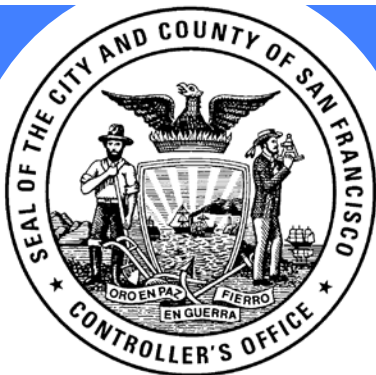


FY 2023-24 City and County of San Francisco Appropriations Limit

Budget and Finance Committee
April 24, 2024



CITY & COUNTY OF SAN FRANCISCO

Office of the Controller
Budget and Analysis Division

Background

California Propositions 4 (1979) and 98 (1988) amended the California Constitution to create the “Gann Limit,” a limit on appropriations from tax proceeds.

- Certain appropriations are *not* subject to the Gann Limit, including qualified capital outlays, voter-approved debt, and federal mandates.
- The Gann Limit for the current fiscal year starts with the appropriations subject to limitation in the base year (1986-87) and inflates that amount each year by the percentage increases in population and cost of living.
- If a government exceeds the Gann Limit on average over two consecutive fiscal years, it is required to return the excess to taxpayers, usually by reducing taxes.

Factors in the Annual Limit Increase

- The Gann Limit is increased each year by population growth and a cost-of-living factor, which is either the growth in California per capita personal income, or the percentage increase in the assessment rolls in the City due to new construction.
- In 2021, population growth in the City was -0.64% and -0.45% in the 9 Bay Area Counties. The City can choose whichever population growth is greater.
- The growth in California per capita personal income was 4.44% and the percentage increase in the assessment rolls due to new construction was 9.74%. The City can choose the greater of these two factors.
- The total percentage increase in the Gann Limit for this year is 9.25%

Temporary, Voter-Approved Increases

- With voter approval, the Gann Limit can be increased for up to four years.
- In the past four years, voters approved five tax increases that included an increase: Parcel Tax for SFUSD, Real Estate Transfer Tax, Executive Compensation Tax, Business Tax Overhaul, and Residential Vacancy.
- These voter approvals raise the FY 2022-23 Gann Limit by \$1,636,691,483.

Fiscal Year 2023-24 Appropriations Limit

- FY 2022-23 Base Limit: \$9,188,742,541
- 2022 Bay Area Population Increase: -0.45%
- 2022 Increase in Cost of Living: 9.74%
- Temporary Voter Approved Increase: \$1,639,691,483
- FY 2023-24 Limit: \$11,678,040,780

Appropriations Subject to Limit

FY 2023-24 Estimated Total Tax Proceeds:	\$ 6,159,781,156
Less Appropriations Excluded from the Limit:	
Voter-Approved Debt:	-\$ 471,661,843
Qualified Capital Outlay:	-\$ 163,054,504
Federal Mandates (FICA / ADA Compliance) :	<u>-\$ 140,741,904</u>
<i>Net Tax Proceeds:</i>	<i>\$ 5,384,322,904</i>
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FY 2023-24 Appropriations Limit:	\$ 11,678,040,780
Net Tax Proceeds:	<u>-\$ 5,384,322,904</u>
Amount Below Limit:	\$ 6,293,717,876