

June 2017  
Legislative Council Staff  
Economic and Revenue Forecast

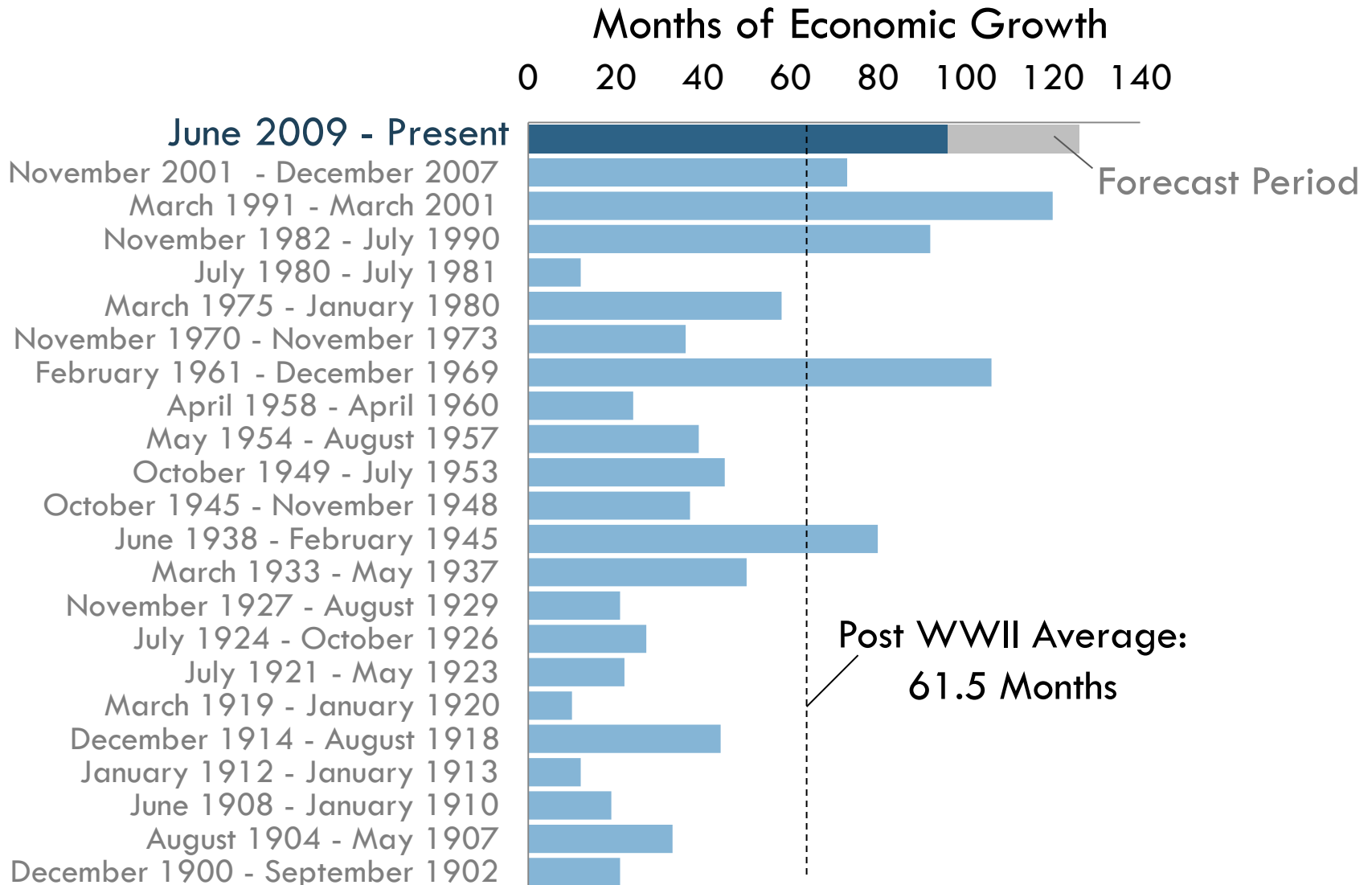




*Molas Lake in Silverton. Suzanne Keim*

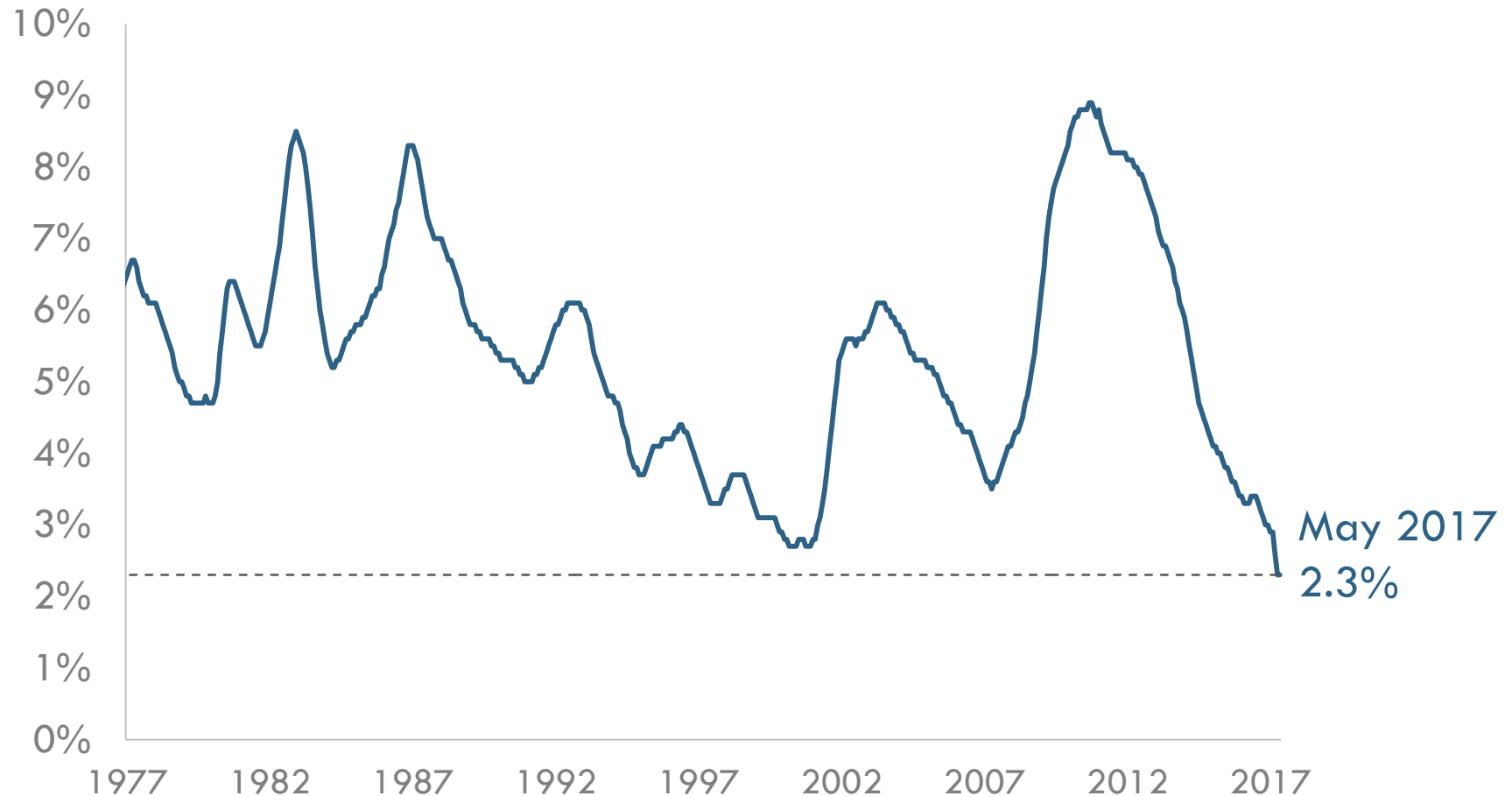
# ECONOMIC FORECAST

# The U.S economy continues to expand.

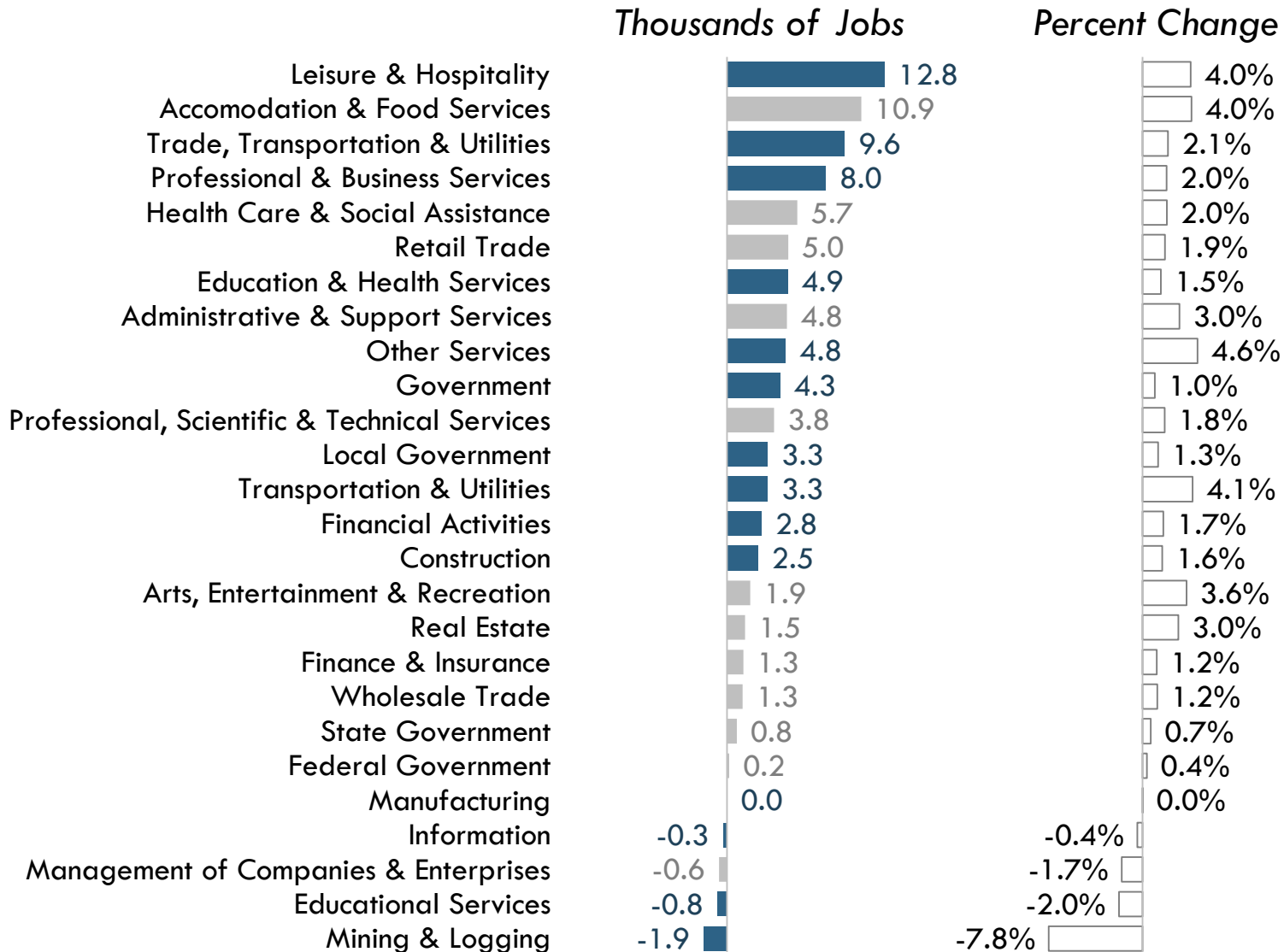


