

**FISCAL YEAR 2014 GANN LIMIT**

**TEN-YEAR HISTORY OF PRICE AND POPULATION FACTORS &  
TAX APPROPRIATIONS LIMITS <sup>(1)</sup>  
FOR FISCAL YEARS 2005 to 2014**

Fiscal Year	Price Adjustment	X	Population Adjustment	=	Total Adjustment	Appropriations Limit <sup>(2)</sup>
2005	1.0885	X	1.0152	=	1.1050	\$854,441,087
2006	1.0837	X	1.0127	=	1.0975	\$937,726,649
2007	1.0435	X	1.0094	=	1.0533	\$987,756,891
2008	1.0519	X	1.0122	=	1.0647	\$1,051,667,005
2009	1.1083	X	1.0134	=	1.1232	\$1,181,182,812
2010	1.1606	X	1.0154	=	1.1785	\$1,392,023,944
2011	0.9746	X	1.0141	=	0.9883	\$1,375,737,264
2012	1.0251	X	1.0077	=	1.0330	\$1,421,136,594
2013	1.1336	X	1.0091	=	1.1439	\$1,625,638,150
2014	1.0512	X	1.0083	=	1.0599	\$1,723,013,875

- (1) In 1980, the State Legislature added Division 9 to Title I of the Government Code to implement Article XIII B. This legislation required the governing body of each local jurisdiction in California to establish a tax appropriations limit on or before June 30 of each year for the following fiscal year, pursuant to which the City of San Diego has been establishing this limit since 1981.
- (2) Beginning in Fiscal Year 2009, the calculation to determine the Gann Limit is based on the City's new non-residential assessed valuation data. From Fiscal Year 2004 through 2008, the County's data was used. This change does not affect the City's compliance with the Tax Appropriations Limit in prior years. This table shows the corrected price adjustments and appropriations limits based on City data. Appropriation limits shown for 2005 – 2008 are corrected amounts based on City data.

**ALTERNATIVE ADJUSTMENT FACTORS**

Under Proposition 111, there are two options available for each of the major adjustment factors. The values of these factors for the purpose of calculating the Fiscal Year 2014 adjustment are as follows:

Price Factors:

- (A) Percent growth in State per Capita Personal Income: 5.12%  
(Source: Dept of Finance, California-Attachment 2A-2)

**Price Factor A 1.0512**

- (B) Percent change in Assessed Valuation in new non-residential construction: -44.83%  
(Source: San Diego County Assessor's Office-Attachment 2B)

**Price Factor B 0.5517**

Population Factors:

- (C) Percent growth in County Population: +0.80%  
(Source: Dept of Finance, California-Attachment 2A-3)

**Population Factor C 1.0080**

- (D) Percent growth in City Population: +0.83%  
(Source: Dept of Finance, California-Attachment 2A-3)

**Population Factor D 1.0083**

Annual Adjustment Factors:

Based upon the actual data, the four alternative adjustment factors are as follows:

$$(A \times C) = (1.0512) \times (1.0080) = 1.0596$$

$$(A \times D) = (1.0512) \times (1.0083) = 1.0599 \text{ (rounded to 4 decimal places)}$$

$$(B \times C) = (0.5517) \times (1.0080) = 0.5561$$

$$(B \times D) = (0.5517) \times (1.0083) = 0.5563$$

The recommended limit was calculated using the adjustment factor “(A x D)”, resulting in a 6.0% increase over the Fiscal Year 2013 Annual Tax Appropriations Limit. Of the 4 adjustment factors listed above, the 1.0599 adjustment factor represents the largest allowable increase to the appropriation limit.

**Calculation of the Fiscal Year 2014 Limit:**

$$\begin{aligned} \text{Fiscal Year 2014 Limit} &= (\text{FY 2013 Limit}) \times (\text{Recommended Adjustment Factor}) \\ &= (\$1,625,638,150) \times (1.0599) = \mathbf{\$1,723,013,875} \end{aligned}$$



DEPARTMENT OF  
**FINANCE**  
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. ■ GOVERNOR  
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

May 2013

Dear Fiscal Officer:

**Subject: Price and Population Information**

**Appropriations Limit**

The California Revenue and Taxation Code, section 2227, mandates the Department of Finance to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2013, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2013-14. Attachment A provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2013-14 appropriations limit. Attachment B provides city and unincorporated county population percentage change. Attachment C provides population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

**Population Percent Change for Special Districts**

Some special districts must establish an annual appropriations limit. Consult the Revenue and Taxation Code section 2228 for further information regarding the appropriations limit. Article XIII B, section 9(C), of the State Constitution exempts certain special districts from the appropriations limit calculation mandate. The Code and the California Constitution can be accessed at the following website:  
<http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this issue should be referred to their respective county for clarification, or to their legal representation, or to the law itself. No state agency reviews the local appropriations limits.

