Arvada Chamber of Commerce
New Heights.



2024 Community Impact Forums

State of the Economy

Friday, July 19 | 8:00 - 9:30 am

Arvada Chamber of Commerce
New Heights.

State of the Economy

2024 Community Impact Forums

Welcome

Kami Welch

President & CEO, Arvada Chamber of Commerce

Arvada Chamber of Commerce
New Heights.

State of the Economy

2024 Community Impact Forums

Welcome Dignitaries

Arvada Chamber of Commerce
New Heights.



2024 Community Impact Forums

State of the Economy

Friday, July 19 | 8:00 - 9:30 am

Red Silo
COFFEE ROASTERS

La Patisserie Francaise

Arvada Chamber of Commerce
New Heights.

Today's Coffee and Cookie Sponsors

CITY OF ARVADA

COLORADO GIVES FOUNDATION

Barber Nichols

CREDIT ON TAP UNION

ARVADA ECONOMIC DEVELOPMENT ASSOCIATION

Arvada Chamber of Commerce New Heights.

Chamber Investors























Arvada Chamber of Commerce New Heights.

Chamber Investors





























Arvada Chamber of Commerce
New Heights.

Chamber Investors























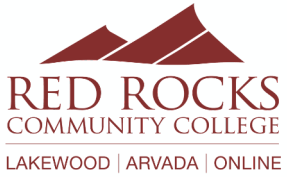


















Arvada Chamber of Commerce
New Heights.

Chamber Investors

Arae Design Company, LLC

Arvada Appliance

Bill Martin & Associates

Church Ranch Events Center

CommonSpirit Emergency & Urgent Care

Farmers Insurance-Aimee Skul Agency

Generations Family and Cosmetic Dentistry

Hart Realty Group

Jefferson County Government

Insperity

OpusX, LLC

Patton Plumbing

Payroll Vault

Premier Members Credit Union

Revive Church / The Bridge

Schomburg Insurance

SG - Associates LLC

Table Mountain Meetings & Events

Arvada Chamber of Commerce New Heights.

Champion Members















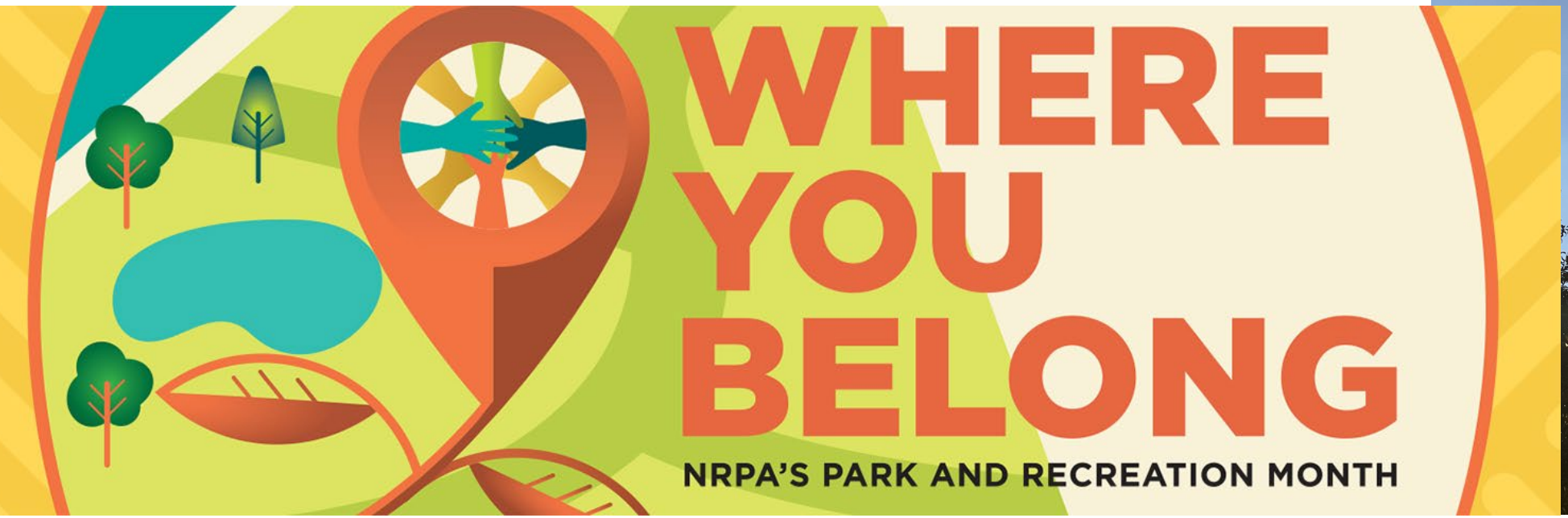






Arvada Chamber of Commerce
New Heights.

Power Partners





Arvada Chamber of Commerce New Heights.

Park and Recreation Professionals Day

Arvada Chamber of Commerce
New Heights.



2024 Community Impact Forums

State of the Economy

Friday, July 19 | 8:00 - 9:30 am

Arvada Chamber of Commerce
New Heights.

State of the Economy

2024 Community Impact Forums

Welcome
Dr. Elizabeth Ramey



Arvada Chamber of Commerce
New Heights.



2024 Community Impact Forums

State of the Economy

Friday, July 19 | 8:00 - 9:30 am

Summer 2024 | Legislative Council Staff

Economic and Legislative Update

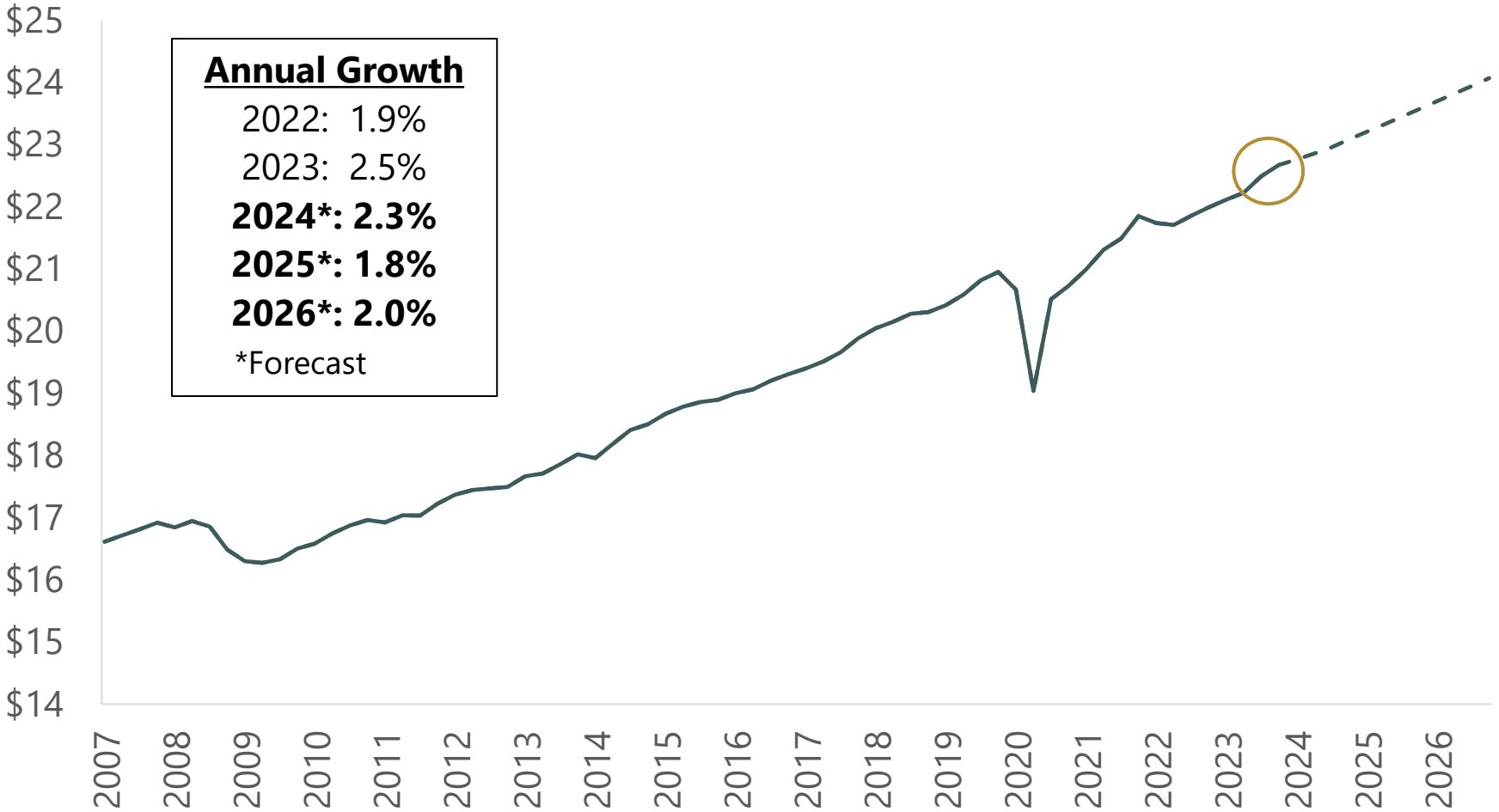
Elizabeth Ramey
Principal Economist
Legislative Council Staff

Arvada Chamber of Commerce
Business Outlook Breakfast
July 19, 2024

Economic Overview

U.S economic growth exceeded expectations in 2023 but projected growth remains below trend.

