

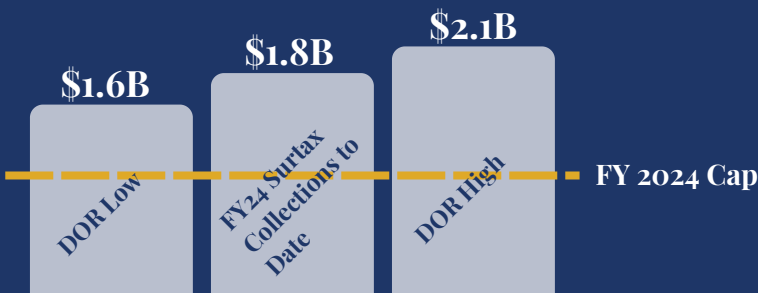
UNDERSTANDING THE SURTAX, SPENDING, AND THE STATE BUDGET

Income Surtax Revenue Collections

FY 2024 is the first full fiscal year in which the income surtax has been collected.

The Department of Revenue originally projected that the surtax would generate between \$1.6 to \$2.1 billion.

Through April, surtax collections have totaled \$1.84 billion, and they are projected to reach approximately \$2 billion by the end of the fiscal year.



What is the Income Surtax Spending Cap?

In the FY 2024 budget, lawmakers established a process to collect, track, and spend income surtax revenues.

The surtax spending cap is a limit on the amount of surtax revenue that can be used to support education & transportation priorities each year.

Purposefully setting a cap that is lower than projected collections ensures that the amount of surtax spending in the operating budget each year will be sustainable over the long-term.

The surtax spending cap for FY 2024 was set at \$1 billion.

What Happens to Above-Cap Income Surtax Revenue?

In the FY 2024 budget, policymakers also created a process to collect and appropriate "above-cap" surtax revenues.

With this structure, surtax revenues remain available to support critical priorities, without jeopardizing the structural balance of the state budget.

Above Cap Surtax Distribution

