

(R-90-2058)

RESOLUTION NUMBER R- **275929**

ADOPTED ON **JUN 19 1990**

WHEREAS, in November 1979, the California voters approved a constitutional amendment (Proposition 4) which added article XIIIIB to the California Constitution; and

WHEREAS, in 1980, the State Legislature added Division 9 to Title 1 of the California Government Code (commencing with section 7900) to implement article XIIIIB; and

WHEREAS, said Government Code sections require the governing body of each local jurisdiction in California to establish, by resolution, tax appropriation limit for the following fiscal year predicated upon the appropriations limit for the prior fiscal year multiplied by a determinable factor; and

WHEREAS, the FY 1990 limit was established by Resolution No. R-273702 on June 12, 1989; and

WHEREAS, section 7910 of the Government Code requires that the documentation used to determine the City's tax appropriations limit be made available to the public fifteen (15) days prior to the Council meeting at which the tax appropriations limit resolution is to be considered; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, that pursuant to the authority of California Government Code, Division 9, Title 1 (sections 7900 et seq.) there is hereby established the following tax appropriations limit for The City of San Diego:

Adjusted Fiscal Year 1989 \$314,524,779
appropriations limitation

Established for Fiscal Year 1990 \$345,607,364

Established for Fiscal Year 1991 \$387,569,525

BE IT FURTHER RESOLVED, that this Council hereby declares that, pursuant to the requirements of section 7910 of the California Government Code, the documentation upon which the tax appropriations limit herein established has been determined, which is attached hereto as Exhibit A, has been made available for public information and review at the office of the City Clerk since June 4, 1990.

APPROVED: JOHN W. WITT, City Attorney

By Jack Katz
Jack Katz
Senior Chief Deputy

JK:mmm
06/06/90
06/14/90 COR.COPY
Or.Dept:Fin.Mgmt.
R-90-2058
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CITY OF SAN DIEGO

M E M O R A N D U M

DATE : June 4, 1990

TO : Charles Abdelnour, City Clerk

FROM : Patricia T. Frazier, Financial Management Director

SUBJECT: Tax Appropriations Limit Public Inspection Packet

The attached packet contains documentation used in the determination of the City's tax appropriations limit for Fiscal Years 1989, 1990 and 1991. Title I, Division 9 of the Government Code requires that such documentation be made available to the public fifteen days to Council adoption of the tax appropriations limit for the following fiscal year. To satisfy this requirement, the Inspection Packet should be made available no later than Tuesday, June 5, 1990.


PATRICIA T. FRAZIER

PTF:MC:gcf

R- 275929

CITY OF SAN DIEGO
M E M O R A N D U M

DATE : June 4, 1990

TO : Viewer of Tax Appropriation Limit Public Inspection Packet

FROM : Patricia T. Frazier, Financial Management Director

SUBJECT: City of San Diego Tax Appropriations Limit for Fiscal Year 1991

In November 1979, California voters approved Proposition 4 (the Gann Initiative). In 1980, the State Legislature added Division 9 (starting with Section 7900) to Title 1 of the California Government Code to implement Article XIII B. This legislation requires the governing body of each local jurisdiction in the State to establish a tax appropriations limit on or before June 30 of each year for the following fiscal year.

On June 19, 1990, the San Diego City Council will consider the adoption of a resolution establishing a City of San Diego tax appropriations limit for Fiscal Year 1991. In order to assist you in understanding how the recommended tax appropriations limit was determined, the documentation used to compute the tax appropriations limit is being made available to you in this public inspection packet. Included are:

1. City of San Diego tax appropriations limits for Fiscal years 1989, 1990 and 1991.
2. Calculation of permitted growth for the City tax appropriations limit in Fiscal Year 1991.
3. City of San Diego tax appropriations limits for Fiscal Year 1979 through 1991, with all adjustments for population growth, price changes and special adjustments.
4. Adjustments to the Fiscal Year 1989 tax appropriations limit for shifts in the financial responsibility of programs from proceeds of taxes to regulatory license revenues, user fees, and charges.
5. A copy of Article XIII B, the Gann Initiative.
6. A copy of Article XIII B implementing legislation - Division 9 (starting with Section 7900), Title 1 of the California Government Code.

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Section 7910 of the Government Code provides the following time limits for challenges against the Article XIII B tax appropriations limit adopted by the City.

FOR THE 1981-1982 FISCAL YEAR AND EACH FISCAL YEAR THEREAFTER, ANY JUDICIAL ACTION OR PROCEEDING TO ATTACH, REVIEW, SET ASIDE, VOID, OR ANNUAL THE ACTION OF THE GOVERNING BODY TAKEN PURSUANT TO THIS SECTION SHALL BE COMMENCED WITHIN 45 DAYS OF THE EFFECTIVE DATE OF THE RESOLUTION.

Should the attached material not answer your questions, please contact the Supervising Economist for the City of San Diego, Jack D. Farris, at 236-5772.


