



CITY OF SAN MATEO

City Hall
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www.cityofsanmateo.org

Agenda Report

Agenda Number: 5

Section Name: {{section.name}}

File ID: {{item.tracking_number}}

TO: City Council

FROM: Drew Corbett, City Manager

PREPARED BY: Finance Department

MEETING DATE: August 16, 2021

SUBJECT:

Gann Appropriations Limit – Restate Limit for Fiscal Year 2021-22

RECOMMENDATION:

Adopt a Resolution to restate the Gann appropriations limit for fiscal year 2021-22.

BACKGROUND:

The voters of California, during a special election in 1979, approved Article XIII-B of the California State Constitution. Informally known as the “Gann Initiative,” Article XIII-B provides limits regarding the total amount of appropriations in any fiscal year from “the proceeds of taxes.”

The State Legislature, in 1980, added Section 7900 et seq. to the Government Code, providing that the governing body of each local jurisdiction must establish, by resolution, an appropriations limit for the following year. The appropriations limit for any fiscal year was equal to the previous year’s limit, adjusted for population changes and the changes in the US Consumer Price Index (or California per capita personal income, if smaller). The necessary statistical information is provided by the California Department of Finance.

However, the original Article XIII-B (Proposition 4) and its implementing legislation were modified by Proposition 111 and SB 88. The changes were incorporated into the fiscal year 1990-91 and fiscal year 1991-92 appropriations limits. Beginning with the fiscal year 1990-91 appropriations limit, a city may choose annual adjustment factors. The adjustment factors include the growth in the California per capita income or the growth in the non-residential assessed valuation due to construction within the City and the population growth within the County or the City. In its calculation, the City used the change in California per capita income and City population as adjustment factors.

BUDGET IMPACT:

A calculation error was found in the previously adopted fiscal year 2021-22 appropriations limit. The tax proceeds subject to the appropriations limit of \$106,611,897 is \$128,112,316 less than the revised appropriations limit of \$234,724,213 for this fiscal year.

**City of San Mateo Appropriations Limit for
Fiscal Year 2021-22**

	Amount	Source
A Last Year's Limit	\$ 221,405,622	2020-21 Limit
B Adjustment Factors		
1. Population	1.0027	CA Dept. of Finance
2. Inflation	1.0573	CA Dept. of Finance
	1.0602	B1*B2
Total Adjustment %	0.0602	B1*B2-1
C Annual Adjustment	\$ 13,318,591	A*B
D This Year's Limit	\$ 234,724,213	A+C
E Tax Proceeds Subject to the Limit		
Property Tax	\$ 64,846,513	2021-22 Budget
Sales Tax	25,154,000	2021-22 Budget
Property Transfer Tax	8,500,000	2021-22 Budget
Other Tax	7,157,640	2021-22 Budget
Interest Allocation	953,744	2021-22 Budget
Total	\$ 106,611,897	
Amount Under / (Over) Limit	\$ 128,112,316	D-E

ENVIRONMENTAL DETERMINATION:

This report is not a project subject to CEQA, because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment. (CEQA Guidelines Section 15378(b)(5).)

NOTICE PROVIDED

All meeting noticing requirements were met.

ATTACHMENTS

Att 1 – Proposed Resolution

STAFF CONTACT

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