

File No. 260205

Committee Item No. 2

Board Item No. 19

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date April 15, 2026

Board of Supervisors Meeting Date April 21, 2026

Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Exhibits A and B</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CON Letter to MYR and BOS 2/24/2026</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CON Presentation 4/15/2026</u> |
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Completed by: Brent Jalipa Date April 9, 2026

Completed by: Brent Jalipa Date April 16, 2026

1 [California Constitution Appropriations Limit (Gann Limit) - FY2025-2026]

2
3 **Resolution establishing the appropriations limit established at \$14,639,589,998 for**
4 **Fiscal Year (FY) 2025-2026 pursuant to California Constitution Article XIII B (Gann**
5 **Limit); due to the addition of local non-residential new construction and the percent**
6 **change in population within the San Francisco Metropolitan Area from the previous**
7 **year for the purpose of computation of its Appropriations Limit.**

8
9 WHEREAS, Article XIII B of the California Constitution provides that the annual
10 appropriations of the City and County of San Francisco, which are subject to said Article,
11 may not exceed the Appropriations Limit for the prior year, with adjustments as provided in
12 said Article XIII B; and

13 WHEREAS, The California Government Code, Section 7901, defines the terms, and
14 Section 7902(b) sets forth the equations to be used to determine the City and County of San
15 Francisco's annual Appropriations Limit, according to the following formula:

16 (b) "...the appropriations limit of the state and each local jurisdiction shall equal the
17 appropriations limit for the prior fiscal year multiplied by the product of the change in
18 cost of living, as defined in paragraph (2) of subdivision (e) of Section 8 of Article XIII
19 B of the California Constitution, and the change in population of the local jurisdiction
20 for the calendar year preceding the beginning of the fiscal year for which the
21 appropriations limit is to be determined, and adjusted for other changes required or
22 permitted by Article XIII B of the California Constitution;" and

23 WHEREAS, Article XIII B, Section 8(e)(2) of the California Constitution authorizes the
24 calculation of the cost of living, either the use of the percentage change in California per-
25 capita personal income from the preceding year, or the use of the percentage change in the

1 local assessment roll from the preceding year for the jurisdiction due to the addition of local
2 non-residential new construction; and

3 WHEREAS, The change in California per-capita personal income in Fiscal Year (FY)
4 2024-2025 was 6.44%, while the percentage change in the local assessment roll in 2024
5 due to the addition of local non-residential new construction was 9.76%; and

6 WHEREAS, Chapter 1222 of the California State Statutes of 1980 allows the City and
7 County of San Francisco to use the greater of its percentage change in population from the
8 preceding year or the percentage change of the Metropolitan Statistical Area population;
9 and

10 WHEREAS, The percentage change in population of the City and County of San
11 Francisco was -.39%; and

12 WHEREAS, The percentage change in population during calendar year 2024 for the
13 San Francisco Metropolitan Statistical Area was 0.60%; and

14 WHEREAS, Article XIII B, Section 4 of the California Constitution authorizes voters to
15 approve an increase in the Appropriations Limit for up to four years; and

16 WHEREAS, Voters approved one measure, Changes to Business Tax (Proposition M
17 – November 2024) that increased the Appropriations Limit by the sum collected by the levy
18 of this tax; and

19 WHEREAS, The sum collected by this tax in fiscal year 2025-26 is projected to be
20 \$1,662,357,961; and

21 WHEREAS, Article XIII B, Sections 8(h) and 10.5 of the California Constitution
22 establish that the Base Appropriations Limit for a local government is equal to the
23 appropriations subject to limitation in fiscal year 1986-87; and

