



# 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)
  1. Town of Colma had a population of 1,678 on 1/1/2020 and 1,659 on 1/1/2021, a decrease of 1.13%
  2. County of San Mateo had a population of 770,925 on 1/1/2020 and 765,113 on 1/1/2021, a decrease of 0.75%
2. Change in State per capita Personal Income vs. Colma Non-Residential Building Construction
  1. Change in State Per Capital Personal Income was 5.73%
  2. Change in Colma Non-Residential Assessed Valuation was not available.

For the Fiscal Year 2021-22 calculation, the Town selected the County’s population growth rate of 0.75% and the change in the State Per Capita Income of 5.73%.

## Appropriation Limit Calculation 2021-22

Population Change (San Mateo Co.)	0.992	$((-0.75+100)/100 = 0.9925)$
State Per Capita Personal Income	1.057	$((5.73+100)/100 = 1.0573)$
Calculation of Factor for 2021-22	1.049	$1.0573 \times 0.9925 = 1.049$
Prior Year Appropriation Limit (2020-21)	\$ 54,582,281	
Appropriation Limit 2021-22	\$ 57,274,771	$54,582,281 \times 1.049 = 57,274,771$

The 2021-22 Appropriations subject to the limit (“Proceeds of Taxes”) total \$16,367,042, which means the Town is \$40,907,730 below the authorized limit.