

# MEMORANDUM

---

---

**TO:** JBC Members

**FROM:** John Ziegler

**SUBJECT:** December Revenue Forecast with January 2017 Supplemental and Budget Amendment Requests

**DATE:** January 21, 2017

---

---

Legislative Council Staff (LCS) and the Office of State Planning and Budgeting (OSPB) released their December revenue forecasts on December 20, 2016. The General Fund Overview has been updated for the Governor's budget requests made through January 17, 2017. Please note that many of the items in these overviews will change as the course of the session continues. Attached are tables that provide a comparison of the information as it pertains to the December revenue forecasts.

- Table 1:** Provides the General Fund Overview based on the LCS revenue forecast.
- Table 2:** Provides the General Fund Overview based on the OSPB revenue forecast.
- Table 3:** Provides a summary of JBC staff understanding of the major FY 2016-17 supplemental and FY 2017-18 budget request items contained in the Governor's request.

Please note the following:

- FY 2016-17 - Based on both forecasts the General Fund has a deficit for FY 2016-17. The LCS forecast indicates a forecasted deficit of \$82.8 million and the OSPB forecast indicates a forecasted deficit of \$110.8 million.
- FY 2017-18 – Based on the LCS forecast, there would be a General Fund excess surplus of \$67.5 million in FY 2017-18. Based on the OSPB forecast, there would be a slight deficit of \$11.8 million in FY 2017-18. Please note that the deficit as reflected on the OSPB forecast is the result of JBC staff inclusion of all requests from both the Executive and Judicial Branches. The OSPB submission did not account for the independent requests made by Judicial or other elected officials.
- As Table 3 indicates, the Governor's current budget request includes several items that may impact the level of funding in both FY 2016-17 and FY 2017-18. The General Fund overviews presented in this memorandum include the assumptions as requested in the Governor's budget request as summarized by Henry Sobanet's letter of January 17, 2017. *It is important to note that all of the items in these General Fund Overviews can be impacted by*

*future actions of the General Assembly and potential future requests from the Executive, Legislative, or Judicial branches. The General Fund overviews will change as future decisions are made and future revenue forecasts are published.*

- The Governor's request includes one item in the Department of Education that could have a potential impact on the FY 2017-18 General Fund but that is not currently reflected in the General Fund overviews. The Governor has requested that legislation be introduced to increase the maximum allowed retail sales tax rate for adult-use recreational marijuana to 12 percent rather than allowing it to drop to 8 percent on July 1, 2017 as required by current law. The Governor estimates that this would generate an additional \$41.9 million in revenues to support K-12 education. The Governor's request assumes this increase in retail sales tax rate for adult-use recreational marijuana and includes cash funds from the Marijuana Tax Cash Fund for total program in K-12. However, should this legislative change not be made, the General Assembly would have to find another source if they wish to appropriate the requested amount for K-12 education. The most likely alternative source is the General Fund. That additional \$41.9 million is not currently reflected on the included General Fund overviews.

**Table 1**  
**General Fund Overview Based On Legislative Council December 2016 Revenue Estimate**  
**Updated for End of 2016 Session and January 2017 Supplemental Requests**  
(millions of dollars)