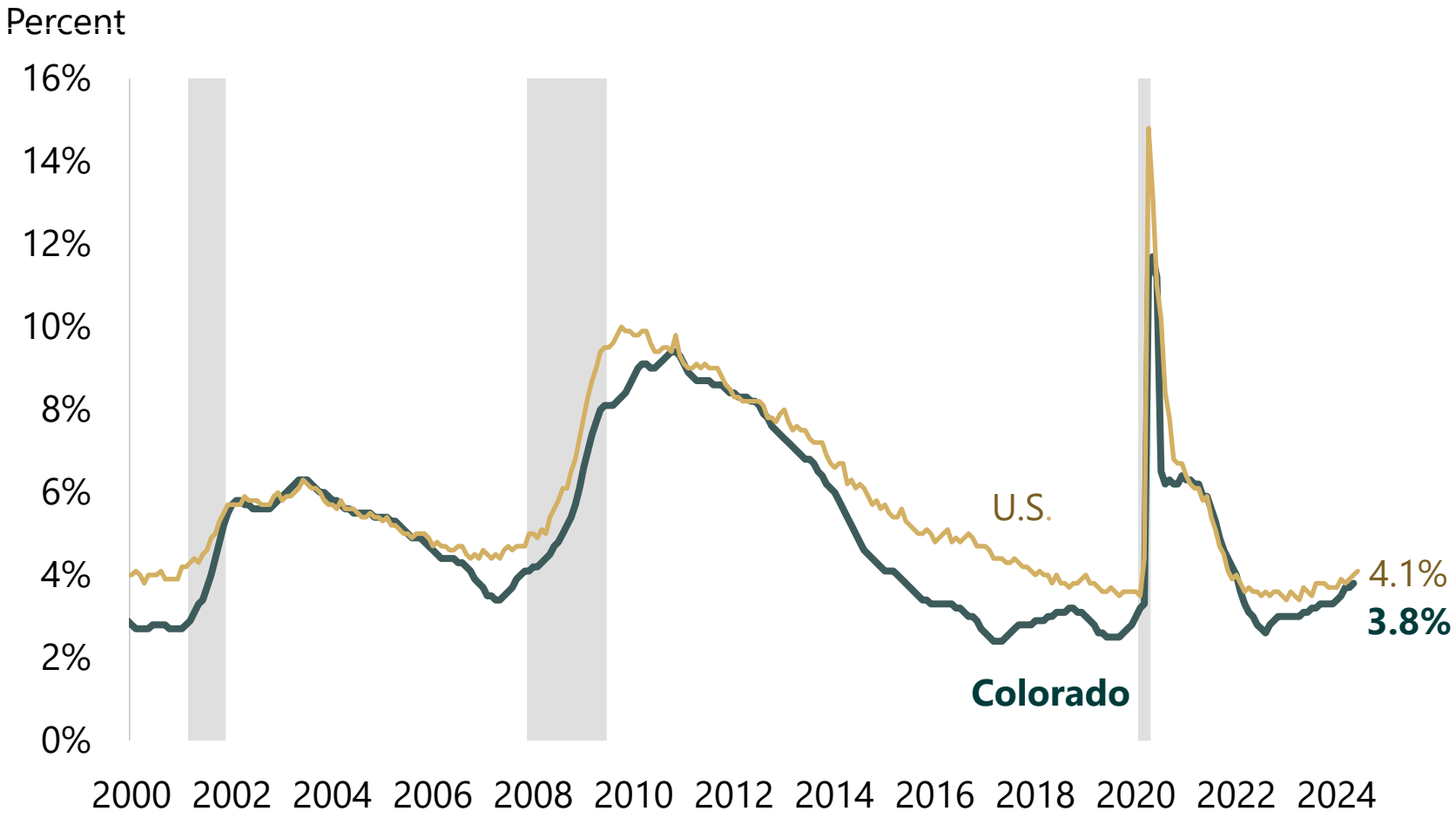
Real U.S. Gross Domestic Product
Trillions of Dollars, Adjusted for Inflation



Source: U.S. Bureau of Economic Analysis and Legislative Council Staff June 2024 projections. Real GDP is inflation-adjusted to chained 2017 levels and shown at seasonally adjusted annualized rates.

Colorado and U.S. unemployment rates remain low, but rates continue to tick up

Unemployment Rates

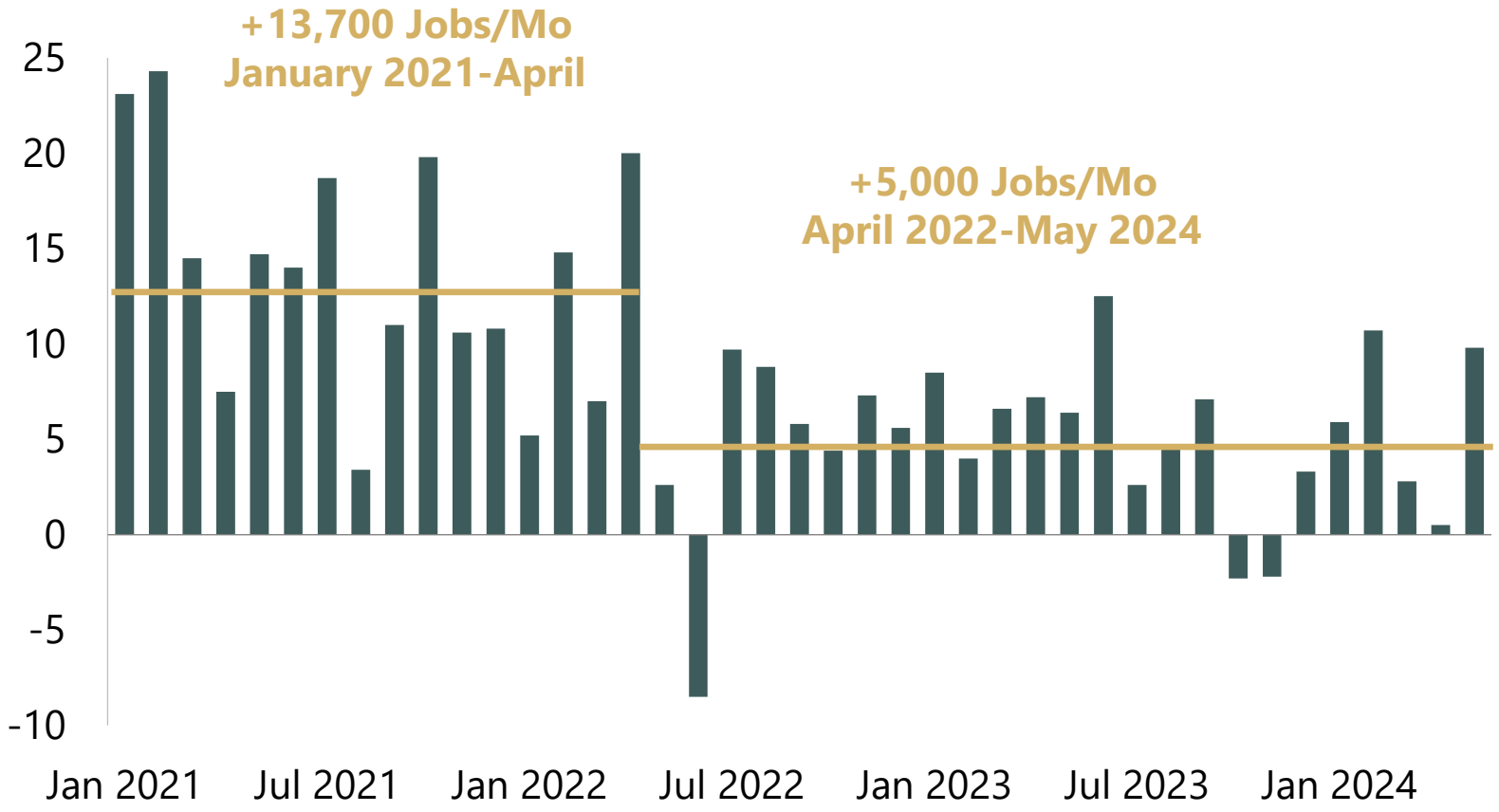


Source: U.S. Bureau of Labor Statistics. Data are seasonally adjusted. U.S. data are through June 2024. Colorado data are through May 2024.

Colorado's monthly employment gains slow since mid-2022

Monthly Nonfarm Payroll Job Growth in Colorado

Thousands of Jobs

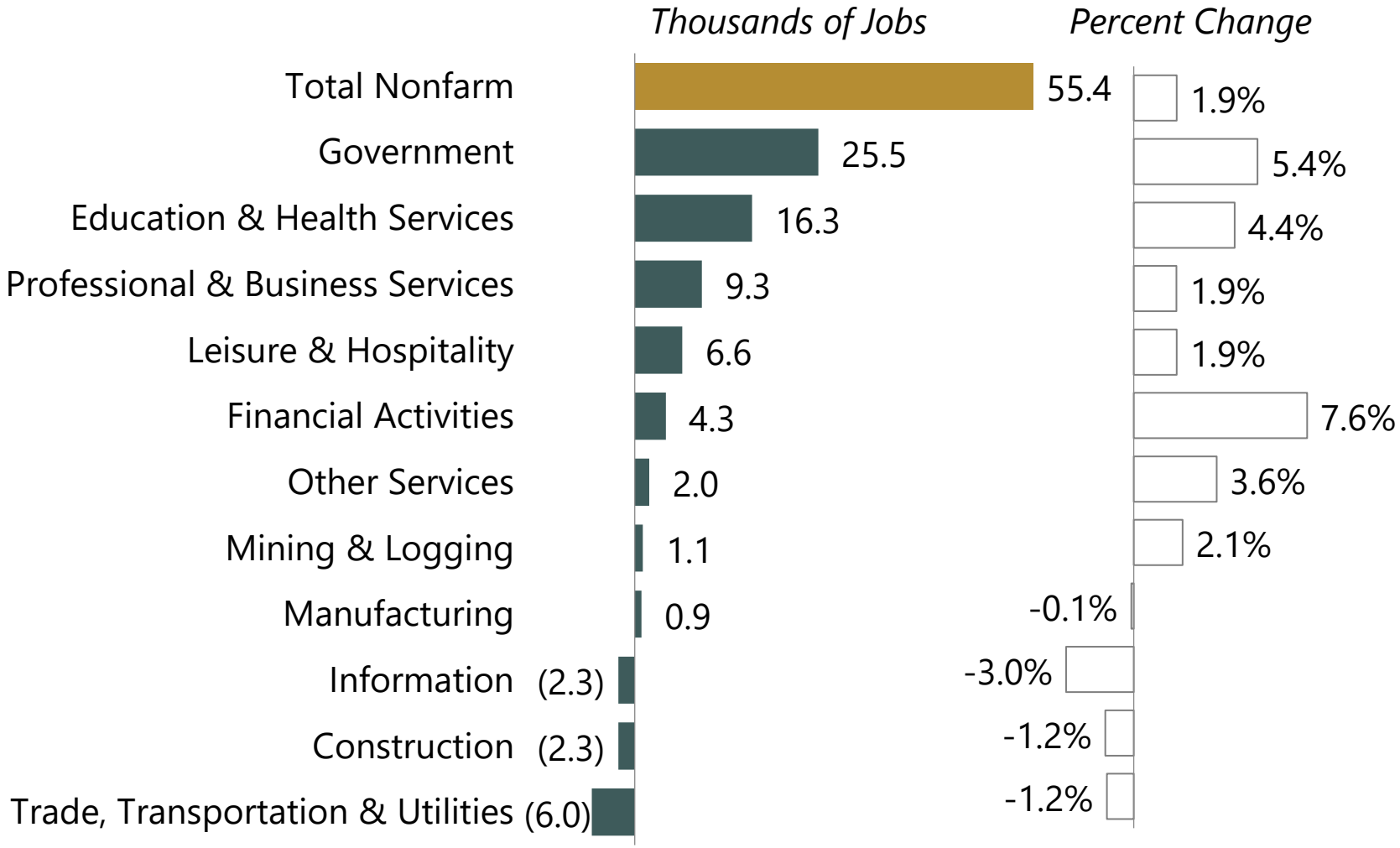


Source: U.S. Bureau of Labor Statistics. Data are seasonally adjusted and through May 2024.

