

ATTACHMENT A

**County of Humboldt
Fiscal Year 2023-24 Appropriations Limit Calculations
For the County and Various Special Districts
Governed by the Board of Supervisors
Article XIII B of the California Constitution and California Government
Code Title I, Division 9 (Commencing with Section 7900)**

Gann Limit Summary

In November 1979, California voters approved Proposition 4 (the Gann Initiative) which added Article XIII B to the California State Constitution. In 1980, the State Legislature added Division 9 (commencing with Section 7900) 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 annually establish an appropriations limit (also referred to as the Gann Limit). Current appropriation limits are generally based upon actual revenue appropriations during the initial base year of fiscal year (FY) 1986-87 (per Prop 111) and adjusted annually thereafter to account for California per capita cost of living increases, and year-over-year population growth as published by the California State Department of Finance. The annual limits must be adopted for the County government and Board of Supervisors governed special districts.

On June 5, 1990, California voters approved Proposition 111, amending Article XIII B. Proposition 111 allows local jurisdictions to choose among measures of change in the cost of living and population growth to compute the adjustment factor. The measures for cost of living (Price Factor) increases include growth in California per capita income or growth in the county's gross assessed valuation due to new non-residential construction. For counties measures for population growth include population growth within the county, county and contiguous counties or all cities within the county. A special district may choose to use the change in population within its jurisdiction or within the county in which it is located.

The proposed appropriations limit for Humboldt County for FY 2023-24 is \$245,230,237. In accordance with Proposition 111 guidelines, the appropriations limit was calculated by adjusting the prior year's appropriation limit using the adjustment factors described in Government Code Section 7901. The alternative adjustment factors applicable to FY 2023-24 are shown on pages 3 to 4 of the attached calculations. The recommended adjustment factor was calculated using the price factor based on the percent change in State per capital income (4.44%) and the population factor based on the percent growth in the incorporated portion of the county (-.008%), resulting in an adjustment factor of 1.04432.

The appropriations limit does not apply to all county revenues, or all General Fund revenues, but only to proceeds of taxes including property tax, sales tax, transient occupancy tax, and other local taxes. Excluded from the appropriations subject to the limit are costs required to comply with court or federal mandates, qualified capital outlays and debt service costs for qualified capital projects. Other revenues, including fees, licenses and permits, rents and concessions, interfund transfers and state funds provided for a specific purpose are not subject to the limit. Charges for services or fees cannot exceed the cost of providing the service or regulation and thus are also excluded.

The State Budget Act of 2022 made changes to Government Code Section 7903 that now requires counties to include specified state subventions in their local appropriations limit. These amounts are provided to counties by the Department of Finance. For Humboldt County the amount added to the appropriations subject to the tax appropriations limit was \$63.1 million. The appropriations subject to the limit for the County total \$149,749,082; \$95.5 million below the calculated appropriations limit of \$245,230,237.

GANN LIMIT CALCULATIONS

Fiscal Year 2023-24 Alternative Adjustment Factors & Calculation of Tax Appropriations Limit

Price Factor (A)

Percent growth in State Per Capita Personal Income.

(Source: California Dept. of Finance, Price Factor and Population letter dated May 2023)

Price Factor = 4.44000 %

Price Factor converted to Adjustment Factor = $(\text{price factor} + 100)/100$

Adjustment Factor (A) = 1.04440

Price Factor (B)

Percentage change in the local assessment roll from the preceding year due to the addition of local nonresidential new construction.

(Source: Humboldt County Assessor Proposition 111 Report)

(a) Prior year total secured and unsecured assessment roll value = \$ 15,632,020,870 FY 2022-23

(b) New nonresidential construction value = \$ 13,236,302 FY 2022-23

Price Factor = b/a 0.08500 %

Price Factor converted to Adjustment Factor = $(\text{price factor} + 100)/100$

Adjustment Factor (B) = 1.0008500

Population Factor (C)

Percent growth in population within the county combined with population growth in all counties having borders contiguous to the county.

(Source: California Dept. of Finance, Price Factor and Population letter dated May 2023)

Percent growth in counties population = (0.4760) %

Population Factor converted to Adjustment Factor = $(\text{population factor} + 100)/100$

Adjustment Factor (C) = 0.99524

Population Factor (D)

Percent growth in population within the incorporated portion of the county.

(Source: California Dept. of Finance, Price Factor and Population letter dated May 2023)

Percent growth in cities population = (0.0080) %

Population Factor converted to Adjustment Factor = $(\text{population factor} + 100)/100$

Adjustment Factor (D) = 0.999920

Fiscal Year 2023-24 Alternative Adjustment Factors & Calculation of Tax Appropriations Limit (continued)

Population Factor (E)

Percent growth in population within the the county.