24 WHEREAS, The Base Appropriations Limit for FY2024-2025 is \$11,752,763,337; and
25

<p>Items 2 & 3 Files 26-0205 & 26-0207</p>	<p>Department: Controller's Office (Controller)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> The proposed resolutions would establish: (1) the City’s FY 2025-26 appropriations limit at \$14,639,589,998, as calculated by the Controller (File 26-0205); and (2) the FY 2025-26 appropriations limits for Special Tax Districts and Infrastructure and Revitalization Financing Districts (File 26-0207). <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> The California Constitution places annual limits on the appropriations of tax proceeds made by the State, school districts, and local governments in California. The annual appropriations limit is based on the appropriations limit for the preceding fiscal year and is adjusted for: (1) the change in population, and (2) the change in the cost of living. For the Citywide appropriations limit, the cost-of living adjustment is defined as either: (a) the change in per capita personal income, or (b) the change in the local assessment roll due to the addition of non-residential new construction. In FY 2024-25, the growth in personal income was 6.44 percent and the roll growth from nonresidential new construction was 9.76 percent. The Controller’s Office may choose the higher adjustment and therefore is using the non-residential construction growth to calculate the appropriations limit. The appropriations limit does not apply to tax proceeds appropriated for: (a) debt service, (b) payroll taxes for Social Security and Medicare, and (c) qualified capital outlays. The City also sets appropriations limits for Special Tax Districts, Community Facilities Districts, and Infrastructure Revitalization Financing Districts. For these districts, the City must use the growth in per capita personal income for the cost-of-living factor. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> The City’s FY 2025-26 appropriations limit is \$14,639,589,998. The FY 2025-26 net tax proceeds of \$5,542,689,415 are \$9,096,900,583 less than the FY 2025-26 appropriations limit of \$14,639,589,998. The resolution in File 26-0207 also sets 12 appropriations limits for special districts, ranging from \$2,549,168 to \$4,896,613,917. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> For the Citywide appropriations limit, the Controller used the percentage change in the local assessment roll for the cost-of-living adjustment. Had the Controller used the change in per capita personal income, the appropriations limit would be \$14,247,057,105. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> Approve the proposed resolutions. 	

MANDATE STATEMENT

California Constitution Article XIII B states that each local government must set annual appropriations limit as calculated using the preceding year’s appropriations limit adjusted for: (1) the change in population and (2) the change in the cost of living.

BACKGROUND

Proposition 4, known as the Gann Initiative and approved by California voters in 1979, added Article XIII B to the California Constitution. Article XIII B (later amended by State Proposition 111, as approved by the voters in 1990) places annual limits on the appropriation of tax proceeds made by the State, school districts, and local governments in California. The annual appropriations limit is based on the limit for preceding fiscal year and adjusted for (1) the change in population and (2) the change in the cost of living.

Per Article XIII B Section 9 and California Government Code Section 7901, the appropriations limit does not apply to any tax proceeds appropriated for: (a) debt service, (b) federal mandates for Social Security and Medicare payroll taxes, (c) qualified capital outlays, and (d) other federal mandates.

According to the Controller’s Office, outside bond counsel recommended that the City should also set appropriations limits for Special Tax Districts and Community Facilities Districts, as authorized by the Mello-Roos Community Facilities Act of 1982, and Infrastructure and Revitalization Financing Districts (IRFDs), as authorized by the California Government Code.¹ Based on this recommendation, the resolution in File 26-0207 establishes the appropriations limits for these districts in FY 2025-26.

Population Growth Factor

California Government Code Section 7901(b) uses the prior calendar year’s population growth for the fiscal year for which the appropriations limit is determined. According to the California Department of Finance, between January 1, 2024 and January 1, 2025, the population growth in the nine-county Bay Area increased 0.60 percent.²

Cost of Living Factor

California Constitution Article XIII B Section 8(e)2 allows the local government to use one of the two following definitions to calculate the cost-of-living adjustment:

1. The percentage change in California per capita personal income from the preceding year, estimated to be 6.44 percent in FY 2024-25, or

¹ Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53369 (“IRFD Law”). The statutes governing Infrastructure Financing Districts (IFDs) and Enhanced Infrastructure Financing Districts (EIFDs) do not provide for an appropriations limit.

