



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 06/07/2022

ITEM NO: 10

DATE: June 2, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Adopt a Resolution Establishing the Fiscal Year 2022/23 Gann Appropriation Limit for the Town of Los Gatos

RECOMMENDATION:

Adopt a resolution establishing the Fiscal Year (FY) 2022/23 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 2022/23. The appropriation limit is based on population and per capita income data

PREPARED BY: Stephen Conway
Finance Director

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

SUBJECT: Adopt Resolutions Establishing the FY 2022/23 Gann Appropriations Limit for the Town of Los Gatos

DATE: June 2, 2022

DISCUSSION (continued):

provided by the State of California Department of Finance. In alignment with State guidelines, the appropriation limit for FY 2022/23 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 2022/23 Gann Appropriation Limit is as follows:

FY 2022/23 Calculation				
Town Population Factor		Per Capita Income Factor		Appropriation Factor
0.9961	X	1.0755	=	1.071306
				X
				\$ 48,186,101
				=
				\$ 51,622,037

The appropriation limit is the total amount of tax money that can be appropriated by the Town in FY 2022/23. The proposed FY 2022/23 budget anticipates \$33,766,598 in taxes, which is \$17,855,439 less than the appropriation limit of \$51,622,037.

FISCAL IMPACT:

There is not direct identifiable 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 2022/23