

2020-21 Appropriation Limit

California voters approved propositions, amending the State Constitution, which requires that the annual Town budget include a calculation of the Appropriations Limit, sometimes referred to as the Gann Limit. This requirement was imposed by Proposition 4 (1979) and later amended by Proposition 111 (1990).

The requirement imposes a restriction on the amount of governmental revenue, which may be appropriated in any fiscal year. The Appropriations Limit was first based on actual appropriations during the base year (1986-87), and it can be increased each year based on a specific formula and specified growth factors. The Appropriations Limit does not apply to all funds. It only applies to funds that are “proceeds of taxes.”

Each year, the adjustment to the Appropriations Limit takes into consideration two factors: 1) the change in the cost of living, and 2) the change in population. For each of these factors, the Town may select between two optional factors.

SELECTION OF OPTIONAL FACTORS

1. Change in Population (Town of Colma vs. San Mateo County)

Options	Population 1/1/2019	Population 1/1/2020	% Increase
a. Town of Colma	1,512	1,729	14.1%
b. County of San Mateo	774,485	773,244	-0.1%

2. Change in State per capita Personal Income vs. Colma Non-Residential Building Construction

Options	% Increase
a. Change in State Per Capita Personal Income	3.73%
b. Change in Colma Non-Residential Assessed Valuation	N/A*

* Change in non-residential assessed valuation was not available.

For the Fiscal Year 2020-21 calculation, the Town selected the Town’s population growth rate of 14.1% and the change in the State Per Capita Income of 3.73%.

APPROPRIATION LIMIT CALCULATION 2020-21

Population Change (Colma)	14.1%	$((0.1410+100)/100 = 1.141)$
State Per Capita Personal Income	3.73%	$((0.0373+100)/100 = 1.0373)$
Calculation of Factor for FY 2020-21	1.183	$1.1410 \times 1.0373 = 1.183$
Prior Year Appropriation Limit (2019-20)	\$ 46,137,229	
Appropriation Limit (2020-21)	\$ 54,582,281	$46,137,229 \times 1.183 = 54,582,281$

The FY 2020-21 Appropriations subject to the limit (“Proceeds of Taxes”) total \$16,720,279, which means the Town is \$37,862,002 below the authorized limit.