



CITY COUNCIL AGENDA REPORT

MEETING DATE: June 5, 2023

TO: City Council Members

FROM: Chris Gorsky, Administrative Services Director

SUBJECT: Adopt Resolution No. 06-05-2023-A Establishing the FY23/24 GANN Appropriations Limit for the City of Sonora

RECOMMENDATION

Adopt Resolution No. 06-05-2023-A establishing the Gann Appropriations Limit for FY23/24 for the City of Sonora.

BACKGROUND

On November 6, 1979, California voters approved Proposition 4, commonly known as the Gann Spending Limitation Initiative, establishing Article XIIB of the California State Constitution. This proposition, which became effective in FY 1980/81, mandated an appropriations (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. 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

Attached for Council consideration is a resolution establishing an appropriations limit for FY 2023/24. The City may select either the percentage change in California per capita personal income or the percentage change in the local assessment role due to the addition of local non-resident new construction. This City has elected to use the change in California per capita income of 4.44%.

In addition, the City may elect to use either the Department of Finance's annual population percent change for the City or for the entire County. This year the City's percentage increase of 2.7% will be used rather than the County's percentage increase of 2.3%. Local jurisdictions are allowed to choose whichever factors are most beneficial for them each year.

The Calculation of the FY23/24 Gann Appropriations Limit is as follows:

City of Sonora GANN Appropriations Limit Calculation FY 2023/24		
Prior Years Appropriations Limit	\$	51,045,586
Adjustment Factors for Current Year:		
2022/23 Inflation*		4.44%
2022/23 Population Change*		2.70%
Total Adjustments Factor		1.0726
2023/24 Appropriations Limit	\$	54,751,496
* Provided by Demographic Research Unit, Department of Finance, State of California		

FISCAL IMPACT

The City's FY23/24 appropriations funded by tax revenues are within the required GANN Limit.

ATTACHMENTS

1. Resolution Establishing the FY23/24 Appropriations Limit for the City of Sonora