

FILED
OFFICE OF THE CITY CLERK
OAKLAND

21 JUL -6 PM 4: 56

Approved as to Form and Legality


City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION NO. 887 16 C.M.S.

RESOLUTION ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2021-22 PURSUANT TO ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION

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

WHEREAS, Article XIII B 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 XIII B 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), Measure W (Oakland Vacant Property Tax Act) and Parks Measure Q (The 2020 Oakland Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act); now, therefore be it

RESOLVED: That the Fiscal Year 2021-22 appropriations limit for the City of Oakland is \$932,905,145 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.

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IN COUNCIL, OAKLAND, CALIFORNIA,

JUN 17 2021

PASSED BY THE FOLLOWING VOTE:

AYES - FIFE, ~~SAVANA~~, KALB, KAPLAN, REID, TAYLOR, THAO AND PRESIDENT FORTUNATO BAS - 7

NOES - 0

ABSENT - 0

ABSTENTION - 0

Excused - 1 Gallo

ATTEST:



ASHA REED

City Clerk and Clerk of the Council of the
City of Oakland, California

**ARTICLE XIII B APPROPRIATIONS LIMIT
Fiscal Year 2021-22**

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 2021-22 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 2021-22.

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), 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), Measure W (Oakland Vacant Property Tax Act), and Measure Q (Oakland Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act – "OPR Preservation").

FY 2020-21 Appropriations Limit	\$789,088,180
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FY 2021-22 Adjustment Factors

County of Alameda Population Change	= -1.0037 (-0.37%)
California Per Capita Income Change	= 1.0573 (5.73%)
Combined Change	= (-1.0037) x 1.0573 = 1.0534

FY 2021-22 Appropriations Limit (After Adjustment for Growth Factor of 1.0534)	\$831,225,489
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ADD BACK:

Emergency Medical Services	2,355,034
Paramedic Services	1,874,212
Library Services	17,976,561
Hotel Tax	4,337,272
Public Safety and Violence Prevention Services	19,003,466
Sugar Sweetened Beverages	8,188,920
Public Libraries Preservation	13,443,261

Vacant Properties	7,000,000
OPR Preservation	27,500,930
TOTAL Gann Appropriation Limitation	\$ 932,905,145

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 2021-22

Revenue	Total	Proceeds of Taxes	Non Proceeds of Taxes
PROPERTY TAX	\$409.74	\$409.74	
STATE TAX			
Sales Tax	87.35	58.97	28.38
Gas Tax	19.14		19.14
Subtotal, State Taxes	\$106.49	\$58.97	\$47.51
LOCAL TAXES			
Business License Tax	92.66	92.66	
Utility Consumption Tax	49.14	49.14	
Real Estate Transfer Tax	94.64	94.64	
Transient Occupancy Tax	20.57	20.57	
Parking Tax	15.27	15.27	
Sugar Sweetened Beverage Tax	8.19	8.19	
Special Taxes	89.95	89.95	
Subtotal, Local Taxes	\$370.43	\$370.43	
LANDSCAPE & LIGHTING ASSESSMENT	19.16		19.16
INFRASTRUCTURE BOND	89.93		89.93
OTHER LOCAL FEES	34.41		34.41
SERVICE CHARGES	225.13		225.13
GRANTS & SUBSIDIES	199.85		199.85
MISCELLANEOUS	141.28		141.28
FUND TRANSFERS	399.43		399.43
SUBTOTAL REVENUES	\$1,995.83	\$839.14	\$1,156.69
INTEREST (Prorated)	0.59	0.48	0.10
TOTAL REVENUE	\$1,996.41	\$839.63	\$1,156.79
EXEMPTIONS*		(157.08)	
APPROPRIATIONS SUBJECT TO LIMITATION		682.54	
APPROPRIATIONS LIMIT		932.91	
OVER/(UNDER) LIMIT		(\$250.36)	

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