	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>
1 Beginning GF Reserve	\$689.6	\$513.5	\$553.0	\$737.3
2 GF Nonexempt Revenues	7,498.0	7,939.6	8,290.5	8,795.9
3 GF Exempt Revenues	2,470.4	2,484.7	2,718.0	2,845.8
4 Governor Request for Higher Beginning Balance Pursuant to Updated State Controller Information	0.0	0.0	0.0	0.0
5 Transfers/Paybacks (Prior Sessions)	25.0	45.3	18.3	19.1
6 Governor Place Holder Requests Based on November 1, 2016 Request	0.0	31.7	92.6	0.0
7 TOTAL GF AVAILABLE	\$10,683.0	\$11,014.8	\$11,672.4	\$12,398.1
8				
9 GF Obligations:				
10 GF Appropriations	\$9,335.6	\$9,813.3	\$10,273.5	\$10,355.8
11 Supplemental Requests/Budget Amendments not yet heard by JBC	0.0	13.8	71.5	0.0
12 Additional Place Holders in the Governor's January 3, 2017 Budget Submission	0.0	0.0	10.8	0.0
13 Adjusted GF Appropriations Base	9,335.6	9,827.1	10,355.8	10,355.8
14 TABOR Refund Pursuant to Section 20 (7) (d) of Article X of the Colorado Constitution	0.0	0.0	279.4	287.2
15 Adjustment to TABOR Refund Based on Governor's November 1, 2016 Request	0.0	0.0	(195.0)	0.0
16 TABOR Refund Pursuant to Section 20 (3) (c) of Article X of the Colorado Constitution	(58.0)	0.0	0.0	0.0
17 Rebates and Expenditures - Based on Statutory Minimums	154.0	154.1	144.7	146.0
18 Reimbursement for Senior and Veterans Property Tax Exemption	127.1	136.0	148.0	160.7
19 Governor Jan. 17 Request for Legislation to Reduce Homestead Exemption	0.0	0.0	(68.1)	0.0
20 Transfer to HUTF (Sec. 24-75-219, C.R.S.)	199.2	158.0	110.1	116.4
21 Place Holder in Governor's Request to Decrease Transfer to the HUTF	0.0	(79.0)	(31.1)	0.0
22 Transfer to Capital Construction (Sec. 24-75-219, C.R.S.)	49.8	52.7	55.0	58.2
23 Transfer to the Capital Construction Fund Other than those Required Under Sec. 24-75-219, C.R.S.	221.4	34.6	31.0	0.0
24 Transfer to FPPA and SEF - SB 13-234	25.3	25.3	25.3	25.0
25 Transfers to Other Funds	176.2	153.0	88.9	88.4
26 Transfer to Other Funds as Requested in Governor's November 1, 2016 Letter	0.0	0.0	14.0	12.5
27 Accounting Adjustments	(61.1)	0.0	(22.9)	0.0
28 TOTAL GF OBLIGATIONS	\$10,169.5	\$10,461.8	\$10,935.1	\$11,250.2
29				
30 YEAR END GF RESERVE	\$513.5	\$553.0	\$737.3	\$1,147.9
31 Additional Amount Required to Decrease Statutory Reserve as Requested by Governor on November 1, 2016 (= 5.7% Reserve)		(\$82.8)	\$0.0	\$0.0
32 STATUTORY RESERVE (Section 24-75-201.1 (1) (d), C.R.S.)	463.9	635.8	669.8	670.1
33 MONEYS IN (DEFICT)/EXCESS OF THE STATUTORY GF RESERVE	\$49.6	\$0.0	\$67.5	\$477.7
34 Reduction Needed to Maintain 1/2 of Statutory Reserve	N/A	N/A	N/A	N/A