Colorado employment gains led by government

Colorado Job Gains and Losses by Supersector

Year-over-Year Change, May 2024

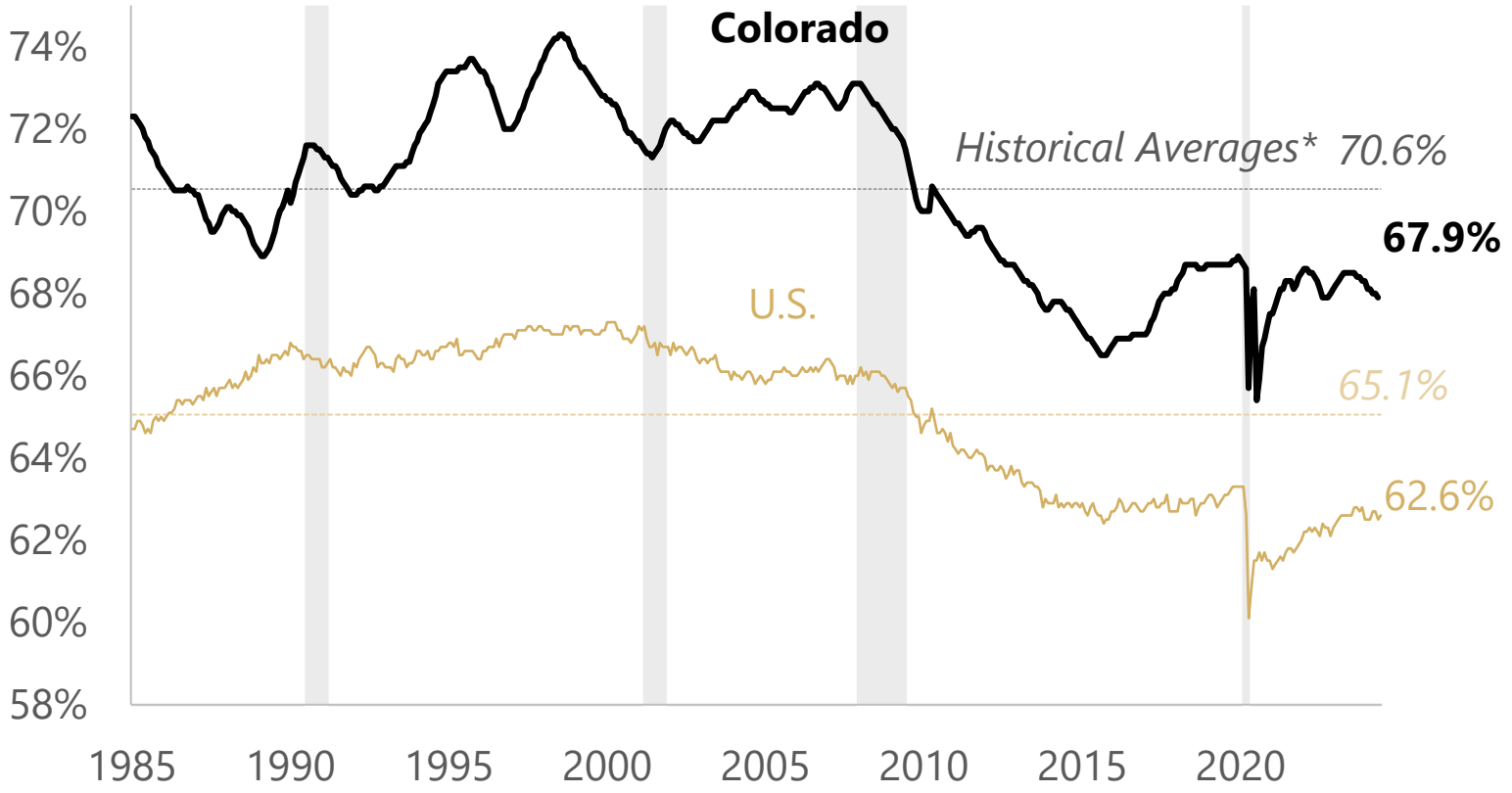


Source: U.S. Bureau of Labor Statistics. Data are seasonally adjusted.

Colorado labor force participation among the nation's highest

Labor Force Participation Rates

Share of the Civilian Population, Age 16 and Older



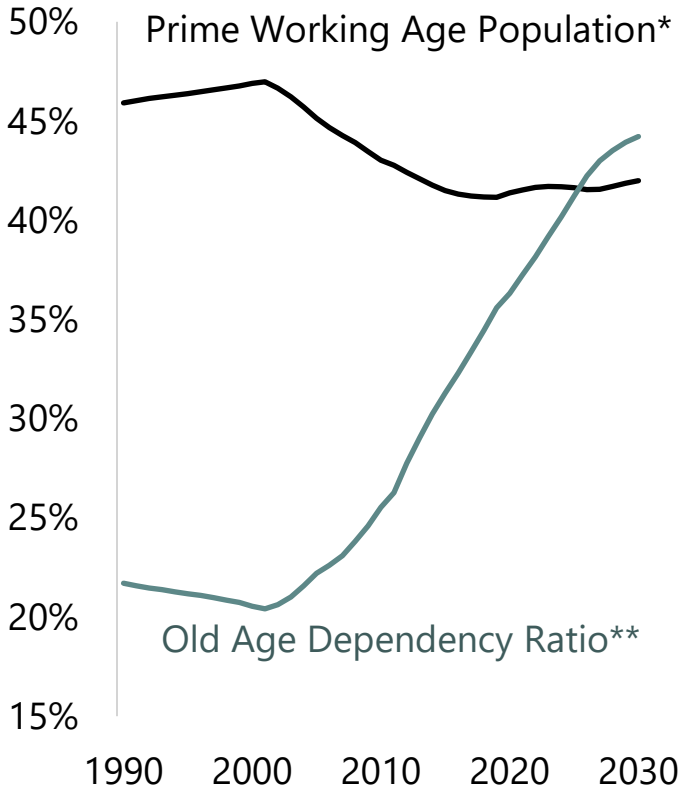
Source: U.S. Bureau of Labor Statistics. Data are seasonally adjusted. U.S. data are through June 2024. Colorado data are through May 2024.

An aging population will challenge Colorado's labor force

Colorado Population by Age and Gender

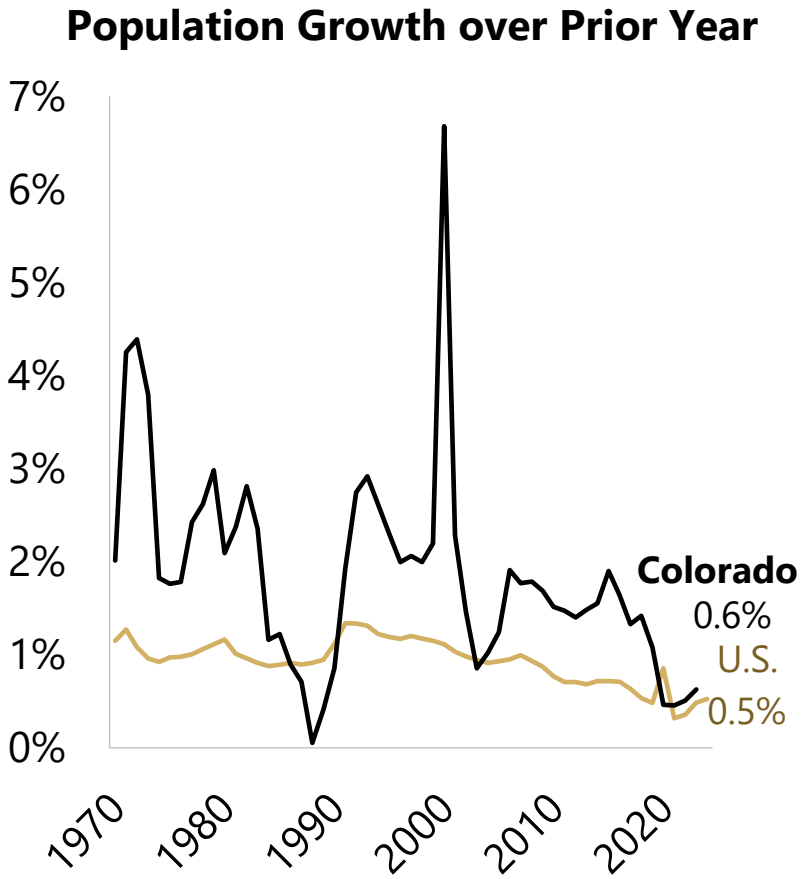


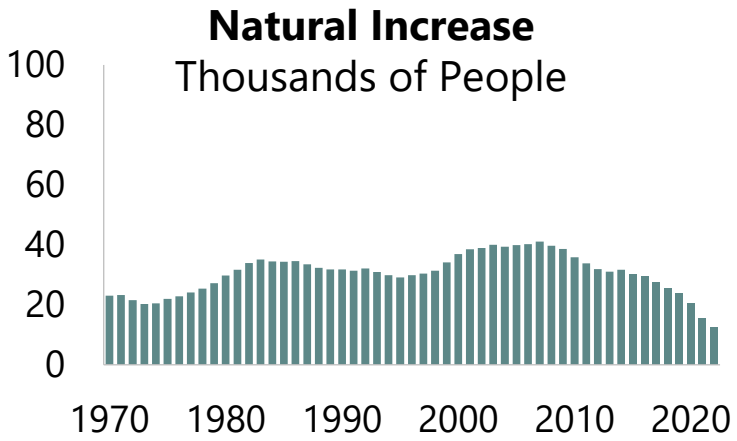
Aging of the Colorado Population

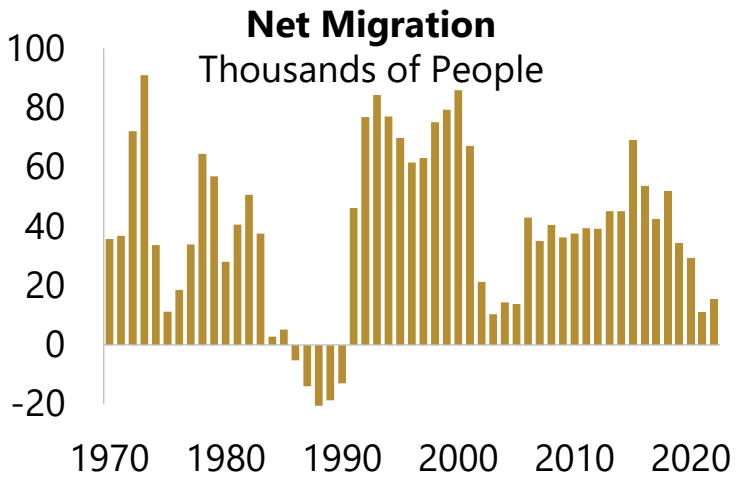


Source: Colorado State Demography Office; 2022 projections; *Population ages 25 to 54 as a share of the total population; ** Population ages 65 and older relative to the prime working age population

