



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 06/04/2024

DATE: May 28, 2024  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Adopt a Resolution Establishing the Fiscal Year 2024/25 Gann Appropriation Limit for the Town of Los Gatos

**RECOMMENDATION:**

Adopt a resolution establishing the Fiscal Year (FY) 2024/25 Gann Appropriation Limit for the Town of Los Gatos.

**BACKGROUND:**

On November 6, 1979, California voters approved Proposition 4, commonly known as the Gann Spending Limitation Initiative, establishing Article XIII B of the California State Constitution. This Proposition, which became effective in FY 1980/81, mandated an appropriation (spending) limit on the amount of tax proceeds that the State and most local government jurisdictions may appropriate within a fiscal year. Charges for services, fees, grants, loans, donations, and other non-tax proceeds are excluded from the spending limitation. Exemptions are also made for voter-approved debt prior to January 1, 1979 and the cost of court-related or Federal government mandates.

The Initiative was later modified by two propositions: Proposition 98 in 1988 and Proposition 111 in 1990. Proposition 98 established the return of tax revenues exceeding appropriation limit levels to the State or citizens through a process of refunds, rebates, or other means. Proposition 111 allowed more flexibility in the appropriation calculation factors.

**DISCUSSION:**

Attachment 1 for Council consideration is a resolution establishing an appropriation limit for FY 2024/25. The appropriation limit is based on population and per capita income data provided by the State of California Department of Finance. In alignment with State guidelines, the

**PREPARED BY:** Gitta Ungvari  
Finance Director

Reviewed by: Town Manager, Assistant Town Manager, and Town Attorney

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DISCUSSION (continued):

appropriation limit for FY 2024/25 was calculated using inflation and population factors comprised of the change in County or Town population (whichever is higher) and the change in California per capita personal income.

The calculation of the FY 2024/25 Gann Appropriation Limit is as follows:

FY 2024/25 Calculation									
County Population Factor		Per Capita Income Factor		Appropriation Factor		2023/24 Appropriation Limit		2024/25 Appropriation Limit	
1.0002	X	1.0362	=	1.036407240	X	\$ 53,806,227	=	\$ 55,765,163	

The appropriation limit is the total amount of tax money that can be appropriated by the Town in FY 2024/25. The proposed FY 2024/25 budget anticipates \$39,523,911 in taxes, which is \$16,241,252 less than the appropriation limit of \$55,765,163.

FISCAL IMPACT:

There is not a fiscal impact from this action.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachment:

1. Resolution establishing the Gann Appropriation Limit for FY 2024/25