# Colorado's unemployment rate is at the lowest rate in the series history.

Unemployment Rate

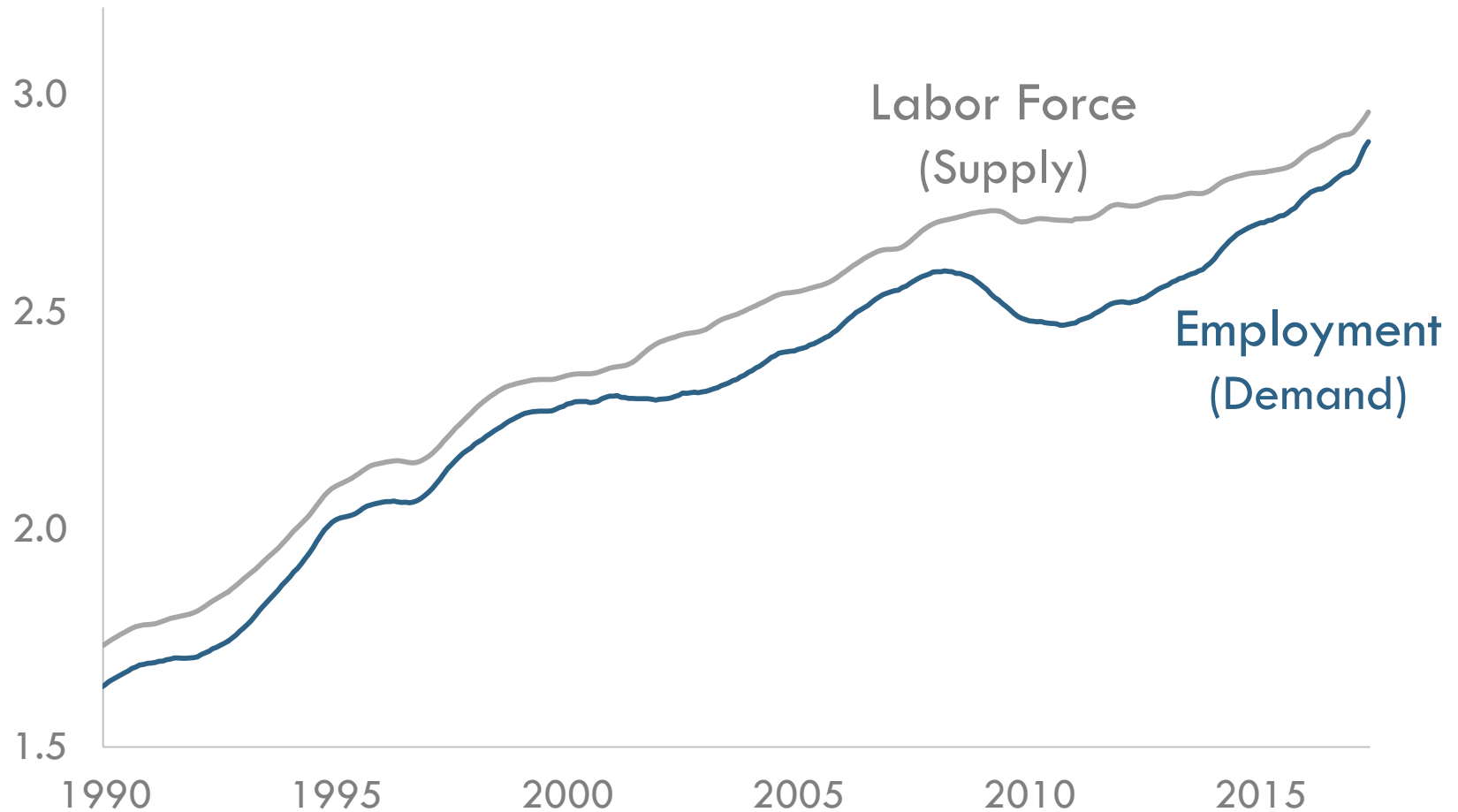


# Colorado Employment Growth by Sector



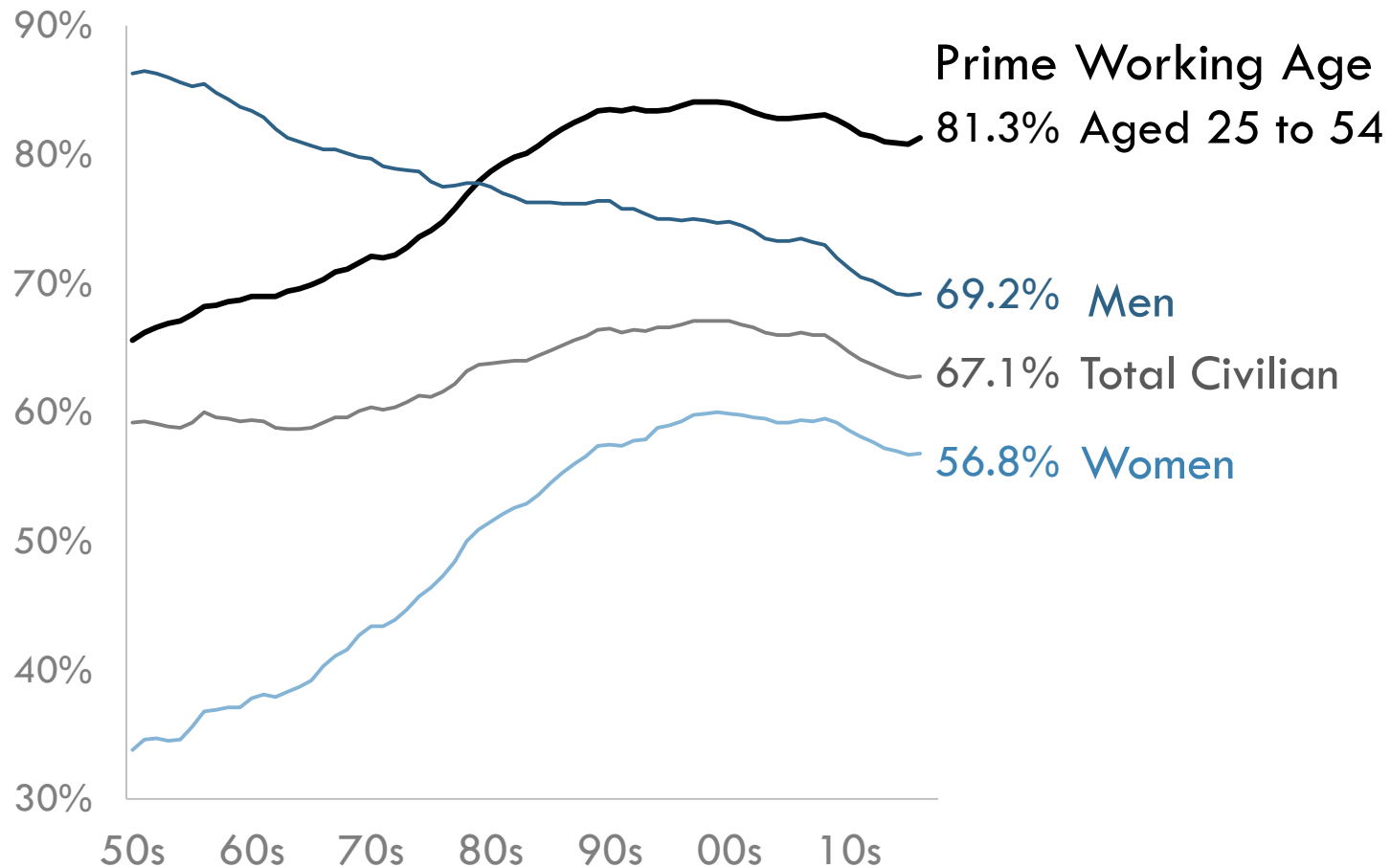
# Colorado Labor Supply and Demand

Millions of Workers

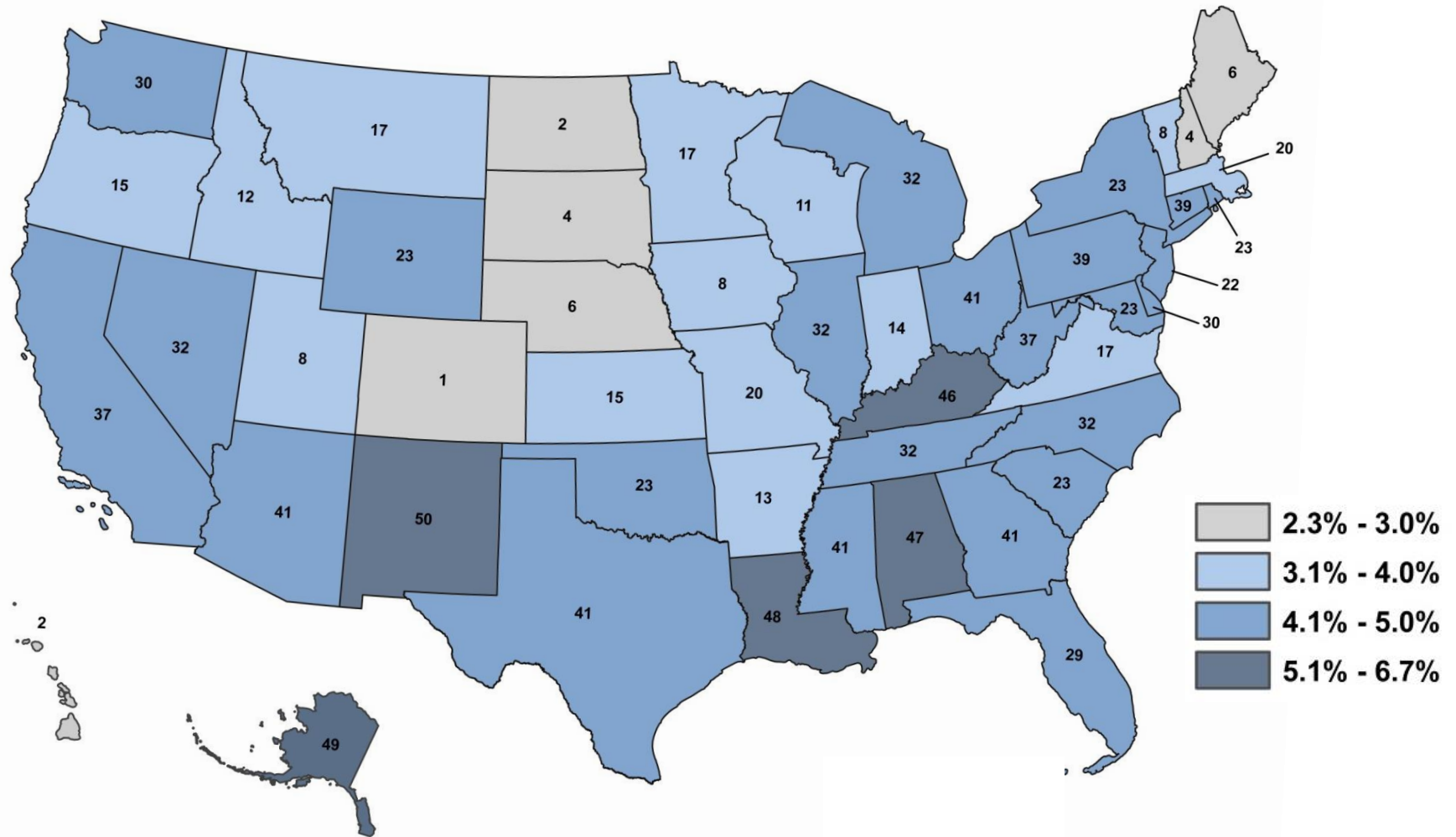


# U.S. Labor Force Participation Rate

Share of the Civilian Population