Table 1 - Continued

	FY 15-16	FY 16-17	FY 17-18	FY 18-19
35 Total Gross General Fund Revenues	\$9,968.4	\$10,424.3	\$11,008.5	\$11,641.7
36 Percent Gross General Fund Revenue Growth	1.7%	4.6%	5.6%	5.8%
37				
38 Transfer to the State Education Fund	\$522.6	\$549.3	\$582.2	\$616.3
39 Transfer of Excess Reserve to SEF pursuant to SB 11-156, HB 12-1338, SB 13-234, SB 13-260	25.3	25.3	25.3	25.0
40 Total Transfers to the State Education Fund	\$547.9	\$574.6	\$607.5	\$641.3
41				
42 Required TABOR Reserve	\$386.4	\$395.2	\$416.9	\$436.5
43				
44 GF Approp Base (Adj GF approp base + K-12 Capital + Amt Deemed Exempt + Medicaid Over)	\$9,335.6	\$9,827.1	\$10,355.8	\$10,355.8
45 Total Percent Growth (Including both items within restriction and exemptions)	5.3%	5.3%	5.4%	0.0%
46 GF Appropriations Base Available Growth	\$466.1	\$491.5	\$528.7	\$0.0
47				
48 Personal Income (Sec 24-75-201.1 (1)(e)(I), CRS) - Calculation to Trigger SB 228	\$266,535.0	\$277,732.0	\$288,286.0	\$301,835.0
49 Percent Increase/(Decrease) Over Previous Year	8.1%	4.2%	3.8%	4.7%
50				
51 Calculated Restriction on GF Appropriation Growth (Sec 24-75-201.1 (1)(a)(VII)(A), CRS)	\$12,332.4	\$13,326.8	\$13,886.6	\$14,414.3
52 Adjusted GF Appropriations Base	9,335.6	9,827.1	10,355.8	10,355.8
53 Over/(Under) Calculated Appropriations Restriction	(\$2,996.8)	(\$3,499.7)	(\$3,530.8)	(\$4,058.5)
54				
55 Additional Percentage Required to Decrease Statutory Reserve to as Requested by Governor on January 15, 2016	0.0%	-0.8%	0.0%	0.0%
56 Year-End GF Statutory Reserve Percentage	5.0%	6.5%	6.5%	6.5%
57 Adjusted Year-End Reserve	5.0%	5.6%	6.5%	6.5%
58 Year-End GF Excess of Statutory Reserve Percentage	0.5%	0.0%	0.7%	4.6%
59				
60 Rebates and Expenditures Include (from LCS Forecast)				
61 Cigarette Rebate	\$10.5	\$11.1	\$11.0	\$10.8
62 Marijuana Tax	\$10.1	\$13.7	\$12.6	\$14.0
63 Old Age Pension	108.3	97.7	95.1	93.4
64 Aged Property Tax & Heating Credit	9.3	6.0	5.7	5.6
65 Older Coloradans Fund (Off Budget - not in Long Bill)	10.0	16.7	10.0	10.0
66 FPPA	3.7	4.4	4.5	4.5
67 Amendment 35 GFE Expenditures	0.9	0.9	0.9	0.9
68 Treasurer's Loans to School Districts (Off Budget -- Not in Long Bill)	1.2	3.6	4.9	6.8
69 Total Rebates and Expenditures	\$154.0	\$154.1	\$144.7	\$146.0

Table 1 - Continued

	FY 15-16	FY 16-17	FY 17-18	FY 18-19
70 Calculation of Statutory Reserve (Assuming Passage of JBC Bill SB 15-251)				
71 Adjusted GF Appropriations Base	\$9,335.6	\$9,827.1	\$10,355.8	\$10,355.8
72 Amounts Exempt from Statutory Reserve:				
73 Anschutz Medical Campus COP (HED)	7.2	7.3	7.2	7.2
74 Federal Mineral Lease COP (HED)	0.0	12.1	17.0	12.1
75 Federal Mineral Lease COP (TRE)	5.8	0.0	0.0	0.0
76 CSP II COP (COR)	20.3	20.3	20.3	20.3
77 Lease Purchase of Ralph L. Carr Judicial Center (JUD)	3.9	4.8	4.8	4.8
78 Public Safety COPs for Pueblo and Grand Junction Labs (PUBSAF)	0.7	1.6	1.6	1.6
79 Adjusted GF Base For Calculation of Statutory Reserve	9,297.7	9,781.0	10,304.9	10,309.8
80 STATUTORY RESERVE (Section 24-75-201.1 (1) (d), C.R.S.)	\$520.7	\$635.8	\$669.8	\$670.1
81 Reduction to Reserve Associated with Severance Tax (SB 16-218)	\$56.8	\$0.0		
82 Adjusted STATUTORY RESERVE	\$463.9	\$635.8		

**Table 2**  
**General Fund Overview Based On OSPB December 2016 Revenue Estimate**  
**Updated for End of 2016 Session and January 2017 Supplemental Requests**  
(millions of dollars)