PATRICIA T. FRAZIER

PTF:MC:gcf

Enclosures

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CITY OF SAN DIEGO

TAX APPROPRIATIONS LIMITS FOR FISCAL YEARS 1989, 1990 AND 1991

FY 1989 appropriations limit	\$319,282,815
Adjustment for transfers in financial responsibility to regulatory licenses, user fees and charges	\$ (4,758,036) (1)
Adjusted FY 1989 appropriations limit	\$314,524,779 (2)
FY 1990 appropriations limit	\$345,607,364 (3)
FY 1991 appropriations limit	\$369,629,495 (4)

(1) When the revenue source for the provision of services is transferred, in whole or in part, to regulatory licenses, user charges or user fees, then Subdivision (b) of Section 3 of Article XIII B of the California constitution requires a corresponding reduction in the appropriations limit for the year of the transfer.

(2) Actual tax appropriations for FY 1989 were \$281,111,911.

(3) Estimated tax appropriations for FY 1990 are \$308,082,004.

(4) Estimated tax appropriations for FY 1991 are \$329,252,370.

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CITY OF SAN DIEGO
CALCULATION OF PERMITTED GROWTH FOR CITY TAX APPROPRIATIONS LIMIT IN FISCAL YEAR 1991

Price change (1)		4.21%
Civilian population change for the City of San Diego		2.63%
Price change converted to an adjustment factor:	$\frac{4.21 + 100}{100}$	= 1.0421
Civilian population change convert to an adjustment factor:	$\frac{2.63 + 100}{100}$	= 1.0263
Calculation, FY 1991 adjustment:	$(1.0421) \times (1.0263)$	= 1.0695
Permitted growth for the City's FY 1991 tax appropriations limit over the City's FY 1990 tax appropriations limit	$(1.0695) \times (100) - 100$	= 6.95%

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- (1) Article XIIIIB of the California Constitution and Subsection b, Section 7902, Division 9, Title I of the Government Code specify that the lower of two price changes (i.e., either the March to March percentage change in the U.S. Consumer Price Index or the fourth quarter to fourth quarter percentage change in California per capita personal income) must be used to calculate the permitted growth for tax appropriations. The above income and population change data were provided by the State Department of Finance on May 1, 1990 for use in these calculations.

HISTORY OF TAX APPROPRIATIONS LIMIT ADJUSTMENTS
FOR CHANGES IN POPULATION, INFLATION
AND SPECIAL ADJUSTMENTS
FISCAL YEAR 1979 TO FISCAL YEAR 1991

ADJUSTMENT		CPI-U/ PCI ADJ.	POP. ADJ.	TOTAL ADJ.	SPECIAL ADJUSTMENTS (1)
FROM FISCAL YEAR	TO FISCAL YEAR				
1979	1980	10.17%	2.89	13.35%	\$ 0
1980	1981	12.11	2.49	14.90	0
1981	1982	9.12	2.49	11.84	0
1982	1983	6.79	2.40	9.35	0
1983	1984	2.35	2.13	4.53	0
1984	1985	4.74	2.85	7.73	0
1985	1986	3.74	2.32	6.15	19,431 (2)
1986	1987	2.30	3.06	5.43	15,657 (3)
1987	1988	3.04	2.43	5.54	0
1988	1989	3.93	2.78	6.82	52,016,985 (4)
1989	1990	4.98	3.11	8.24	0
1990	1991	4.21	2.63	6.95	

<u>YEAR</u>	<u>APPROPRIATIONS LIMIT</u>
1979	\$116,513,949
1980	132,073,121
1981	151,754,049
1982	169,717,309
1983	185,590,901
1984	193,998,271
1985	209,004,242
1986	221,866,905
1987	233,915,121
1988	298,800,060
1989	319,282,815
1990	345,607,364
1991	369,629,495

(1) Article XIIIIB permits adjustments in the Gann limit to take place in the event of a shift in the financial responsibility among local governmental entities.

(2) The adjustments to the Fiscal Year 1985 Appropriations Limit are as follows:

Daley Island Reorganization	+\$ 10,920
M.V. Associates Reorganization	+ 7,679
Otay Mesa Reorganization	+ 832
	+\$ 19,431

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- (3) The adjustments to the Fiscal Year 1986 Appropriations Limit are as follows:

Otay Valley/Palm Avenue Reorganization	-\$ 9,417
Palomar/Bay Boulevard Reorganization	- 1,669
Flood Control District Act of 1984	+ 26,743
	<u>+\$15,657</u>

- (4) The adjustments to the Fiscal Year 1988 Appropriations Limit are as follows:

Gann Limit increase authorized by passage of Proposition E in November 3, 1987, election	+\$ 52,000,000
Meanley Park Reorganization	+ 16,985
	<u>\$ 52,016,985</u>

ADJUSTMENTS TO THE APPROPRIATIONS LIMIT FOR
TRANSFERS OF FINANCIAL RESPONSIBILITY
TO USER FEES

FISCAL YEAR 1989

	1979 Associated Costs	1979 User Fee Revenue	1979 Dollar Amt Allocated From Other Sources	1979 % Subsidy From Non- User Fee Revenue
Refuse Disposal	\$2,871,592	\$ 946,085	\$1,925,507	67%
Building Inspection	3,502,576	3,325,548	177,028	5%
Regulatory Licenses	1,414,133	421,021	993,112	70%
Recreation Services	3,492,663	1,744,582	1,748,081	50%
Election Services	100,515	5,161	95,354	95%
Planning Services	1,915,116	544,475	1,360,641	71%
Engineering Insp./ Processing	3,431,981	1,535,281	1,896,700	55%
Public Safety*	1,894,423	505,438	1,388,985	73%

