

# City of Agoura Hills Appropriations Limit FY 2020-21

## History

The voters of California, during a special election in 1979, approved Article XIII-B of the California State Constitution (informally known as Proposition 4, or the “Gann Initiative”), which restricts the total amount of appropriations allowed in any given fiscal year from the “proceeds of taxes.”

In 1980, the State Legislature added section 9710 to Government Code which required the governing body of each local jurisdiction to establish, by resolution, an appropriations limit for the following year. The appropriations limit for any fiscal year was equal to the previous year’s limit, adjusted for population changes and the change in the U.S. Consumer Price Index (or California per Capita Personal Income, if smaller). The necessary statistical information is provided each year by the California Department of Finance

In June, 1990, the voters modified the original Article XIII-B (Proposition 4) with the passage of Proposition 111 and its implementing legislation (California Senate Bill 88). Beginning with the 1990-91 appropriations limit, a City may choose annual adjustment factors. The adjustment factors include the growth in the California Per Capita Income **or** the growth in the non-residential assessed valuation due to construction within the City, **and** the population growth within the County or the City. Under Proposition 4, if a city ends the fiscal year having more proceeds of taxes than the Limit allows, it must return the excess to the tax payers within two years (either by reducing taxes levied or fees charged).

## Agoura Hills and the Future

The following table provides an analysis of the City of Agoura Hill’s appropriation limit. Historically the City has remained well below its appropriation limit. For the 2020-21 fiscal year, there is a significant gap of \$5,805,815 between the appropriations limit and the General Fund appropriations allowed under the limit. With such a sizable margin, the provisions related to the return of taxes clearly do not, and will not, apply to Agoura Hills any time in the new future.

## Calculation of Limitation

Appropriation Limit for FY 2019-20		\$18,339,732
Adjustment Factors:	<u>% Ratio</u>	
Population Factor	0.9973	
Growth Factor	<u>1.0373</u>	
Population Ratio*Economic Ratio		<u>1.0344993</u>
Appropriation Limit for FY 2020-21		<u>\$18,972,440</u>