² Chapter 1222 of the California State Statutes of 1980 allows the City to use the greater of its percentage change in population from the preceding year or the percentage change in the nine-county Bay Area. The San Francisco population decreased by 0.39 percent between January 1, 2024 and January 1, 2025.

- 2. The percentage change for the local jurisdiction in the assessment roll from the preceding year due to non-residential new construction, estimated to be 9.76 percent in 2024.

For Special Tax Districts, Community Facilities Districts, and IRFDs, the cost-of-living adjustment is defined as the percentage change in California per capita personal income from the preceding year, estimated to be 6.44 percent in FY 2024-25.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution in **File 26-0205** would establish the City’s FY 2025-26 appropriations limit at \$14,639,589,998, as calculated by the Controller.

The proposed resolution in **File 26-0207** would establish the FY 2025-26 appropriations limits for special districts as follows:

- 1. Community Facilities District No. 2014-1 (Transbay Transit Center), set at \$508,714,941,
- 2. Community Facilities District No. 2016-1 (Treasure Island):
 - a. Improvement Area No. 1, set at \$136,380,449,
 - b. Improvement Area No. 2, set at \$100,579,097,
 - c. Improvement Area No. 3, set at \$269,320,301,
- 3. Special Tax District No. 2009-1 (San Francisco Sustainable Financing)³:
 - a. Improvement Area No. 1, set at \$2,549,168,
 - b. Improvement Area No. 2, set at \$3,122,057,
- 4. Special Tax District No. 2019-1 (Pier 70 Condominiums), set at \$2,246,619,402,
- 5. Special Tax District No. 2019-2 (Pier 70 Leased Properties), set at \$2,437,190,322,
- 6. Special Tax District No. 2020-1 (Mission Rock Facilities and Services), set at \$4,896,613,917,
- 7. Special Tax District No. 2022-1 (Power Station), Improvement Area No. 1, set at \$1,050,954,614,
- 8. IRFD No. 1 (Treasure Island), set at \$290,944,958, and
- 9. IRFD No. 2 (Hoedown Yard, Pier 70), set at \$126,720,525.

The appropriations limits for FY 2025-26 are based on the amounts of the FY 2024-25 appropriations limits and adjusted to reflect increases or decreases in: (1) the population, and (2) cost of living (calculated using the increase in the local assessment roll due to the addition of non-residential new construction for the Citywide appropriations limit, and using the percentage change in California per capita personal income for the special district appropriations limits).

³ Special Tax District No. 2009-1 (San Francisco Sustainable Financing) was formed in 2010 to finance energy efficiency and renewable energy capital improvements to residential, commercial, industrial, or other property.

FISCAL IMPACT

Cost of Living Factor

Cost of living is determined by using either the change in California per capita personal income or the increase in the local assessment roll due to the addition of non-residential new construction. According to the Controller’s Office, the City may choose whichever percentage is higher for the Citywide appropriations limit. For the special district appropriations limits, the City must use the percentage change in California per capita personal income.

As mentioned above, in FY 2024-25, the growth in personal income was 6.44 percent and the roll growth due to non-residential new construction was 9.76 percent. Consequently, the Controller’s Office is using the non-residential construction growth for the cost-of-living factor to calculate the Citywide appropriations limit.

Appropriations Subject to Limit

As mentioned above, the appropriations limit does not apply to tax proceeds appropriated for: (a) debt service, (b) payroll taxes for Social Security and Medicare, and (c) qualified capital outlays. Consequently, the Controller excluded \$759,553,670 from the City’s total FY 2025-26 tax proceeds of \$6,302,243,085, as shown in Exhibit 1 below, resulting in net tax proceeds subject to the appropriations limit of \$5,542,689,415.

Exhibit 1: Tax Proceeds Subject to the Proposed Appropriations Limit

FY 2025-26 Total Tax Proceeds	\$6,302,243,085
Exclusions	
Debt Service	(512,054,781)
Federal Mandate for Social Security/Medicare	(120,716,222)
Qualified Capital Outlays	(126,782,667)
<i>Subtotal Exclusions</i>	<i>(\$759,553,670)</i>
FY 2025-26 Net Tax Proceeds Subject to Appropriations Limit	\$5,542,689,415

Source: Controller’s Office

Article XIII B lets voters approve an increase to the appropriations limit for up to four years. In FY 2025-26, the appropriations limit increased by the revenue generated through the Business Tax Overhaul (Proposition M, approved in November 2024), which included a provision to increase the appropriations limit.

