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**Worsening Revenue Picture  
Implies More Pressure on Tax Incentives  
December 18, 2009**

December 18--This morning, the legislature's chief economist told the Legislative Council that the state's projected revenue numbers for this fiscal year and the next have worsened, despite an improving state economy, since her office's last projection in September:

1. For the current fiscal year, which ends June 30<sup>th</sup>, the revenue shortfall now is estimated to be \$600.6 million, which is \$39.9 million more than in September.
2. For the 2010-2011 fiscal year, which begins July 1<sup>st</sup>, the revenue shortfall is projected to be \$1.5 billion, which is \$200 million more than in September.

In other words, the revenue shortfall for General Fund spending for the current and next fiscal year is \$2.1 billion less than budgeted spending. The next revenue forecast is scheduled for March. From CACI's perspective, the revenue shortfall will likely add more fuel to the fire for those legislators who are seeking to eliminate or temporarily suspend business tax incentives to boost tax revenues. House Finance Committee Chair Joel Judd (D-Denver) favors eliminating all business tax incentives.

Natalie Mullis, the chief economist, told the Legislative Council that the recession "appears to be over" and that the "recovery is beginning" although it is "constrained by credit markets." She said Colorado has witnessed some modest job gains in recent months.

But the state's Unemployment Insurance (UI) Fund has been dramatically drawn down by higher unemployment claims, Mullis said, and the fund will go "negative" in the next three to six months. When that happens, Colorado will have to borrow from the Federal Government's UI fund, and that money will have to be repaid. The state's UI Fund will have to be replenished by requiring employers to pay higher UI taxes.

For *The Denver Post's* story on the latest revenue estimate, click on:

[http://www.denverpost.com/legislature/ci\\_14030012](http://www.denverpost.com/legislature/ci_14030012)