

**SAN DIEGO COUNTY  
DOCUMENTATION DETERMINATION  
OF APPROPRIATION LIMIT  
FISCAL YEAR 2021-22**

The California Constitution, Article XIII B (originally Proposition 4 – the Gann initiative), requires that each local agency adopt a formal maximum appropriation limit by resolution based on application of prescribed formulas and procedures.

California Government Code Section 7910, which implemented the Constitutional provision, 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.

The annual limit restricts the County’s spending of certain monies in an aggregate amount higher than that limit. In general terms, the County’s limit is based on its 1978-79 revenue level in certain areas, called “proceeds of taxes” (i.e., property tax and other in-lieu taxes as prescribed), and adjusted annually to reflect percentage changes in specified measurements of cost of living and population.

Proposition 111, enacted in June 1990, modified the inflation and population factors used to calculate the appropriations limit. A choice of change in California Per Capita Income or change in local assessment roll due to non-residential new construction as the inflation factor replaced the previous “lower of” U.S. CPI or change in California Per Capita income requirement, which existed under prior law. Also, population factors were modified, permitting a choice of county population change, incorporated city population change, or population change of county plus contiguous counties. For the Fiscal Year 2021-22 Appropriation Limit, the Board of Supervisors of the County of San Diego will be requested to adopt the following factors: change in the California Per Capita Income and population change of San Diego County.

The calculation of the limit is shown below:

Fiscal Year 2020-21 Appropriation Limit	\$ 5,981,731,902
Adjustments to Fiscal Year 2020-21 Limit:	
Tax Base Exchange: Fiscal Year 2020-21	+ <u>177,949</u>
Adjusted Fiscal Year 2020-21 Appropriation Limit	5,981,909,851
 * Growth Factor	 x <u>1.05339</u>
Fiscal Year 2021-22 Appropriation Limit	\$ 6,301,284,018

\* Per Capita Cost of Living ratio x Population ratio: = 1.0573 x .9963 = 1.05339

The California Per Capita income change of 5.73% and the San Diego County annual percent change in population of -0.37 were provided by the State Department of Finance’s May 2021 letter.