

MEMORANDUM OF LAW

DATE: February 19, 1986  
TO: Libby Watson, Financial Management Director  
FROM: City Attorney  
SUBJECT: Article XIII B of the State Constitution, Gann  
Limit, Computation of the "Appropriations  
Limit" for Fiscal 1978-79, Determination of  
"Proceeds of Taxes" in Carryover Funds

This is memorandum of law number five (5) in a series responding to questions raised by the so-called "Gann Limit" - i.e. Article XIII B of the California State Constitution and is in reply to your memorandum of February 11, 1986, a copy of which is attached as Enclosure (1) for ready reference.

You ask if the formula set forth in full in paragraph 3 of Enclosure (1) may be validly used by the City Manager in determining the amount of "proceeds of taxes" within the carryover fund, and, if so, whether such an administrative determination is within the purview of the City Manager.

The answer is yes to both questions. We view the proposed formula to be clearly reasonable within the contemplation of Article XIII B. Absent some revenue and expenditure accounting history for the 1977-78 fiscal year which could show more precisely when "proceeds of taxes" were allocated to funds and spent during fiscal 1977-78 of which we are unaware, we believe the administrative determination you propose is reasonable and valid and well within the authority of the City Manager.

JOHN W. WITT, City Attorney

By

C. M. Fitzpatrick

Assistant City Attorney

CMF:js:930.38.1(x043.2)

Enclosure (1)

ML-86-19