



June 2026 Quarterly Revenue Forecast

The Joint Budget Committee met today for the June 2026 Economic Forecast. Legislative Council Staff (LCS) and the Office of State Planning and Budgeting (OSPB) both presented forecasts; forecasts and presentations linked below. Below you will find the press releases from Governor Polis and the House and Senate Democrats regarding the economic outlook as well as a short summary on the presentations.

[Legislative Council Staff June 2026 Revenue Forecast](#)

[LCS Presentation](#)

[Office of State Planning and Budgeting June 2026 Revenue Forecast](#)

[OSPB Presentation](#)

Both forecasts show a revision upwards in all out-years; the OSPB forecast is more positive than the LCS forecast. LCS and OSPB anticipate the Family Affordability Tax Credit (FATC) as well as the expanded Earned Income Tax Credit (EITC) will be turned off for tax years 2027 and 2028.

Under the Legislative Council Forecast (which was the more conservative forecast this quarter), the General Fund is expected to end FY 2025-26 with a 13.4% reserve, \$116.0 million above the statutory requirement set in House Bill 26-1363. The legislature reduced the reserve this session from its typical 15% in order to balance the budget. General Fund revenue is expected to decline by 1% and total \$17.01 billion. With the decline, revenue is expected to fall short of the Referendum C cap by \$424.9 million. Incorporating 2026 legislative actions, the General Fund is expected to end FY 2026-27 with a 13.6% reserve, \$147.9 million above the 13.0% statutory reserve requirement. General Fund revenue is expected to grow at a robust 8.9% rate and total \$18.53 billion, with strong growth in individual and corporate income taxes and moderate growth in sales taxes. Total state revenue subject to TABOR is expected to exceed the Referendum C cap by \$483.0 million in 2026-27.



COLORADO

Governor Jared Polis

FOR IMMEDIATE RELEASE

Thursday, June 18, 2026

Eric Maruyama | Eric.maruyama@state.co.us | (720) 916-2128

Colorado's Economic Forecast Shows Steady Growth, Higher Revenue Than Expected

Forecast also shows increased risk in the future from Iran War and higher costs

DENVER - Today, the Governor's Office of State Planning and Budgeting presented its economic forecast to the Joint Budget Committee. The forecast indicates steady economic growth in 2026, with revenue coming in higher than expected.

"Despite challenges in the national economy, today's Colorado forecast is good news as it shows our economy is stable and revenue this fiscal year is likely higher than expected. Despite challenges like increasing inflation, costly tariffs, higher prices, and the Iran War driving up gas prices, Colorado's economy is steady. We will do all we can to strengthen Colorado's economy, reduce costs, and support our businesses in the face of these harmful national headwinds. Our economy would be even stronger if it weren't for the national drag on it," said Governor Polis.

OSPB projects that revenue will be \$15.3 million below the TABOR cap in Fiscal Year (FY) 2025-26, compared to \$229 million below the TABOR cap in the March forecast. TABOR surpluses of \$469.9 million in FY 2026-27, and \$52.3 million in FY 2027-28 are also anticipated. Lower TABOR surplus in 2027-28 is forecast due to expected higher inflation.

View the [forecast](#), [slides](#) and [supplemental materials](#).

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General Assembly Democrats



Trump's High Energy Inflation Drives Up Costs for Coloradans

U.S. President says he loves it

DENVER, CO – Democratic members of the Joint Budget Committee (JBC) today released the following statements after the Legislative Council Staff (LCS) and the Office of State Planning and Budgeting (OSPB) delivered the June quarterly economic forecasts.

“The forecast shows that not only is inflation driving up costs for Coloradans, but it’s also neutralizing any wage gains workers might have earned even as the economy continues to grow at a steady pace,” **said JBC Chair Rep. Emily Sirota, D-Denver.** “Instead of addressing the affordability crisis, President Trump is making light of record-high inflation numbers while Coloradans are feeling squeezed from all sides. From driving down housing costs to creating universal preschool, Colorado Democrats have implemented real solutions to make our state more affordable for families. In stark contrast to Washington, we’re focused on creating communities that are safe, healthier and more affordable.”

"The forecast reflects what many Coloradans already feel. The cost of gas, housing, and childcare continues to put pressure on family budgets," **said JBC Vice Chair Sen. Jeff Bridges, D-Arapahoe County.** “Combined with uncertainty from Washington, these challenges create real strain on Colorado's economy and our state budget. We're focused on protecting core services and making sure Colorado is prepared for what comes next, while Colorado's workers and businesses continue to show up, work hard, and move our economy forward."

