



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

NORA VARGAS
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

NATHAN FLETCHER
Fourth District

JIM DESMOND
Fifth District

DATE: September 14, 2021

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TO: Board of Supervisors

SUBJECT

FISCAL YEAR 2021-22 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 2021-22, calculated to be approximately \$6.3 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 \$2.4 billion of appropriations tied to Proceeds of Taxes that is subject to the limit in Fiscal Year 2021-22.

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 APPROPRIATION LIMIT FOR COUNTY OF SAN DIEGO FOR FISCAL YEAR 2021-22

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.

FISCAL IMPACT

The recommended action has no fiscal impact to the County. There is no change to net General Fund cost and no additional staff years. The action authorizes the adoption of the Fiscal Year 2021-22 Appropriation Limit, pursuant to Article XIII B of the California Constitution and other applicable laws.

BUSINESS IMPACT STATEMENT

N/A

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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 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) 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 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 \$ 6,301,284,018 for Fiscal Year 2021-22. Appropriations tied to the Proceeds of Taxes, based upon the Fiscal Year 2021-22 are \$2,369,221,589. Therefore, the County is substantially below the Appropriation Limit.

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, in fact, available from the Clerk of the Board on or before August 30, 2021, and is herewith provided for your information as Attachment A, and for the funds included in Attachment B.

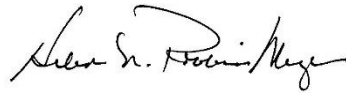
Any judicial action or proceeding to attack, review, set aside, void or annul the action taken pursuant to this section shall occur within 45 days of the effective date of the resolution.

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SAN DIEGO (DISTRICTS: ALL)

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Establishment of the Appropriation Limit for the County of San Diego for Fiscal Year 2021-22 supports the Strategic Initiative of Operational Excellence in the County of San Diego's 2021-2026 Strategic Plan to maintain fiscal stability by ensuring County expenditures are limited in accordance with State law.

Respectfully submitted,



HELEN N. ROBBINS-MEYER
Chief Administrative Officer

ATTACHMENT(S)

- 1- Resolution Adopting Appropriation Limit for County of San Diego for Fiscal Year 2021-22
- 2- Attachment A – San Diego County Documentation Determination of Appropriation Limit
Fiscal Year 2021-22
- 3- Attachment B – Appropriations Limit Funds

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AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: ☐ Yes ☒ No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED

☐ Yes ☒ No

PREVIOUS RELEVANT BOARD ACTIONS:

September 29, 2020 (16) Fiscal Year 2020-21 Appropriation Limit for the County of San Diego

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

MANDATORY COMPLIANCE:

N/A

ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION NUMBER(S):

N/A

ORIGINATING DEPARTMENT: Auditor and Controller

OTHER CONCURRENCE(S): N/A

CONTACT PERSON(S):

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