(Source: California Dept. of Finance, Price Factor and Population letter dated May 2023)

Percent growth in Humboldt County = (0.53300) %

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

Adjustment Factor (E) = 0.99467

Annual Adjustment Factors

Based on the actual data, the six alternative adjustment factors are as follows:

A x C =	1.04440	x	0.99524	=	1.03943
A x D =	1.04440	x	0.99992	=	1.04432
A x E =	1.04440	x	0.99467	=	1.03883
B x C =	1.00085	x	0.99524	=	0.99609
B x D =	1.00085	x	0.99992	=	1.00077
B x E =	1.00085	x	0.99467	=	0.99552

The recommended limit is (A x D), which results in a 4.44% increase over the fiscal year 2022-23 Annual Tax Appropriations Limit. Of the six adjustment factors listed above this represents the largest allowable increase to the appropriations limit.

Calculation of the Fiscal Year 2023-24 Appropriations Limit:

(Prior Year Limit) x (Recommended Adjustment Factor) = New Limit

234,822,887 x 1.04432 = \$ 245,230,237

Appropriations Subject to the Tax Appropriations Limit *
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Property Tax		\$	38,141,897
Sales Tax			5,976,000
Sales Tax Measure Z			12,670,255
Transient Occupancy Tax			3,000,000
Property Transfer Tax			897,000
Business License Tax			75,000
Cannabis Excise Tax			-
Timber Yield Tax			681,230
Motor Vehicle License Fee			22,548,500
Homeowners Property Tax Relief Reimb.			200,000
State Mandate Reimbursements			50,000
Other Discretionary State Aid			9,200
Federal in Lieu-Public Lands			1,100,000
Document Transfer Tax-Recorder			750,000
Interest Earnings			550,000
State Subventions (Gov Code 7903)			63,100,000
Total Unadjusted Appropriations subject to Limit	[A]	\$	<u>149,749,082</u>

Adjustment for Appropriations Not Subject to the Tax Appropriations Limit *

Debt Service			
N/A			
Capital Expenditures			
N/A			
Total Adjustment	[B]	\$	-
Total Adjusted Appropriations Subject to the Limit	[C = A - B]	\$	<u>149,749,082</u>

Difference between the Tax Appropriations Limit and Appropriations Subject to the Limit

Tax Appropriations Limit for Fiscal Year 2023-24	[D]	\$	<u>245,230,237</u>
Adjusted Appropriations are below the Limit by	[E = D - C]	\$	<u>95,481,155</u>

* Source: Fiscal Year 2023-24 County Adopted Budget, Estimated Revenue by Source (Schedule 6)

County of Humboldt
Calculation to Determine Appropriation Limit in Accordance
with Article XIIB of the California Constitution
Population of Contiguous Counties
Fiscal Year 2023-24

<u>County</u>	<u>Population Minus Exclusions</u>		<u>Change</u>
	<u>January 1, 2022</u>	<u>January 1, 2023</u>	
Del Norte	24,923	24,800	(123)
Humboldt	134,518	133,801	(717)
Mendocino	89,581	89,102	(479)
Siskiyou	43,597	43,499	(98)
Trinity	15,925	15,873	(52)
Total	308,544	307,075	(1,469)
Percentage Change			<u>(0.47600)%</u>

Source: California Department of Finance, Price Factor and Population Information letter dated May 2023

County of Humboldt
Calculation to Determine Appropriation Limit in Accordance
with Article XIIB of the California Constitution
Population of Humboldt County Cities
Fiscal Year 2023-24

<u>City</u>	<u>Population Minus Exclusions</u>		<u>Change</u>
	<u>January 1, 2022</u>	<u>January 1, 2023</u>	
Arcata	17,960	18,688	728
Blue Lake	1,163	1,146	(17)
Eureka	26,552	25,972	(580)
Ferndale	1,374	1,371	(3)
Fortuna	12,339	12,256	(83)
Rio Dell	3,307	3,261	(46)
Trinidad	298	294	(4)
Total	62,993	62,988	(5)
Percentage Change			<u>(0.008000)%</u>

Source: California Department of Finance, Price Factor and Population Information letter dated May 2023

