

# Appropriation Limit

In 1979, California voters approved Proposition 4 (Article XIII-B of the California State Constitution). Informally known as the “Gann Initiative,” Article XIII-B provides limits to the amount of tax proceeds state and local governments can spend each year. In 1980, the State Legislature added Section 9710 of the Government Code stating that the governing body of each City must establish, by resolution, an appropriations limit for the following year. The limit for any fiscal year is equal to the previous year’s limit, adjusted for population changes and the change in the U.S. Consumer Price Index (or California per capital personal income, if smaller). The necessary statistical information is provided by the California Department of Finance.

In 1990, Proposition 111 modified Article XIII-B. A city may choose which annual adjustments to use. The adjustment factors include the growth in the California Per Capita Income or the growth in the non-residential assessed valuation due to construction within the city, and the population growth within the city or county. The table below illustrates the computation used to derive the preliminary FY 2007-08 appropriation limits.

## RESOURCES

### PROCEEDS OF TAXES

Property Taxes	\$ 14,565,330
Sales Taxes	19,850,000
Special Taxes	2,300,000
State Subventions	6,379,924
Franchise Taxes	510,372
Business Licenses	557,400
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### TOTAL PROCEEDS OF TAXES

\$ 44,163,026

### NON-PROCEEDS OF TAXES

### TOTAL NON-PROCEEDS OF ALL TAXES

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152,251,275

### TOTAL ALL RESOURCES

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196,414,301

## APPROPRIATIONS

### SUBJECT TO LIMITATIONS:

\$ 44,163,026

### NOT SUBJECT TO LIMITATIONS:

\$ 18,788,844

33,593,078

29,462,748

43,618,437

2,271,599

13,167,239

11,349,330

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152,251,275

General Fund not financed  
with proceeds of taxes  
Special Revenue Funds  
Capital Project Funds  
Enterprise Funds  
Internal Service Funds  
Trust Funds  
Miscellaneous General Funds

Maximum allowable appropriation subject to limitations 2007-2008 fiscal year  
Less: Total appropriation subject to limitation for 2007-2008 fiscal year

\$ 51,586,592  

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(44,163,026)

BALANCE UNDER ARTICLE XIII B LIMIT:

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\$ 7,423,566

### Comparison of Appropriations Limit from FY 1999-00 to FY 2007-08

