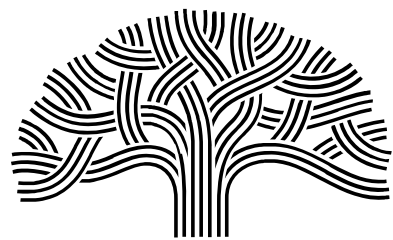


2024 Appropriations Limit Override Ballot Measure

Brittany Hines
Assistant to the Director
Finance Department

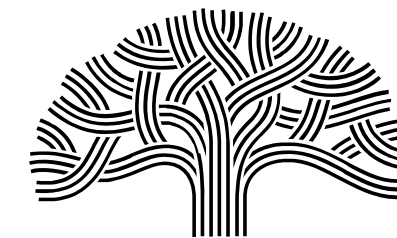


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Background

- In 1979, Paul Gann sponsored Proposition 4, called the State Appropriations Limit (later amended by Proposition 13).
- The State **Appropriations** Limit, commonly referred to as the “GANN Limit”, is a constitutional spending cap that limits state and local governmental spending of **proceeds of taxes**.



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What are “Appropriations”?

- Appropriation can be defined as the sum of **money set aside by formal action for a specific use¹; budget.**
 - Example: Oakland City Council appropriated \$750,000 for the Direct Community Grant Program to award grants to various non-profits.

What are “Proceeds of Taxes”?

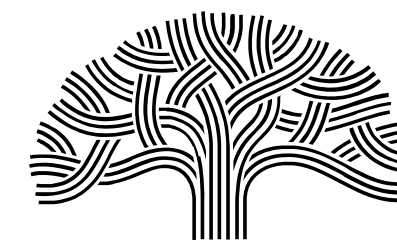
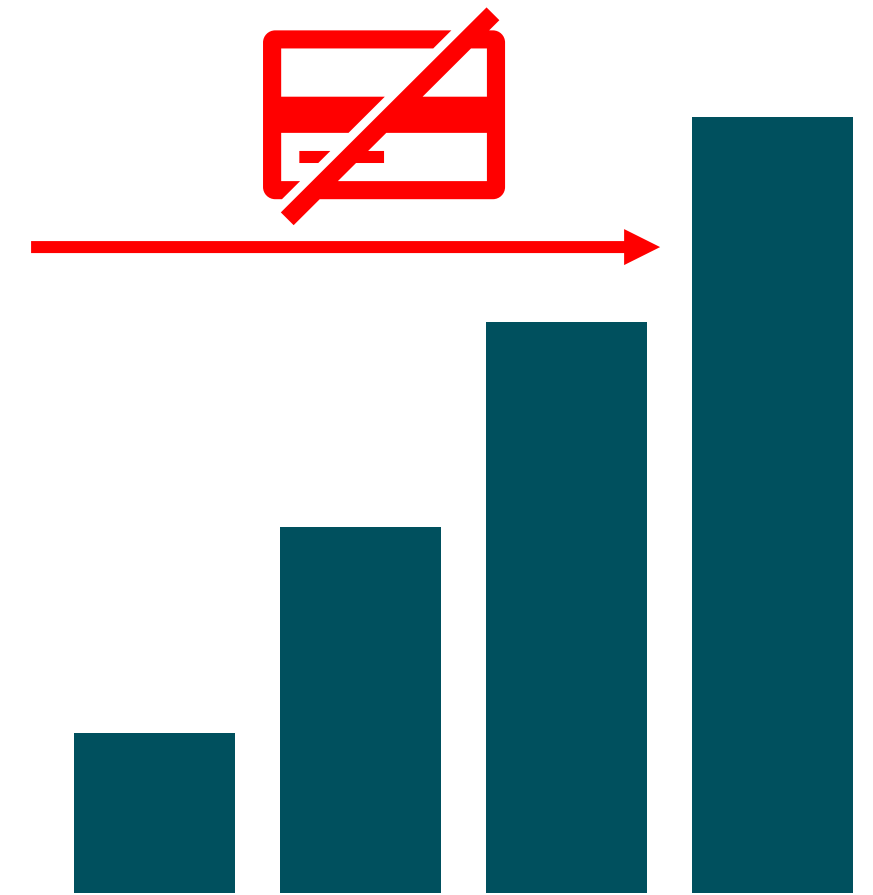
- Proceeds of Taxes can be defined as **money collected or required to be collected on account of or pursuant to any tax².**
 - Examples: Property tax, business license tax, sugar-sweetened beverage tax, and various local measures such as Parks Measure Q – OPR Preservation, Litter Reduction, and Homelessness Support Act.