As shown in Exhibit 2 below, the City’s appropriations limit, as calculated by the Controller, is \$14,639,589,998. The FY 2025-26 net tax proceeds of \$5,542,689,415 are \$9,096,900,583 less than the FY 2025-26 appropriations limit of \$14,639,589,998.

Exhibit 2: Proposed FY 2025-26 Citywide Appropriations Limit

Base FY 2024-25 Appropriations Limit	\$11,752,763,337
Adjustment Factors	
Increase in Population	0.60%
Roll Growth due to Non-Residential Construction	9.76%
<i>Subtotal</i>	<i>\$12,977,232,037</i>
Voter Approved Limit Changes	1,662,357,961
FY 2025-26 Appropriations Limit	\$14,639,589,998

Source: Controller’s Office

Special Districts Appropriations Limits

The appropriations limits for special districts were calculated by multiplying the San Francisco population change factor (-0.39 percent) by the California per capita personal income growth factor (6.44 percent), consistent with guidance from the California Department of Finance. This results in a net increase of approximately 6.02 percent to the prior year appropriations limit. The proposed appropriations limits for each district are shown in Exhibit 3 below.⁴

⁴ According to the Controller’s Office, the original expenditure limit amounts from the formation documents of the various special districts were used to determine the current expenditure limits based on the allowable increases each year since the various districts were formed.

Exhibit 3: Proposed FY 2025-26 Special District Appropriations Limits

District	FY 2024-25 Appropriations Limit	FY 2025-26 Appropriations Limit (6.02% Increase)
Community Facilities District No. 2014-1 (Transbay Transit Center)	\$479,807,119	\$508,714,941
Community Facilities District No. 2016-1 (Treasure Island)		
Improvement Area No. 1	128,630,605	136,380,449
Improvement Area No. 2	94,863,671	100,579,097
Improvement Area No. 3	254,016,124	269,320,301
Special Tax District No. 2009-1 (San Francisco Sustainable Financing, for energy efficiency capital improvements)		
Improvement Area No. 1	2,404,311	2,549,168
Improvement Area No. 2	2,944,645	3,122,057
Special Tax District No. 2019-1 (Pier 70 Condominiums)	2,118,954,831	2,246,619,402
Special Tax District No. 2019-2 (Pier 70 Leased Properties)	2,298,696,523	2,437,190,322
Special Tax District No. 2020-1 (Mission Rock Facilities and Services)	4,618,362,909	4,896,613,917
Special Tax District No. 2022-1 (Power Station), Improvement Area No. 1	991,233,920	1,050,954,614
IRFD No. 1 (Treasure Island)	274,411,956	290,944,958
IRFD No. 2 (Hoedown Yard, Pier 70)	119,519,607	126,720,525

Source: Controller's Office

POLICY CONSIDERATION

As previously mentioned, the Controller has discretion to calculate the cost-of-living adjustment factor for the Citywide appropriations limit using one of two definitions:

1. The percentage change in California per capita personal income from the preceding year, estimated to be 6.44 percent in FY 2024-25, or
2. The percentage change for the local jurisdiction in the assessment roll from the preceding year due to non-residential new construction, estimated to be 9.76 percent in 2024.

Exhibit 4 below shows the FY 2025-26 appropriations limit using both definitions.