	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>
1 Beginning GF Reserve	\$689.6	\$513.5	\$525.0	\$658.1
2 GF Nonexempt Revenues	7,498.0	7,957.9	8,221.5	8,423.6
3 GF Exempt Revenues	2,470.4	2,446.3	2,712.8	3,077.4
4 Transfers/Paybacks (prior Sessions)	24.1	45.9	18.3	20.0
5 Governor Request for Higher Beginning Balance Pursuant to Updated State Controller Information	0.0	0.0	0.0	0.0
6 Governor Place Holder Requests	0.0	31.7	92.6	0.0
7 TOTAL GF AVAILABLE	<u>\$10,682.1</u>	<u>\$10,995.3</u>	<u>\$11,570.2</u>	<u>\$12,179.1</u>
8				
9 GF Obligations:				
10 GF Appropriations	\$9,335.6	\$9,813.3	\$10,273.5	\$10,355.8
11 Supplemental Requests/Budget Amendments not yet Heard by JBC	0.0	13.8	71.5	0.0
12 Additional Place Holders in Governor's January 3 Letter	0.0	0.0	10.8	
13 Adjusted GF Appropriations Base	<u>9,335.6</u>	<u>9,827.1</u>	<u>10,355.8</u>	<u>10,355.8</u>
14 TABOR Refund Pursuant to Section 20 (7) (d) of Article X of the Colorado Constitution	0.0	0.0	247.7	247.9
15 Adjustment to TABOR Refund Based on JBC Budget Package Actions	0.0	0.0	(195.0)	0.0
16 TABOR Refund Pursuant to Section 20 (3) (c) of Article X of the Colorado Constitution	(58.0)	0.0	0.0	0.0
17 Rebates and Expenditures - Based on Statutory Minimums	154.0	148.7	152.5	154.8
18 Reimbursement for Senior and Veterans Property Tax Exemption	127.1	144.2	152.0	162.7
19 Governor Jan. 17 Request for Legislation to Reduce Homestead Exemption	0.0	0.0	(68.1)	0.0
20 Transfer to HUTF (Sec. 24-75-219, C.R.S.)	199.2	158.0	109.3	115.0
21 Place Holder in Governor's Request to Decrease Transfer to the HUTF	0.0	(79.0)	(30.3)	0.0
22 Transfer to Capital Construction (Sec. 24-75-219, C.R.S.)	49.8	52.7	54.7	57.5
23 Transfer to the Capital Construction Fund Other than those Required Under Sec. 24-75-219, C.R.S.	221.4	34.6	31.3	0.0
24 Transfer to FPPA and SEF - SB 13-234	25.3	25.3	25.3	25.0
25 Transfers to Other Funds	176.2	158.7	85.9	82.3
26 Transfer to Other Funds as Requested in Governor's November 1, 2016 Letter	0.0	0.0	14.0	12.5
27 Accounting Adjustments	(62.0)	0.0	(23.0)	0.0
28 TOTAL GF OBLIGATIONS	<u>\$10,168.6</u>	<u>\$10,470.3</u>	<u>\$10,912.1</u>	<u>\$11,213.5</u>
29				
30 YEAR END GF RESERVE	\$513.5	\$525.0	\$658.1	\$965.5
31 Additional Amount to Decrease Statutory Reserve as Requested by Governor on November 1, 2016 (= 5.4% Reserve)		(\$110.8)	\$0.0	\$0.0
32 STATUTORY RESERVE (Section 24-75-201.1 (1) (d), C.R.S.)	463.9	635.8	669.8	669.8
33 MONIES IN (DEFICIT)/EXCESS OF THE STATUTORY GF RESERVE	<u>\$49.6</u>	<u>\$0.0</u>	<u>(\$11.8)</u>	<u>\$295.7</u>
34 Reduction Needed to Maintain 1/2 of Statutory Reserve	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Table 2 - Continued

