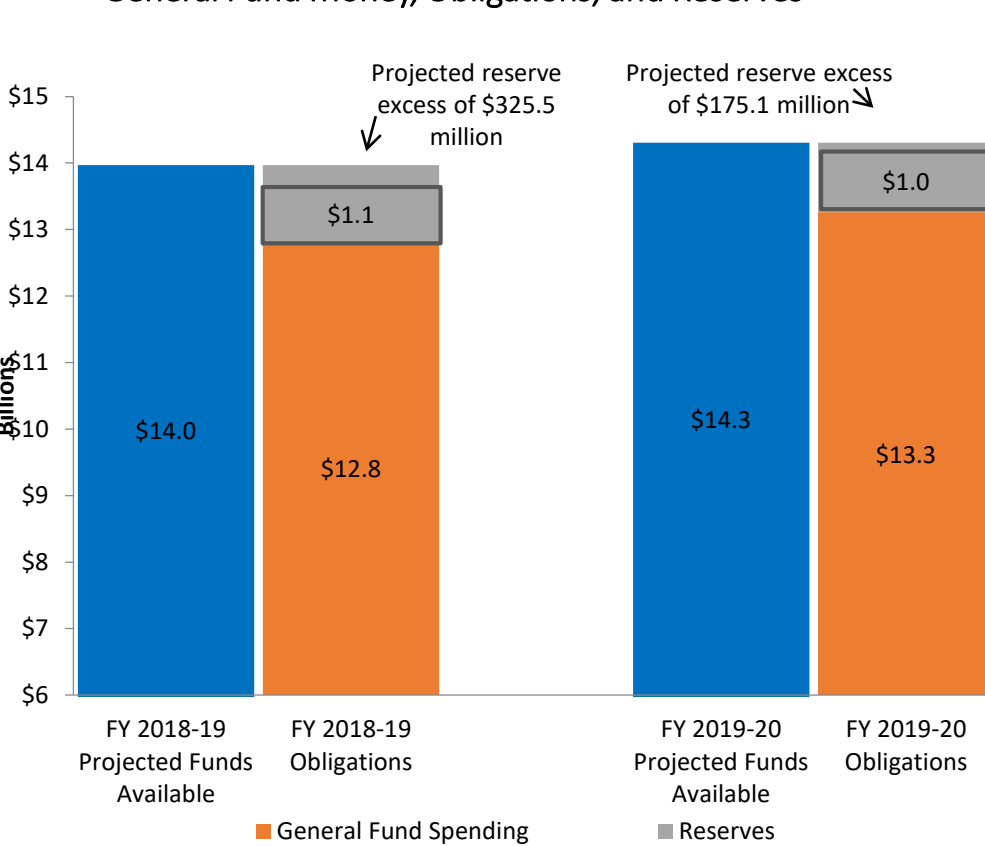
General Fund Revenue and TABOR Refunds



Source: Office of the State Controller and OSPB Forecast

Budget Outlook

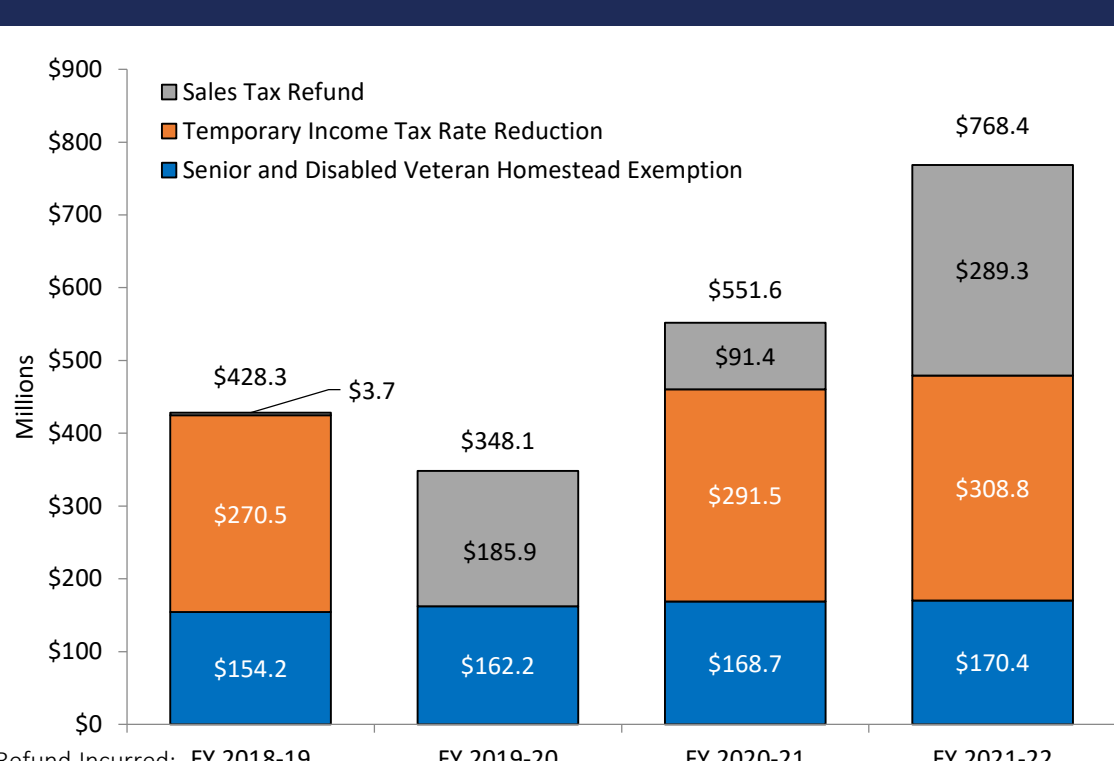
General Fund Money, Obligations, and Reserves



Source: Office of the State Controller and OSPB Forecast

The General Fund reserve was \$325.5 million above the required statutory reserve in FY 2018-19, according to preliminary estimates. The General Fund reserve is projected to be \$175.1 million above the statutory reserve amount in FY 2019-20.

TABOR Outlook



Revenue subject to TABOR exceeded the revenue cap by \$428 million in FY 2018-19 and is projected to be above the cap by \$348 million in FY 2019-20. The FY 2018-19 refund will be paid out via the homestead exemption (\$154 million), a sales tax refund (\$4 million), and a temporary income tax rate reduction (\$271 million) in FY 2019-20. The projected refund from FY 2019-20 is expected to be paid out via the homestead exemption (\$162 million) and a sales tax refund (\$186 million).

Source: Office of the State Controller and OSPB Forecast