“The forecast reflects what many Coloradans are already feeling: our economy is strong, but rising energy costs and national headwinds are making everything more expensive and dragging down growth in Colorado,” **said JBC Member Rep. Kyle Brown, D-Louisville.** “We made difficult decisions during the legislative session to balance our budget, including cuts that no one wanted to make. It’s clear that without reforms to TABOR, the legislature will be forced to make additional cuts to address rising caseload

and Medicaid costs. With the interim commission, we are working hard to find solutions so Medicaid can continue to deliver the services people need while putting the program on a more sustainable path.”

“As a result of years of thoughtful budgeting and often painful cuts, this forecast shows that we have made the right decisions to put Colorado on strong economic footing even as the chaos in Washington continues to strain our state budget,” **said JBC Member Sen. Judy Amabile.** “Between corporate tax cuts in H.R. 1, high inflation, and soaring gas prices, we have not been dealt an easy hand, but we’ve been able to preserve crucial services and maintain a healthy reserve. There are certainly difficult decisions ahead, but we will continue to meet the moment.”

The Legislative Council Staff (LCS) forecast anticipates General Fund revenue to be \$16.57 billion in FY 2025-2026, \$18.07 billion in FY 2026-2027, and \$19.05 billion in FY 2027-2028. This represents an overall increase of \$489 million in the current year and \$335 million for FY 2026-2027 as compared to the March forecast.

The Office of State Planning and Budgeting (OSPB) forecast anticipates that General Fund revenue will be \$16.93 billion for FY 2025-26, \$17.89 billion for FY 2026-2027 and \$18.37 billion for FY 2027-2028. This represents an overall increase of \$371 million in the current year and a decrease of \$102 million for FY 2026-2027 as compared to their March forecast. This revised revenue increase shows a resilient economy and consumers.

Medicaid costs have skyrocketed over the last two years, largely due to the increased cost of providing care. In addition to reducing Medicaid spending by \$360 million this year alone, lawmakers also established an interim Commission on Medicaid to develop long-term strategies to focus on utilization, reduce spending and ensure sustainability in the program.

Rising Medicaid costs continue to impact the state budget; however, the increase for FY 2027-2028 is far less than the \$1 billion lawmakers addressed last session. According to LCS scenario B, the General Fund would end FY 2027-28 with a 13.2 percent reserve, \$315.4 million less than the statutory requirement. This scenario accounts for a \$462.5 million increase in Medicaid spending. This increase is almost half the previously forecasted increase in FY 2026-27. In addition, TABOR will likely trigger a temporary income tax rate reduction that disproportionately benefits the wealthiest Coloradans while requiring over \$300 million in cuts to core services like Medicaid that benefit the most vulnerable Coloradans.

The LCS and OSPB forecasts anticipate that FY 2027-28 revenue will be above the TABOR cap by \$674 million and \$52 million, respectively. For the 2026-27 FY (beginning July 1, 2026), revenue is forecasted to be above the cap by \$483 million in the

LCS forecast and \$470 million per OSPB. For the 2025-2026 FY about to end, by the LCS forecast, Colorado's revenue is below the TABOR cap by \$425 million. By the OSPB forecast, revenue is below the TABOR cap by \$15 million.

Due to corporate tax cuts in H.R. 1, the Family Affordability Tax Credit (FATC) will be entirely turned off for the 2026 tax year, raising taxes on families. Both forecasts released today now expect the FATC to be off for 2027 and 2028 taxes as well.

To help blunt some of the cost for Colorado families, Democratic lawmakers created a new tax credit last session, the Family Affordability Credit (FAC). Families who would have been eligible for the FATC will be eligible for the FAC, and while it is a smaller credit, estimates show families could still receive up to \$260 for each child under age six and up to \$195 for each child between six and 16 because of HB26-1223.

The annual inflation rate (4.2 percent) in the U.S. hit a three-year high in May, up from 3.8 percent in April. This includes a 0.4 percentage point increase in May alone and has almost doubled since February. Trump's war with Iran has caused an oil shock and increased energy costs nationwide, and is driving rising inflation in Colorado. High energy costs, combined with a weakening job market and worsening household finances, are weighing on families. Economic inequality continues to grow, with low-income families increasingly burdened by credit card debt.

While wages have ticked upward for the majority of workers (3.8 percent), including low-wage earners, they have not kept pace with high inflation. In addition, many Coloradans are underemployed or have left the workforce and job growth remains stagnant at 0.1 percent, worsened by an 11 percent decrease in federal government jobs in Colorado.

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