¹Merriam-Webster. (n.d.). Appropriation. In Merriam-Webster.com dictionary. Retrieved October 17, 2023, from <https://www.merriam-webster.com/dictionary/appropriation>

²Tax Proceeds Definition. Law Insider. (n.d.). <https://www.lawinsider.com/dictionary/tax-proceeds>

What does this really mean?

The GANN establishes a **ceiling/limit/maximum** on the amount of tax collected revenue (tax proceeds) that can be formally set aside for a specified reason (appropriation).



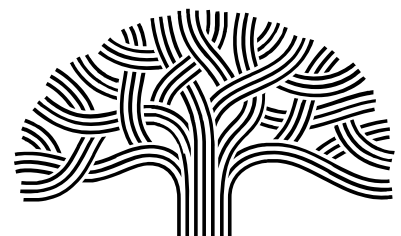
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Which tax proceeds are subject to the limitation?

- Property Tax
- Sales & Use Tax
- Business License Tax
- Utility Consumption Tax
- Real Estate Transfer Tax
- Transient Occupancy Tax
- Parking Tax
- Sugar Sweetened Beverage Tax
- State Grants

- Local Measures

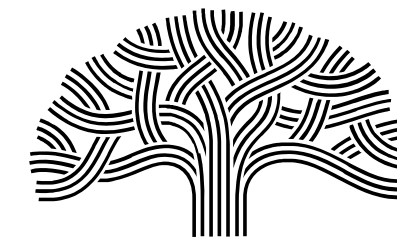
Measure	Title
Measure M	The Emergency Medical Services Retention Act of 1997 (Fund 2412)
Measure N	The Paramedic Services Act of 1997 (Fund 2250)
Measure C	The 2022 Amended Library Services Retention and Enhancement Act (Fund 2241)
Measure C	City of Oakland Hotel Tax of 2009 (Fund 2419, Fund 1010 Account 41515)
Measure Z	The 2014 Oakland Public Safety and Services Violence Prevention Act (Fund 2252)
Measure HH	Sugar-Sweetened Beverage Distribution Tax of 2016 (Fund 1030)
Measure D	The 2018 Oakland Public Library Preservation Act (Fund 2243)
Measure W	The Oakland Vacant Property Tax Act of 2018 (Fund 2270)
Measure Q	The Oakland Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act of 2020 (Fund 2244)
Measure AA	The Children's Initiative of 2018 (Funds 2261, 2262, 2263)
Measure T	The Business Tax Ordinance of 2022 (Fund 1010, Account 41511)
Measure Y	The 2022 Oakland Zoo Animal Care, Education, and Improvement Ordinance (Fund 2253)



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Which tax proceeds are exempt from the limitation?

- Debt Service and Property appropriated to service voter-approved debt (Ex. Measure KK, DD, and U)
- Federal Mandates and Court Orders
- Qualified Capital Outlay
- Appropriations supported by increased gas taxes (Measure B & BB)
- Appropriations resulting from natural disasters



**CITY OF
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How do you calculate the Limit?

- The GANN Limit calculation utilizes Oakland's "base year" spending level (1987-88) which is then adjusted each year for the **changes in population and per capita personal income³** to arrive at the current year's GANN Limit.