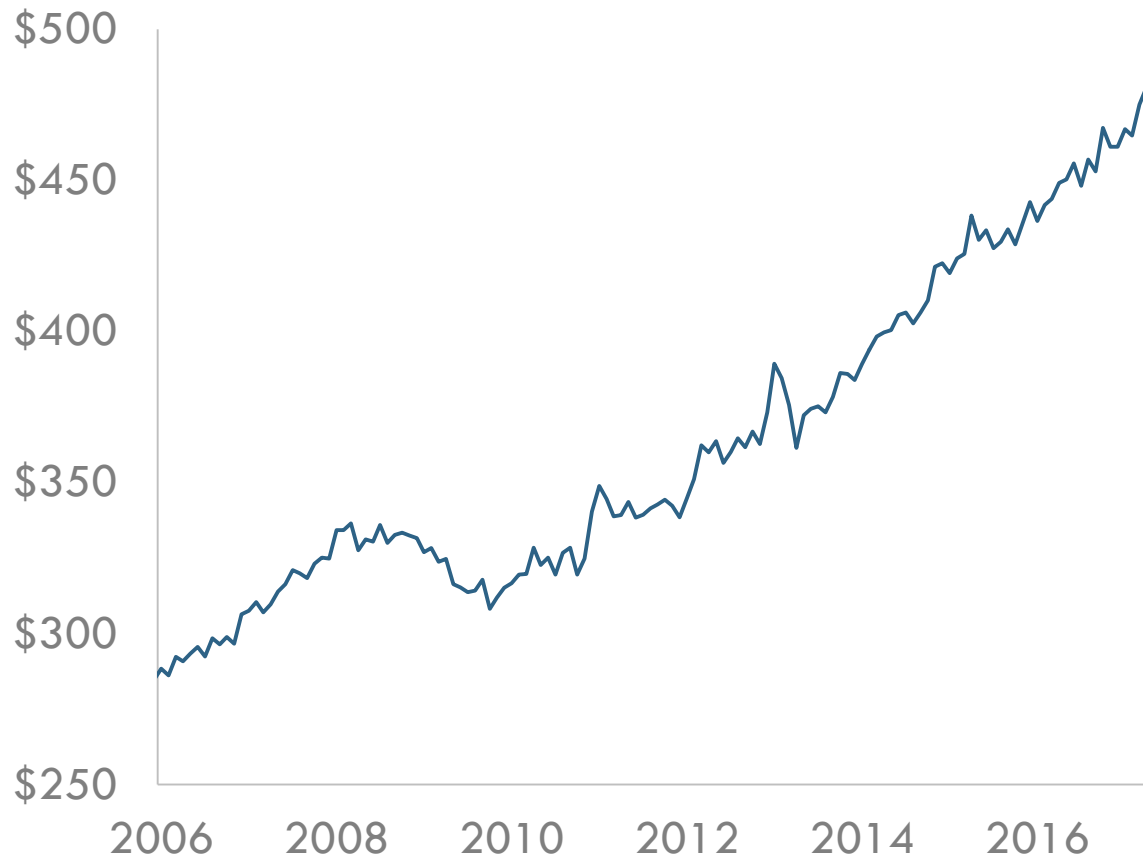
# State Unemployment Rates, April 2017





# Wage Withholding

## Millions in Monthly Collections

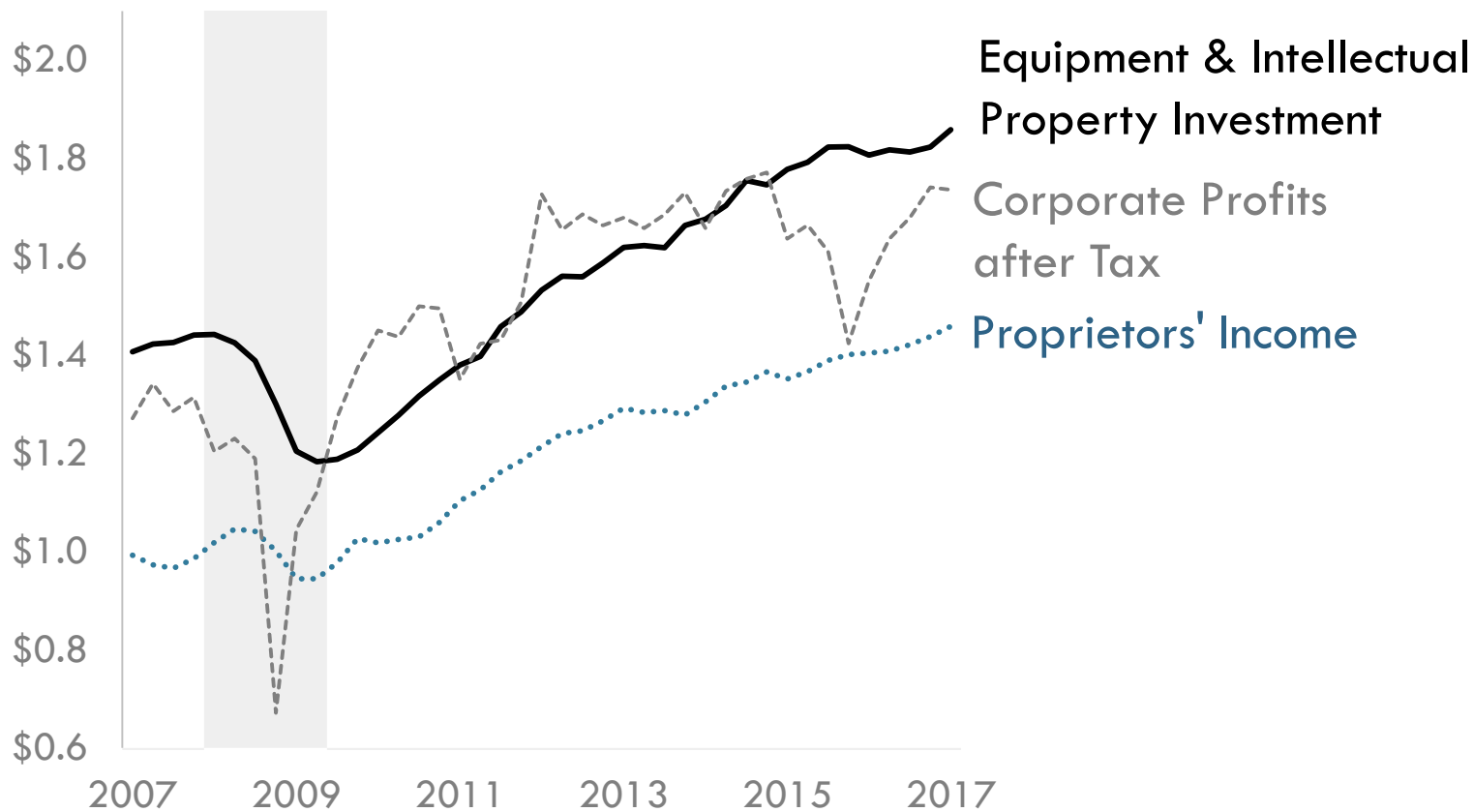


Source: Office of the State Controller and Colorado Department of Revenue with Legislative Council Staff seasonal adjustments. Data through May 2017.