	1989 Associated Costs	1989 User Fee Revenue	1989 Dollar Amt. Allocated From Other Sources	1989 % Subsidy From Non- User Fee Revenue
Refuse Disposal (1)	\$ 454,051	\$ 448,103	\$ 5,948	1%
Building Inspection	-0-	-0-	-0-	0%
Regulatory Licenses	2,684,864	498,888	2,185,906	81%
Recreation Services	6,872,038	2,678,859	4,193,179	61%
Election Services	460,682	2,800	457,882	99%
Planning Services	9,001,228	742,382	8,258,846	92%
Engineering Insp./ Processing	8,469,900	3,131,314	5,338,586	63%
Public Safety*	6,150,206	1,339,851	4,810,355	78%

* Includes Police, Fire and Paramedic services.

(1) Discontinued program.

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ADJUSTMENTS TO THE APPROPRIATIONS LIMIT FOR
TRANSFERS OF FINANCIAL RESPONSIBILITY
TO USER FEES

FISCAL YEAR 1989

	<u>% Change In Subsidy 1979-1989</u>	<u>\$ Change In Subsidy 1979-1989</u>	<u>\$ Increase In Service Level</u>
Refuse Disposal		-0-	N/A
Building Inspection		-0-	N/A
Regulatory Licenses		+300,390	N/A
Recreation Services		+753,718	N/A
Election Services		+ 20,854	N/A
Planning Services		+1,865,113	N/A
Engineering Insp./ Processing		+ 657,057	N/A
Public Safety		+ 310,043	N/A

	<u>Fees in In Subsidy 1979-1989</u>	<u>\$ Adj. for Discontinued Program</u>	<u>Downward Adj. to Appropriations Limit</u>
Refuse Disposal	N/A	-\$4,357,422	-\$4,357,422
Building Inspection	N/A	-400,614	-400,614
Regulatory Licenses	N/A	N/A	
Recreation Services	N/A	N/A	
Election Services	N/A	N/A	
Planning Services	N/A	N/A	
Engineering Insp./ Processing	N/A	N/A	
Public Safety			

TOTAL DOWNWARD ADJUSTMENT
TO THE APPROPRIATIONS LIMIT

-\$4,758,036

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THE GANN INITIATIVE

To the Honorable Secretary of State of California:

We, the undersigned, registered, qualified voters of California, residents of A County (or City and County), hereby propose an amendment to add Article XIII B to the Constitution of California relating to a limitation of Government Appropriations and petition the Secretary of State to submit the same to the voters of California for their adoption or rejection at the next succeeding general election or at any special state-wide election held prior to the general election or otherwise provided by law. The proposed constitutional amendment reads as follows:

Article XIII B is added to read

ARTICLE XIII B.

Sec. 1. The total annual appropriations subject to limitation of the state and of each local government shall not exceed the appropriations limit of such entity of government for the prior year adjusted for changes in the cost of living and population except as otherwise provided in this Article.

Sec. 2. Revenues received by any entity of government in excess of that amount which is appropriated by such entity in compliance with this Article during the fiscal year shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Sec. 3. The appropriations limit for any fiscal year pursuant to Sec. 1 shall be adjusted as follows:

(a) In the event that the financial responsibility of providing services is transferred, in whole or in part, whether by annexation, incorporation or otherwise, from one entity of government to another, then for the year in which such transfer becomes effective the appropriations limit of the transferee entity shall be increased by such reasonable amount as the said entities shall mutually agree and the appropriations limit of the transferor entity shall be decreased by the same amount.

(b) In the event that the financial responsibility of providing services is transferred, in whole or in part, from any entity of government to a private entity, or the financial sources for the provision of services is transferred, in whole or in part, from other revenues of an entity of government, to regulatory licenses, user charges or user fees, then for the year of such transfer the appropriations limit of such entity of government shall be decreased accordingly.

(c) In the event of an emergency, the appropriation limit may be exceeded provided that the appropriation limits in the following three years are reduced accordingly to prevent an aggregate increase in appropriations resulting from the emergency.

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Sec. 4. The appropriations limit imposed on any new or existing entity of government by this Article may be established or changed by the electors of such entity, subject to and in conformity with constitutional and statutory voting requirements. The duration of any such change shall be as determined by said electors, but shall in no event exceed four years from the most recent vote of said electors creating or continuing such change.

Sec. 5. Each entity of government may establish such contingency, emergency, unemployment, reserve, retirement, sinking fund, trust, or similar funds as it shall deem reasonable and proper. Contributions to any such fund, to the extent that such contributions are derived from the proceeds of taxes, shall for purposes of this Article constitute appropriations subject to limitation in the year of contribution. Neither withdrawals from any such fund, nor expenditures of (or authorizations to expend) such withdrawals, nor transfers between or among such funds, shall for purposes of this Article constitute appropriations subject to limitation.

Sec. 6. Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the state shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:

(a) Legislative mandates requested by the local agency affected;

(b) Legislation defining a new crime or changing an existing definition of a crime; or

(c) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.