	FY 15-16	FY 16-17	FY 17-18	FY 18-19
35 Total Gross General Fund Revenues	\$9,968.4	\$10,404.2	\$10,934.3	\$11,501.0
36 Percent Gross General Fund Revenue Growth	1.7%	4.4%	5.1%	5.2%
37				
38 Transfer to the State Education Fund	\$522.6	\$540.7	\$574.4	\$611.6
39 Transfer of Excess Reserve to SEF Pursuant to SB 11-156, HB 12-1338, SB 13-234, SB 13.260	25.3	25.3	25.3	25.0
40 Total Transfers to the State Education Fund	\$547.9	\$566.0	\$599.7	\$636.6
41				
42 Required TABOR Reserve	\$386.4	\$394.0	\$416.1	\$434.0
43				
44 GF Appropriation Base (Adj GF approp base + K-12 Capital + Amt Deemed Exempt + Medicaid Over)	\$9,335.6	\$9,827.1	\$10,355.8	\$10,355.8
45 Total Percent Growth (Including both items within restriction and exemptions)	5.3%	5.3%	5.4%	0.0%
46 GF Appropriations Base Available Growth	\$466.1	\$491.5	\$528.7	\$0.0
47				
48 Personal Income (Sec 24-75-201.1 (1)(c)(I), CRS) - Calculation to Trigger SB 228	\$246,600.0	\$266,500.0	\$277,700.0	\$288,800.0
49 Percent Increase/(Decrease) Over Previous Year	5.4%	8.1%	4.2%	4.0%
50				
51 Calculated Restriction on GF Appropriation Growth (Sec 24-75-201.1 (1)(a)(II) through (IV), CRS)	12,330.0	13,325.0	13,885.0	14,440.0
52 Adjusted GF Appropriations Base	9,335.6	9,827.1	10,355.8	10,355.8
53 Over/(Under) Calculated Appropriations Restriction	(\$2,994.4)	(\$3,497.9)	(\$3,529.2)	(\$4,084.2)
54				
55 Additional Percentage Required to Decrease Statutory Reserve as Requested by Governor on January 15, 2016	0.0%	-1.1%	0.0%	0.0%
56 Year-End GF Statutory Reserve Percentage	5.0%	6.5%	6.5%	6.5%
57 Adjusted Year-End Statutory Reserve Percentage	5.0%	5.3%	6.5%	6.5%
58 Year-End GF Excess of Statutory Reserve Percentage	0.5%	0.0%	-0.1%	2.9%
59				
60 Rebates and Expenditures Include (from OSPB Forecast)				
61 Cigarette Rebate	\$10.5	\$9.6	\$9.0	\$8.6
62 Marijuana Tax	\$10.1	\$13.3	\$12.3	\$13.2
63 Old Age Pension	118.3	112.1	117.5	119.0
64 Aged Property Tax & Heating Credit	9.3	7.4	7.3	7.4
65 FPPA	3.7	4.3	4.3	4.3
66 Amendment 35 GFE Expenditures	0.9	0.8	0.8	0.8
67 Treasurer's Loans to School Districts (Off Budget -- Not in Long Bill)	1.2	1.2	1.3	1.5
68 Total Rebates and Expenditures	\$154.0	\$148.7	\$152.5	\$154.8

Table 2 - Continued

	FY 15-16	FY 16-17	FY 17-18	FY 18-19
69 Calculation of Statutory Reserve (Assuming Passage of JBC Bill LLS 15-1022)				
70 Adjusted GF Appropriations Base	\$9,335.6	\$9,827.1	\$10,355.8	\$10,355.8
71 Amounts Exempt from Statutory Reserve:				
72 Anschutz Medical Campus COP (HED)	7.2	7.3	7.3	7.3
73 Federal Mineral Lease COP (HED)	0.0	12.1	17.0	17.0
74 Federal Mineral Lease COP (TRE)	5.8	0.0	0.0	0.0
75 CSP II COP (COR)	20.3	20.3	20.3	20.3
76 Lease Purchase of Ralph L. Carr Judicial Center (JUD)	3.9	4.8	4.8	4.8
77 Public Safety COPs For Pueblo and Grand Junction Labs (PUBSAF)	0.7	1.6	1.6	1.6
78 Adjusted GF Base For Calculation of Statutory Reserve	9,297.7	9,781.0	10,304.8	10,304.8
79 STATUTORY RESERVE (Section 24-75-201.1 (1) (d), C.R.S.)	\$520.7	\$635.8	\$669.8	\$669.8
80 Reduction to Reserve Associated with Severance Tax (SB 16-218) and Governor's Request	\$56.8	\$0.0		
81 Adjusted STATUTORY RESERVE	\$463.9	\$635.8		