Exhibit 4: FY 2025-26 Citywide Appropriations Limit by Definition

	Definition 1: Per Capita Personal Income	Definition 2: Local Assessment Roll from Non- Residential New Construction
Base FY 2024-25 Appropriations Limit	\$11,752,763,337	\$11,752,763,337
Adjustment Factors		
Increase in Population	0.60%	0.60%
Increase in Per-Capita Personal Income	6.44%	-
Increase in Local Assessment Roll	-	9.76%
<i>Subtotal</i>	<i>\$12,584,699,144</i>	<i>\$12,977,232,037</i>
Voter Approved Limit Changes	1,662,357,961	1,662,357,961
FY 2025-26 Appropriations Limit	\$14,247,057,105	\$14,639,589,998

For the FY 2025-26 Citywide appropriations limit, the Controller elected to use the percentage change in the local assessment roll from the preceding year due to the addition of local non-residential new construction to calculate the cost-of-living adjustment, consequently calculating the appropriations limit at \$14,639,589,998, as shown in Exhibit 2 above. Had the Controller elected to use the percentage change in per-capita income from the preceding year, the appropriations limit, as shown in Exhibit 4 above, would have been calculated at \$14,247,057,105, which is \$392,532,893 less than the proposed appropriations limit of \$14,639,589,998.

RECOMMENDATION

Approve the proposed resolutions.

California Constitution Article XIII B Appropriations Limit
 Fiscal Year 2025-26 Final Budget
 Exhibit A - Appropriations Funded by Proceeds of Taxes Subject to Limit

Fiscal Year 2025-26

Proceeds of Taxes

	General Fund	Other Governmental Funds	Total
Property Tax	\$ 2,164,000,000	\$ 673,931,159	\$ 2,837,931,159
Excess ERAF	273,000,000	-	273,000,000
Business Tax	1,139,600,000	522,757,961	1,662,357,961
Other Local Taxes	1,051,170,000	54,993,000	1,106,163,000
Interest	104,207,800	36,713,165	140,920,965
State Subventions	280,650,000	1,220,000	281,870,000
Total Proceeds of Tax	\$ 5,012,627,800	\$ 1,289,615,285	\$ 6,302,243,085

Excludable Appropriations

FICA Expenditures	\$ 120,716,222
Qualified Capital Outlays	126,782,667
Debt Service	512,054,781
Total Excludable Appropriations	\$ 759,553,670

Net Proceeds of Taxes:	\$ 5,542,689,415
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Appropriations Limit Calculation

Base Limit for FY 2024-25	11,752,763,337
Population Adjustment	0.60%
Cost of Living Adjustment	9.76%
<i>Total Adjustment</i>	<i>10.42%</i>
Base Limit for FY 2025-26	12,977,232,037
Temporary Voter Approved Overrides	1,662,357,961
Appropriations Limit for FY 2025-26	\$ 14,639,589,998

FY 2025-26 Appropriations Under (Over) Statutory Limit	\$ 9,096,900,583
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California Constitution Article XIII B Appropriations Limit
 Fiscal Year 2025-26 Final Budget
 Exhibit B - Appropriations Limit Calculation

Cost of Living Factor: Use the maximum of CA Per-Capital Personal Income Change, or the percentage change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local nonresidential new construction.

CA Per-Capita Personal Income change	6.44%
Roll Growth Due to New Nonresidential Construction	9.76%
Cost of Living Change	9.76%

Population Factor: Use the maximum of either CCSF population growth, or the population growth of the 9 bay area counties if it exceeds the Roll Growth cost of living factor.

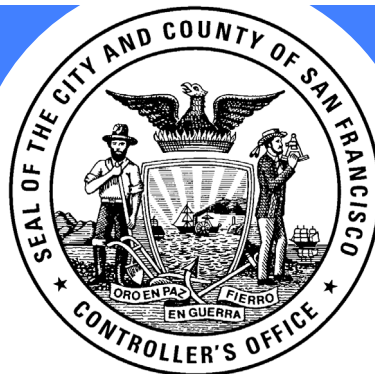
County of San Francisco	-0.39%
CCSF and Surrounding Counties	0.60%
Population Percentage Change	0.60%

Calculation of Appropriations Limit: Inflate the prior year Base Gann Limit (i.e., before voter overrides) by the Cost of Living and Population factors above.

