



AGENDA STAFF REPORT

Control: 26001075

MEETING DATE: 05/19/2026

LEGAL ENTITY TAKING ACTION: Board of Supervisors and Orange County Flood Control District

BOARD OF SUPERVISORS DISTRICT(S): All Districts

SUBMITTING AGENCY/DEPARTMENT: Auditor-Controller

DEPARTMENT CONTACT PERSON(S): Andrew Hamilton, 714-834-2457
Salvador Lopez, 714-834-2470

SUBJECT: Gann Annual Appropriations Limit Hearing

CEO CONCUR Concur	COUNTY COUNSEL REVIEW No Legal Objection	CLERK OF THE BOARD CONSENT CALENDAR 3 Votes Board Majority
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Budgeted: N/A	Current Year Cost: N/A	Annual Cost: N/A
Staffing Impact: No		Sole Source: No
Current Fiscal Year Revenue: N/A	Funding Source: N/A	County Audit in Last 3 years: No
Levine Act Review Completed? N/A		
Prior Board Action: 5/20/2025 #3		

RECOMMENDED ACTION(S):

1. Direct the Auditor-Controller to provide notice that the annual establishment of appropriations limit for entities governed by the County Board of Supervisors for FY 2026-27 will be considered at the Board of Supervisors meeting of June 23, 2026.
2. Direct the Auditor-Controller to provide notice that documentation used in the determination of the appropriations limit will be available to the public for inspection during normal working hours of 7:45 a.m. and 4:45 p.m., Monday through Friday, in the Office of the Auditor-Controller, General Accounting Unit, 1770 N. Broadway, Santa Ana, California, commencing June 2, 2026.

SUMMARY:

Directing the Auditor-Controller to provide notice of annual establishment of appropriations limit will allow public inspection of the documentation used in determining the appropriations limit for FY 2026-27.

BACKGROUND INFORMATION:

Proposition 4, approved by voters in November 1979, added Article 13B to the California State Constitution. Article 13B establishes a limit on the appropriations of revenue identified as proceeds of taxes, commonly referred to as the

Gann Limit. When originally approved by voters, the Gann Limit set the 1978-79 expenditure level as the base spending limit. This limit was adjusted annually for population growth and inflation, using the lower of the percentage growth of the U.S. Consumer Price Index or California's per capita personal income, until the passage of Proposition 111.

Proposition 111, passed by voters on June 5, 1990, amended Article 13B to allow local agencies to choose between two cost of living adjustment factors when calculating the appropriations limit: (1) the percentage change in California's per capita personal income from the preceding year; or (2) the percentage change in the Local Assessment Roll of Values from the preceding year, attributed to local non-residential new construction. By enabling agencies to select the larger adjustment factor, Proposition 111 established a higher Gann Limit that compounds over time.

Government Code Section 7910 requires the governing body of each local jurisdiction to establish its annual appropriations limit for the following fiscal year through a resolution adopted at a regularly scheduled or special noticed meeting. Additionally, the documentation used to determine the appropriations limit must be available to the public at least 15 days before such a meeting.

The establishment of the FY 2026-27 appropriations limit will be considered at the Board of Supervisors (Board) meeting on June 23, 2026. The documentation supporting the determination of the appropriations limit will be available for public inspection commencing on June 2, 2026, from 7:45 a.m. to 4:45 p.m., in the Office of the Auditor-Controller, General Accounting Unit, 1770 N. Broadway, Santa Ana, California. This will be noticed in accordance with the Gann Initiative and Government Code Section 7910.

Prior Board Action:

On May 20, 2025, the Board directed the Auditor-Controller to provide notice of the Gann Annual Appropriations Limit Hearing for the FY 2025-26 and the availability of such records for inspection.

FINANCIAL IMPACT:

N/A

STAFFING IMPACT:

N/A

REVIEWING AGENCIES/DEPARTMENTS:

N/A

ATTACHMENTS:

Attachment A - Article 13B Government Spending Limitation, California Constitution

Attachment B - California Government Code 7910 Gann Limit Hearing