

GANN APPROPRIATION LIMIT

The GANN initiative, or Proposition 4, was passed by a vote of the electorate on November 6, 1979 and was again modified by the voters in June 1990 with the passage of Proposition 111.

This legislation embodied in the California Constitution, as Article XIII B is effective for the 2004-2005 budget and restricts the appropriation of "proceeds of taxes". The "proceeds of taxes" are restricted to the 1986-87 adopted appropriations limit, with allowances for increases based upon changes in both; 1) Population, as measured by either City or County population changes and 2) Growth, as measured by either the change in California Per Capita income or increase in non-residential construction.

The 1986-87 adopted Appropriations Limit was \$60,163,935. After applying the allowable changes in population and growth pursuant to Article XIII B of the California Constitution as modified by Proposition 111; the 2004-2005 Appropriations Limit is \$158,915,194. The 2004-2005 appropriation of "proceeds of taxes" subject to the Limit is \$116,772,582. This budget is within the Appropriation Limit Restriction and is \$42,142,612 below its Appropriation Limit.