

(R-2058)

RESOLUTION NUMBER R- 278107

ADOPTED ON JUN 11 1991

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

WHEREAS, said Government Code sections require the governing body of each local jurisdiction in California to establish, by resolution, a 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 1991 limit was established by Resolution No. R-275929 on June 19, 1990; and

WHEREAS, on June 5, 1990, San Diego voters approved Proposition D, authorizing an increase of \$273 million in the City's appropriation limit for the period fiscal year 1992 to 1995; 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 1990 appropriations limitation	\$345,607,293
Established for Fiscal Year 1991	\$387,569,525
Established for Fiscal Year 1992	\$617,411,893

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 May 28, 1991.

APPROVED: JOHN W. WITT, City Attorney

By Jack Katz
Jack Katz
Senior Chief Deputy

JK:smm
05/31/91
Or.Dept:Fin.Mgmt.
R-91-2058
Form=r.fytax

DATE ISSUED:

REPORT NO.

ATTENTION : City Council Docket of

SUBJECT : Fiscal Year 1992 Tax Appropriations Limit

SUMMARY

Issue: Shall the City Council establish a tax appropriations limit of \$617,411,893 for Fiscal Year 1992, in accordance with Article XIII B of the California State Constitution and Division 9, Title I of the Government Code?

Manager's Recommendation: Establish a tax appropriations limit of \$617,411,893 for Fiscal Year 1992.

Other Recommendations: None.

Fiscal Impact: None.

BACKGROUND

In November 1979, California voters approved Proposition 4 (the Gann Initiative) and added Article XIII B to the California State Constitution. In 1980, the State Legislature added Division 9 (commencing with Section 7900) to Title I of the Government Code to implement Article XIII B. This legislation requires the governing body of each local jurisdiction in California to establish a tax appropriations limit on or before June 30 of each year for the following fiscal year. On June 5, 1990, California voters approved Proposition 111 amending Article XIII B. On June 5, 1990, San Diego voters approved Proposition D, authorizing an increase of \$273 million in the City's appropriations limit for the period FY 1992 to FY 1995. The City of San Diego's Fiscal Year 1992 tax appropriations limit was determined in accordance with these new guidelines. This report provides the necessary material to support the establishment of the Fiscal Year 1992 tax appropriations limit of the City of San Diego.

ATTACHMENT A
R-278107

DISCUSSION

On June 19, 1990, the Council adopted Resolution Number R-275929 which established a Fiscal Year 1991 tax appropriations limit of \$387,569,525. On June 5, 1990 San Diego voters approved an increase of \$273 million to the City's appropriations limit for the period FY 1992 to FY 1995. On May 1, 1991, the City obtained from the State Department of Finance, the data on population growth and change in California per capita income, necessary to adjust the FY 1991 appropriations limit. The allowable growth between FY 1991 to FY 1992 is 7.33 percent. With the special waiver adjustment of \$273 million, the City's FY 1992 appropriations limit is \$617,411,893.

The documentation attached outlines the computation used in determining the Fiscal year 1992 tax appropriations limit, as well as the limits for previous years. This information includes:

1. City of San Diego tax appropriations limits for Fiscal Years 1990, 1991 and 1992,
2. Calculation of permitted growth for the City tax appropriations limit in Fiscal Year 1992;
3. City of San Diego tax appropriations limits for Fiscal Years 1979 through 1992, with all adjustments for population growth, price changes and special adjustments.

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

FOR THE 1981-1982 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.

R-278107

ALTERNATIVE

None. Division 9, Title I of the California Government Code requires the Council to establish an Article XIIIIB tax appropriations limit for the City of San Diego.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Jack McGrory".

JACK MCGRORY
City Manager

FRAZIER:MC:dls

Attachments

R-278107

CITY OF SAN DIEGO

TAX APPROPRIATIONS LIMITS FOR FISCAL YEARS 1990, 1991, AND 1992

FY 1990 appropriations limit	\$345,607,293 (1)
FY 1991 appropriations limit	\$387,569,525 (2)
FY 1992 appropriations limit	\$617,411,893 (3)

(1) Actual tax appropriations for FY 1990	\$309,423,224
(2) Estimated tax appropriations for FY 1991	\$338,711,295
(3) Estimated tax appropriations for FY 1992	\$361,974,078

R-278107

CITY OF SAN DIEGO

CALCULATION OF GROWTH ADJUSTMENT FACTOR
FOR FISCAL YEAR 1992 TAX APPROPRIATIONS LIMIT

Price change (State Per Capita Income) +4.14%

Population change (City of San Diego) ⁽¹⁾ +3.06%

Price change converted to adjustment factor: $\frac{4.14 + 100}{100} = 1.0414$

Population change converted to adjustment factor: $\frac{3.06 + 100}{100} = 1.0306$

Calculation of FY 1992 adjustment $(1.0414) \times (1.0306) = 1.0733$

Permitted growth in the City's tax appropriations limit between FY 1992 and FY 1991 $(1.0733) \times (100) - 100 = 7.33\%$

Calculation of FY 1992 limit

⁽²⁾
[(FY 1991 limit) ⁽²⁾ x (1.0733)] + Special Waiver Adjustment =
[(\$320,896,611) x (1.0733)] + \$273,000,000 =
\$344,411,893 + \$273,000,000 = \$617,411,893

(1) For the period January 1, 1990 to January 1, 1991, both the County of San Diego and the City of San Diego recorded population increases of 3.06 percent.

(2) The FY 1991 limit used in the calculation of the FY 1992 limit was derived by updating the FY 1987 limit using the new adjustment factors established by Proposition 111, and does not include the waiver of \$52,000,000 which was in effect during the four year period FY 1988 to FY 1991.

R-278107

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

<u>Adjustment</u> <u>From</u> <u>Fiscal</u> <u>Year</u>	<u>To</u> <u>Fiscal</u> <u>Year</u>	<u>CPI-U/</u> <u>PCI</u> <u>Adj.</u>	<u>Pop.</u> <u>Adj.</u>	<u>Total</u> <u>Adj.</u>	<u>Special</u> <u>Adjustments (1)</u>
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

(Prop 111 guidelines used beginning in FY 1991)

1990	1991	4.21	3.65	8.01	(5)	
1991	1992	3.06	4.14	7.33		273,000,000 (6)

<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	298,900,060
1989	319,282,815
1990	345,607,293
(Proposition 111 guidelines go into effect)	
1991	387,569,525
1992	617,411,893

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

R-278107

(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	+ <u>832</u>
	+ 19,431

(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	+ <u>26,743</u>
	+ 15,657

(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	+ <u>16,985</u>
	+ 52,016,985

(5) FY 1991 adjustment is applied to "recalculated" limit for FY 1990, which differs from the actual limit adopted using pre-Proposition 111 guidelines.

(6) The special adjustment for FY 1992 Appropriations Limit is based on the following:

Gann Limit increase authorized by passage of Proposition D in June 5, 1990 election	+\$ 273,000,000
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R-278107

#334

JUN 11 1991,

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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tom Behr	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J. Bruce Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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  , Deputy.

Office of the City Clerk, San Diego, California

Resolution R-278107 JUN 11 1991
 Number Adopted.....