



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

PALOMA AGUIRRE
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: September 9, 2025

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TO: Board of Supervisors

SUBJECT

FISCAL YEAR 2025-26 APPROPRIATION LIMIT FOR THE COUNTY OF SAN DIEGO (DISTRICTS: ALL)

OVERVIEW

Each year, pursuant to Article XIII B: Government Spending Limitation of the California Constitution and Government Code Section 7910, the Board of Supervisors establishes its appropriation limit for the County of San Diego. Today's action requests adoption of a resolution establishing the County's Appropriation Limit for Fiscal Year 2025-26, calculated to be approximately \$7.8 billion. Only revenues from Proceeds of Taxes (property tax and certain state subventions) are subject to this limit. The County is substantially under the limit, having approximately \$3.9 billion of appropriations tied to Proceeds of Taxes that are subject to the limit in Fiscal Year 2025-26.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

Adopt the Resolution entitled: A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO RELATING TO ADOPTING AN APPROPRIATION LIMIT FOR THE COUNTY OF SAN DIEGO FOR FISCAL YEAR 2025-26

EQUITY IMPACT STATEMENT

The Appropriation limit is based on appropriations from tax revenue. It is intended to address potential inequities to the public by capping the growth of County expenditures and returning excess revenue from proceeds of tax to taxpayers.

SUSTAINABILITY IMPACT STATEMENT

The proposed expenditure Appropriation limit caps growth of County expenditures. This limit is based on changes in California Per Capita Income and growth of the population in San Diego County. This action contributes to the County sustainability goal of aligning the County's available resources with services while maintaining fiscal stability and ensuring long-term solvency.

SUBJECT: FISCAL YEAR 2025-26 APPROPRIATION LIMIT FOR THE COUNTY OF SAN DIEGO (DISTRICTS: ALL)

FISCAL IMPACT

There is no fiscal impact associated with adoption of this resolution. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

In 1979 voters adopted Proposition 4, also known as the Gann Limit, to limit the growth of State and local expenditures by means of an Appropriation Limit. Enacted as Article XIII B of the California Constitution, the Appropriation Limit was permitted to grow by inflation and population growth. Any Proceeds of Tax revenues (essentially property tax and other in-lieu taxes) that are collected in excess of the Appropriation Limit must be returned to the taxpayers.

Due to the election of a Gann Limit waiver by the voters in 1988 and a change in the law in 1990, the calculation of the Appropriation Limit for the County of San Diego has been modified through the years. From 1980 to 1987, the Appropriation Limit was calculated under the original Proposition 4 language. From 1988 to 1992, the Appropriation Limit was calculated under the provision of the Gann Limit Waiver. From 1992 to the present, the Appropriation Limit has been calculated pursuant to Proposition 111.

Proposition 111 was passed by the voters in June 1990 in order to modify the Proposition 4 Appropriation Limit to more closely reflect economic conditions within the State. The previous applicable consumer price indices were replaced as the inflation factor (by which the Appropriation Limit could grow) by a choice of (1) the change in California Per Capita Income or (2) the growth in the local assessment roll due to non-residential new construction. Qualified capital projects may also be excluded from Proceeds of Taxes. The Fiscal Year 1992-93 Appropriation Limit was the first to reflect the changes enacted by Proposition 111.

Estimated Proceeds Subject to Limitations

The Appropriation Limit, based on the change in California Per Capita Income and the growth of the population in San Diego County, is calculated to be \$7,832,448,422 for Fiscal Year 2025-26. San Diego County appropriations tied to the Proceeds of Taxes, based upon the Fiscal Year 2025-26 Adopted Operational Plan are \$3,863,171,904. Therefore, the County is substantially below the Appropriation Limit.

SUBJECT: FISCAL YEAR 2025-26 APPROPRIATION LIMIT FOR THE COUNTY OF SAN DIEGO (DISTRICTS: ALL)

Procedural Requirements

California Government Code Section 7910, which implemented Article XIII B, requires that the documentation used in the determination of the Appropriation Limit shall be made available to the public 15 days prior to the adoption of the resolution. That documentation was made available from the Clerk of the Board on or before August 25, 2025, and is herewith provided for your information as Attachment A, and for the funds included in Attachment B.

Any judicial action or proceeding to attack, review, set aside, void or annul the action taken pursuant to this section shall occur within 45 days of the effective date of the resolution.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Establishment of the Appropriation Limit for the County of San Diego for Fiscal Year 2025-26 supports the Equity, Sustainability, Community, Empower, and Justice Initiatives in the County of San Diego's 2025-2030 Strategic Plan by establishing County resources available to meet the highest priority needs of residents.

Respectfully submitted,



EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

Attachment A – A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO RELATING TO ADOPTING AN APPROPRIATION LIMIT FOR THE COUNTY OF SAN DIEGO FOR FISCAL YEAR 2025-26

Attachment B – FUNDS SUBJECT TO APPROPRIATION LIMIT

Attachment C – SAN DIEGO COUNTY DOCUMENTATION DETERMINATION OF APPROPRIATION LIMIT FISCAL YEAR 2025-26