

Gann Appropriations Limit

The Gann Limit was approved on November 6, 1979 by California voters. Under the Gann Limit, a maximum amount is established for tax-funded government services. That amount is to be adjusted each year depending on changes in population, inflation, and the transfer of financial responsibility for various government activities from one level of government to another. Any significant amount of state tax revenue received above that Gann Limit is to lead to future tax rebates or tax cuts.

Gann Limit Calculation

The California Department of Finance is mandated to provide the requisite price and population change data for local jurisdictions to calculate their appropriations limit. The appropriations spending limit is calculated using the following formula:

1. Population percentage change (City or County) x price increase/decrease factor = ratio of change
2. Ratio of change x FY 2020-21 spending limit = FY 2021-22 spending limit.

The FY 2020-21 Appropriations Limit was \$175,102,604. For FY 2021-22's Appropriation Limit calculation, the data used for the City's population increase was -0.44% and the Per Capita Cost of Living Change as reported by the California Department of Finance was 5.73%. Based on the above formula, the appropriations spending limit for FY 2021-22 is calculated as follows:

1. Population percentage change x price increase/decrease factor = ratio of change
 $0.9956 \times 1.0573 = 1.0526$
2. Ratio of change x FY 2020-21 spending limit = FY 2021-22 spending limit:
 $1.0526 \times \$175,102,604 = \$184,313,001$

Based on the above calculations, the Gann appropriations spending limit for FY 2021-22 is \$184,313,001.