



## Legislation Text

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### City Council Agenda

**Memo to:** Manteca City Council  
**From:** Jared Hansen, Acting Finance Director  
**Prepared by:** Laura Mayate-DeAndreis, Senior Budget Analyst  
**Date:** September 7, 2021  
**Subject:** FY 2021-22 Gann Limit Appropriations Limit

Adopt a resolution determining the total annual appropriations subject to limitation (Gann Limit) for the City of Manteca for Fiscal Year 2021-22.

#### Background:

November 1979 California voters approved Proposition 4, The Gann Initiative (Gann Limit). The Gann Initiative places limits on the amount of tax revenue spent by state and local government entities on an annual basis. This constitutional measure became effective in fiscal year 1980-81 and used fiscal year 1978-79 revenues as the base for its calculations.

Base year revenues increase annually by a factor that combines the governmental entity's population growth rate and the increase in the California per capita personal income. Cities may choose to use their population growth rate or their county population growth rate. For fiscal year 2021-22 the City has elected to use the city's growth rate.

#### Present Situation:

Exempted from the Gann Limit:

- Special Districts with property tax of less than \$0.0125 in fiscal year 1978-79.
- Enterprise funds
- Benefit assessment districts (except those which levy voter approved special taxes).

For most cities, the general fund, special revenue funds and capital outlay funds are those affected by this calculation.

The following types of revenues received by the City of Manteca have been deemed to be from tax proceeds:

- Property Taxes

- Sales & Use Taxes
- Business Licenses (when for revenue generation)
- Motor Vehicle In-Lieu fees
- Transient Occupancy Tax

The following types of revenues received by the City of Manteca have been deemed not to be from tax proceeds:

- CDBG Funds
- Gasoline Taxes
- SB90 Mandate Reimbursements
- HUD Funds
- Business Licenses (when for regulatory purposes)
- Development Impact Fees
- Charges for Services
- Local Transportation Funds

Interest earnings on idle funds are allocated on a pro-rata basis to revenue from taxes and revenue not from taxes.

California Government Code Section 7903 requires that if State funds are provided to cities with no restrictions on their expenditure, the city include these funds in their calculation. If the State specifies the use of the funds, they are not included in the City's calculation. This calculation is reviewed annually by the City's external auditors for compliance with state law.

#### CITY OF MANTECA'S CALCULATION

The amount of revenue subject to the Gann Limit calculation is \$45,216,569. The City's limit for FY 2021-22 is \$87,224,839. The remaining appropriations capacity is \$42,008,270.

Attached is the City of Manteca's Gann Limit calculation for the 2021-22 fiscal year. The last page summarizes the City's status.

#### **Fiscal Impact:**

The amount of budgeted available revenue is less than the calculated appropriation limit. There is no fiscal impact upon approval of this calculation.

#### **Documents Attached:**

Attachment 1 - Resolution Gann Limit FY 21-22

Attachment 2 - Gann Limit Calculation FY 21-22