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## Legislative Update: Sept. 20, 2016



### Two budget forecasts, similar dim outlooks

#### ***Legislative Council, OSPB predict lower revenues for 2016-17***

The state's top economists released their revenue forecasts today, and while their numbers are different, they both predict lower state revenues for the 2016-17 fiscal year.

The Legislative Council predicts a shortfall of \$329.6 million, while the Office of State Planning and Budgeting (OSPB) sees a gap of \$226.5 million.

Both agencies presented their forecasts to the legislature's Joint Budget Committee. Legislative Council is nonpartisan and provides research for the Colorado General Assembly. The OSPB provides **Gov. John Hickenlooper** with information and research and prepares the governor's budget proposal.

While both the Legislative Council and OSPB see the Colorado economy weakening since the last revenue briefing in June, they differ on the degree of the downturn. The September forecast is important because it often foreshadows the governor's formal budget presentation, which by law is due Nov. 1.

**Natalie Mullis**, the Legislative Council's chief economist, told the JBC that the Colorado economy remains in expansion mode but that the expansion is slowing. Colorado's economy continues to feel the effects of the crash in oil prices at the end of 2014; that has led to a reduction in business spending in the oil and gas sector and, consequently, to lower corporate income tax revenue. At the same time, continued high prices for homes along the Front Range have pushed inflation well above expected levels. Combine those factors with lower expected revenue from sales and use taxes, and the cumulative effect is a shortage in the state's general fund of nearly \$330 million for 2016-17. [Download the Legislative Council.](#)

**Henry Sobanet**, director of the OSPB, was slightly more optimistic in presenting his picture of revenues and the economy. OSPB projects a \$226.5 million gap between revenue, budgetary obligations and reserves. [View or download the OSPB report.](#)

It is important to remember that some data in both forecasts may change as the state works to finish the final accounting for the 2015-16 fiscal year.

Gov. Hickenlooper will release his budget on Tuesday, Nov. 1. Once the governor's proposed budget is available, the Joint Budget Committee will begin the work of crafting a legislative budget, known as the Long Bill, for the Colorado General Assembly to consider when it convenes in January.

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