



## Legislation Details (With Text)

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**File created:** 8/25/2022      **In control:** City Council Meeting  
**On agenda:** 9/13/2022      **Final action:**  
**Title:** Fiscal Year 2022-23 Gann Spending Limit  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** 1. FY 22-23 GANN Limit Calculation.pdf, 2. Resolution No. 2022-116.pdf

Date	Ver.	Action By	Action	Result
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**FROM:**  
Management Services

**SUBJECT:**  
Fiscal Year 2022-23 Gann Spending Limit

**RECOMMENDATION:**  
Adopt **Resolution No. 2022 - 116** , establishing an Appropriations Limit of \$337,778,231 pursuant to Article XIII(B) of the California Constitution for Fiscal Year 2022-23

### COUNCIL GOALS:

- Operate in a businesslike manner by ensuring that the public debate is based on accurate information.
- Practice sound fiscal management by producing timely and accurate financial information.
- Practice sound fiscal management by living within our means while investing in the future.
- Practice sound fiscal management by developing long-term funding and debt management plans.
- Practice sound fiscal management by producing transparent information in a timely matter.

**DISCUSSION:**  
In November of 1979, voters approved Proposition 4, an initiative that added Article XIII B to the California Constitution. The constitutional amendment, also known as the Gann Initiative, placed limits on the annual growth in appropriations or expenditures made by local government agencies for tax funded services in an effort to control government spending. Article XIII B required that the annual

growth in appropriation not exceed the annual growth in population and inflation. California Government Code 61113 et seq. was then put in place requiring local government agencies to annually review and adopt a resolution establishing its annual appropriation limit. The growth calculation is driven by both the percent change in California per capita income and the population change in unincorporated San Bernardino County, both of which are provided by the California Department of Finance.

The limit restricts appropriations from tax revenues by State and local governments. Under its provisions, no local agency can appropriate proceeds of taxes in excess of its "appropriation limit". Excess funds may be carried over into the next year. However, any excess funds remaining after the second year must be returned to taxpayers by reducing tax rates or fees.

Using the population and per capita personal income data provided by the California Department of Finance, the City's appropriation limit for Fiscal Year 2022-23 is \$337,778,231. Appropriations subject to the limitation in the 2022-23 Operating Budget total \$120,279,920, which is \$217,498,311 or 64% less than the computed allowable limit.

**FISCAL IMPACT:**

There is no fiscal impact to the City since the appropriations subject to the limitation in the 2022-23 budget are less than the computed allowable limit. Article XIII (B) limitation is not a restricting factor for the City, but will be monitored annually and budget adjustments recommended if they are required in future years

**MOTION:**

Approve staff recommendation.