

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CHULA VISTA ESTABLISHING THE APPROPRIATIONS
LIMIT (GANN LIMIT) FOR THE CITY OF CHULA VISTA
FOR FISCAL YEAR 2024-2025

WHEREAS, Article XIII B of the California Constitution, approved by the voters in 1979, imposed the concept of spending limits on local governments; and

WHEREAS, this Constitutional provision and related implementing legislation specifies that annual increases in appropriations financed from "Proceeds of Taxes" are limited to a base year (1978-79) amount increased annually by an inflation factor comprised of the change in population of the city combined with the greater of the change in new non-residential construction or the change in the California per capita personal income; and

WHEREAS, by definition, "Proceeds of Taxes" includes such revenues as property taxes, sales and use taxes, utility user taxes, transient occupancy taxes, and state subventions; and

WHEREAS, revenues from other sources like fees/charges and federal grants are considered "Non-Proceeds of Taxes" and are not subject to the annual spending limit; and

WHEREAS, this calculation has always been perfunctory for the City of Chula Vista, as the proceeds of taxes for the City are far less than the statutory appropriation limit; and

WHEREAS, the State Department of Finance and the San Diego County Assessor's Office are charged with providing the data necessary for local jurisdictions to establish their appropriation limit; and

WHEREAS, according to these sources, for purposes of the fiscal year 2024-2025 calculation, the population increased 0.54%, and

WHEREAS, California per capita personal income increased by 3.62% and new non-residential construction increased by 5.6% and; consequently non-residential construction change was used in the formula to compute the limit since this increase is the greater of the two amounts; and

WHEREAS, the fiscal year 2024-25 Appropriation Limit has been calculated to be \$1,362,259,057; and

WHEREAS, the "Proceeds of Taxes" as included in the fiscal year 2024-25 proposed budget that are subject to the appropriations limit are estimated to be \$224,168,128; and

WHEREAS, the City has what is referred to as an appropriation "gap" of \$1,138,090,929 (\$1,362,259,057 - \$224,168,128); and

WHEREAS, this means that the City could collect and spend up to \$1,138,090,929 more in taxes during fiscal year 2024-2025 without exceeding the Constitutional limit.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Chula Vista does hereby establish an appropriations limit of \$1,362,259,057 for fiscal year 2024-25 pursuant to the requirements of Article XIII B of the California Constitution and California Government Code section 7910.

Presented by

Approved as to form by

Sarah Schoen
Director of Finance/Treasurer

Marco A. Verdugo
City Attorney