

STATE OF COLORADO

OFFICE OF STATE PLANNING AND BUDGETING

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Bill Ritter Jr.
Governor
Todd Saliman
Director

MEMORANDUM

TO: Governor Bill Ritter Jr.
Members of the General Assembly

FROM: Office of State Planning and Budgeting

DATE: December 20, 2010

SUBJECT: *December 2010 Revenue Forecast*

This memorandum presents the December 2010 Office of State Planning and Budgeting (OSPB) economic and revenue forecast. The memorandum includes a General Fund overview, General Fund and cash fund revenue forecasts, a discussion of the budget implications, and summaries of both national and Colorado economies.

DECEMBER 2010 OSPB FORECAST HIGHLIGHTS

- Including the associated impacts with the Governor's August 23, October 22, and November 1, 2010 budget balancing plans, **projected General Fund will support adjusted FY 2010-11 appropriations** with a General Fund Reserve of 2.9 percent. Based on revenue projections for next fiscal year, **FY 2011-12 General Fund appropriations subject to limitation could be increased to \$7,357.7 million**, \$114.2 million less than the recent November 1, 2010 Request.
- **Gross General Fund revenues in FY 2010-11 are projected to increase 5.7 percent** (or \$370.6 million) from FY 2009-10 collections. **FY 2011-12 projected revenues are forecast to increase 8.5 percent**, but are not projected to be sufficient to fully afford growing State costs in Medicaid, education, and other programs that received temporary benefit from enhanced federal funding.
- **FY 2010-11 cash fund revenues are forecast to increase 14.0 percent** (or \$292.1 million) from the prior fiscal year, driven by sizable increases in the new hospital provider fee adopted in HB 09-1293 and the impact on severance tax collections. With no additional legislative impacts to factor into future revenue estimates, **cash fund revenues for FY 2011-12 and FY 2012-13 are forecast to increase 8.2 percent and 6.5 percent, respectively**, driven predominately by increases in the hospital provider fee.
- SB 09-228 triggers are now anticipated to occur for FY 2012-13, **dedicating \$233.0 million General Fund to capital construction, transportation, and increasing the General Fund Reserve to 4.5 percent.**