

RESOLUTION NO. 2017-_____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CHULA VISTA ESTABLISHING THE GANN INITIATIVE
APPROPRIATIONS LIMIT FOR THE CITY OF CHULA VISTA
FOR FISCAL YEAR 2017-2018

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 users 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, since 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 2017-2018 calculation, the population increased 1.14 %, and

WHEREAS, California per capita personal income increased by 3.69% and new non-residential construction increased by 2.88% and; consequently per capital personal income was used in the formula to compute the limit since this increase is the greater of the two amounts; and

WHEREAS, the fiscal year 2017-18 Appropriation Limit has been calculated to be \$851,310,266; and

WHEREAS, the "Proceeds of Taxes" as included in the fiscal year 2017-18 Proposed Budget that are subject to the appropriations limit are estimated to be \$117,555,471; and

WHEREAS, the City has what is referred to as an appropriation "gap" of \$733,754,795 (\$851,310,266 - \$117,555,471); and

WHEREAS, this means that the City could collect and spend up to \$733,754,795 more in taxes during Fiscal Year 2017-2018 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 \$851,310,266 for Fiscal Year 2017-18 pursuant to the requirements of Article XIIB of the California Constitution and California Government Code section 7910.

Presented by

Approved as to form by

David Bilby
Finance Director

Glen R. Googins
City Attorney