As will slowing population growth





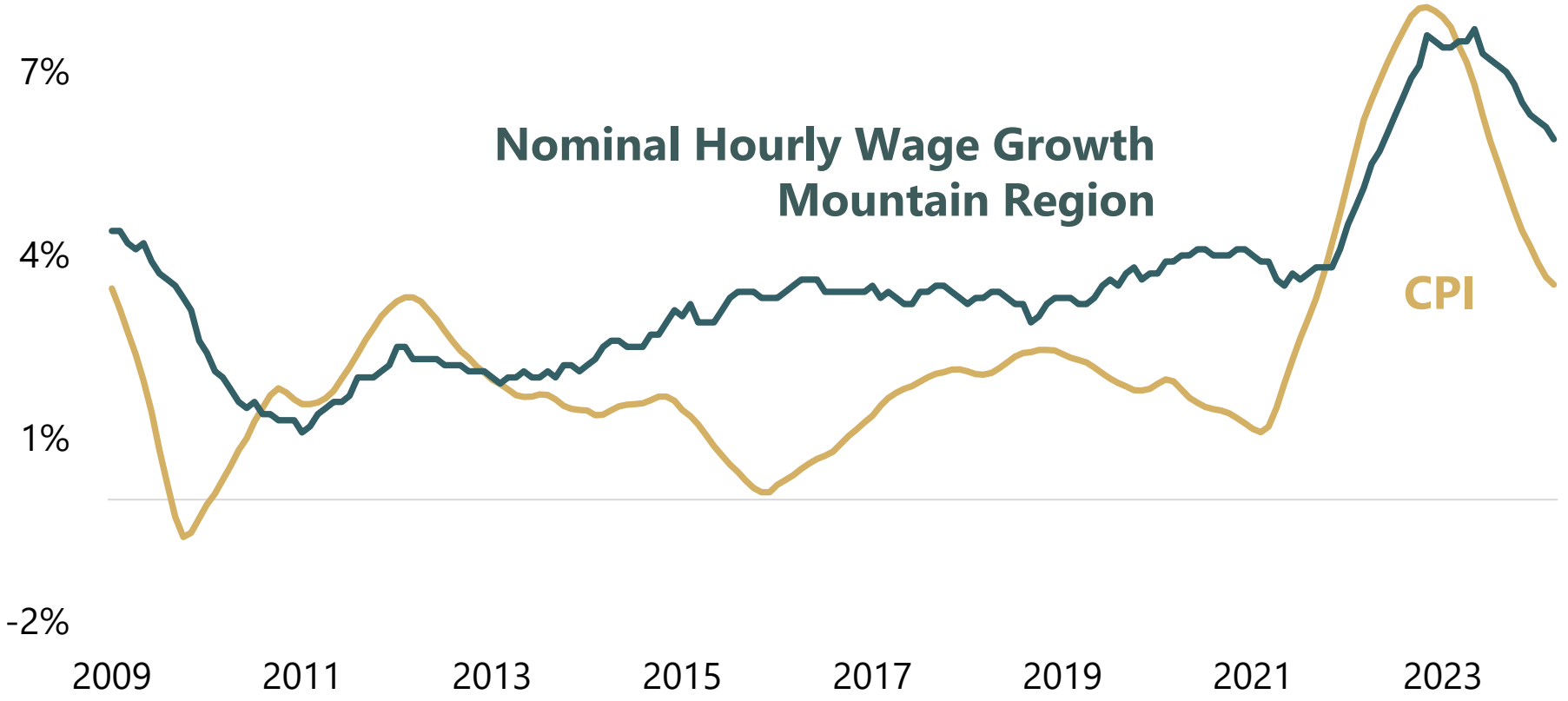


Colorado State Demography Office, 2022 projections.

Wage gains outpaced inflation over the past year

Median Nominal Hourly Wage Growth and CPI Inflation

Year-over-Year Change, 12-month moving average

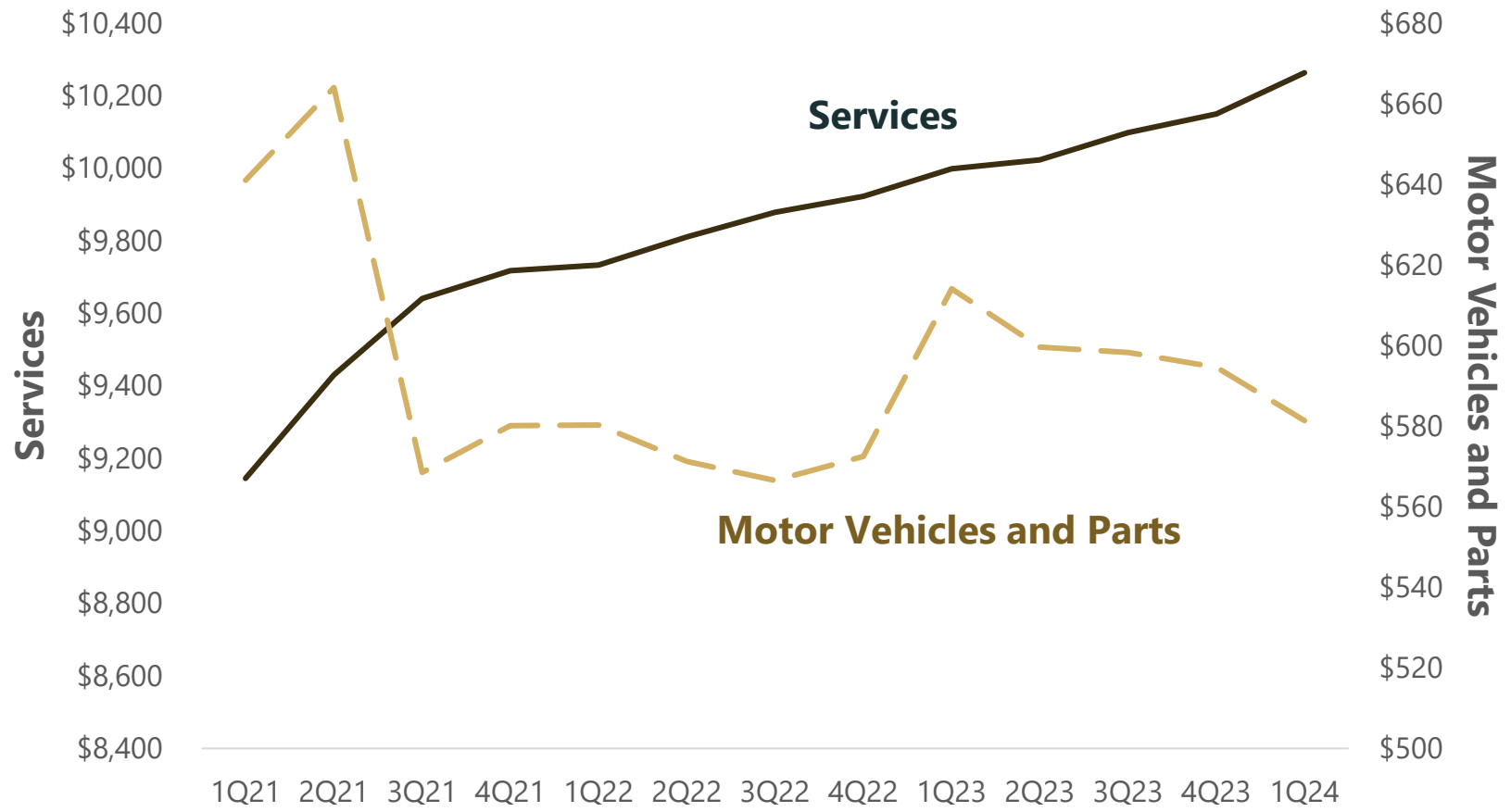


Source: Atlanta Fed Wage Growth Tracker and Bureau of Labor Statistics. Data are through March 2024.

Consumers continue to adjust spending on services

U.S. Sales of Motor Vehicles and Parts Compared to Services

Billions of Dollars

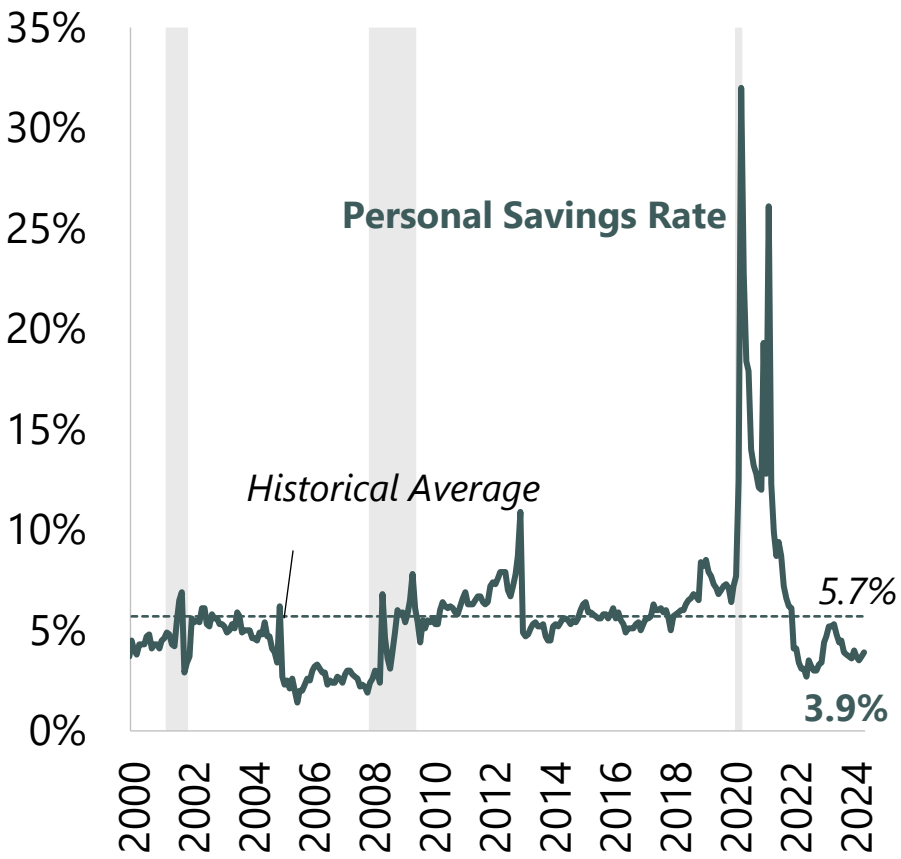


Source: Bureau of Economic Analysis (BEA) Real Gross Domestic Product, Personal Consumption Expenditures. Data through March 2024.