Sec. 7. Nothing in this Article shall be construed to impair the ability of the state or of any local government to meet its obligations with respect to existing or future bonded indebtedness.

Sec. 8. As used in this Article and except as otherwise expressly provided herein:

(a) "Appropriation subject to limitation" of the state shall mean any authorization to expend during a fiscal year the proceeds of taxes levied by or for the state, exclusive of state subventions for the use and operation of local government (other than subventions made pursuant to Section 6 of this Article) and further exclusive of refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds;

(b) "Appropriations subject to limitation of any entity of local government shall mean any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of state subventions to the entity (other than subventions made pursuant to Section 6 of this Article) exclusive of refunds of taxes;

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(c) "Proceeds of taxes" shall include, but not be restricted to, all tax revenues and the proceeds to an entity of government, from (i) regulatory licenses, user charges, and user fees to the extent that such proceeds exceed the costs reasonably borne by such entity in providing the regulation, product, or service, and (ii) the investment of tax revenues. With respect to any local government, "proceeds of taxes" shall include subventions received from the state, other than pursuant to Section 6 of this Article, and, with respect to the state, proceeds of taxes shall exclude such subventions;

(d) "Local government" shall mean any city, county, city and county, school district, special district, authority, or other political subdivision of or within the state;

(e) "Cost of Living" shall mean the Consumer Price Index for the United States as reported by the United States Department of Labor, or successor agency of the United States Government; provided, however, that for purposes of Section 1, the change in cost of living from the preceding year shall in no event exceed the change in California per capita personal income from said preceding year;

(f) "Population" of any entity of government, other than a school district, shall be determined by a method prescribed by the Legislature, provided that such determination shall be revised, as necessary, to reflect the periodic census conducted by the United States Department of Commerce, or successor agency of the United States Government. The population of any school district shall be such school district's average daily attendance as determined by a method prescribed by the Legislature;

(g) "Debt service" shall mean appropriations required to pay the cost of interest and redemption charges, including the funding of any reserve or sinking fund required in connection therewith, on indebtedness existing or legally authorized as of January 1, 1979 or on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose;

(h) The "appropriations limit" of each entity of government for each fiscal year shall be that amount which total annual appropriations subject to limitation may not exceed under Section 1 and Section 3; provided, however, that the appropriations limit of each entity of government for Fiscal Year 1978-79 shall be the total of the appropriations subject to limitation of such entity for that fiscal year. For Fiscal Year 1978-79, state subventions to local governments, exclusive of federal grants, shall be deemed to have been derived from the proceeds of state taxes.

(i) Except as otherwise provided in Section 5, "appropriations subject to limitation" shall not include local agency loan funds or indebtedness funds, investment (or authorizations to invest) funds of the state, or of an entity of local government in accounts at banks or savings and loan associations or in liquid securities.

Sec. 9. "Appropriations subject to limitation" for each entity of government shall not include:

(a) Debt service.

(b) Appropriations required for purposes of complying with mandates of the courts or the federal government which, without discretion, require an expenditure for additional services or which unavoidably make the providing of existing services more costly.

(c) Appropriations of any special district which existed on January 1, 1978, and which did not as of the 1977-78 Fiscal Year levy an ad valorem tax on property in excess of 12 1/2 cents per \$100 of assessed value; or the appropriations of any special district then existing or thereafter created by a vote of the people, which is totally funded by other than the proceeds of taxes.

Sec. 10. This Article shall be effective commencing with the first day of the fiscal year following its adoption.

Sec. 11. If any appropriation category shall be added to or removed from appropriations subject to limitation, pursuant to final judgment of any court of competent jurisdiction and any appeal therefrom, the appropriations limit shall be adjusted accordingly. If any section, part, clause or phrase in this Article is for any reason held invalid or unconstitutional, the remaining portions of this Article shall not be affected but shall remain in full force and effect.

DIVISION 9

Expenditure Limitations

[Added by Stats 1980 ch 220 § 1, effective June 25, 1980, ch 1205 § 2.]

- § 7900. Legislative findings
- § 7901. Definitions
- § 7902. Determination of appropriations limit
 - § 7902.1. Increase in appropriation limit
 - § 7902.5. Adoption of appropriations limit by cities incorporated prior to 1980
 - § 7902.6. Adoption of appropriations limit for cities incorporated in 1980
- § 7903. "State subventions"
- § 7904. Applicability of appropriations limit
- § 7905. Aggregation of revenues
- § 7906. Proceeds of taxes for school districts
- § 7907. Proceeds of taxes for county superintendents of schools
- § 7908. Proceeds of taxes for community college districts
- § 7909. Notification of change in cost-of-living or change in per capita income and population
- § 7910. Establishment of appropriations limit by local jurisdictions; Judicial review
- § 7911. Return of excess revenues; Judicial review
- § 7912. Estimate of state's appropriations limit
- § 7913. Use of other revenues to provide services

Note—Stats 1980 ch 1205 also provides SEC. 3. The Legislature finds and declares that Article XIII B of the California Constitution is intended to provide certain limitations and controls on government spending at all levels of government in the state, but these restrictions are intended to be applied in a reasonable and practical way so as to permit flexibility in meeting the constantly changing conditions and needs of the people for governmental services.