**Population Certification**

The population certification program applies only to cities and counties. Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2013.**

**Please Note:** Prior year's city population estimates may be revised.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

ANA J. MATOSANTOS  
Director  
By:

MICHAEL COHEN  
Chief Deputy Director

Attachment

May 2013

## Attachment A

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2013-14 appropriation limit is:

## Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2013-14	5.12

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2013-14 appropriation limit.

**2013-14:**

Per Capita Cost of Living Change = 5.12 percent  
 Population Change = 0.79 percent

Per Capita Cost of Living converted to a ratio:  $\frac{5.12 + 100}{100} = 1.0512$

Population converted to a ratio:  $\frac{0.79 + 100}{100} = 1.0079$

Calculation of factor for FY 2013-14:

$$1.0512 \times 1.0079 = 1.0595$$

Fiscal Year 2013-14

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2012 to January 1, 2013 and Total Population, January 1, 2013**

County City	<u>Percent Change</u>	<u>Population Minus Exclusions</u>		<u>Total Population</u>
	2012-2013	1-1-12	1-1-13	1-1-2013
San Diego				
Carlsbad	1.02	107,158	108,246	108,246
Chula Vista	1.39	247,869	251,314	251,613
Coronado	0.44	16,371	16,443	23,176
Del Mar	0.60	4,174	4,199	4,199
El Cajon	0.37	100,088	100,460	100,460
Encinitas	0.71	60,057	60,482	60,482
Escondido	0.37	145,368	145,908	145,908
Imperial Beach	0.05	26,483	26,496	26,496
La Mesa	0.39	58,017	58,244	58,244
Lemon Grove	0.29	25,481	25,554	25,554
National City	0.24	53,762	53,892	58,838
Oceanside	0.50	168,505	169,350	169,350
Poway	0.85	48,151	48,559	48,559
San Diego	0.83	1,297,056	1,307,853	1,326,238
San Marcos	2.21	85,159	87,040	87,040
Santee	1.19	54,384	55,033	55,033
Solana Beach	0.38	12,938	12,987	12,987
Vista	0.72	94,586	95,264	95,264
Unincorporated	0.62	448,610	451,387	492,491
County Total	0.80	3,054,217	3,078,711	3,150,178

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

## FY 2014 ADJUSTMENT FACTORS

**PRICE FACTOR (A)**

Percent growth in State Per Capita Personal Income  
(2012-2013)

Price Factor = 5.12

Price Factor converted to ADJUSTMENT Factor = (price factor + 100)/100

Adjustment Factor (A) = (C5+ 100)/100

**A = 1.0512**

**PRICE FACTOR (B)**

	Total Assessed Valuation	Change in AV	New non-residential construction
2011	\$176,119,591,114		
2012	\$175,548,518,369	(\$571,072,745)	\$256,022,930

Price Factor = New non-residential construction/Change in AV \*100  
-44.83

Price Factor converted to ADJUSTMENT Factor = (price factor + 100)/100

Adjustment Factor (B) = (C18+ 100)/100

**B = 0.5517**

**POPULATION FACTOR (C)**

Percent growth in County Population = 0.8

Population Factor converted to ADJUSTMENT Factor = (population factor + 100)/100

Adjustment Factor (C) = (C27+ 100) / 100

**C = 1.0080**

**POPULATION FACTOR (D)**

Percent growth in City Population = 0.83

Population Factor converted to ADJUSTMENT Factor = (population factor + 100)/100

Adjustment Factor (D) = (C35 + 100) /100

**D = 1.0083**

**ANNUAL ADJUSTMENT FACTORS**

(A x C) Income x Cnty Pop	<b>1.0596</b>	
(A x D) Income x City Pop	<b>1.0599</b>	High Value
(B x C) Non-residential x Cnty Pop	<b>0.5561</b>	Low Value
(B x D) Non-residential x City Pop	<b>0.5563</b>	

FY 2013 GANN Limit	'1'	\$1,625,638,150
Annual Adjustment factor	'2'	1.0599
FY 2014 GANN Limit	'1x2'	\$1,723,013,875