Household savings below the historical average, debt levels remain healthy

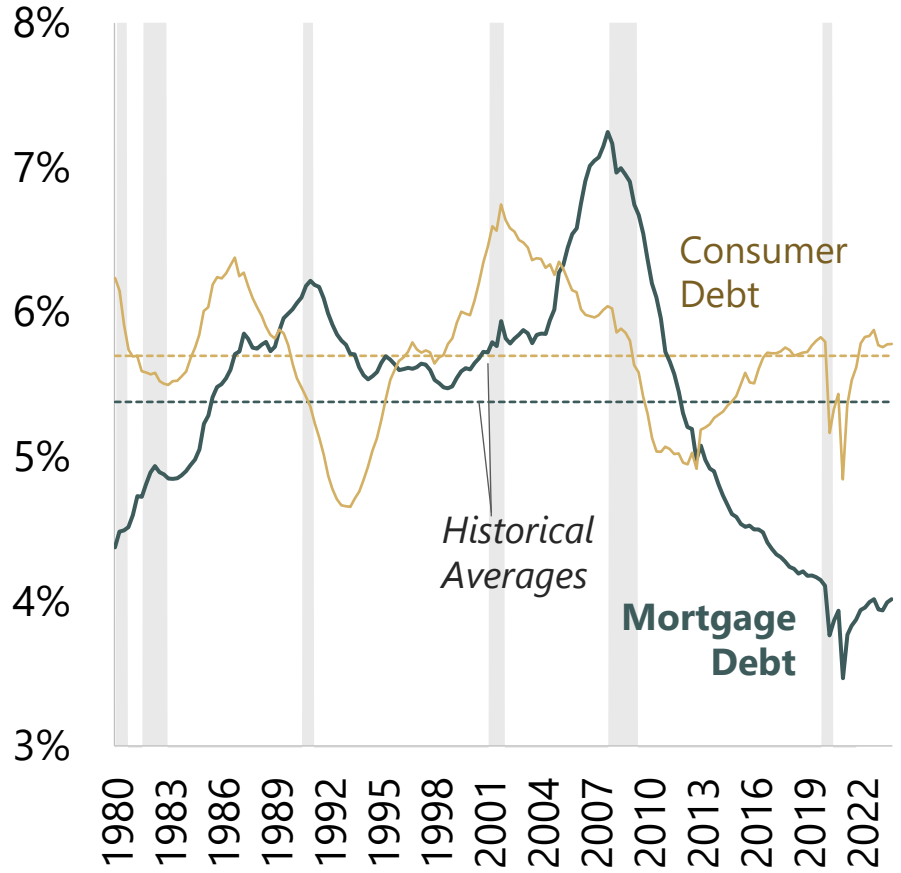
Personal Savings Rate

Percent



U.S. Debt Service Ratios

Percent



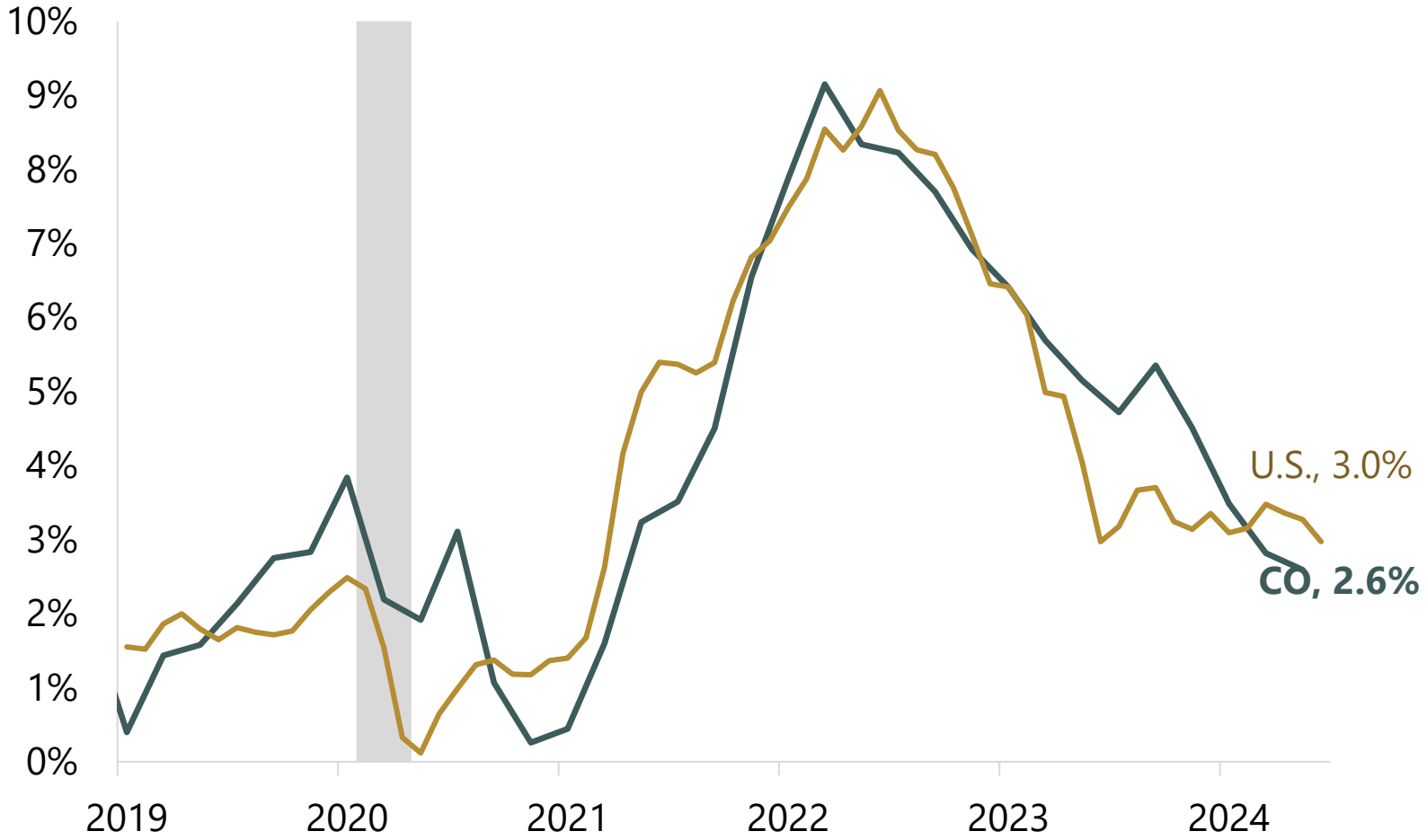
Source: U.S. Bureau of Economic Analysis and Federal Reserve Board of Governors.

*The personal savings rate is calculated as the ratio of personal saving as a percentage of disposable personal income. Data are shown as seasonally adjusted annual rates through May 2024 (left) and 2023Q4 (right).

Inflation continues to fall, now lower in Denver than in the nation

Headline CPI-U Inflation

Year-over-Year Change in Prices

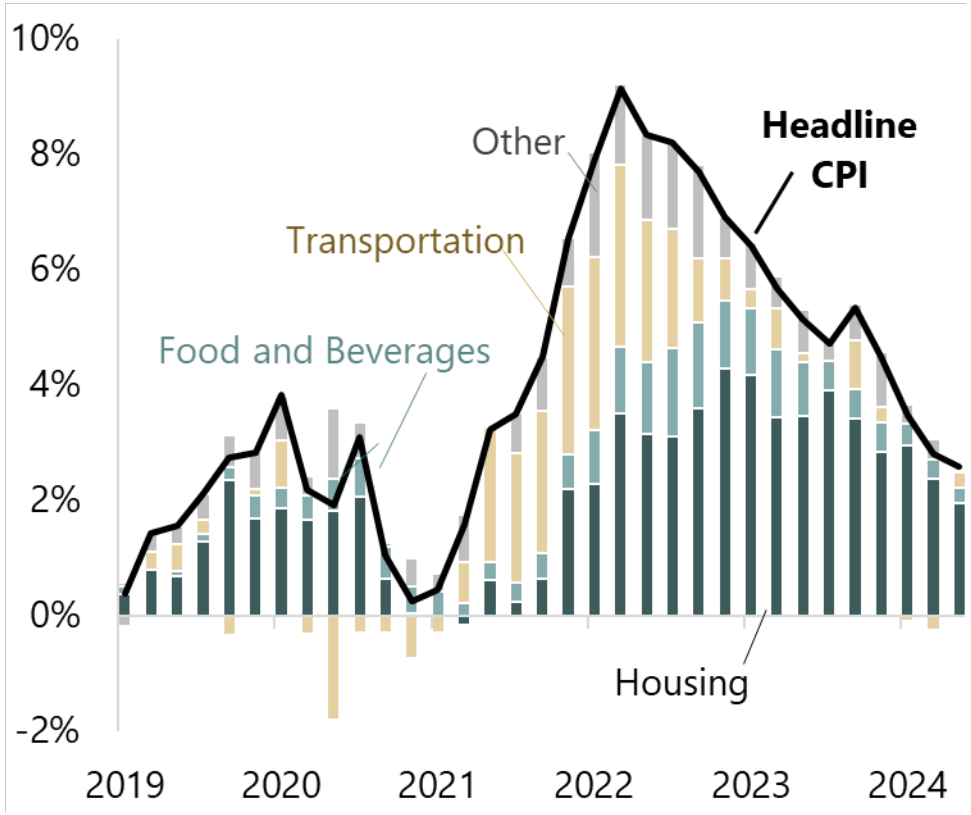


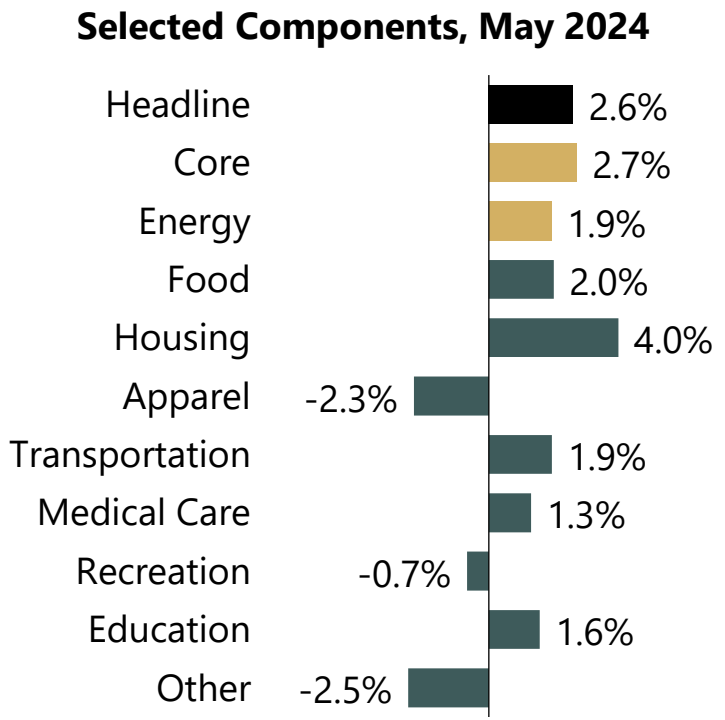
Source: U.S. Bureau of Labor Statistics. Colorado inflation is measured using prices in the Denver-Aurora-Lakewood metropolitan area. U.S. data are through June 2024; Colorado data are through May 2024.