By way of example, the California Constitution requires that the Legislature provide for a system of public schools and the courts of this state have held that a method of financing this public school system which depends substantially on local property taxes with resultant wide disparities in school revenue violates constitutional provisions guaranteeing equal protection of the laws. If Article XIII B were construed to require that all money expended by a local school district was required to be included within its appropriations subject to limitation, attempts to accommodate each of these separate demands of the California Constitution could be substantially frustrated.

The Legislature further finds and declares, accordingly, that equalization of the financial capabilities of school districts is a matter of statewide interest and

EXPENDITURE LIMITATIONS

concern and that state money provided to school districts to achieve this end is properly excluded from "state subventions" to local school districts as that term is used in Article XIII B of the California Constitution.

Similarly, the various categorical aid programs provided by the state are provided as a matter of statewide public policy. The changing character of children and neighborhoods and the resultant changing needs of local school districts require flexibility in providing these programs which can only be achieved by characterizing these programs as state programs, thereby excluding state support for these programs from state subventions to local school districts.

The Legislature finds and declares that the provisions of this act provide for the implementation of Article XIII B of the California Constitution in a manner which is entirely consistent with the intent of that article and the voters who adopted it, which accommodates competing constitutional demands, and which permits reasonable and practical methods of satisfying the future changing needs of this state.

SEC. 4. A local jurisdiction which has established an appropriations limit prior to the effective date of this act shall nevertheless be governed by the provisions of this act.

SEC. 5. If any provision of this act or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

Collateral References:

Cal Jur 3d Municipalities §§ 361, 322, Schools §§ 40, 84, State of California § 85, Universities and Colleges § 137.

Law Review Articles:

Review of Selected 1980 Legislation. 12 Pacific LJ 589.

§ 7900. Legislative findings

(a) The Legislature finds and declares that the purpose of this division is to provide for the effective and efficient implementation of Article XIII B of the California Constitution.

(b) It is the intent of the Legislature that citizens be provided with timely information so that effective oversight can be accomplished at the local level.

Added Stats 1980 ch 1205 § 2.

Former Section: Former § 7900 was added by Stats 1980 ch 220 § 1, effective June 25, 1980, and amended and renumbered § 7902.5 by Stats 1980 ch 1205 § 1.

§ 7901. Definitions

For the purposes of Article XIII B of the California Constitution and this division:

(a) "Change in California per capita personal income" for a calendar year means the number resulting when the quotient of the California personal income, as published by the U.S. Department of Commerce in the Survey of Current Business for the fourth quarter of a calendar

year divided by the civilian population of the state on January 1 of the next calendar year, as estimated by the Department of Finance, is divided by the similarly determined quotient for the next prior year. For example, the change in California per capita personal income for 1979 (to be used for computing the appropriations limit for the 1980-81 fiscal year) would equal the fourth quarter 1979 personal income divided by the January 1, 1980, population, the quotient divided by the fourth quarter 1978 personal income divided by the January 1, 1979, population.

(b) "Change in cost of living" for a calendar year means the number resulting when the United States All Urban Consumer Price Index for the month of March of a calendar year is divided by such index for the month of March of the prior calendar year.

(c) "Change in population" for a local agency for a calendar year means the number resulting when the percentage change in population between January 1 of the next calendar year and January 1 of the calendar year in question, as estimated by the Department of Finance pursuant to Section 2227 of the Revenue and Taxation Code for each city and county and Section 2228 of the Revenue and Taxation Code for each special district, plus 100, is divided by 100. For example, the change in population for 1979 would equal the percentage change in population between January 1, 1980, and January 1, 1979, plus 100, the sum divided by 100. For purposes of the state's appropriations limit, "change in population" means the number resulting when the civilian population of the state on January 1 of the next calendar year, as estimated by the Department of Finance, is divided by the similarly estimated population for January 1 of the calendar year in question. For example, the change in population for 1979 (to be used for computing the appropriations limit for the 1980-81 fiscal year) would equal the January 1, 1980, population divided by the January 1, 1979, population.

(d) "Change in population" for a school district means the number resulting when the second principal apportionment units of average daily attendance for the current regular school year, excluding average daily attendance in summer programs, adult education programs, and in regional occupational centers and programs, is divided by the corresponding number for the preceding year.

(e) "Change in population" for a community college district means the number resulting when the average daily attendance for the community college district for the current year computed pursuant to Section 84500 of the Education Code is divided by the similarly computed average daily attendance for the previous year.

(f) "Local agency" means a city, county, city and county, special district, authority or other political subdivision of the state, except a school district, community college district, or county superintendent

of schools. The term "special district" shall not include any district which (1) existed on January 1, 1978, and did not possess the power to levy a property tax at that time or did not levy or have levied on its behalf, an ad valorem property tax rate on all taxable property in the district on the secured roll in excess of 12½ cents per \$100 of assessed value for the 1977-78 fiscal year, or (2) existed on January 1, 1978, or was thereafter created by a vote of the people, and is totally funded by revenues other than the proceeds of taxes as defined in subdivision (c) of Section 8 of Article XIII B of the California Constitution.

If a special district levied, or had levied on its behalf, different property tax rates for the 1977-78 fiscal year depending on which area or zone within the district boundaries property was located, it shall be deemed not to have levied a secured property tax rate in excess of 12½ cents per \$100 of assessed value if the total revenue derived from the ad valorem property tax levied by or for the district for 1977-78, divided by the total amount of taxable assessed valuation within the district's boundaries for 1977-78, does not exceed .00125.

