

FILED
OFFICE OF THE CITY CLERK
OAKLAND

22 JUN 21 PM 11:58

Approved as to Form and Legality



City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION NO. 89228 C.M.S.

RESOLUTION ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2022-23 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), Measure AA (The Children's Initiative) 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 2022-23 appropriations limit for the City of Oakland is \$921,479,012 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.

IN COUNCIL, OAKLAND, CALIFORNIA, **JUN 07 2022**

PASSED BY THE FOLLOWING VOTE:

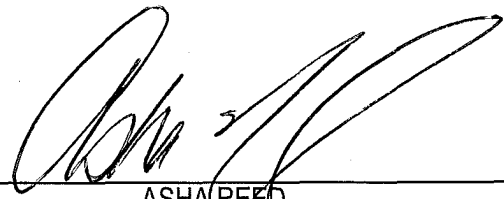
AYES - FIFE, GALLO, KALB, KAPLAN, REID, TAYLOR, THAO AND
PRESIDENT FORTUNATO BAS — 8

NOES - 0

ABSENT - 0

ABSTENTION - 0

ATTEST:



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

**ARTICLE XIII B APPROPRIATIONS LIMIT
Fiscal Year 2022-23**

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 2022-23 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 2022-23.

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), Measure AA (The Children's Initiative) and Measure Q (Oakland Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act – "OPR Preservation").

| | |
|---------------------------------|---------------|
| FY 2021-22 Appropriations Limit | \$729,160,017 |
|---------------------------------|---------------|

FY 2022-23 Adjustment Factors

| | |
|-------------------------------------|-------------------------------|
| County of Alameda Population Change | = -1.0062 (-0.62%) |
| California Per Capita Income Change | = 1.0755 (7.55%) |
| Combined Change | = (-1.0062) x 1.0755 = 1.0688 |

| | |
|---|---------------|
| FY 2022-23 Appropriations Limit (After Adjustment for Growth Factor of 1.0688) | \$779,326,226 |
|---|---------------|

ADD BACK:

| | |
|--|------------|
| Emergency Medical Services | 2,428,283 |
| Paramedic Services | 1,933,936 |
| Library Services | 18,724,130 |
| Hotel Tax | 6,541,894 |
| Public Safety and Violence Prevention Services | 19,598,935 |
| Sugar Sweetened Beverages | 6,911,494 |
| Public Libraries Preservation | 14,257,902 |

Exhibit A

| | |
|-----------------------|------------|
| Vacant Properties | 5,378,388 |
| Children's Initiative | 37,389,400 |
| OPR Preservation | 28,988,424 |

TOTAL Gann Appropriation Limitation \$921,479,012

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 2022-23

| Revenue | Total | Proceeds of Taxes | Non Proceeds of Taxes |
|--------------------------------------|-------------------|-------------------|-----------------------|
| PROPERTY TAX | \$454.66 | \$454.66 | |
| STATE TAX | | | |
| Sales Tax | 92.47 | 62.60 | 29.87 |
| Gas Tax | 22.44 | | 22.44 |
| Subtotal, State Taxes | \$114.90 | \$62.60 | \$52.30 |
| LOCAL TAXES | | | |
| Business License Tax | 111.88 | 111.88 | |
| Utility Consumption Tax | 54.40 | 54.40 | |
| Real Estate Transfer Tax | 112.20 | 112.20 | |
| Transient Occupancy Tax | 30.53 | 30.53 | |
| Parking Tax | 21.99 | 21.99 | |
| Sugar Sweetened Beverage Tax | 6.91 | 6.91 | |
| Special Taxes | 129.50 | 129.50 | |
| Subtotal, Local Taxes | \$467.41 | \$467.41 | |
| LANDSCAPE & LIGHTING ASSESSMENT | 19.16 | | 19.16 |
| INFRASTRUCTURE BOND | 120.39 | | 120.39 |
| OTHER LOCAL FEES | 48.63 | | 48.63 |
| SERVICE CHARGES | 224.79 | | 224.79 |
| GRANTS & SUBSIDIES | 182.65 | | 182.65 |
| MISCELLANEOUS | 143.26 | | 143.26 |
| FUND TRANSFERS | 479.67 | | 479.67 |
| SUBTOTAL REVENUES | \$2,255.52 | \$984.67 | \$1,270.84 |
| INTEREST (Prorated) | 0.59 | 0.48 | 0.10 |
| TOTAL REVENUE | \$2,256.10 | \$985.16 | \$1,270.94 |
| EXEMPTIONS* | | (174.20) | |
| APPROPRIATIONS SUBJECT TO LIMITATION | | 810.95 | |
| APPROPRIATIONS LIMIT | | 921.48 | |
| OVER/(UNDER) LIMIT | | (\$110.53) | |

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