Resolution establishing the appropriations limit of $3,489,975,077 for FY2017-2018, pursuant to California Constitution, Article XIII B.

WHEREAS, Article XIII B of the California Constitution provides that the annual appropriations of the City and County of San Francisco which are subject to said Article may not exceed the Appropriations Limit for the prior year, with adjustments as provided in said Article XIII B; and

WHEREAS, The California Government Code, Section 7901, defines the terms, and Section 7902(b) sets forth the equations to be used to determine the City and County of San Francisco's annual Appropriations Limit, according to the following formula:

(b) "...the appropriations limit of the state and each local jurisdiction shall equal the appropriations limit for the prior fiscal year multiplied by the product of the change in cost of living, as defined in paragraph (2) of subdivision (e) of Section 8 of Article XIII B of the California Constitution, and the change in population of the local jurisdiction for the calendar year preceding the beginning of the fiscal year for which the appropriations limit is to be determined, and adjusted for other changes required or permitted by Article XIII B of the California Constitution;" and

WHEREAS, Article XIII B, Section 8(e)(2) of the California Constitution authorizes the calculation of the cost of living, either the use of the percentage change in California per-capita personal income from the preceding year, or the use of the percentage change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local non-residential new construction; and
WHEREAS, The change in California per-capita personal income in FY2016-2017 was 3.69%, while the percentage change in the local assessment roll from 2016 due to the addition of local non-residential new construction was 0.89%; and

WHEREAS, The percentage change in population during calendar year 2016 for the City and County of San Francisco according to the California Department of Finance was 1.08%; and

WHEREAS, Article XIII B, Section 4 of the California Constitution authorizes voters to approve an increase in the Appropriations Limit for up to four years; and

WHEREAS, Voters approved two measures, the Soda and Sugary Sweetened Beverages Tax (Proposition V-November 2016) and the increase in the Real Estate Transfer Tax (Proposition W-November 2016), that increased the Appropriations Limit by the aggregate sum collected by the levy of these taxes; and

WHEREAS, The aggregate sum collected by the levy of these taxes through FY2017-2018 is projected to be $67,588,340; and

WHEREAS, Article XIII B, Sections 8(h) and 10.5 of the California Constitution establish that the Base Appropriations Limit for a local government is equal to the appropriations subject to limitation in FY1986-1987; and

WHEREAS, The City and County of San Francisco improperly excluded health and dental fringe benefits in its calculation of the Base Appropriations Limit; and

WHEREAS, The Appropriations Limit for FY2016-2017 would have been $3,265,329,234 with the correct Base Appropriations Limit; and

WHEREAS, The resulting calculation establishing the City and County of San Francisco’s FY2017-2018 Appropriations Limit is:

\[
\text{\$3,265,329,234} \times 1.0369 \times 1.0108 + \$67,588,340 = \$3,489,975,077; \text{ and}
\]
WHEREAS, This matter has been considered at a regularly scheduled meeting of the
Board of Supervisors for the City and County of San Francisco; and
WHEREAS, The documentation used to determine the Appropriations Limit for the City
and County of San Francisco for FY2017-2018 was available for public inspection in the
Office of the Clerk of the Board of Supervisors for at least 15 days prior to said regularly
scheduled meeting; now, therefore, be it

RESOLVED, That the City and County of San Francisco elects to use the percentage
change in California per capita personal income and elects to use the percent change in
population within its jurisdiction from the previous year for the purpose of computation of its
Appropriations Limit pursuant to Article XIII B of the California Constitution for FY2017-2018;
and, be it

FURTHER RESOLVED, That the net appropriations limit for FY 2017-2018 is
established at $3,489,975,077.

Recommended: Ben Rosenfield
Controller
Resolution establishing the appropriations limit of $3,489,694,774 for FY2017-2018, pursuant to California Constitution, Article XIII B.

May 10, 2018 Budget and Finance Sub-Committee - RECOMMENDED

May 22, 2018 Board of Supervisors - ADOPTED

Ayes: 11 - Breed, Cohen, Fewer, Kim, Peskin, Ronen, Safai, Sheehy, Stefani, Tang and Yee

I hereby certify that the foregoing Resolution was ADOPTED on 5/22/2018 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mark E. Farrell
Mayor

Date Approved

5/20/18