

# OAKLAND CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_ C.M.S.

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## RESOLUTION ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2023-24 PURSUANT TO ARTICLE XIIIB OF THE CALIFORNIA CONSTITUTION

**WHEREAS**, Article XIIIB of the California Constitution ("Article XIIIB") was passed by the California electorate on November 6, 1979, and became effective on July 1, 1980; and

**WHEREAS**, Article XIIIB establishes a limit on the amount of tax revenue local governments can appropriate in any fiscal year and requires that local governments calculate appropriations limits annually; and

**WHEREAS**, Title 1, Division 9 (commencing with Section 7900) of the California Government Code implements Article XIIIB and provides the method for calculating annual appropriations limits based on appropriations limit for the prior fiscal year; and

**WHEREAS**, on March 3, 2020, City of Oakland voters passed Measure S, which increased the City's appropriations limit until March 3, 2024 to allow the City to continue to spend tax revenue from voter-approved tax measures including Measure M (The Emergency Medical Services Retention Act of 1997), Measure N (The Paramedic Services Act of 1997), Library Measure Q (The Library Services Retention and Enhancement Act of 2004), Measure C (Transient Occupancy Tax - Hotel Tax), Measure Z (The 2014 Public Safety and Services Violence Prevention Act), Measure HH (Sugar Sweetened Beverage Distribution Tax), Measure D (The 2018 Oakland Public Library Preservation Act), and Measure W (Oakland Vacant Property Tax Act); and

**WHEREAS**, City of Oakland has received notification from the California State Department of Finance (DOF) through the League of California Cities that pursuant to Government Code Section 7903(b) city governments are required to include specified state subventions within their appropriations limits; and

**WHEREAS**, DOF has identified that the City of Oakland is a recipient of a total \$65,600,000 in subventions; and

**WHEREAS,** DOF has instructed city governments to use the state identified subventions (\$65,600,000) for the FY 2021-22, FY 2022-23, and FY 2023-24 appropriations limit calculations; and

**WHEREAS,** DOF has further instructed city governments that to the extent that the subventions cause the City to exceed the appropriations limit in FY 2021-22, FY 2022-23, and FY 2023-24, those excess values shall be reported to the DOF for inclusion in the State's appropriations limits;  
now, therefore be it

**RESOLVED:** That the Fiscal Year 2023-24 appropriations limit for the City of Oakland is \$889,392,842 which is inclusive of \$3,910,000 in state identified subventions, 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,

PASSED BY THE FOLLOWING VOTE:

AYES - FIFE, GALLO, JENKINS, KALB, KAPLAN, RAMACHANDRAN, REID, TAYLOR AND  
PRESIDENT FORTUNATO BAS

NOES –

ABSENT –

ABSTENTION –

ATTEST: \_\_\_\_\_  
ASHA REED  
City Clerk and Clerk of the Council of the  
City of Oakland, California

**ARTICLE XIII B APPROPRIATIONS LIMIT**  
**Fiscal Year 2023-24**

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 2023-24 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 2023-24.

In March 2020, City of Oakland voters passed Measure S, which increased the City's appropriations limit until March 3, 2024 to allow the City to continue to spend tax revenue from voter-approved local tax measures, including Measure M (The Emergency Medical Services Retention Act of 1997), Measure N (The Paramedic Services Act of 1997), Measure Q (The Library Services Retention and Enhancement Act of 2004), Measure C (Transient Occupancy Tax - Hotel Tax), Measure Z (The 2014 Public Safety and Services Violence Prevention Act), Measure HH (Sugar Sweetened Beverage Distribution Tax), Measure D (The 2018 Oakland Public Library Preservation Act), and Measure W (Oakland Vacant Property Tax Act).

FY 2022-23 Appropriations Limit	\$779,326,226
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FY 2023-24 Adjustment Factors

County of Alameda Population Change	= -1.0047 (-0.47%)
California Per Capita Income Change	= 1.0444 (4.44%)
Combined Change = (-1.0047) x 1.0444	= 1.0395

<b>FY 2023-24 Appropriations Limit</b>	
<b>(After Adjustment for Growth Factor of 1.0688)</b>	<b>\$810,109,612</b>

Appropriations Limit Override (Measure S Restorations):	\$79,283,230
Emergency Medical Services (Measure M)	2,578,140
Paramedic Services (Measure N)	2,053,220
Library Services (Library Measure Q)	20,324,834
Hotel Tax (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

<b>TOTAL FY2023-24 Appropriation Limitation</b>	<b>\$889,392,842</b>
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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 2023-24**

Revenue	Total	Proceeds of Taxes	Non Proceeds of Taxes
PROPERTY TAX	<b>\$442.00</b>	<b>\$442.00</b>	
STATE TAX			
Sales Tax	104.65	67.69	36.96
Gas Tax	19.60		19.60
<b>Subtotal, State Taxes</b>	<b>\$124.25</b>	<b>\$67.69</b>	<b>\$56.56</b>
LOCAL TAXES			
Business License Tax	125.25	125.25	
Utility Consumption Tax	61.90	61.90	
Real Estate Transfer Tax	110.41	110.41	
Transient Occupancy Tax	28.61	28.61	
Parking Tax	21.47	21.47	
Sugar Sweetened Beverage Tax	6.88	6.88	
Special Taxes	152.31	152.31	
<b>Subtotal, Local Taxes</b>	<b>\$506.84</b>	<b>\$506.84</b>	
LANDSCAPE & LIGHTING ASSESSMENT	19.08		19.08
INFRASTRUCTURE BOND	149.16		149.16
OTHER LOCAL FEES	68.57		68.57
SERVICE CHARGES	230.21		230.21
GRANTS & SUBSIDIES	112.63	3.91	108.72
MISCELLANEOUS	162.57		162.57
FUND TRANSFERS	297.94		297.94
<b>SUBTOTAL REVENUES</b>	<b>\$2,113.25</b>	<b>\$1,020.44</b>	<b>\$1,092.80</b>
INTEREST (Prorated)	2.60	0.48	2.11
<b>TOTAL REVENUE</b>	<b>\$2,115.84</b>	<b>\$1,020.93</b>	<b>\$1,094.92</b>
EXEMPTIONS*		(131.54)	
APPROPRIATIONS SUBJECT TO LIMITATION		889.39	
APPROPRIATIONS LIMITATION WITH OVERRIDE		889.39	
<b>AMOUNT OVER/(UNDER) LIMIT</b>		<b>(\$0.00)</b>	

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