**ASSESSED VALUATION ATTRIBUTABLE TO  
NEW NON-RESIDENTIAL CONSTRUCTION**

Percent change in Assessed Valuation in new non-residential construction within the City

$$\begin{aligned}
 &= \frac{\text{New non-residential construction}^1}{\text{Change in assessed valuation (CY 2011 to CY 2012)}^2} + 100 / 100 \\
 &= \frac{\$256,022,930}{-\$571,072,745} + 100 / 100 \\
 &= -0.4483 + 100 / 100 \\
 &= 55.17 / 100 \\
 &= 55.17\%
 \end{aligned}$$

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<sup>1</sup> Source: San Diego County Assessor's Office

<sup>2</sup> Source: San Diego County Assessor's Office

Assessed Valuation for Calendar Year 2011 = \$176,119,591,114

Assessed Valuation for Calendar Year 2012 = \$175,548,518,369

Change in Assessed Valuation = Assessed Valuation for 2012 - Assessed Valuation for 2011

= \$175,548,518,369 - \$176,119,591,114

= -\$571,072,745



## FY 2014 TAX APPROPRIATIONS SUBJECT TO THE GANN LIMIT

Appropriations Subject to the Gann Limit *			
Property Tax		\$	408,003,167
Property Tax (1)			10,030,000
Sales Tax			248,138,819
Safety Sales Tax			8,396,967
Transient Occupancy Tax (TOT)			167,727,955
Property Transfer Tax			7,026,588
Business Tax			6,953,129
Rental Unit Taxes			6,785,000
Interest Earnings			859,389
<b>Total Unadjusted Appropriations subject to the Limit</b>	<b>[A]</b>	<b>\$</b>	<b>863,921,014</b>
Adjustment for appropriations not subject to the Gann Limit *			
<u>Annual Debt Service for Voter Approved Debt (G.O. Bonds)</u>			
<b>Total Annual Debt Service for Voter Approved Debt (2)</b>	<b>[B]</b>	<b>\$</b>	<b>-</b>
<u>Qualified Capital Outlays</u>			
2012A Convention Center Expansion Financing Authority Lease Revenue Refunding Bonds (3)			8,057,450
2002B Fire and Life Safety Facilities Project Phase I			1,380,219
2003 City/MTDB Refunding Bonds – Old Town Light Rail Transit Extension			1,152,299
2003 Balboa Park/Mission Bay Park Refunding Certificates of Participation			752,559
2007A Ballpark Refunding Bonds (4)			11,315,750
1996B Balboa Park/Mission Bay Park Refunding Certificates of Participation (5)			936,675
2009A Deferred CIP Bonds (5)			7,314,444
2012A Deferred CIP Lease Revenue Bonds			4,595,375
2013A General Fund CIP Bonds			2,000,000
<b>Total Qualified Capital Outlays</b>	<b>[C]</b>	<b>\$</b>	<b>37,504,771</b>
<b>Total Adjustment</b>	<b>[D = B+C]</b>	<b>\$</b>	<b>37,504,771</b>
<b>Total Adjusted Appropriations subject to the limit</b>	<b>[E = A-D]</b>	<b>\$</b>	<b>826,416,243</b>
Calculation of the Gann Limit and the Gap			
<b>Prior Year (FY 2013) Gann Limit</b>	<b>[F]</b>	<b>\$</b>	<b>1,625,638,150</b>
<b>Adjustment Factor</b>	<b>[G]</b>		<b>1.0599</b>
<b>Gann Limit for FY 2014</b>	<b>[H = F*G]</b>	<b>\$</b>	<b>1,723,013,875</b>
<b>Projected appropriations are below the limit by:</b>	<b>[I = H-E]</b>	<b>\$</b>	<b>896,597,632</b>

(1) Ad Valorem Tax imposed for Zoological Exhibits (\$10,030,000).

(2) No Annual Debt Service for Voter Approved Debt in FY 2014.

(3) Formerly 1998 Convention Center Expansion Lease Revenue Bonds. \$4.5 million, the annual amount paid by The Unified Port of San Diego (Port), has been deducted from the total debt service. The last \$4.5 million payment from the Port to support the debt service will be on June 30, 2014. The City will make the entire payment beginning in FY 2015.

(4) As a result of the dissolution of the Redevelopment Agency, the 2007A Ballpark Refunding Bonds debt service payment will be paid from Transient Occupancy Tax revenue.

(5) Listed as 2010A Master Refunding Bonds in the FY 2014 Proposed Budget, Volume I, Debt Obligations section, page 112, Table 1.

Payment listed as \$12,999,675 and includes \$4,748,556 for Qualcomm Stadium capital outlay debt payment.

\* Source: FY 2014 Proposed Budget and FY 2014 May Revise Budget Memorandum.