Housing prices continue to exert upward pressure on inflation

Contributions to Denver-Aurora-Lakewood CPI-U

Year-over-Year Change in Prices



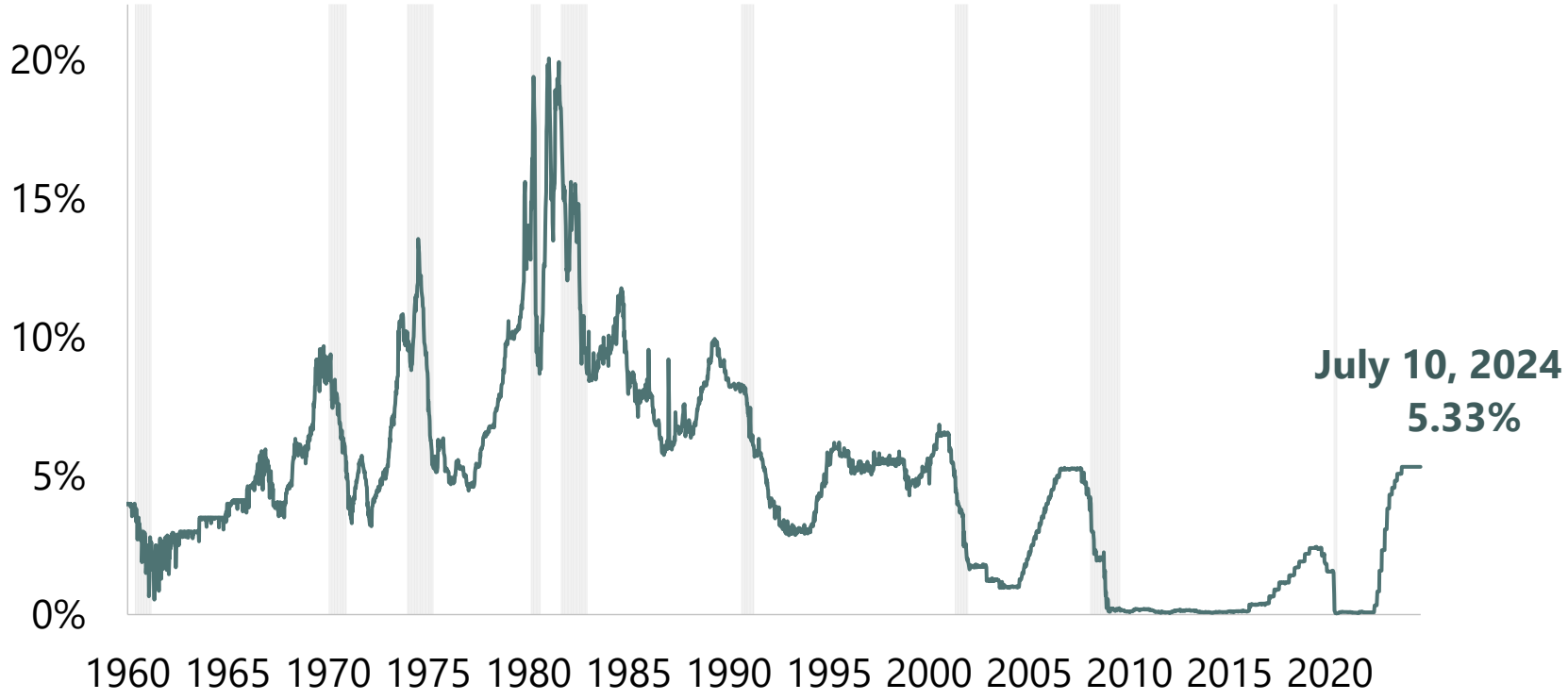


Source: U.S. Bureau of Labor Statistics and LCS calculations.

Federal Reserve expected to start cutting interest rates late in 2024

Effective Federal Funds Rate

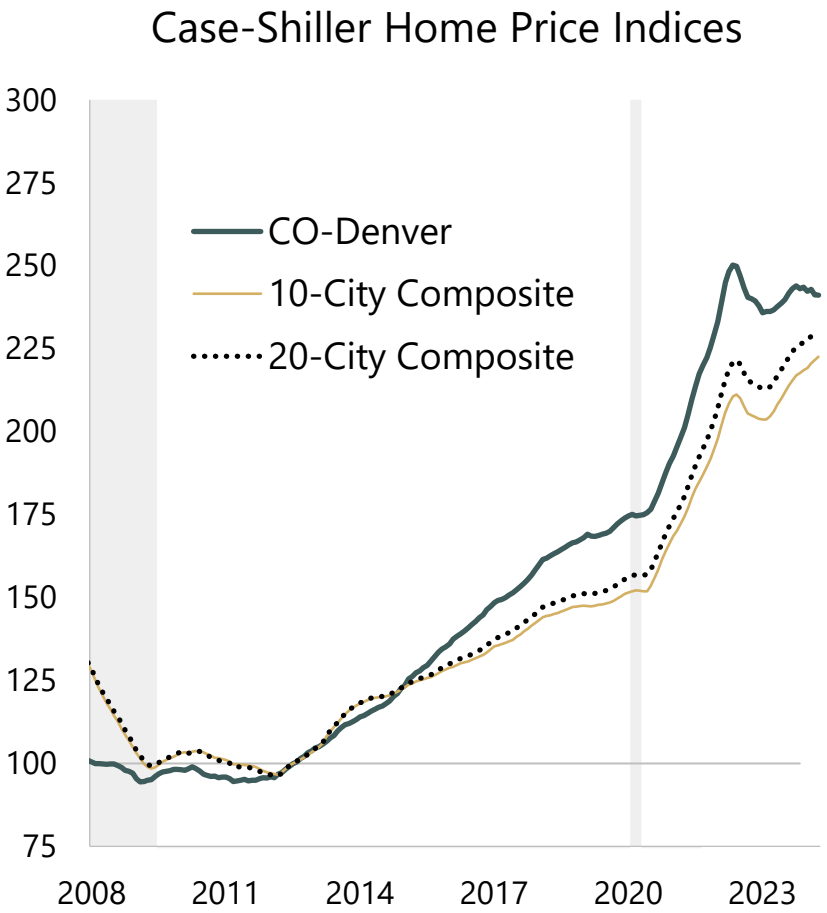
Percent

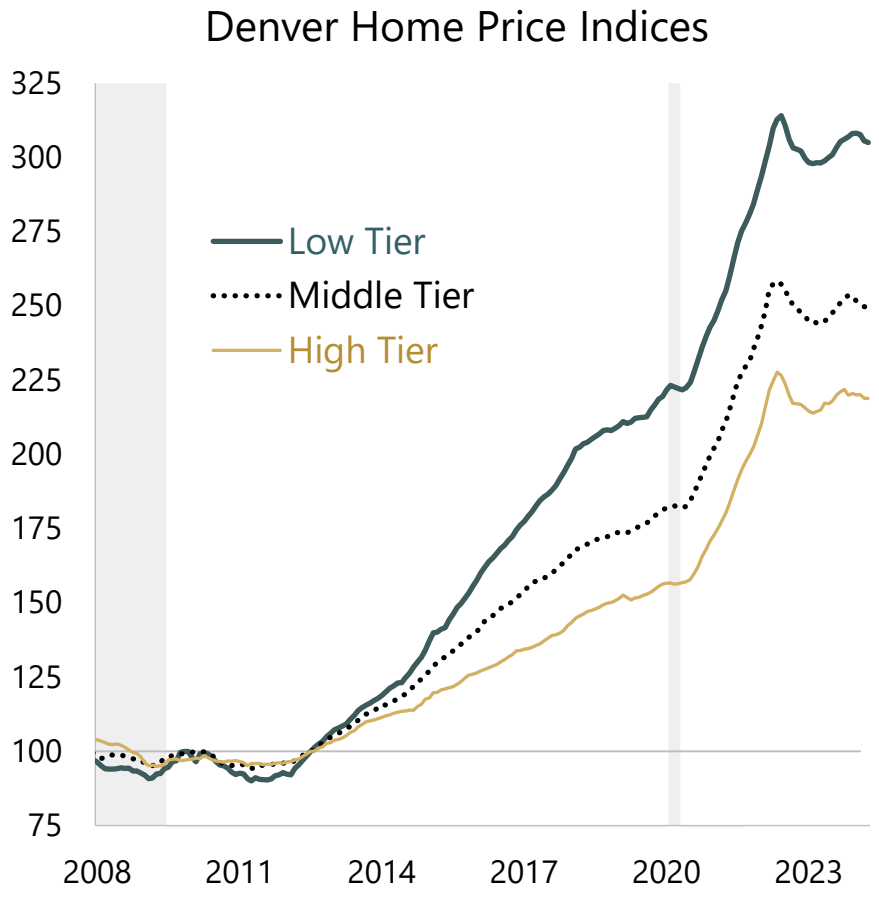


Source: Board of Governors of the Federal Reserve System, H.15 Selected Interest Rates. Bureau of Economic Analysis.

Denver home prices easing in 2024, down 3.6 percent , compared to June 2022

Selected Home Price Indicators
Index 100=July 2012



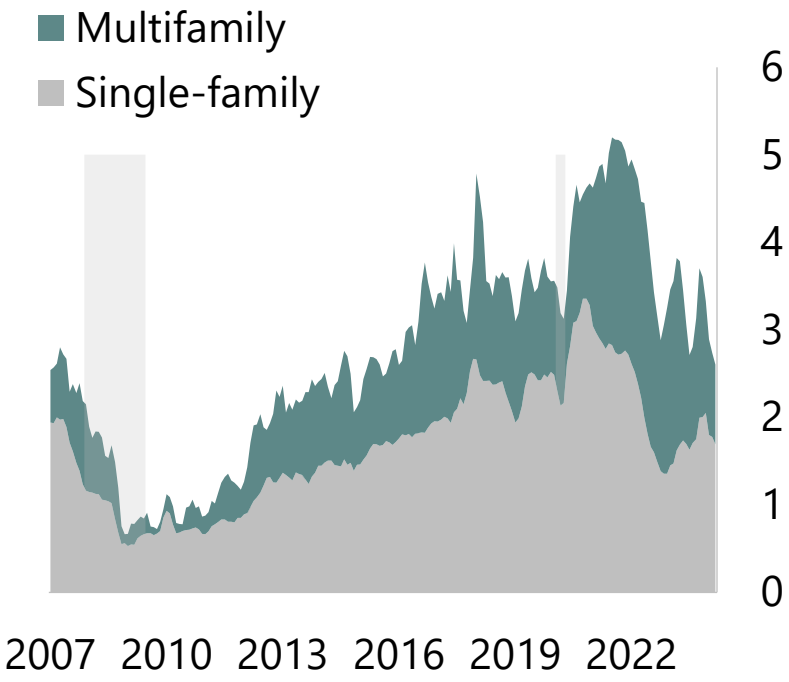


Source: S&P Dow Jones Indices LLC. Data are seasonally adjusted and are through April 2024.