**History of Price and Population Factors and Tax Appropriations Limits
For Fiscal Years 2009-10 Through 2023-24**

Fiscal Year	Price Adjustment Population Adjustment Total Adjustment					Appropriations Limit
2009-10	1.04204	X	1.0050	=	1.0472	\$ 78,066,688
2010-11	1.21404	X	1.0053	=	1.2205	\$ 95,278,662
2011-12	1.08004	X	1.0077	=	1.0884	\$ 103,697,440
2012-13	1.03770	X	1.0068	=	1.0448	\$ 108,338,560
2013-14	1.13080	X	1.0079	=	1.1397	\$ 123,477,067
2014-15	1.19460	X	1.0095	=	1.2059	\$ 148,905,427
2015-16	1.07102	X	1.0093	=	1.0810	\$ 160,963,560
2016-17	1.07980	X	1.0090	=	1.0895	\$ 175,372,014
2017-18	1.04571	X	1.0085	=	1.0546	\$ 184,947,494
2018-19	1.03850	X	0.9900	=	1.0281	\$ 191,731,339
2019-20	1.03850	X	1.0000	=	1.0385	\$ 199,121,384
2020-21	1.03726	X	0.9999	=	1.0000	\$ 206,527,920
2021-22	1.05730	X	0.9999	=	1.0572	\$ 218,342,402
2022-23	1.07550	X	0.9999	=	1.0754	\$ 234,822,887
2023-24	1.04440	X	0.9947	=	1.0388	\$ 245,230,237

COUNTY OF HUMBOLDT
 BOARD OF SUPERVISORS
 GOVERNED SPECIAL DISTRICTS
 APPROPRIATIONS (GANN) LIMIT CALCUATIONS

	FY 2023-24
Price Factor CA Dept. of Finance	1.0444
Population Factor (E) Calculation	0.99467
Combined Limitation Factor	<u>1.03883</u>

	Fortuna Fire Fund 2050	Loleta Fire Fund 2080	Whitethorn Fire Fund 2150
FY 2023-24 Appropriations Subject to Limit	\$ 1,141,400	\$ 94,400	\$ 54,850
FY 2022-23 Appropriations Limit	1,438,812	1,543,764	85,549
FY 2023-24 Appropriations Limit	\$ 1,494,681	\$ 1,603,708	\$ 88,871
Amount (Over)/Under Limit	\$ 353,281	\$ 1,509,308	\$ 34,021

COUNTY OF HUMBOLDT
 BOARD OF SUPERVISORS
 GOVERNED SPECIAL DISTRICTS
 APPROPRIATIONS (GANN) LIMIT CALCUATIONS

	FY 2023-24
Price Factor CA Dept. of Finance	1.0444
Population Factor (E) Calculation	0.99467
Combined Limitation Factor	<u>1.03883</u>

	Gaberville Lighting Fund 2410	Hydesville Lighting Fund 2420	Loleta Lighting Fund 2430	Rohnerville Lighting Fund 2440
FY 2023-24 Appropriations Subject to Limit	\$ 12,900	\$ 4,850	\$ 10,000	\$ 9,445
FY 2022-23 Appropriations Limit	108,723	32,546	78,499	24,238
FY 2023-24 Appropriations Limit	\$ 112,945	\$ 33,810	\$ 81,547	\$ 25,179
Amount (Over)/Under Limit	\$ 100,045	\$ 28,960	\$ 71,547	\$ 15,734

COUNTY OF HUMBOLDT
BOARD OF SUPERVISORS
GOVERNED SPECIAL DISTRICTS
APPROPRIATIONS (GANN) LIMIT CALCUATIONS

	FY 2023-24
Price Factor CA Dept. of Finance	1.0444
Population Factor (E) Calculation	0.99467
Combined Limitation Factor	<u>1.03883</u>

	Weott Maint. & Lighting Fund 2460	Redcrest Lighting Fund 2470	Myers Flat Lighting Fund 2480	Pacific Man. Lighting Fund 2490
FY 2023-24 Appropriations Subject to Limit	\$ 13,900	\$ 2,295	\$ 3,110	\$ 1,760
FY 2022-23 Appropriations Limit	62,484	14,951	47,140	13,172
FY 2023-24 Appropriations Limit	\$ 64,910	\$ 15,532	\$ 48,970	\$ 13,683
Amount (Over)/Under Limit	\$ 51,010	\$ 13,237	\$ 45,860	\$ 11,923

COUNTY OF HUMBOLDT
 BOARD OF SUPERVISORS
 GOVERNED SPECIAL DISTRICTS
 APPROPRIATIONS (GANN) LIMIT CALCUATIONS

	FY 2023-24
Price Factor CA Dept. of Finance	1.0444
Population Factor (E) Calculation	0.99467
Combined Limitation Factor	<u>1.03883</u>

	Humboldt Flood Fund 2840	Janes Creek Drainage Fund 2860
FY 2023-24 Appropriations Subject to Limit	\$ 11,386	\$ 12,665
FY 2022-23 Appropriations Limit	80,505	154,805
FY 2023-24 Appropriations Limit	\$ 83,631	\$ 160,816
Amount (Over)/Under Limit	\$ 72,245	\$ 148,151