# Business Income

## Business Investment, Income and Profits

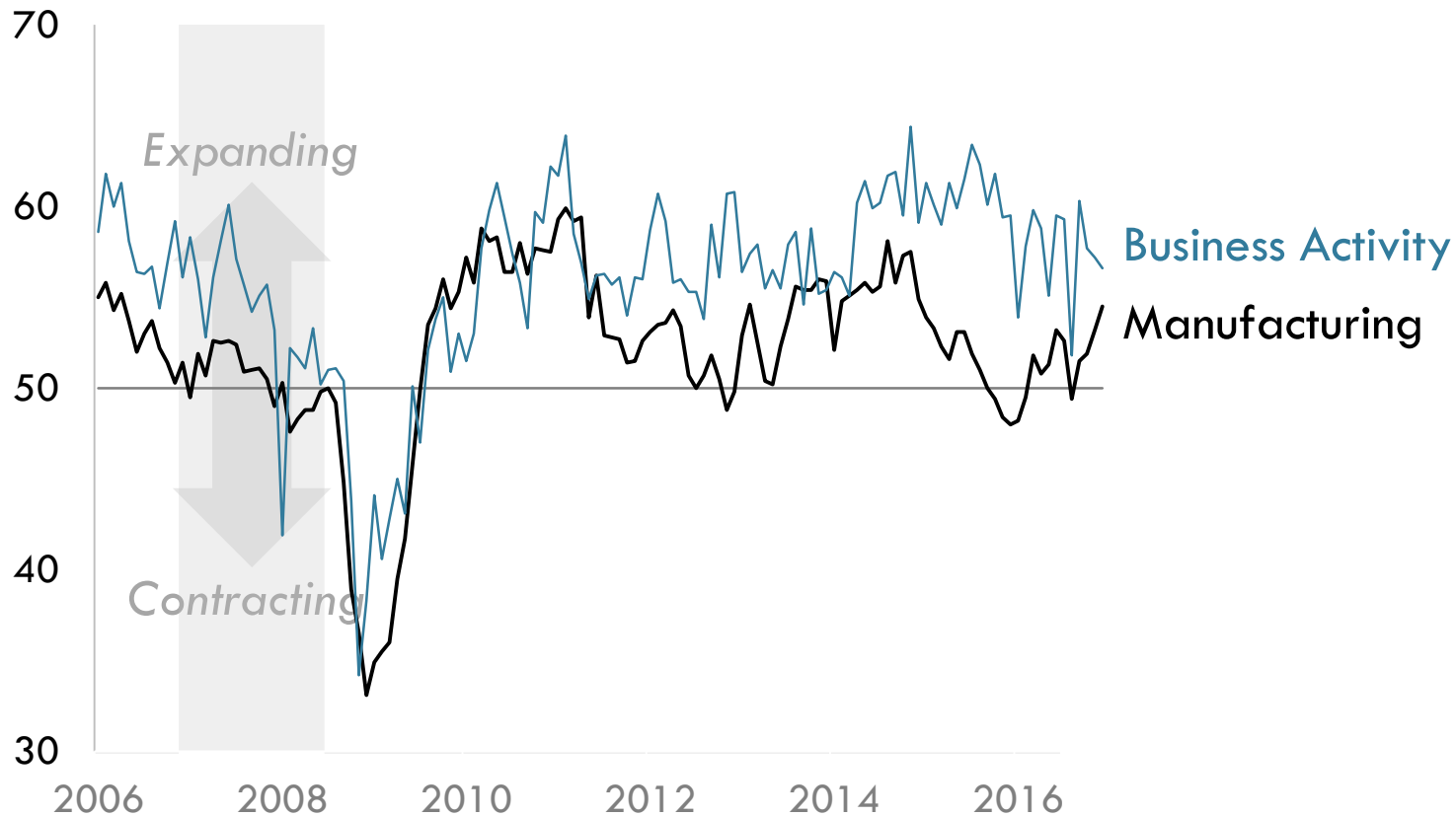
*Trillions of Dollars*



# Manufacturing Activity Expanding

Institute for Supply Management Indices

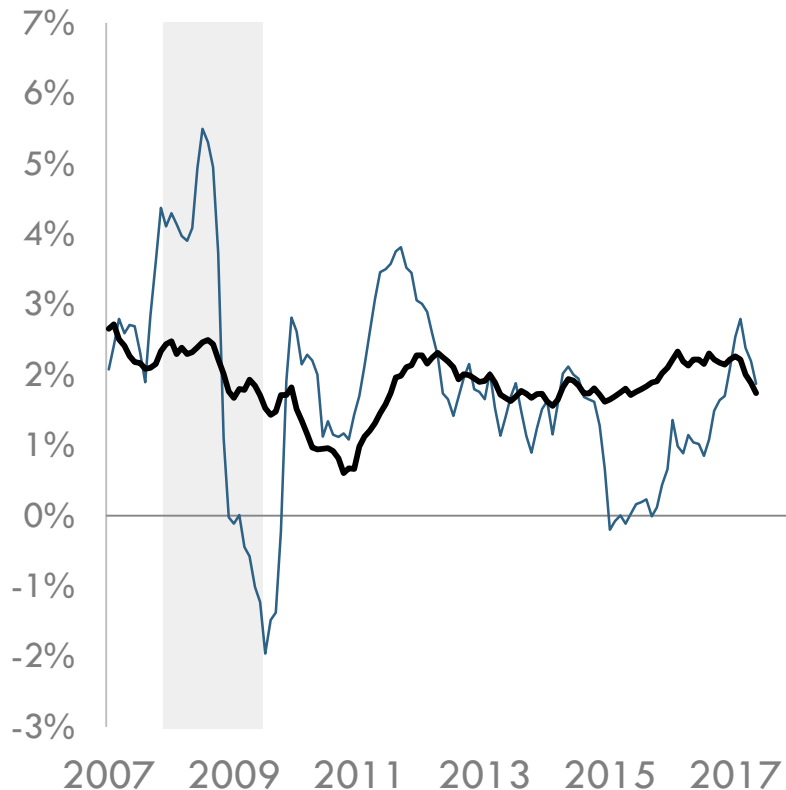
*Diffusion Index*



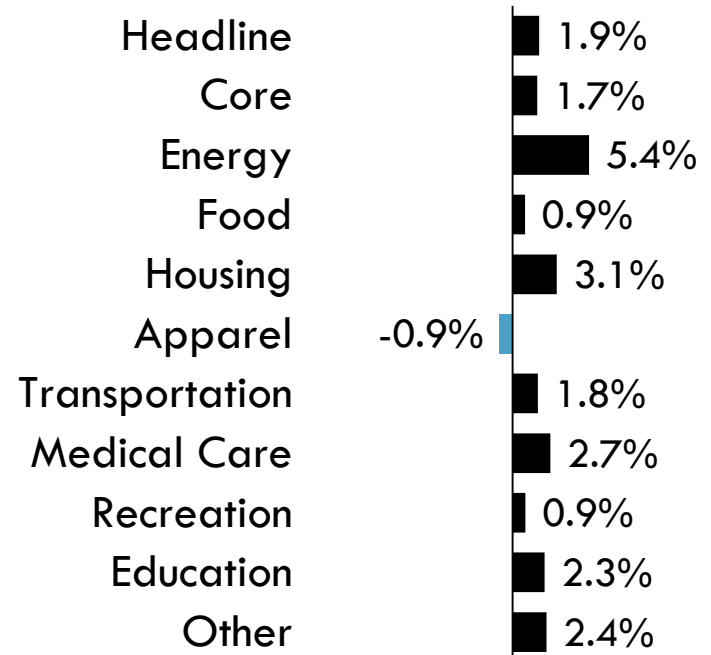
# Will wages show up in prices?

