

RESOLUTION NUMBER R- **282106**

ADOPTED ON **JUN 07 1993**

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, 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 1993 limit was established by Resolution No. R-280042 on June 1, 1992; 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:

Established for Fiscal Year 1992     \$ 617,411,893

Established for Fiscal Year 1993     \$ 627,846,154

Established for Fiscal Year 1994     \$ 659,301,246

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 21, 1993.

APPROVED: JOHN W. WITT, City Attorney

By Stuart H. Swett  
Stuart H. Swett  
Senior Chief Deputy

SHS:mmm  
05/14/93  
Or.Dept:Fin.Mgmt.  
R-93-1901  
Form=r.fytax



The City of San Diego

# MANAGER'S REPORT

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CITY CLERKS OFFICE  
SAN DIEGO, CA

DATE ISSUED: June 2, 1993

REPORT NO. 93-163

ATTENTION : City Council Docket of June 7, 1993

SUBJECT : Fiscal Year 1994 Tax Appropriations Limit

## SUMMARY

Issue: Shall the City Council establish a tax appropriations limit of \$659,301,246 for Fiscal Year 1994, 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 \$659,301,246 for Fiscal Year 1994.

Other Recommendations: 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 required 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, and 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's Fiscal Year 1994 tax appropriations limit was calculated in accordance with these new guidelines. This report provides the necessary material to support the establishment of the Fiscal Year 1994 tax appropriations limit for the City of San Diego.

EXHIBIT "A"

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## DISCUSSION

On June 1, 1992, the Council adopted Resolution Number R-280042 which established a Fiscal Year 1993 tax appropriations limit of \$627,846,154. On May 1, 1993, 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 1992 appropriations limit. Based on this information, the allowable growth from FY 1993 to FY 1994 is 5.01 percent.

The attached documentation outlines the computations used in determining the Fiscal Year 1994 tax appropriations limit, as well as the limit for previous years. This information includes:

1. City of San Diego tax appropriations limits for Fiscal Years 1992, 1993 and 1994;
2. Calculations of permitted growth for the City's tax appropriations limit in Fiscal Year 1994; and
3. City of San Diego tax appropriations limits for Fiscal years 1979 through 1994, 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.

ALTERNATIVE

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

Respectfully submitted,



JACK MCGRORY  
City Manager

FRAZIER:MC

Attachments

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CITY OF SAN DIEGO

TAX APPROPRIATIONS LIMITS FOR FISCAL YEARS 1992, 1993, AND 1994

FY 1992 appropriations limit	\$617,411,893 (1)
FY 1993 appropriations limit	\$627,846,154
FY 1994 appropriations limit	\$659,301,246

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(1) In FY 1992, voters approved an increase of \$273 million in the City's appropriations limit. This waiver is in effect for four years and expires at the end of FY 1995.

TAX APPROPRIATIONS

Actual tax appropriations for FY 1992	\$341,323,113
Estimated tax appropriations for FY 1993	\$362,596,249
Estimated tax appropriations for FY 1994	\$344,316,951

## CITY OF SAN DIEGO

CALCULATION OF GROWTH ADJUSTMENT FACTOR  
FOR FISCAL YEAR 1994 TAX APPROPRIATIONS LIMIT

Price change (State Per Capita Income) +2.72%

Population change (County of San Diego) <sup>(1)</sup> +2.23%

Price change converted to adjustment factor:  $\frac{2.72 + 100}{100} = 1.0272$

Population change converted to adjustment factor:  $\frac{2.23 + 100}{100} = 1.0223$

Calculation of FY 1994 adjustment  $(1.0272) \times (1.0223) = 1.0501$

Permitted growth in the City's tax  
appropriations limit between FY 1994  
and FY 1993  $(1.0501) \times (100) - 100 = 5.01\%$

Calculation of FY 1994 limit

(FY 1993 limit)  $\times$  (Adjustment Factor) =

(\$627,846,154)  $\times$  (1.0501) = \$659,301,246

(1) Under Prop 111, a city may use either its own population growth rate, or that of the county in which it is located in calculating its Gann limit. In calculating the City's FY 1994 Gann Limit, the countywide population growth rate was used, since the County grew by 2.23 percent, compared with 2.13 percent for the City.

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HISTORY OF TAX APPROPRIATIONS LIMIT ADJUSTMENTS  
FOR CHANGES IN POPULATION, INFLATION,  
AND SPECIAL ADJUSTMENTS  
FISCAL YEARS 1979 TO FISCAL YEAR 1994

Adjustment From Fiscal Year	To Fiscal Year	CPI-U/ PCI Adj.	Pop. Adj.	Total Adj.	Special Adjustments (1)
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	3.65	8.01 (5)	
1991	1992	4.14	3.06	7.33	273,000,000 (6)
1992	1993	-0.64	2.34	1.69	
1993	1994	2.72	2.23	5.01	

<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
1991	387,569,525
1992	617,411,893 (Waiver in effect)
1993	627,846,154
1994	659,301,246

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

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(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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This waiver is in effect through FY 1995.

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# 202

JUN 07 1993  
JUN 07 1993

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"/>
George Stevens	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tom Behr	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Valerie Stallings	<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"/>
Juan Vargas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Susan Golding	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

(Seal)

SUSAN GOLDING

Mayor of The City of San Diego, California.

CHARLES G. ABDELNOUR

City Clerk of The City of San Diego, California.

By

*Mary A. Cepeda*  
Deputy.

Office of the City Clerk, San Diego, California

Resolution  
Number

*R-282106*

Adopted JUN 07 1993

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