Base Appropriations Limit FY 2023-24	11,752,763,337
Cost of Living Growth Factor	1.0976
Population Growth Factor	1.0060
Base Appropriations Limit FY 2024-25	12,977,232,037
Voter approved Limit changes:	1,662,357,961
Appropriations Limit FY 2023-24	\$14,639,589,998

FY 2025-26 City and County of San Francisco Appropriations Limit

Budget and Finance Committee
April 15, 2026



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.

- 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.
- Certain appropriations are *not* subject to the Gann Limit, including qualified capital outlays, voter-approved debt, and federal mandates.
- 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 2025, population growth in the City was -0.39% and 0.60% in the 9 Bay Area Counties. The City can choose whichever population growth is greater.
- The growth in California per capita personal income was 6.44% and the percentage increase in the assessment rolls due to new construction was 9.76%. The City can choose the greater of these two factors.
- The total percentage increase in the Gann Limit for this year is 10.42%

Temporary, Voter-Approved Increases

- With voter approval, the Gann Limit can be increased for up to four years.
- Proposition M (2024) increased the Gann Limit by the total amount collected from the City's business taxes.
- The Limit this fiscal year is increased by \$1,662,357,961.

Fiscal Year 2025-26 Appropriations Limit

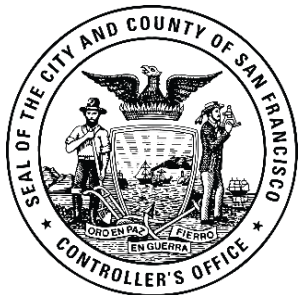
- FY 2024-25 Base Limit: \$11,752,763,337
- 2025 Bay Area Population Increase: 0.60%
- 2025 Increase in Cost of Living: 9.76%
- Temporary Voter Approved Increase: \$1,662,357,961
- FY 2025-26 Limit: \$14,639,589,998

Appropriations Subject to Limit

FY 2025-26 Estimated Total Tax Proceeds:	\$ 6,302,243,085
Less Appropriations Excluded from the Limit:	
Voter-Approved Debt:	-\$ 512,054,781
Qualified Capital Outlay:	-\$ 126,782,667
Federal Mandates (FICA / ADA Compliance) :	<u>-\$ 120,716,222</u>
<i>Net Tax Proceeds:</i>	<i>\$ 5,542,689,415</i>
<hr/>	
FY 2025-26 Appropriations Limit:	\$ 14,639,589,998
Net Tax Proceeds:	<u>-\$ 5,542,689,998</u>
Amount Below Limit:	\$ 9,096,900,583



FY25-26 Gann Limit: Special Tax Districts & Infrastructure and Revitalization Financing Districts



Controller's Office
of Public Finance

Budget & Finance Committee

April 15, 2026

Factors in the Annual Limit Increase for Development Districts

- Community Facilities Districts (“CFDs”), Special Tax Districts (“STDs”), and Infrastructure and Revitalization Financing Districts (“IRFDs”), (together “Development Districts”), are legally constituted government entities with appropriations limits established for each Development District
- The Gann Limit starts with the appropriations limits established at the formation of each Development District (or annexation of each Improvement Area) and is escalated each year by population growth and a cost-of living factor:
 - Between January 1, 2024 and January 1, 2025, San Francisco’s population decreased by 0.39% (*per CA Department of Finance*)
 - Cost of living is determined using the change in California per capita personal income. The change in per capita income for FY25-26 is 6.44% (*per CA Department of Finance*)
 - The total adjustment factor for FY25-26 is 6.02%