## CPI-U Inflation

Year-over-Year Change in Prices



May 2017 over May 2016



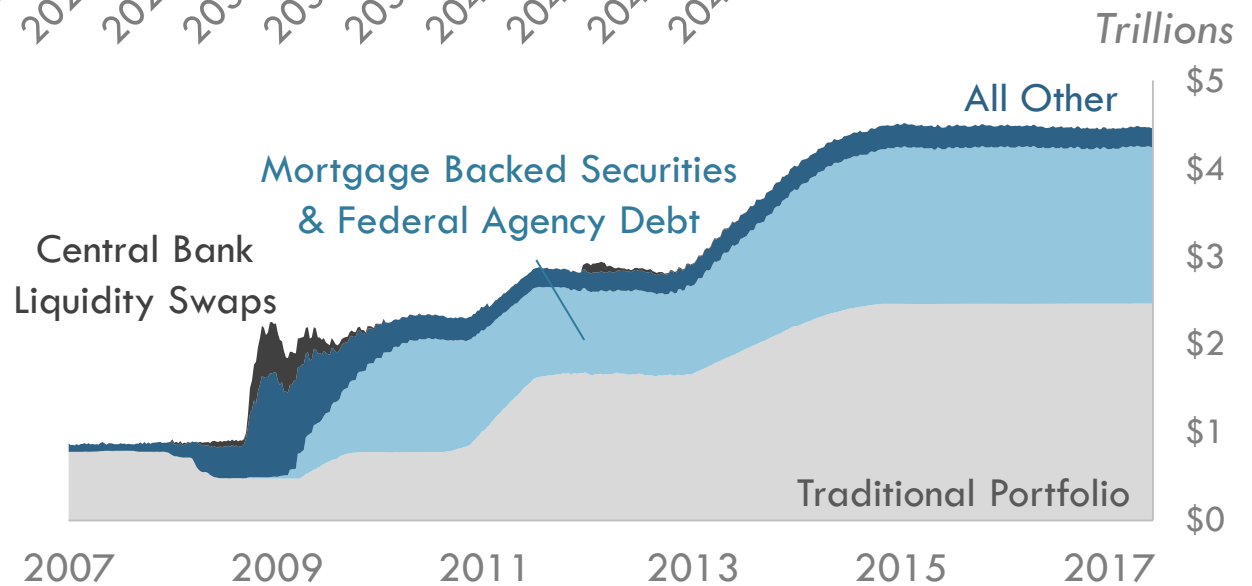
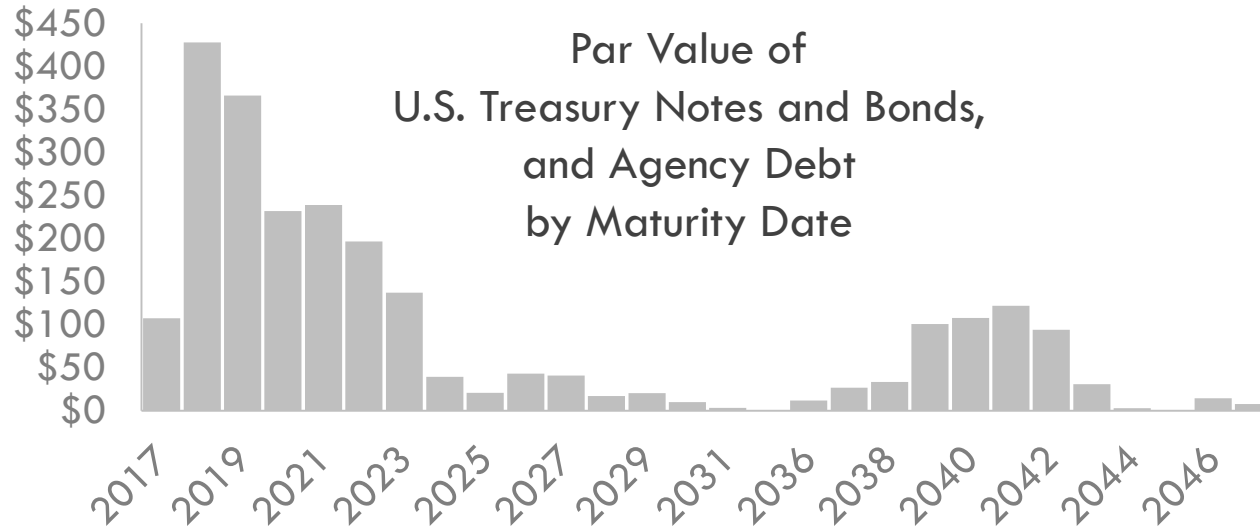
Source: U.S. Bureau of Labor Statistics.

Inflation is calculated as the growth in urban area prices in a given period relative to the same period in the prior year.

\*Headline inflation includes all products and services. \*\*Core inflation excludes food and energy prices.

# Federal Reserve Balance Sheet

Billions



Constrained economic expansion is expected through the forecast period.

Several factors that will continue to slow growth:

- 1) Limited Availability of Workers
- 2) Competition for Business Inputs
- 3) Credit Limitations
- 4) Monetary Policy



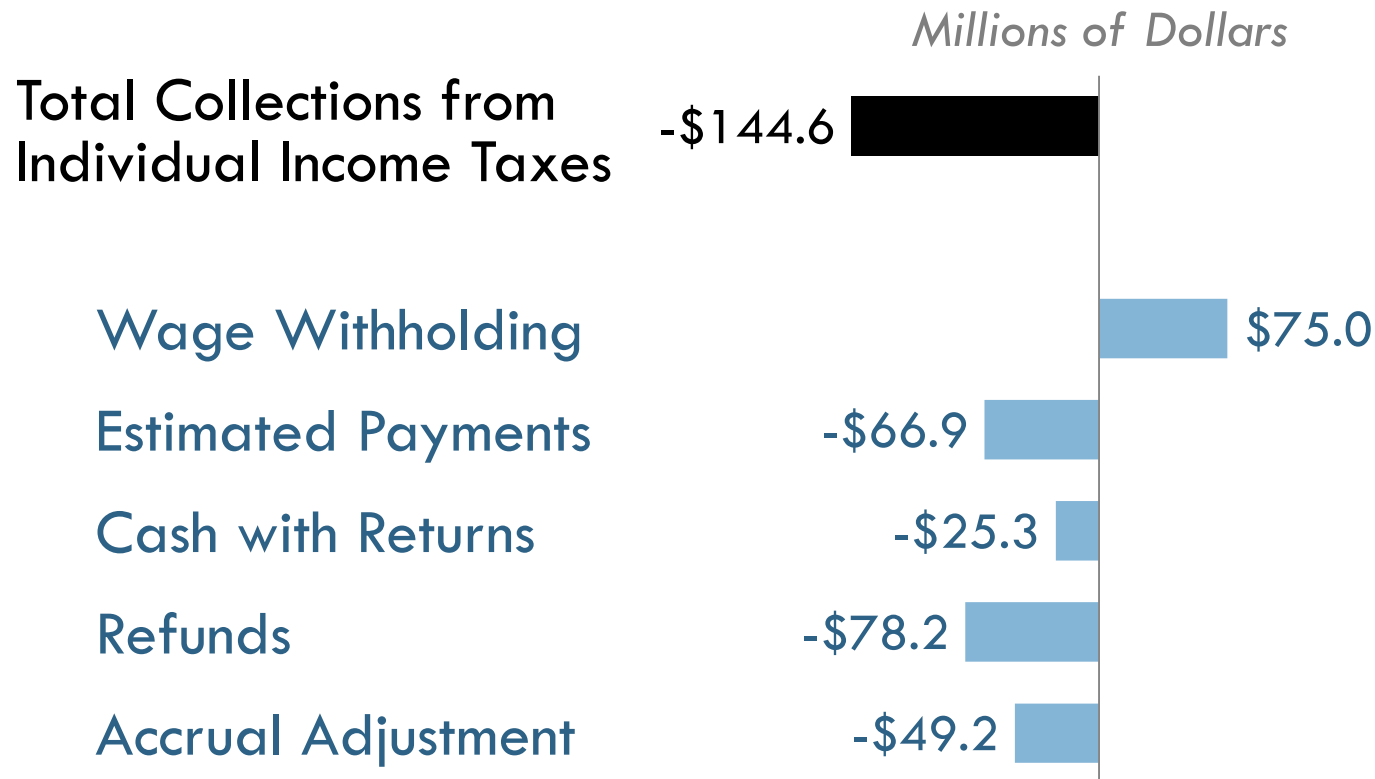
*Molas Lake in Silverton. Suzanne Keim*

# REVENUE FORECAST

## INDIVIDUAL INCOME TAX

### Change in Expectations for FY 2016-17\*

Individual income tax collections disappointed as taxpayers held off claiming income in anticipation of future tax cuts.



