

GANN ANNUAL APPROPRIATION LIMIT FISCAL YEAR 2025-26

Appropriations Limitation, imposed by Propositions 4 and 111, establishes a formula to restrict the amount of revenues that can be appropriated in any fiscal year. The Limit is based on actual appropriations for base fiscal year 1978-79 and is increased annually using the growth in population and a price adjustment index, as well as commercial property development within the City during the year. Revenues that are restricted to the limitation are those which are referred to as “proceeds of taxes,” such as sales tax, property tax and business license tax.

The City must adopt an appropriation limit for each fiscal year. Beginning with the fiscal year 1990-1991, the law provides the local agency an option to calculate the adjustment factors by the following:

Price Factor: The percentage change in the California Per Capita Income

Population Factor: Either the City’s own population growth or the population growth of the entire County.

TEN YEAR HISTORY OF PRICE AND POPULATION FACTORS & TAX APPROPRIATIONS LIMIT ⁽¹⁾ FOR FISCAL YEARS 2016 to 2026

Fiscal Year	Price Adjustment Population Adjustment Total Adjustment					Appropriations Limit	% of City Appropriations Subject to the GANN Limit
2016	1.1064	x	1.0100	=	1.1175	\$73,736,808	29.35%
2017	1.0878	x	1.0091	=	1.0977	\$80,940,818	36.85%
2018	1.0369	x	1.0056	=	1.0427	\$84,397,528	30.53%
2019	1.0367	x	1.0073	=	1.0443	\$88,133,630	33.96%
2020	1.0385	x	1.0028	=	1.0414	\$91,783,048	41.13%
2021	1.0373	x	1.0166	=	1.0545	\$96,786,987	42.05%
2022	1.0573	x	0.9925	=	1.0494	\$101,565,385	55.38%
2023	1.0755	x	0.9908	=	1.0656	\$108,228,622	40.52%
2024	1.0444	x	0.9957	=	1.0399	\$112,547,927	47.03%
2025	1.0362	x	0.995	=	1.0310	\$116,039,051	47.20%
2026	1.0644	x	1.0007	=	1.0651	\$123,598,425	35.99%

(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 Carlos has been establishing this limit since 1981.

GANN APPROPRIATIONS LIMIT CALCULATIONS
FISCAL YEAR 2025-2026

Step 1	Total all appropriations (2025-26 operating and capital from general and special funds)	\$ 129,060,778
Step 2	Deduct:	
	1. Non-Tax Proceeds	\$ (84,580,100)
	2. Debt Service Payments	\$ -
	Add:	
	1. Excess user fees which exceed actual costs	\$ -
Step 3	Equals appropriations subject to limit (Step 1 - Step 2)	\$ 44,480,678
Step 4	Compare against 2025-26 Appropriations Limit (from below)	\$ 123,598,425
	Dollar Amount Under Limit (Step 4 - Step 3)	\$ 79,117,747
	Percentage of Limit (Step 3/Step 4)	35.99%
Step 5	Fiscal Year 2024-25 Appropriation Limit	\$ 116,039,051
Step 6	Fiscal year 2025-26 Growth Factor based on California Per Capita Income 1.0644 --- and the County Population Change 1.0007 (1.0644*1.0007)	106.51%
Step 7	FY 2025-26 Appropriations Limit (Step 5 x Step 6)	\$ 123,598,425
Step 8	FY 2025-26 Appropriations Subject to Limit (from above)	\$ 44,480,678
Step 9	Dollar Amount Under Limit (Step 7 - Step 8)	\$ 79,117,747
Step 10	Percentage of Limit (Step 8/Step 7)	35.99%

CHART OF FUNDS SUBJECT TO APPROPRIATION

2025-26 Appropriation from Operating, Capital Improvement and Other

General Fund	\$66,938,825
Capital Improvement	28,827,353
Other Programs	4,291,800
Enterprise Sewer System	29,002,800
	\$129,060,778

Non-Tax Proceeds and Debt Services

Licenses & Permits	\$3,213,500
Business Registration	1,368,700
Fines & Forfeitures	168,600
Use of Money & Property	4,814,200
From Other Agencies	5,096,400
Charges for Services	6,618,400
Other Revenue	5,896,700
Sewer Operation & Maint.	28,897,800
NPDES	643,600
Capital Improvement Fund 25	7,491,800
Child Care Fund 26	3,130,000
In-Lieu Park Fund 27	139,500
Housing In-Lieu Fund 29	15,967,200
Post-Employment Benefits Fund 35	1,133,700
	\$84,580,100
Debt Services	\$0
	\$84,580,100