(g) "School district" means an elementary, high school, or unified school district.

(h) "Local jurisdiction" means a local agency, school district, community college district, or county superintendent of schools.

(i) As used in Section 2 and subdivision (b) of Section 3 of Article XIII B, "revenues" means all tax revenues and the proceeds to a local jurisdiction or the state received from (1) regulatory licenses, user charges, and user fees to the extent that such proceeds exceed the costs reasonably borne by such entity in providing the regulation, product, or service, and (2) the investment of tax revenues as described in subdivision (i) of Section 8 of Article XIII B. For a local jurisdiction, revenues and appropriations shall also include subventions, as defined in Section 7903, and with respect to the state, revenues and appropriations shall exclude such subventions.

(j) "Proceeds of taxes" shall not include proceeds to a local jurisdiction or the state from regulatory licenses, user charges, or user fees except to the extent that such proceeds exceed the costs reasonably borne by such entity in providing the regulation, product, or service.

Added Stats 1980 ch 1205 § 2.

§ 7902. Determination of appropriations limit

(a) For the 1980-81 fiscal year, the appropriations limit of the state and of each local jurisdiction shall be determined as follows:

(1) Multiply the total amount of appropriations subject to limitation of each such entity for the 1978-79 fiscal year by the lesser of the

change in cost of living for the 1979 calendar year or the change in California per capita personal income for the 1978 calendar year, and multiply this product by the change in population of each such entity for the 1978 calendar year.

(2) Multiply the product determined pursuant to paragraph (1) by the lesser of the change in cost of living for the 1980 calendar year or the change in California per capita personal income for the 1979 calendar year, and multiply this product by the change in population of each entity for the 1979 calendar year. The resulting product, as adjusted for other changes required or permitted by Article XIII B of the California Constitution, shall be the appropriations limit of each entity for fiscal year 1980-81.

(b) For the 1981-82 fiscal year and each year thereafter, the appropriations limit of the state and of each local jurisdiction shall equal the appropriations limit for the prior fiscal year multiplied by the lesser of the change in cost of living for the calendar year in which the fiscal year begins or the change in California per capita personal income for the calendar year preceding the beginning of the fiscal year for which the appropriations limit is to be determined, the product multiplied by the change in population of the local jurisdiction for the calendar year preceding the beginning of the fiscal year for which the appropriations limit is to be determined, and adjusted for other changes required or permitted by Article XIII B of the California Constitution.

(c) For the purposes of this division, if a local agency's fiscal year begins on January 1, the agency shall base its appropriations limit on its appropriations subject to limitation for the 1979 calendar year. For such agency, the 1981 calendar year shall be the first year for which the appropriations limit shall apply. For purposes of the computations required by this section, such agency shall use the change in population, cost-of-living, and per capita personal income factors which it would have used had its fiscal year begun on the previous July 1.

Added Stats 1980 ch 1205 § 2.

§ 7902.1. Increase in appropriations limit

(a) If, beginning with the 1980-81 fiscal year or any fiscal year thereafter, the proceeds of taxes of a school district, community college district, or county superintendent of schools, exceed its appropriations limit determined pursuant to Section 7902 for that fiscal year, the governing body of the school district or community college district, or the county superintendent of schools, may increase its appropriations limit to an amount equal to its proceeds of taxes.

(b) In the event that the governing body of a district or the county superintendent of schools increases its appropriations limit pursuant

to this section, it shall notify the Director of Finance of the change within 45 days.

(c) Any increase in a local jurisdiction's appropriations limit pursuant to this section shall, in the fiscal year in which the change is made, reduce the appropriations limit of the state by an equal amount.

Added Stats 1981 ch 1093 § 18.7.

Prior Law: Former § 7902.1, as added by Stats 1981 ch 15 § 1.

Former Section: Former § 7902.1, similar to the present section, was added by Stats 1981 ch 15 § 1, effective April 14, 1981, and repealed by Stats 1981 ch 1093 § 18.3.

§ 7902.5. Adoption of appropriations limit by cities incorporated prior to 1980

The governing body of any city incorporated after July 1, 1978, but prior to January 1, 1980, may, by resolution, adopt an appropriations limit for the purposes of Article XIII B of the California Constitution determined in the following manner:

(a) If the city's first full fiscal year of operation was the 1979-80 fiscal year, the appropriations limit of the city for fiscal year 1980-81 shall be equal to the total amount of proceeds of taxes received for fiscal year 1979-80 adjusted for changes in the cost of living and population and such other changes as may be required or permitted by Article XIII B.

(b) If the city's first full fiscal year of operation is the 1980-81 fiscal year, the governing body of the city shall, prior to July 1, 1980, estimate the amount of revenue anticipated to be received by the city from the proceeds of taxes for the 1980-81 fiscal year. This amount shall be the appropriations limit of the city for the 1980-81 fiscal year. For the 1981-82 fiscal year and each fiscal year thereafter, the appropriations limit of the city shall be equal to the total amount of proceeds of taxes received for fiscal year 1980-81 adjusted for changes in the cost of living and population and such other changes as may be required or permitted by Article XIII B.

