

Colorado

From 2002 to 2008, Colorado's spending increased the most in the debt service (135%), administration (106%), hospitals (73%), and natural resources (67%) categories. The increase in administration spending was the greatest in the nation in terms of percentage, and the increases in debt service and natural resources spending each ranked in the top five in the nation (fifth and fourth, respectively). The spending categories that saw the least growth were parks and recreation (+14%), health (+2%), and highways (-10%). The decline in highways spending was the fifth-highest in the nation. The state's overall general spending increase of 31% was a bit below the state average, ranking 36th highest. The increase in direct spending, over which the legislature has the most control, was even more restrained, growing 25%, compared to the state average of 38%, ranking 45th. On a per-capita basis, the state's spending remained among the lowest in the nation, ranking 46th in general spending in 2008.

Colorado's total revenue growth of 113% ranked third-highest for the period. Corporate income taxes were the fastest growing tax revenue category, increasing 148%, higher than most states (ranking 14th).

Spending (Spending and revenue numbers are in thousands of dollars)	2002	2002 Per Capita Rank	2008	2008 Per Capita Rank	Difference in Rank	2002–2008 Increase/Decrease	2002–2008 Increase/Decrease Rank
Corrections	734,457	11	996,266	8	+3	36%	21
Education	5,798,172	33	7,985,963	40	-7	38%	33
Government Administration	422,050	42	869,746	29	+13	106%	1
Health	792,620	17	809,170	27	-10	2%	41
Highways	1,421,381	26	1,281,596	44	-18	-10%	46
Hospitals	253,652	36	437,822	29	+7	73%	12
Interest on Debt	352,320	33	827,293	21	+12	135%	5
Natural Resources	193,235	41	323,226	33	+8	67%	4
Parks and Recreation	69,307	30	79,099	35	-5	14%	27
Police Protection	103,053	44	140,723	45	-1	37%	22
Public Welfare	3,131,520	46	4,557,057	47	-1	46%	24
Salaries and Wages	2,765,058	31	3,553,624	35	-4	29%	32
Direct Expenditures	10,500,583	44	13,108,348	48	-4	25%	45
General Expenditures	14,795,822	44	19,341,732	46	-2	31%	36
Total Expenditures	17,324,984	39	22,856,848	43	-4	32%	33

Taxes (Spending and revenue numbers are in thousands of dollars)	2002	2002 Per Capita Rank	2008	2008 Per Capita Rank	Difference in Rank	2002–2008 Increase/Decrease	2002–2008 Increase/Decrease Rank
Personal Income Tax ¹	3,475,760	15	5,067,981	17	-2	46%	25
General Sales Tax ²	1,901,972	42	2,312,731	45	-3	22%	34
Corporate Income Tax ³	205,217	39	507,986	38	+1	148%	14
Total Taxes	6,923,171	41	9,624,636	41	0	39%	36
Total Revenue	12,478,045	50	26,521,512	25	+25	113%	3

¹ Personal income tax per capita rankings are out of 43 since seven states do not collect personal income taxes.

² General sales tax per capita rankings are out of 45 since five states do not collect general sales taxes.

³ Corporate income tax per capita rankings are out of 46 since four states do not collect corporate income taxes.

Comparison to Baseline Growth

One sound rule of thumb is that government expenditures should not increase more than the combined increase in population and inflation growth. This allows the government to maintain service levels and accommodate increased costs due to an expanding population and rises in the cost of living. For the 2002–2008 period, the Consumer Price Index, used to measure inflation, increased approximately 20% and Colorado’s population increased by 8%. This yields a “baseline” growth of 28% for the period. The figure below compares the difference in Colorado’s expenditures and revenue for the period to this baseline for 15 spending and five revenue categories.