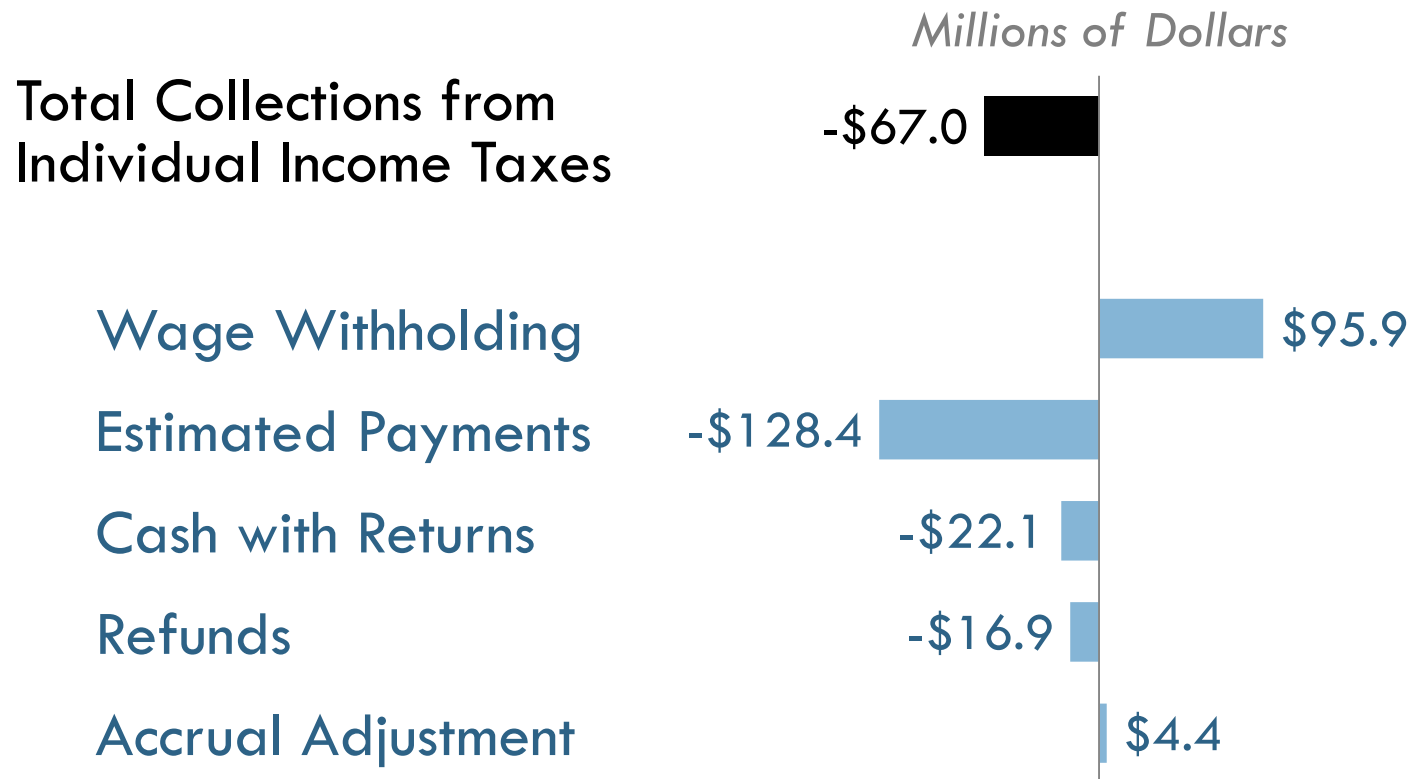
\*Change relative to the March 2017 Legislative Council Staff forecast.



## INDIVIDUAL INCOME TAX

### Change in Expectations for FY 2017-18\*

The forecast for estimated payments was downgraded on lower capital gains expectations.

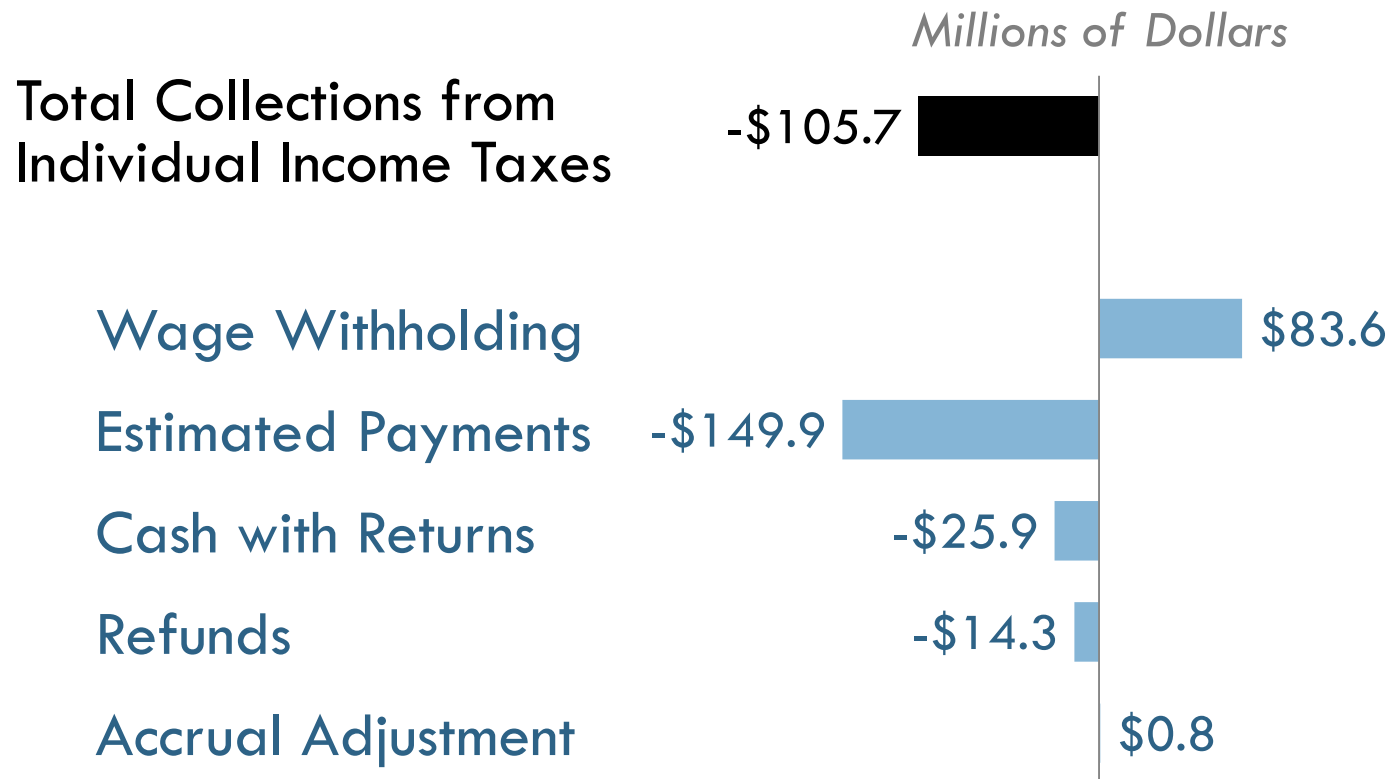


\*Change relative to the March 2017 Legislative Council Staff forecast.

## INDIVIDUAL INCOME TAX

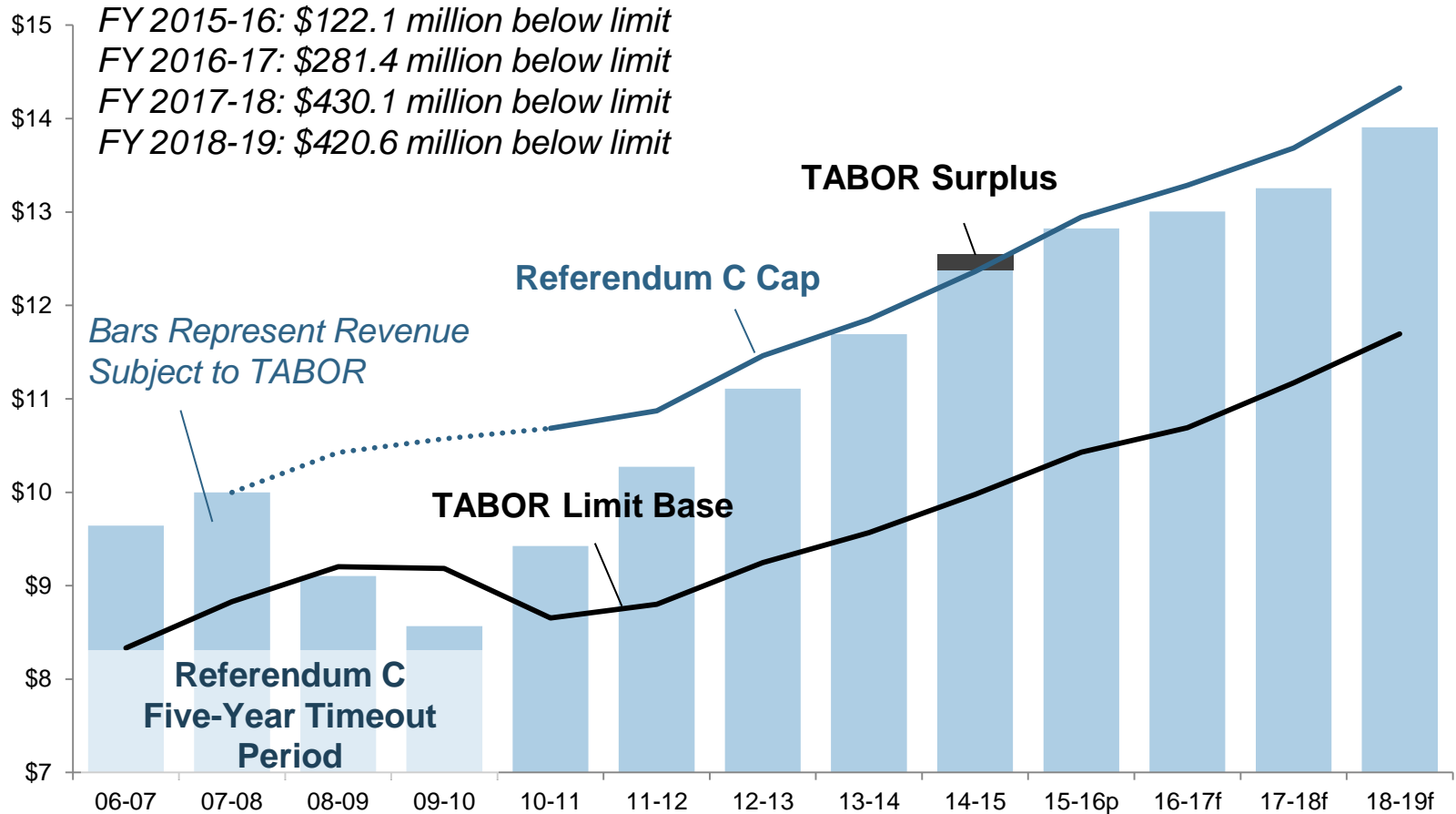
### Change in Expectations for FY 2018-19\*

The forecast for estimated payments was downgraded on lower capital gains expectations.