FY2025-26 Appropriations Limit for Development Districts

District	FY2024-25 Appropriations Limit	FY2025-26 Appropriations Limit (6.02% Adjustment)
Special Tax District No. 2009-1 (San Francisco Sustainable Financing)		
Improvement Area No. 1	\$2,404,311	\$2,549,168
Improvement Area No. 2	\$2,944,645	\$3,122,057
Community Facilities District No. 2014-1 (Transbay Transit Center)	\$479,807,119	\$508,714,941
Community Facilities District No. 2016-1 (Treasure Island)		
Improvement Area No. 1	\$128,630,605	\$136,380,449
Improvement Area No. 2	\$94,863,671	\$100,579,097
Improvement Area No. 3	\$254,016,124	\$269,320,301
Special Tax District No. 2019-1 (Pier 70 Condominiums)	\$2,118,954,831	\$2,246,619,402
Special Tax District No. 2019-2 (Pier 70 Leased Properties)	\$2,298,696,523	\$2,437,190,322
Special Tax District No. 2020-1 (Mission Rock Facilities and Services)	\$4,618,362,909	\$4,896,613,917
Special Tax District No. 2022-1 (Power Station), Improvement Area No. 1	\$991,233,920	\$1,050,954,614
IRFD No. 1 (Treasure Island)	\$274,411,956	\$290,944,958
IRFD No. 2 (Hoedown Yard, Pier 70)	\$119,519,607	\$126,720,525

Appendix



Appropriations Limits for CFDs, STDs, and IRFDs

	Appropriations Limit Change Factors for FY25-26 ⁽¹⁾				Appropriation Limit Calculation for FY25-26
	Appropriation Limit for FY24-25	Total County Population Change Factor	California Per Capita Personal Income Factor	Appropriations Limit Adjustment Factor	
STD No. 2009-1 (SF Sustainable Financing)⁽²⁾					
Improvement Area No. 1	\$2,404,311	-0.39%	6.44%	1.0602	\$2,549,168
Improvement Area No. 2	\$2,944,645	-0.39%	6.44%	1.0602	\$3,122,057
CFD No. 2014-1 (Transbay Transit Center)	\$479,807,119	-0.39%	6.44%	1.0602	\$508,714,941
CFD No. 2016-1 (Treasure Island)⁽²⁾					
Improvement Area No. 1	\$128,630,605	-0.39%	6.44%	1.0602	\$136,380,449
Improvement Area No. 2	\$94,863,671	-0.39%	6.44%	1.0602	\$100,579,097
Improvement Area No. 3	\$254,016,124	-0.39%	6.44%	1.0602	\$269,320,301
STD No. 2019-1 (Pier 70 Condominiums)	\$2,118,954,831	-0.39%	6.44%	1.0602	\$2,246,619,402
STD No. 2019-2 (Pier 70 Leased Properties)	\$2,298,696,523	-0.39%	6.44%	1.0602	\$2,437,190,322
STD No. 2020-1 (Mission Rock Facilities/Services)	\$4,618,362,909	-0.39%	6.44%	1.0602	\$4,896,613,917
STD No. 2022-1 (Power Station)	\$991,233,920	-0.39%	6.44%	1.0602	\$1,050,954,614
IRFD No.1 (Treasure Island)	\$274,411,956	-0.39%	6.44%	1.0602	\$290,944,958
IRFD No. 2 (Hoedown Yard, Pier 70)	\$119,519,607	-0.39%	6.44%	1.0602	\$126,720,525

1. The total County Population Change Factor and California Per Capital Personal Income Factor per the California State Department of Finance. The Appropriations Limit Adjustment Factor is determined by multiplying the Population Change Factor by the Income Factor.

Source: California Department of Finance

2. Improvement areas may be established as properties annex into the CFD from the future annexation area for the CFD, and an appropriations limit applicable to such improvement area will be established in connection with such annexation.



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
Controller
ChiaYu Ma
Deputy Controller

February 24, 2026

Mayor Daniel Lurie
City and County of San Francisco
City Hall, Room 200
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Appropriations Limit for Fiscal Year 2025-26

Dear Mayor Lurie and Board Members:

In accordance with Article XIII B of the State Constitution, attached is the resolution establishing the City and County's annual appropriations limit for FY 2025-26. We estimate City and County appropriations are approximately \$9,097 million below the state-mandated appropriations limit.