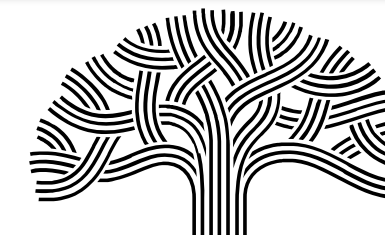
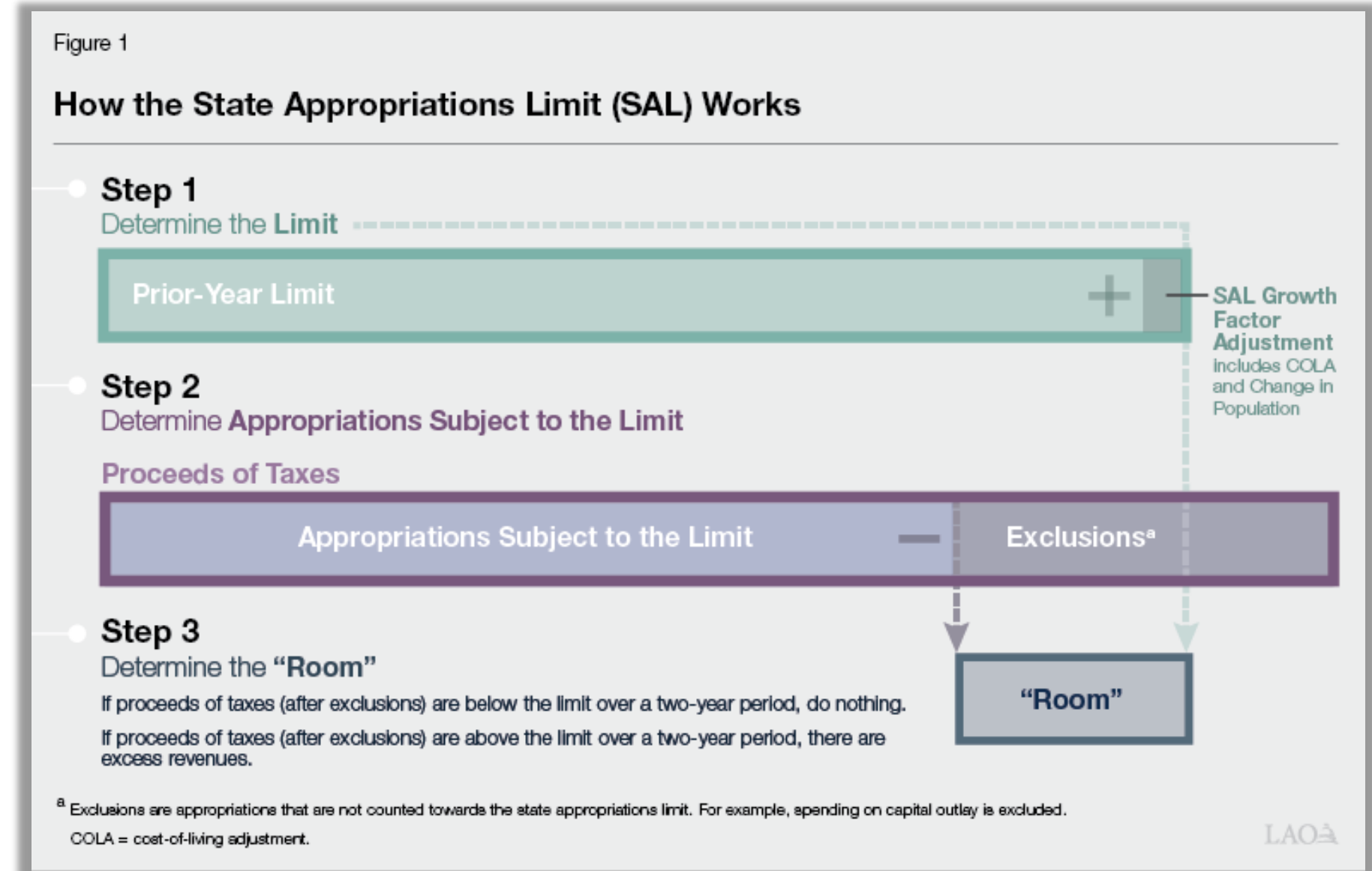
	Change in per capita personal income	Change in population (Alameda County)	Combined adjustment factor	Appropriations limit
FY 2009-10	NA	NA	NA	\$450,934,736.00
FY 2010-11	-2.54%	1.10%	0.9853	\$444,305,995.38
FY 2011-12	2.51%	0.79%	1.0332	\$459,056,954.43
FY 2012-13	3.77%	0.98%	1.0479	\$481,045,782.54
FY 2013-14	5.12%	1.21%	1.0639	\$511,784,608.05
FY 2014-15	-0.23%	1.50%	1.0127	\$518,284,272.57
FY 2015-16	3.82%	1.30%	1.0517	\$545,079,569.46
FY 2016-17	5.37%	1.06%	1.0649	\$580,455,233.52
FY 2017-18	3.69%	0.99%	1.0472	\$607,852,720.54
FY 2018-19	3.67%	0.84%	1.0454	\$635,449,234.06
FY 2019-20	3.85%	0.75%	1.0463	\$664,870,533.59
FY 2020-21	3.73%	0.37%	1.0411	\$692,196,712.52
FY 2021-22	5.73%	-0.37%	1.0534	\$729,160,016.97
FY 2022-23	7.55%	-0.62%	1.0688	\$779,326,226.14
FY 2023-24	4.44%	-0.47%	1.0395	\$810,109,612.07

What is Oakland's FY 2023-2024 Limit?