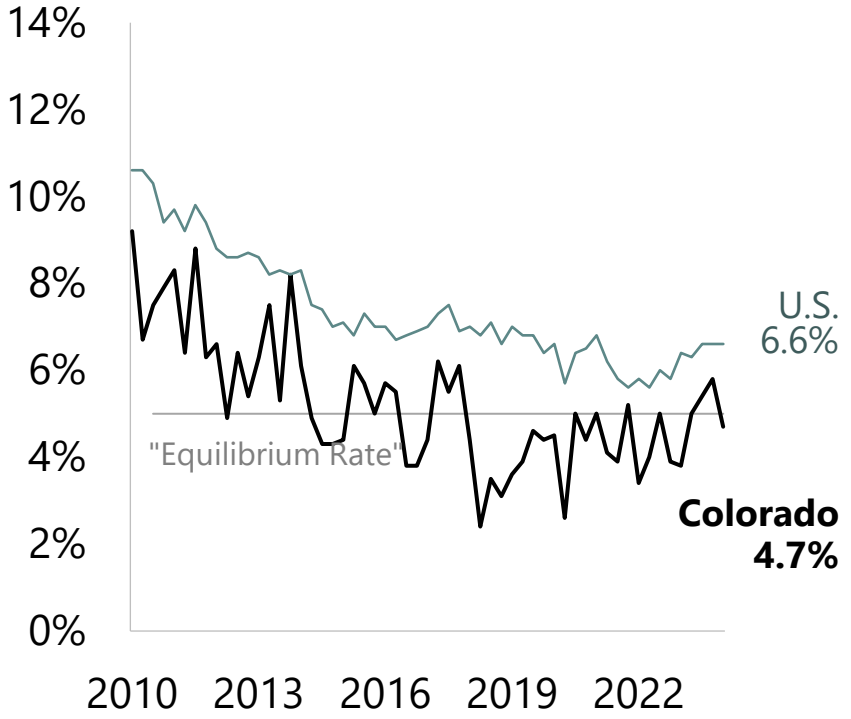
Housing market shows signs of rebalancing

Colorado monthly building permits issued

Thousands of Units

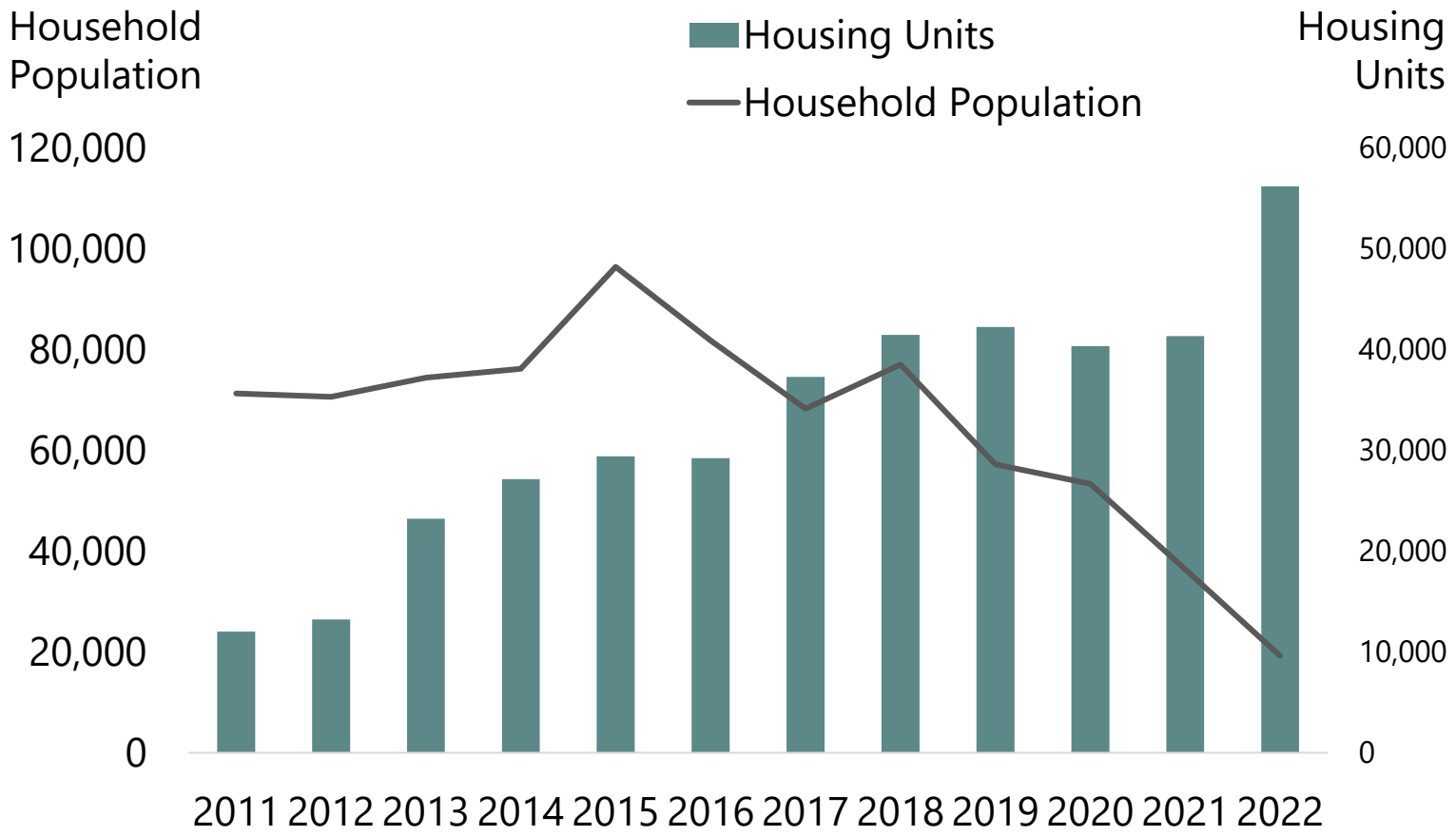


Rental Vacancy Rates



Source: U.S. Census Bureau; Data are through May 2024 (left) and 2024Q1 (right)

Housing units catching up to population growth



Source: Colorado State Demography Office; Data are annual through 2022.

The forecast anticipates a continued, slowing expansion.

- **Downside Risks:**
  - Deteriorating household finances hurt consumption
  - High borrowing costs discourage investment
  - Accelerating unemployment
  - Poor global economy impacts U.S. growth
- **Upside Risks:**
  - Faster resolution to inflationary pressures
  - More accommodative monetary policy
  - Resolution to international conflicts

Budget and Legislative Update



General Fund revenue forecast downgraded significantly

Gross General Fund Revenue

Billions of Dollars

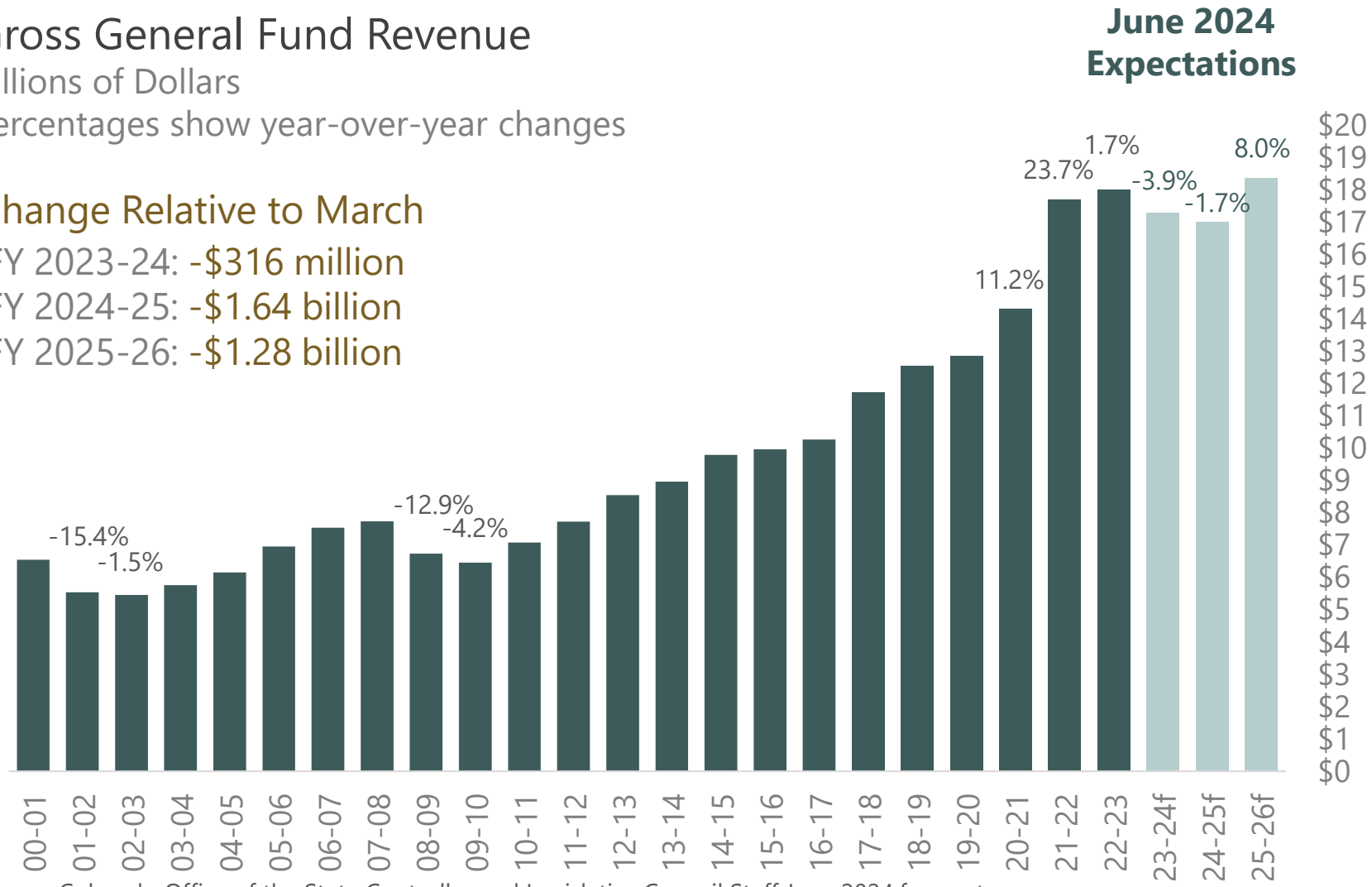
Percentages show year-over-year changes

Change Relative to March

FY 2023-24: -$316 million

FY 2024-25: -$1.64 billion

FY 2025-26: -$1.28 billion



Source: Colorado Office of the State Controller and Legislative Council Staff June 2024 forecast.