**Table 3**  
**Major Request Items**

**FY 2016-17 Supplemental Request and FY 2017-18 Budget Request**

**(Please Note: As of January 17, 2017 Request Submission - These Items May Change Significantly Based on Future Executive, Legislative, and Judicial Branch Actions)**  
**(in Millions)**

General Fund Items	FY 2016-17	FY 2017-18	Notes
<b>Revenue Changes</b>			
<i>Transfers to GF:</i>			
Request to Transfer SERF to GF	0.0	46.9	Requires Bill
Request to Transfer Severance Tax to General Fund	<u>31.7</u>	<u>45.7</u>	Requires Bill
<i>Total Transfers to GF</i>	<i>31.7</i>	<i>92.6</i>	
<i>Transfers From GF to Other Funds:</i>			
Transfer GF to Disaster Emergency Reserve Fund - 2013 Floods	0.0	(12.5)	Requires Bill
Transfer from GF to Clean and Renewable Energy Fund	<u>0.0</u>	<u>(1.5)</u>	Requires Bill
<i>Total Transfers from GF to Other Funds</i>	<i>0.0</i>	<i>(14.0)</i>	
<b>General Fund Obligations</b>			
<i>GF Appropriations</i>	0.0	460.2	Multiple Base Changes, Common Policies, and November 1 Requests Impact Increased Request
Supplemental/Budget Amendments	<u>13.8</u>	<u>71.5</u>	Multiple Supplemental and Budget Amendment Requests Are Included in the Amount
<i>Total GF Appropriations</i>	<i>13.8</i>	<i>531.7</i>	
<b>Operating Place Holders</b>			
<i>Subject to Statutory Limit:</i>			
Potential Expenses Associated with 2013 and 2014 CHIPRA Bonus	0.0	19.0	
Place Holder for Future Governor Legislation	0.0	5.8	Governor January 17, 2017 Place Holder for Unidentified Legislation
H.B. 16-1309 Municipal Court Public Defenders	0.0	1.0	Requires Bill
Refinancing of K-12 Operating Budget with Public School Fund Moneys	<u>0.0</u>	<u>(15.0)</u>	Requires Bill
<i>Total to Subject to Statutory Limit</i>	<i>0.0</i>	<i>10.8</i>	
<i>Not Subject to the Statutory Limit:</i>			
Eliminate the TABOR Refund by Capping the Hospital Provider Fee Revenue	0.0	(195.0)	
Reduce Homestead Exemption Limit to First \$100,000 of Home Value	0.0	(68.1)	Requires Bill - This amount may vary depending on forecast used
Reduce the Statutory Transfer to the HUTF (SB 228)	(79.0)	(30.3)	Requires Bill - This amount may vary depending on forecast used
Place Holder for Potential Capital Transfer Adjustment	0.0	(3.5)	
Reduce the Statutory Limit in FY 2016-17 to Balance	(110.8)	0.0	Requires Bill - This amount may vary depending on forecast used
Return the Statutory Limit to 6.5 Percent in FY 2017-18	0.0	144.1	Based on OSPB GF Overview - This amount may vary depending on forecast used
Place Holder for Potential Budget Amendments	<u>0.0</u>	<u>1.0</u>	Clarified it is for Capital in BAs but not the Purpose
<i>Total Not Subject to Statutory Limit</i>	<i>(189.8)</i>	<i>(151.8)</i>	