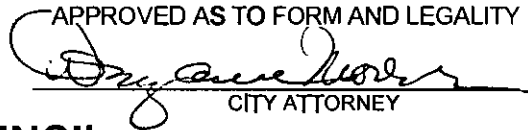


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OFFICE OF THE CITY CLERK
OAKLAND

2012 JUN 14 PM 1:26

APPROVED AS TO FORM AND LEGALITY

CITY ATTORNEY

OAKLAND CITY COUNCIL

Resolution No. _____ C.M.S.

RESOLUTION ESTABLISHING AN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2012-2013 PURSUANT TO ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION

WHEREAS, Article XIII B of the California Constitution (Limitation of Government Appropriations) was passed by the California electorate on November 6, 1979, and became effective on July 1, 1980; and

WHEREAS, the Chapter 1205, Statute of 1980, Section 7900 of the Government Code, formally implements methods for governmental entities to establish and define annual appropriations limits, based on annual appropriations for the prior fiscal year, which is fiscal year 2011-12, for fiscal year 2012-13; now therefore be it

RESOLVED: That the annual appropriations limit for the City of Oakland for FY 2012-13 is \$475,216,324, as reflected in Exhibit A; and be it

FURTHER RESOLVED: That the growth factors used to calculate the limit are the county population change and the increase in the California per capita income.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2012

PASSED BY THE FOLLOWING VOTE:

AYES--- BRUNNER, BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, SCHAAF, AND PRESIDENT REID

NOES---

ABSENT---

ABSTENTION---

ATTEST: _____
LATONDA SIMMONS
City Clerk and Clerk of the Council of
the City of Oakland, California

ARTICLE XIII B APPROPRIATIONS LIMIT
Fiscal Year 2012-13

Article XIII B of the California Constitution was created by the passage of Proposition 4 in November 1979, and establishes a limit on the amount of tax revenue which can be appropriated by government jurisdictions. This limit is popularly known as the Gann Limit. Each year, the limit is recalculated by multiplying the previous year's limit by adjustment factors for population growth and inflation. Proposition 111, passed in June 1990, gave cities the option of using their own growth or the growth of the entire county in which the city is located as the population adjustment factor. Cities were also given the option of using the increase in California Per Capita Income or the increase in the assessed valuation of non-residential property in the City as the inflation adjustment factor. Cities have the option each year of deciding which factor to use. For 2012-13, Oakland is using the population growth of the County of Alameda and the increase in California Per Capita Income. These adjustment factors must be applied to retroactively recalculate the appropriations limit for 1987-88 (i.e. the base year) and each year thereafter in order to arrive at the limit for 2012-13.

2011-12 Appropriations Limit \$457,422,586

2012-13 Adjustment Factors

County of Alameda Population Change = 1.009 (0.9%)
California Per Capita Income Change = 1.0296 (2.96%)
Combined Change = 1.0090 x 1.0296 = 1.0389

2012-13 Appropriations Limit \$475,216,324

Not all City appropriations are subject to the limitation of Article XIII B. The intent of Proposition 4 was to restrict only the appropriation of "proceeds of taxes." Determining which appropriations are subject to the limit requires classifying each funding source as either proceeds of taxes or non-proceeds of taxes. Property tax and local taxes are subject to limitation. State taxes that are subvented to the City count against the City's limit if their use is unrestricted, as in the case of sales tax and motor vehicle in lieu. State subventions that are restricted in use are applied against the State's limit rather than the City's, so they are considered non-proceeds of taxes for the City's calculation. This includes Measure B sales tax, gas tax, and state grants and state-mandated cost subventions included in the Grants and Subsidies category. Interest income is prorated so that the interest earned on tax revenue is included as proceeds of taxes.

Most of the City's other revenue sources are classified as non-proceeds of taxes: franchise fees, Landscape and Lighting Assessments (special benefit assessment districts are excluded from the limitation), fines and penalties, license and permit fees, service charges, rentals and concessions, federal grants, Oakland Redevelopment Agency reimbursements (redevelopment agencies are exempt from Article XIII B), internal service revenues, and other miscellaneous revenues. Enterprise funds – sewer service charges and golf course revenues – are also exempt from the limitation. Fund transfers are re-appropriations of revenue received in previous years; these funds were included in the calculation of appropriations subject to limitation in the year they were received and are not counted twice.

ARTICLE XIII B - APPROPRIATIONS SUBJECT TO LIMITATION
FY 2012-13

Revenue	Total	Proceeds of Taxes	Non Proceeds of Taxes
PROPERTY TAX	\$220.88	\$220.88	
STATE TAX			
Sales Tax	53.62	43.56	10.06
Prop 42	4.18		4.18
Gas Tax	6.64		6.64
Subtotal, State Taxes	\$64.44	\$43.56	\$20.88
LOCAL TAXES			
Business License Tax	51.80	51.80	
Utility Consumption Tax	50.50	50.50	
Real Estate Transfer Tax	28.49	28.49	
Transient Occupancy Tax	13.47	13.47	
Parking Tax	14.75	14.75	
Special Taxes	18.16	18.16	
Subtotal, Local Taxes	\$177.17	\$177.17	
LANDSCAPE & LIGHTING ASSESSMENT	18.53		18.53
OTHER LOCAL FEES	43.47		43.47
SERVICE CHARGES	153.31		153.31
GRANTS & SUBSIDIES	49.92		49.92
MISCELLANEOUS	82.91	0.06	82.85
FUND TRANSFERS	176.65		176.65
SUBTOTAL REVENUES	\$987.26	\$441.66	\$545.60
INTEREST (Prorated)	5.77		5.77
TOTAL REVENUE	\$993.03	\$441.66	\$551.37
EXEMPTIONS*		(95.52)	
APPROPRIATIONS SUBJECT TO LIMITATION		346.14	
APPROPRIATIONS LIMIT		475.22	
OVER/(UNDER) LIMIT		(\$129.07)	

* Property tax revenue appropriated to service voter-approved debt is exempted.