Added Stats 1980 ch 220 § 1, effective June 25, 1980, as § 7900; Amended and renumbered Stats 1980 ch 1205 § 1.

Amendments

1980 Amendment: Substituted "appropriations" for "appropriation" wherever it appears in the introductory clause and in subds (a) and (b).

§ 7902.6. Adoption of appropriations limit for cities incorporated in 1980

The governing body of any city incorporated at the General Election held on November 4, 1980, for which no appropriations limit has been established by the electors of that entity, may, by resolution,

adopt an appropriations limit for the purposes of Article XIII B of the California Constitution in the following manner:

(a) For the 1980-81 fiscal year, the appropriations limit of the city shall not exceed the amount determined pursuant to subdivision (a) of Section 3 of Article XIII B of the California Constitution as adjusted in any manner which may be required or permitted by Article XIII B.

(b) For the 1981-82 fiscal year, the appropriations limit of the city shall not exceed the total amount of proceeds of taxes received by the city during the 1981-82 fiscal year.

(c) For the 1982-83 fiscal year and each year thereafter, the appropriations limit of the city shall be equal to the total amount of proceeds of taxes received by the city for the 1981-82 fiscal year, adjusted for changes in the cost-of-living and population and such other changes as may be required or permitted by Article XIII B.

Added Stats 1981 ch 84 § 1, effective June 21, 1981.

§ 7903. "State subventions"

"State subventions" shall include only money received by a local agency from the state, the use of which is unrestricted by the statute providing the subvention.

Added Stats 1980 ch 1205 § 2.

§ 7904. Applicability of appropriations limit

In no event shall the appropriation of the same proceeds of taxes be subject to the appropriations limit of more than one local jurisdiction or the state.

Added Stats 1980 ch 1205 § 2.

§ 7905. Aggregation of revenues

Revenues to a local jurisdiction from regulatory licenses, user charges, or user fees may be aggregated if they are reasonably related.

Added Stats 1980 ch 1205 § 2.

§ 7906. Proceeds of taxes for school districts

For school districts:

(a) "ADA" means a school district's second principal apportionment units of average daily attendance in the regular school year, excluding average daily attendance in summer programs, adult education programs, and regional occupational centers and programs.

(b) "Foundation program level" means:

(1) For the 1978-79 fiscal year, one thousand two hundred forty-one

dollars (\$1,241) for elementary districts, one thousand three hundred twenty-two dollars (\$1,322) for unified districts, and one thousand four hundred twenty-seven dollars (\$1,427) for high school districts.

(2) For the 1979-80 fiscal year and each fiscal year thereafter, the levels specified in paragraph (1) increased by the lesser of the change in cost of living or California per capita personal income for the preceding calendar year.

(c) "Proceeds of taxes" shall be deemed to include subventions received from the state only if those subventions are for one of the following two purposes:

(1) Basic aid subventions of \$120 per ADA:

(2) Additional apportionments, if any, which, when added to the district's local revenues as defined in Section 42237 or 42238 of the Education Code, do not exceed the foundation program level for that type of district. Any apportionments which are provided in excess of the amount needed to increase a district's 1978-79 revenue limit per ADA by the lesser of the change in cost of living or California per capita personal income, shall not be considered to be proceeds of taxes for that school district.

(d) The remainder of the state apportionments, including special purpose apportionments and categorical aid subventions shall not be considered proceeds of taxes for a school district.

Added Stats 1980 ch 1205 § 2.

§ 7907. Proceeds of taxes for county superintendents of schools

For county superintendents of schools:

(a) "Proceeds of taxes" shall be deemed to include subventions received from the state only if those subventions are received for programs operated pursuant to:

(1) Subdivision (c) of Section 2500, Section 2500.1, Section 1982 for pupils specified in subdivision (c) of Section 1981, Section 14057 for programs operated pursuant to Sections 48633 and 48634, Section 1904 and subdivision (a) of Section 1908, Section 52570, or Section 1806 of the Education Code; or

(2) Section 1510, 2504, 2506, 2506.5, or 2509 of the Education Code.

(b) For programs identified in paragraph (1) of subdivision (a), an amount shall be calculated equal to the appropriations made for those programs from the proceeds of taxes for the 1978-79 fiscal year, adjusted for the 1979-80 and 1980-81 fiscal years by the lesser of the change in cost-of-living or change in California per capita personal income applicable to each year and by the percentage change in average daily attendance in those programs for the 1979-80 and 1980-81 fiscal years.

(c) For all other programs operated by the county superintendent of schools, including, but not limited to, the programs identified in paragraph (2) of subdivision (a), an amount shall be calculated equal to the appropriations made for those programs from the proceeds of taxes for the 1978-79 fiscal year, adjusted for the 1979-80 and 1980-81 fiscal years by the lesser of the change in cost-of-living or change in California per capita personal income for each year and by the percentage change in population (as defined by subdivision (d) of Section 7901) for all the districts in the county for the 1979-80 and 1980-81 fiscal years.

(d) The sum of the amounts calculated in subdivisions (b) and (c) shall be the appropriations limit for the county superintendent for the 1980-81 fiscal year.