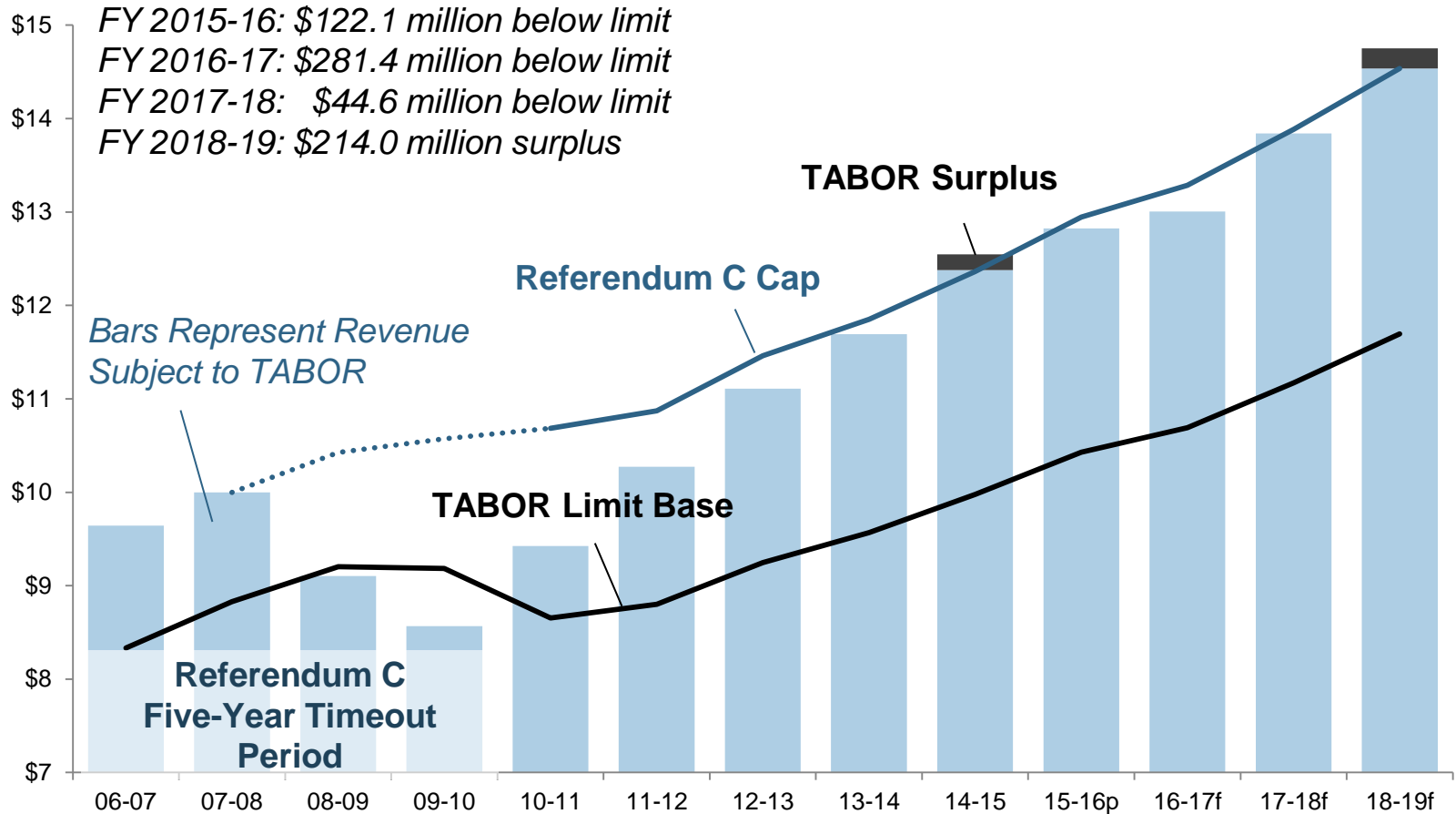
\*Change relative to the March 2017 Legislative Council Staff forecast.