Background

Article XIII B of the State Constitution provides that annual appropriations of the City and County of San Francisco that are funded from "Proceeds of Taxes" may not exceed the City and County's appropriations limit. This limit is equal to the prior year's limit adjusted for changes in population and cost of living.

Our computation of proceeds of taxes is in accordance with California Government Code Section 7900 and conforms to "Article XIII B California Constitution Appropriations Limit Procedure Guidelines for California Counties" prepared by the County Accounting Standards and Procedures Committee (See Exhibit A).

Annual Appropriations Limit Adjustments

Each year the City and County of San Francisco adjusts its appropriations limit based upon two factors: population growth and the cost of living as determined by California Government Code. Population growth is determined using either the change in San Francisco City and County population or the change in the nine Bay Area counties. According to the California Department of Finance, between January 1, 2024 and January 1, 2025, San Francisco City and County population decreased by 0.39% and the Bay Area counties increased by 0.60%. The maximum growth factor, 0.60%, is used in the calculation. Cost of living is determined using either the change in California per capita personal income or the increase in the local assessment roll due to the addition of non-residential new construction. The change in per capita income for fiscal year 2024-25 is 6.44%, while the local assessment growth in 2024 due to non-residential new construction is 9.76%. For FY 2025-26, the increase in local assessment growth is used in the appropriations limit calculation (See Exhibit B).

Adjustments to Proceeds of Taxes

There are certain appropriations that are excluded from proceeds of taxes, as allowed by Article XIII B. The following exclusions are factored into our calculation of Net Proceeds of Taxes:

- (1) \$512.1 million is excluded as bonded indebtedness (Article XIII B, Section 9(a));
- (2) \$120.7 million is excluded as the federal mandate for Social Security and Medicare payroll taxes (Article XIII B, Section 9(b)); and,
- (3) \$126.8 million is excluded under the determination of "qualified capital outlay" (Article XIII B Section 9(e)).

Adjustments to the Appropriations Limit

Article XIII B allows voters to approve an increase to the appropriations limit for up to four years. For FY 2025-26, there is one voter approved limit increase, the Business Tax Overhaul (Proposition M-November 2024), which increases the limit by \$1,662 million.

City and County Appropriations are under the Limit

The appropriations limit for FY 2025-26 is \$14,639,589,998. We estimate that appropriations subject to limitation will be \$5,542,689,415. Thus, the Controller projects that the City and County will be \$9,096,900,583 below its limit in the current fiscal year.

It is the Controller's responsibility to monitor this appropriations limit each year for compliance. If the sum of adjusted appropriations for two consecutive fiscal years exceeds the sum of the appropriations limits for those two fiscal years, the excess must be returned to the taxpayers in the two subsequent fiscal years.

Sincerely,

A handwritten signature in black ink, appearing to read 'Greg Wagner', with a long horizontal flourish extending to the right.

Greg Wagner
Controller

Attachments

cc: Sophia Kittler, Mayor's Budget Director
David Chiu, City Attorney
Jon Givner, Deputy City Attorney
Angela Calvillo, Clerk of the Board
Dan Goncher, Budget Analyst



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
Controller
ChiaYu Ma
Deputy Controller

February 24, 2026

Angela Calvillo
Clerk of the Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Legislation to Establish the Appropriations Limit for Fiscal Year 2025-26,
Pursuant to California Constitution Article XIII B.

Dear Ms. Calvillo:

Enclosed is the above referenced resolution to set the City and County's appropriations limit for Fiscal Year 2025-26, as required by Government Code Section 7910. The necessary supporting documentation prepared by the Controller's Office is also enclosed.

This information must be posted and available for public inspection for fifteen days prior to a public hearing. Our working papers are available upon request at the Controller's Office, Room 316.

Please contact Michelle Allersma at (628) 652-9785 if you have any further questions regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Wagner".

Greg Wagner
Controller

Enclosures

- 1) California Spending Limit Resolution
- 2) Transmittal to Mayor and Board of Supervisors
- 3) Supporting Documents - Exhibits