New Tax Credits Support Colorado's Labor Force

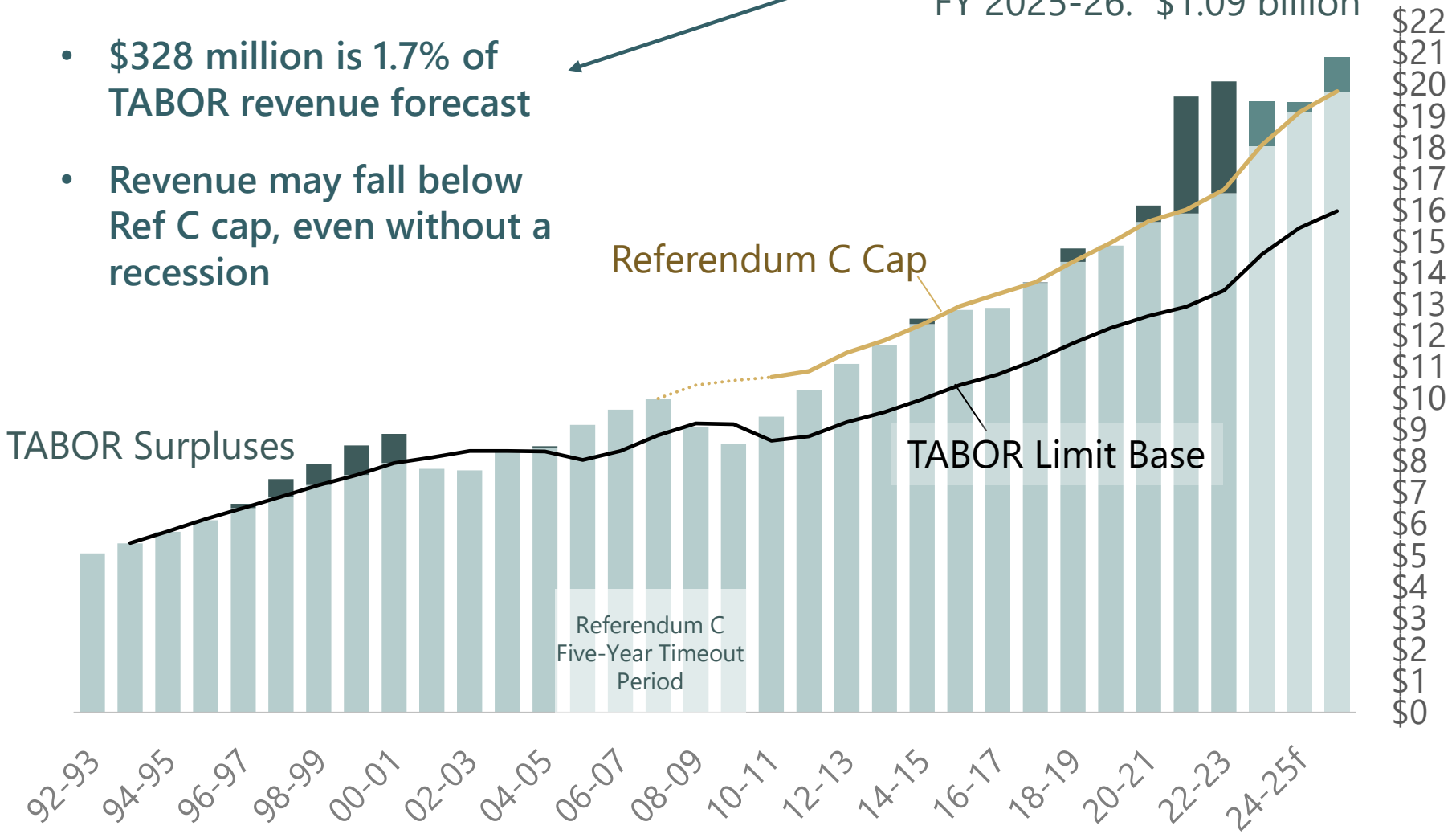
- **Family Affordability Tax Credit**
  - HB 24-1311 creates a refundable tax credit for Coloradoans with children and incomes up to $85,000 for tax years 2024 through 2033
  - The maximum credit is $3,200 for each child under 6; $2,400 for each child ages 6 to 16
  - After tax year 2024, the amount of the credit depends on growth in state revenue.
- **Tax Credit for Careworkers**
  - HB 24-1312 creates a tax credit of $1,200 for careworkers with incomes up to $75,000
- **Higher Education Tax Credit**
  - HB 24-1340 creates a refundable tax credit for graduates of Colorado high schools to attend a public state college or university for tax years 2025 through 2032.
  - The credit is equal to tuition and fees for up to 65 credit hours, or about 2 years of college
  - The credit is available for students from families earning $90,000 or less per year
  - Average credit amounts are estimated at $1,000 to $2,700 per student, depending on the type of higher-education institution attended

TABOR Outlook

Revenue Subject to TABOR
Dollars in Billions

- **$328 million is 1.7% of TABOR revenue forecast**
- **Revenue may fall below Ref C cap, even without a recession**

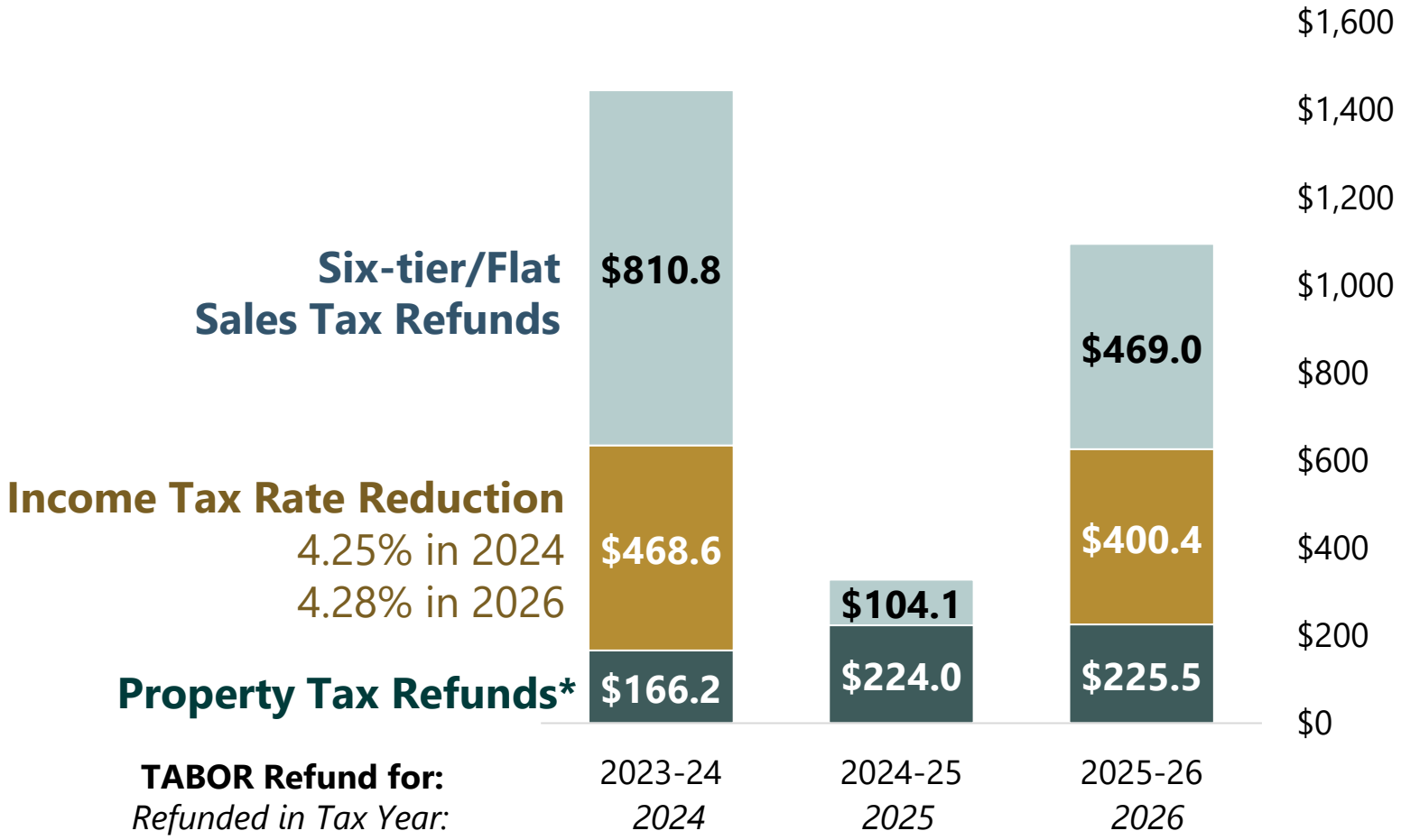
Revenue Above the Ref C Cap
FY 2022-23: $3.56 billion
FY 2023-24: $1.41 billion
FY 2024-25: $0.33 billion
FY 2025-26: $1.09 billion



Source: Colorado Office of the State Controller and Legislative Council Staff June 2024 forecast.

Projected TABOR Refund Mechanisms

Dollars in Millions



Source: Legislative Council Staff June 2024 forecast.

Property Tax Landscape: The Basics

- Assessor determines valuations
  - Most property assessed biennially in odd years
  - Based on market as of June 30 of even years (June 2020, June 2022, June 2024)
- "Assessed Value" = actual value × assessment rate
- Tax = assessed value × sum of mill levies
  - Assessment rates set by the state
  - Mill levies set by local governments

- Ex.: $550,000 home × 7.15% assess. rate × 90 mills = **$3,540 tax due**

Property Tax (SB 24-233)

- **SB 24-233** lowers valuations for residential and commercial property tax beginning in tax year 2024

Taxpayer Example:

- Ex.: single-family residence valued at $400k (2021), $550k (2023), 90 mills
- 2021: $400,000 × 7.15% × 90 mills = $2,574
- 2022: $400,000 × 6.95% × 90 mills = $2,502
- 2023: ($550,000 - $55,000) × 6.7% × 90 mills = $2,984
- 2024 (before session): $550,000 × 7.06% × 90 mills = $3,494
- 2024 (SB 24-233): $550,000 - $55,000) × 6.7% × 90 mills = $2,984

Property Tax Assessment Rates (Initiative #108)

- Cuts rates beginning in PTY 2025: 5.7% res, 24% nonres
- Reduces AV by $35 B (-17.3%) statewide
- Revenue loss estimated at $2.75 B to $3.00 B statewide
  - We estimated impact before passage of SB 233
  - Net loss of about $2.24 B (PTY 2025) relative to SB 233
  - Effective revenue increase of $1.04 B in PTY 2024 only
- Of the loss, about $820 M in lost total program revenue to schools (reimbursed through school finance act)

Limit on Statewide Property Tax Revenue Growth (Initiative #50)

- Constitutional measure
- When property tax revenue is projected to grow by at least 4 percent, voter approval is required for local governments to retain and spend the excess
- Measure requires downstream implementation
- Fiscal impact depends on revenue growth rates, voter authorizations

Takeaways:

- This is messy; lots of moving parts!
- Passage of either measure causes SB 233 not to become law, undoes its tax cuts for PTY 2024
- Initiative #108 cuts taxes by much more than SB 233 beginning in PTY 2025
- Initiative #108 has at least a $820 M state budget impact, possibly more
- Initiative #50 impacts vary across districts

Questions?

Elizabeth Ramey
Principal Economist
Elizabeth.Ramey@coleg.gov | 303-866-3522



Arvada Chamber of Commerce
New Heights.



2024 Community Impact Forums

State of the Economy

Friday, July 19 | 8:00 - 9:30 am

Arvada Chamber of Commerce
New Heights.

State of the Economy

2024 Community Impact Forums

Thank you, Dr. Ramey!

Arvada Chamber of Commerce
New Heights.

State of the Economy

2024 Community Impact Forums

Candidate Announcements

BUSINESS RESOURCE CENTER

OFFERINGS AND SUPPORT

- **Entrepreneurship Events and Programming**

Social Media Study Hall: Canva 101
Series starts July 23 | 3:30 PM

Compliancy Deep Dive Series
July 24: Discipline and Termination

- **Business Library**
- **One-on-one Assistance**



arvadachamber.org/BRC



arvadachamber.org/SizeUpArvada

Arvada Chamber of Commerce New Heights.

SizeUp Arvada



Arvada Chamber of Commerce New Heights.

Save the Date: August 23



Talent, Housing, Childcare, Advocacy
Entrepreneurship, Inclusion + Belonging

arvadachamber.org/champions

Arvada Chamber of Commerce New Heights.

Champions Program

Arvada Chamber of Commerce
New Heights.



2024 Community Impact Forums

State of the Economy

Friday, July 19 | 8:00 - 9:30 am