FY 2022-23 Appropriations Limit	\$779,326,226
FY 2023-24 Adjustment Factors	
County of Alameda Population Change Ratio	$= \frac{-0.047 + 100}{100} = 0.9953$
California Per Capita Income Change Ratio	$= \frac{4.44 + 100}{100} = 1.0444$
Combined Change	$= 0.9953 \times 1.0444 = 1.0395$
FY 2023-24 Appropriations Limit (After Adjustment for Growth Factor of 1.0395)	\$810,109,612
ADD BACK:	
Emergency Medical Services (Measure M)	2,578,140
Paramedic Services (Measure N)	2,053,220
Library Services (Library Measure C)	20,324,834
Hotel Tax (Hotel Measure C)	6,131,594
Public Safety and Violence Prevention Services (Measure Z)	20,617,924
Sugar Sweetened Beverages (Measure HH)	6,882,703
Public Libraries Preservation (Measure D)	15,345,586
Vacant Properties (Measure W)	5,349,229
TOTAL Gann Appropriation Limitation	\$889,392,842

\$889,392,842

Including a **GANN Limit Override**



**CITY OF
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²Changes in population and per capital personal income are provided by the State Department of Finance annually.
Price Factor and Population Information 2023. California Department of Finance . (2023, May 1). <https://dof.ca.gov/wp-content/uploads/sites/352/2023/05/PriceandPopulation2023.pdf>

What is a GANN Limit Override?

FY 2022-23 Appropriations Limit	\$779,326,226
FY 2023-24 Adjustment Factors	
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TOTAL Gann Appropriation Limitation	\$889,392,842

\$79,283,230
GANN Limit Override
FY 2023-2024

- A **GANN Limit override** is an increase to the Appropriations Limit of a local government by majority vote; not to exceed four years⁴. The override reaffirms voter approval to collect and budget revenues approved by independent separate measures.



⁴Sec. 4 added Nov. 6, 1979, by Prop. 4. Initiative measure.

What would the limit have been without the GANN Limit Override in FY 2023-2024?

FY 2022-23 Appropriations Limit	\$779,326,226
FY 2023-24 Adjustment Factors	
County of Alameda Population Change Ratio =	$\frac{-0.047 + 100}{100} = 0.9953$
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\$810,109,612
No Override

FY 2022-23 Appropriations Limit	\$779,326,226
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\$889,392,842
With Override

\$79,283,230
GANN Limit
Override
FY 2023-2024

⁴Sec. 4 added Nov. 6, 1979, by Prop. 4. Initiative measure.

Why Now?

- The previously approved Gann Limit Override (Measure S), approved in March 2020, will sunset on March 3, 2024⁵.
- Without another measure increasing the appropriation limit, within two years the City could be restricted from spending voter-approved local tax measures.

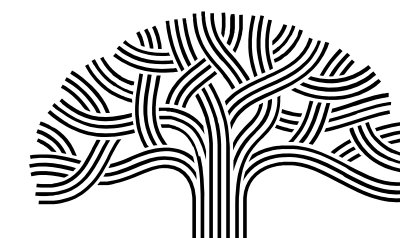
Measure S - City of Oakland			
244 of 244 Precincts Reported(100.00%)		Needs majority Yes votes to pass	
		Vote for One (1) Only	
Contest	Votes		Percentage
Yes	82,583		72.35 %
No	31,562		27.65 %



⁵ Presidential Primary Election - 03/03/2020. Alameda County Election Results. (n.d.). <https://www.acgov.org/rovresults/240/indexA.htm>

Does this measure increase taxes?

- **No. This measure does not increase taxes.**



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What is this resolution asking for?

This resolution is requesting approval to submit the **GANN Limit Override** measure to the voters to authorize an increase to the appropriations limit for four years at the March 5, 2024 Special Municipal Election.

FY 2022-23 Appropriations Limit	\$779,326,226
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TOTAL Gann Appropriation Limitation	\$889,392,842



W h a t w i l l t h i s m e a s u r e d o ?

- This measure will reaffirm Oakland voters' original approval to:
 1. Collect, appropriate, and expend proceeds of taxes from 12 voter approved measures including the Public Safety and Services Violence Prevention Act (Measure Z); and
 2. Authorize an increase to the appropriations limit for an additional four years.

Thank You

The City of Oakland is committed to the delivery of effective, courteous and responsive services. Residents and employees shall be treated with fairness, dignity and respect. Civic and employee pride are accomplished through the pursuit of excellence by a work force that values and reflects the diversity of the Oakland community.