# TABOR Outlook – June 2017 LCS Forecast

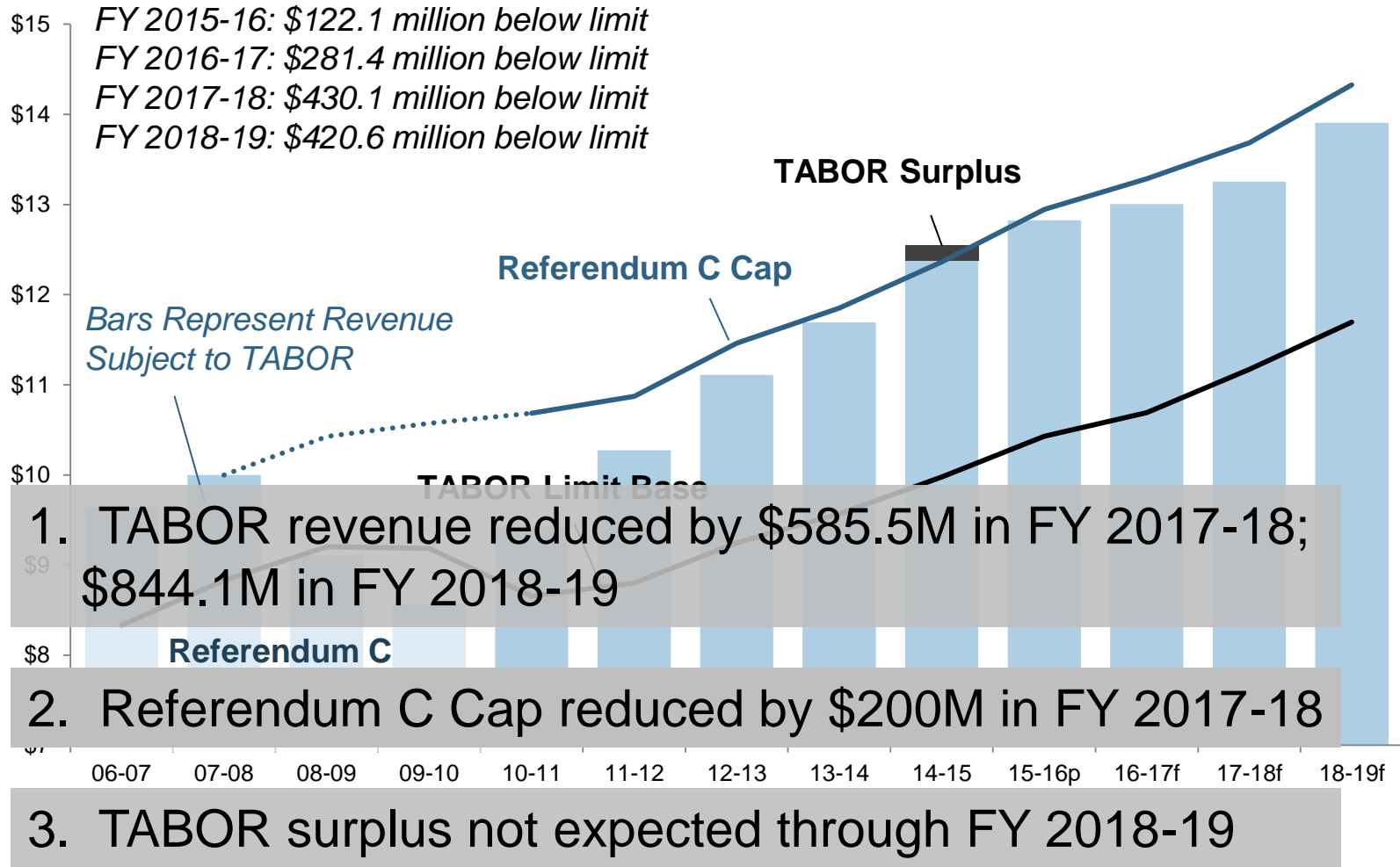


# TABOR Outlook – Without Healthcare Enterprise

## Senate Bill 17-267



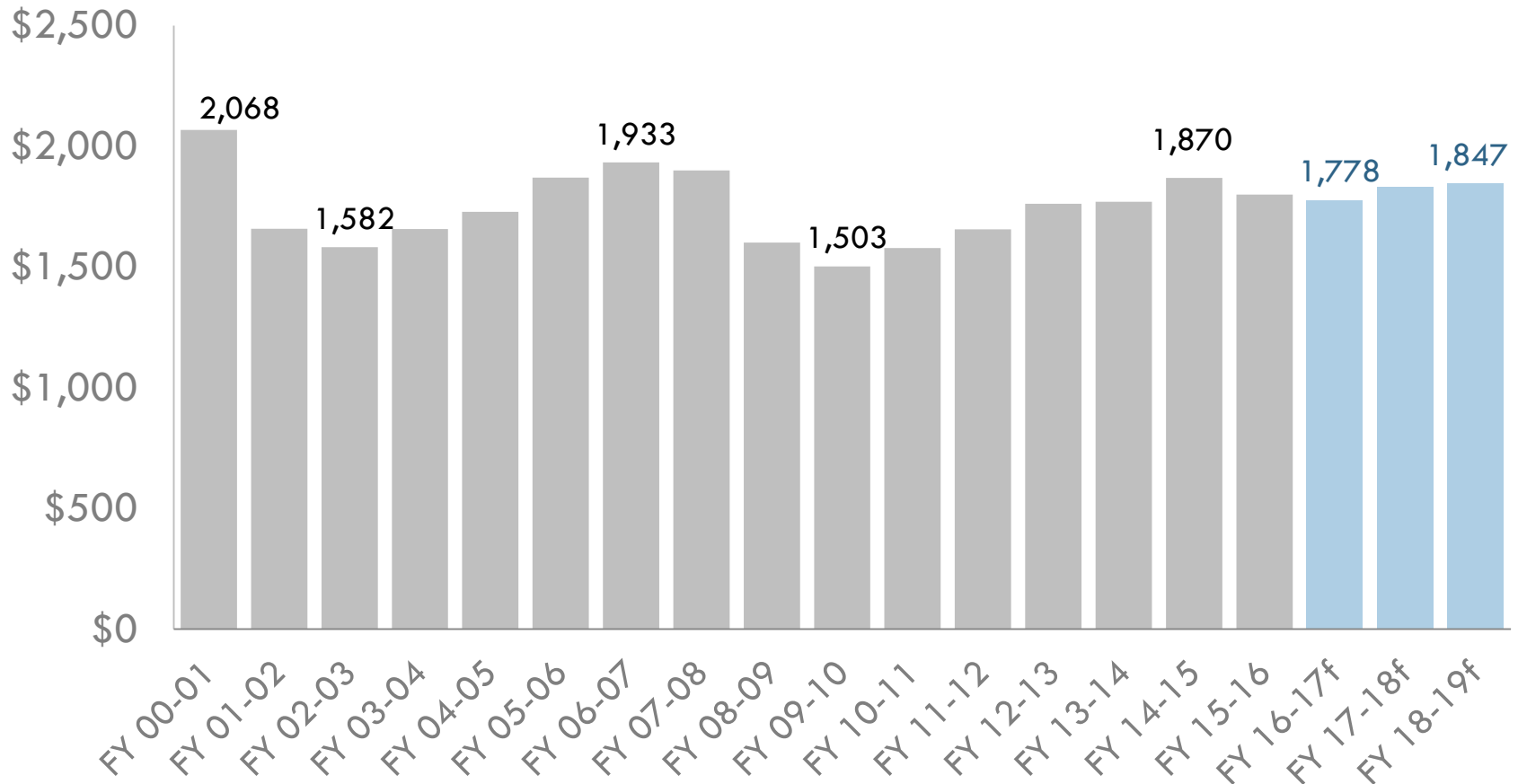
# Changes Attributable to Healthcare Enterprise Senate Bill 17-267



General fund revenue is projected to grow at a rate consistent with inflation and population growth.

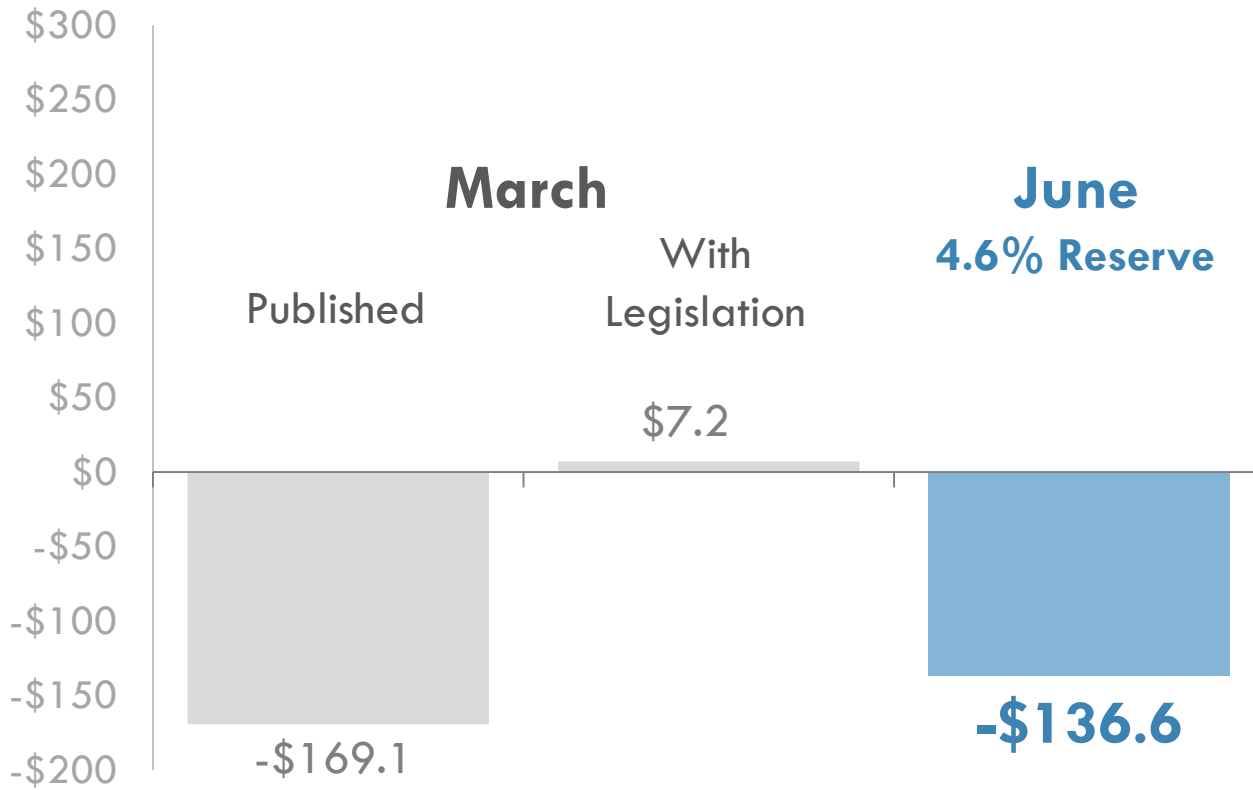
## General Fund Revenue

*Inflation-adjusted, per capita*



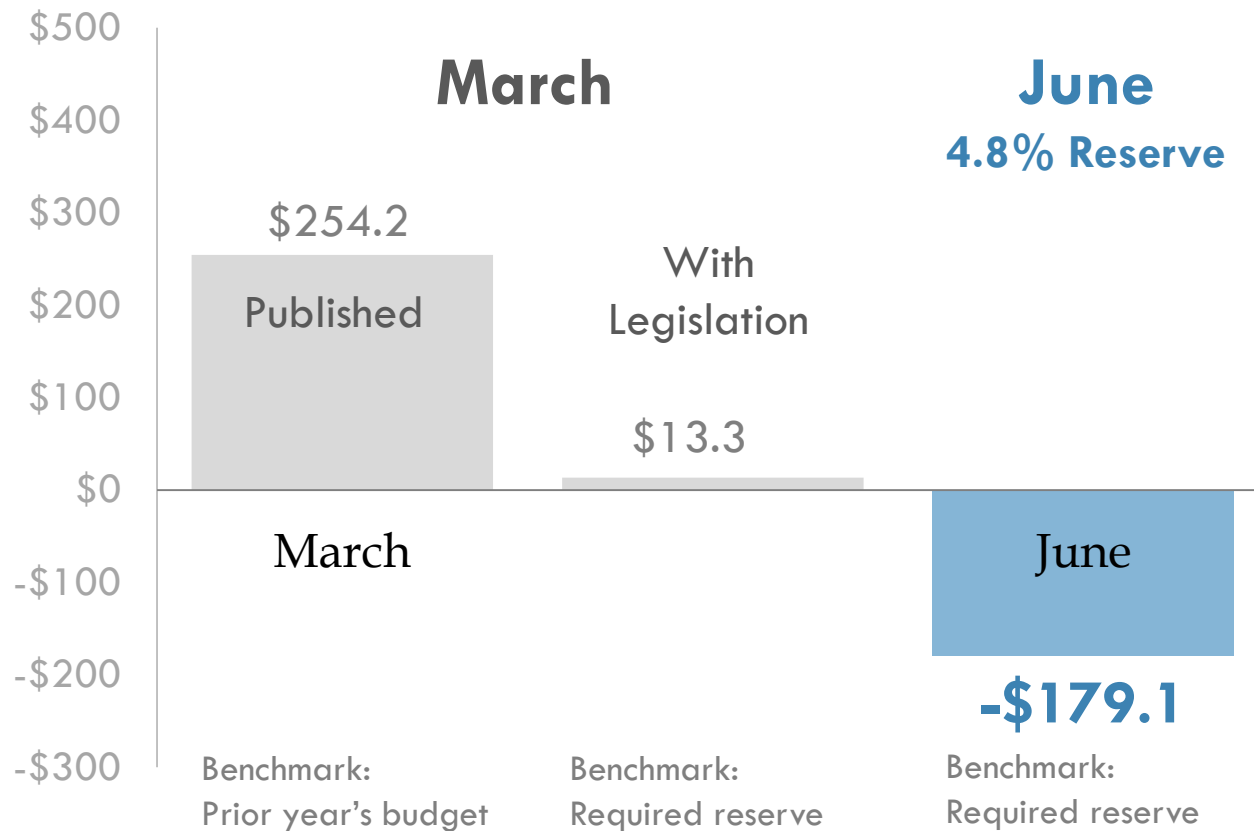
# This Year's General Fund Budget Situation FY 2016-17

## General Fund Revenue Relative to Required Reserve



# Next Year's General Fund Budget Situation FY 2017-18

## General Fund Revenue Relative to Benchmark





# Upcoming Budget Year's General Fund Situation FY 2018-19

## General Fund Revenue Relative to Prior Year's Budget