(e) For the 1981-82 fiscal year and each year thereafter, the appropriations limit for the prior year shall be adjusted by the appropriate average daily attendance and the lesser of the change in cost-of-living or California per capita personal income.

(f) State apportionments to county superintendents in excess of the amounts in (d) or (e) shall not be considered proceeds of taxes for a county superintendent of schools.

Added Stats 1980 ch 1205 § 2.

§ 7908. Proceeds of taxes for community college districts

For community college districts:

(a) As used in this section, "ADA" means the annual average daily attendance reported for students attending the community college district during the fiscal year.

(b) "Proceeds of taxes" shall be deemed to include subventions from the state only if those subventions, when added to the district's local resources, as defined in items (2) and (3) of subdivision (a) of Section 84904 of the Education Code, do not exceed:

(1) For the 1978-79 fiscal year, the lesser of the statewide average revenues or the actual revenues received per ADA, as defined in paragraph (1) of subdivision (c) of Section 84700 of the Education Code, multiplied by the ADA in the district for the 1978-79 fiscal year.

(2) For the 1979-80 fiscal year and each fiscal year thereafter, the amount specified in paragraph (1) adjusted by the lesser of the change in cost-of-living or California per capita personal income for the preceding calendar year and the percentage change in the district's ADA for that fiscal year.

(c) The remainder of state apportionments, including special purpose

apportionments and categorical aid subventions, shall not be considered proceeds of taxes for a community college district.

Added Stats 1980 ch 1205 § 2.

§ 7909. Notification of change in cost-of-living or change in per capita income and population

No later than May 1 of each year, the Department of Finance shall notify each local jurisdiction of the change in the cost-of-living or change in California per capita income, whichever is less, and population for each local jurisdiction for the prior calendar year.

Added Stats 1980 ch 1205 § 2.

§ 7910. Establishment of appropriations limit by local jurisdictions; Judicial review

Each year the governing body of each local jurisdiction shall, by resolution, establish its appropriations limit for the following fiscal year pursuant to Article XIII B at a regularly scheduled meeting or noticed special meeting. Fifteen days prior to such meeting documentation used in the determination of the appropriations limit shall be available to the public. The determination of the appropriations limit is a legislative act.

Any judicial action or proceeding to attack, review, set aside, void, or annul the action of the governing body taken pursuant to this section for the 1980-81 fiscal year shall be commenced within 60 days of the effective date of the resolution or the effective date of the act which added this section to the Government Code, whichever date is later.

For the 1981-82 fiscal year and each fiscal year thereafter, any judicial action or proceeding to attack, review, set aside, void, or annul the action of the governing body taken pursuant to this section shall be commenced within 45 days of the effective date of the resolution.

All courts wherein such actions are or may be hereafter pending, including any court reviewing such action on appeal from the decision of a lower court, shall give such actions preference over all other civil actions therein, in the manner of setting the same for hearing or trial and in hearing the same to the end that all such actions shall be quickly heard and determined.

Added Stats 1980 ch 1205 § 2.

§ 7911. Return of excess revenues; Judicial review

For the purposes of Section 2 of Article XIII B, a local jurisdiction may return excess revenues by granting a tax credit or refund, by providing a temporary suspension of tax rates or fee schedules, or by

EXPENDITURE LIMITATIONS

§ 7914

any other means consistent with the intent of that section. The determination by the governing body of such entity of the means by which such excess revenues are to be returned is a legislative act.

Judicial review of such determination may be obtained only by a proceeding for a writ of mandate which shall be brought within 30 days after the governing body's determination.

All courts wherein such actions are or may be hereafter pending, including any court reviewing such action on appeal from the decision of a lower court, shall give such actions preference over all other civil actions therein, in the manner of setting the same for hearing or trial and in hearing the same, to the end that all such actions shall be quickly heard and determined.

Added Stats 1980 ch 1205 § 2.

§ 7912. Estimate of state's appropriations limit

Each year, the Governor shall include in the budget as submitted to the Legislature an estimate of the state's appropriations limit for the budget year. This estimate shall be subject to the budget process, and shall be established in the Budget Bill.

Added Stats 1980 ch 1205 § 2.

§ 7913. Use of other revenues to provide services

For purposes of subdivision (b) of Section 3 of Article XIII B of the California Constitution, the financial responsibility of providing services is transferred in whole or in part from other revenues of an entity of government to proceeds from regulatory licenses, user charges, or user fees only when the dollar amount allocated from other revenues of a local jurisdiction or the state to the provision of such services is decreased.

Added Stats 1980 ch 1205 § 2.

§§ 7914-7999. [Sections reserved.]

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JUN 19 1990

Passed and adopted by the Council of The City of San Diego on.....
by the following vote:

Council Members	Yeas	Nays	Not Present	Ineligible
Abbe Wolfsheimer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ron Roberts	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Hartley	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H. Wes Pratt	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Linda Bernhardt	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J. Bruce Henderson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Judy McCarty	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Filner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Maureen O'Connor	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

MAUREEN O'CONNOR
Mayor of The City of San Diego, California.

(Seal)

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California.

By *Charles G. Abdelnour*, Deputy.

Office of the City Clerk, San Diego, California

Resolution
Number

R-275929

Adopted.....

JUN 19 1990

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SAN DIEGO, CA

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