



## Legislative Council's Economic Forecast Released

*Northern Colorado Delegation Visits NCLA Board*

### The March Economic Forecast

The [Legislative Council March Economic Forecast](#) was released on Thursday this week. It will ultimately drive decisions on the UI Replenishment in addition to the other planned spending. The report by [Legislative Council](#) notes:

*"The General Assembly is projected to have \$3.2 billion, or 20.7 percent, more to spend or save in the General Fund than what is budgeted to be spent and saved in FY 2021-22. As a budget has not yet been adopted for FY 2022-23, this amount holds current appropriations for FY 2021-22 constant and assumes current law transfers, the projected TABOR refund obligation, and the 15.0 percent General Fund reserve requirement. The \$3.2 billion amount does not incorporate other caseload growth, inflationary, or other budgetary pressures. Revenue subject to TABOR is expected to exceed the Referendum C cap by \$1.56 billion".*

**Risks to the forecast.** The war in Ukraine, the ongoing pandemic, mounting inflationary pressure, and evolving monetary policy all pose significant risks to the economic outlook, elevating the risk of recession during the forecast period. While projected TABOR refunds are large enough to absorb regular forecast error, a recession would likely reduce revenue below the Referendum C cap, resulting in less revenue available for spending or saving in the General Fund budget.

Included in the report is an economic snapshot of the state's regions. Here is the section for [Northern Colorado \(Larimer / Weld\)](#).

As typical, the Governor's OSPB has a different perspective on the state's economic outlook. The [OSPB Report](#) and [Presentation](#) projects the following:

*"General Fund revenue is projected to increase to \$16.2 billion in FY 2021-22, a 13.1 percent change from the prior fiscal year. The projection for FY 2021-22 is \$205.9 million higher than the December forecast. The growth rate is expected to moderate to 2.8 percent in FY 2022-23 and 3.2 percent in FY 2023-24. This upward revision is due to high expected individual income and sales tax revenue collections, driven by wage and inflation growth".*

**Economic Growth.** According to OSPB, "the economic growth forecast has been revised down throughout the three-year horizon as inflationary pressures translate to a drag on consumer demand, and supply chain disruptions continue to be more persistent than previous expectations. However, personal income and retail spending, reported in nominal terms, are revised as wages continue to rise due to continued labor market tightness as well as real and expected inflationary pressures. Wage growth and reduced perceived barriers to entering the job market are expected to increase job growth more than previously anticipated. Long-run demographic constraints on labor force participation remain, as population growth is declining due to both reduced net migration in the short run and declining birth rates in the long term."

With the release of the Economic Forecast, so were the bottlenecks in the Appropriations Committees. Eleven bills were referred to the Committee of the Whole in the House, and sixteen bills were referred out of the Senate Appropriations Committee on Friday.

### Northern Colorado Delegation's Monthly Visit to NCLA Board

Northern Colorado Legislators joined the NCLA Board for their monthly briefing by the NCLA on critical pending legislative matters. . We welcomed Reps Mike Lynch (R-Wellington), Cathy Kipp (D-Fort Collins), Tonya Van Beber (R-Eaton), Mary Young (D- Greeley), Minority Leader Hugh McKean (R- Loveland), Andrew Boesenecker (D- Fort Collins), Senator Rob Woodward (R-Loveland). The Board was able to update our elected officials on important positions we have taken in recent weeks.

We discussed [SB 138](#) Reduce Greenhouse Gas Emissions In Colorado in which the NCLA is in an “amend” position. The bill was amended and passed by in the Senate Transportation Committee. With the sponsor's support, he offered amendments that 1) removed the ban on small engines and 2) removed the 2028 midpoint 40% GHG reduction goals. The former amendment was adopted but the latter, disappointingly, died for lack of a motion. The NCLA will continue our work to amend the bill to remove the midpoint, but the various other elements of the bill are good for agriculture and for the NoCo region. The NCLA Board determined to update the NCLA position to “support if amended.”

We also discussed the demise of [HB 1138](#) Reduce Employee Single-occupancy Vehicle Trips. Thanks was offered to Rep Kipp for her vote against the bill in the House Finance Committee, and support of the NCLA’s oppose position. We shared our desire to capture one element of HB 1138 that provided funding for of Transportation Management Organization (TMOs). TMO’s work collaboratively with businesses to assist them in providing alternative transportation options. Northern Colorado region does not have a TMO but has explored the creation of one. We have asked Rep. Bird (D-Westminster), sponsor of [HB 1026](#) -Alternative Transportation Options Tax Credit that incentivizes employers to take measures to reduce employee single-occupancy vehicle miles, for an amendment to carry over the funding option of HB 1138 to HB 1026 for TMOs.

Finally, Minority Leader McKean updated the Board of his continued conversations with the Speaker of the House to keep the Unemployment Insurance Tax Fund replenishment in the forefront as the economic forecast is revealed and bills are introduced to spend the ARPA funds.

### **NCLA Positions on Priority Legislation**

[HB22-1282](#) **The Innovative Housing Incentive Program-** SUPPORT -Provides funding for early-stage manufactured home facilities through the utilization of ARPA funds. The economic development measure and its qualification for Affordable Housing use of ARPA funds will be administered through OEDIT.

[HB22-1297](#). **Daylight Saving Time Year-Round-** SUPPORT- As a federal bill sailed through the US Senate unanimously, NCLA decided to support the state measure to eliminate the requirement to fall back and spring ahead time changes every year. The federal bill gives states the authority to stay on one time year-round.

### **NCLA Tracking Report**

On a bi-weekly basis, the NCLA Board reviews and considers its position on pending legislation. See the [NCLA 2022 Legislative Tracking Report](#) list the measures thus far introduced that the NCLA is monitoring and upon which the NCLA will or has taken a position.