



Legislation Text

File #: 22-409, Version: 1

Adopt a Resolution Approving the City's Gann Appropriation Limit for 2022-2023

SUMMARY AND RECOMMENDATIONS

Staff recommends the City of San Leandro City Council approve a resolution establishing the City's Gann Appropriation Limit for 2022-2023. Staff completed calculations required for determining the appropriation limit at \$298,248,575. Budget appropriations subject to the 2022-2023 appropriation limitation total \$116,776,758. This is \$181,471,817 below the new appropriation limit.

BACKGROUND

In 1979, California voters passed Proposition 4 limiting governmental expenditures and taxation. Statutes clarifying provisions of the proposition are codified in Article XIIIB of the California Constitution. This article is known as the Gann Limit.

Because the Gann Limit constrained local governments effectively responding to demands of rapid growth in California, a legislative-business-labor coalition drafted and supported Proposition 111, adopted in 1990. Proposition 111 allows flexibility in a growing economy, while retaining limits on government spending. While the law sets limits on spending and taxation, it does allow for increases on the appropriation limit based on both population and personal income growth.

For 2022-2023, the state Department of Finance Per Capita Personal Income growth rate was lower than Alameda County's Non-Residential Property Assessed Valuation rate (7.57%). The county's population rate (-0.62%) was more advantageous to the City than the City's population change rate.

ANALYSIS

Concurrent with Proposition 4, Cal. Government Code Section 7910 requires each local agency to establish the appropriations limit by the beginning of each fiscal year.

For 2022-2023, staff used the county Population rate change of (-0.62%) multiplied by the Non-Resident Change Factor percentage of 7.57% to calculate the Gann Appropriation Limit factor of 1.069. The 2021-2022 Appropriation Limit of \$279,001,412 multiplied by the adjustment factor of 1.069 produces the 2022-2023 Appropriation Limit of \$298,248,575.

The City Council resolution authorizes the new Gann Appropriation Limit for the upcoming fiscal year. City revenues subject to the limitation ("Proceeds of Taxes") exclude self-supporting funds, capital improvement funds, capital outlay grant funds, and specific exclusions such as Gas Tax Fund. The City's 2022-2023 appropriations subject to the Gann Limit are \$116,776,758, significantly below the legal limit allowed of \$298,248,575-a margin of over \$181,000,000.

Current City Council Policy

The Council adopts the appropriation limit annually during the final budget adoption process.

Fiscal Impact

None. Impacts the City only if the appropriation limit is exceeded by the proposed fiscal year 2022-2023 appropriation subject to limitation. The City has never exceeded the Gann Limit.

CONCLUSION

Staff recommends City Council approval of a resolution establishing the City's appropriation limit of \$298,248,575 for 2022-2023.

ATTACHMENTS

Attachment A: Resolution Approving Gann Limit Appropriation

Attachment B: Gann Appropriation Limitation Calculation

PREPARED BY

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