



May 23, 2018

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Resolution to Establish the Orange County Transportation Authority General Fund Appropriations Limitation for Fiscal Year 2018-19

Overview

The State Constitution requires that each year the governing body of each local jurisdiction shall, by resolution, establish its appropriations limit for the following year pursuant to Article XIII B.

Recommendation

Adopt Orange County Transportation Authority Resolution No. 2018-056 to establish the Orange County Transportation Authority General Fund appropriations limit at \$11,573,733 for fiscal year 2018-19.

Background

In November 1979, the voters of the State of California approved Proposition 4, commonly known as the Gann Initiative. The proposition created Article XIII B of the California Constitution, which is also known as the Gann Appropriations Limitation.

Both the Article XIII B appropriations limit and its implementing legislation were modified by Proposition 111, approved by voters in 1990. The law specifies that the appropriations of revenues, "proceeds of taxes" by state and local governments, may only increase annually by a limit based on a factor comprised of the change in population and the change in California per capita personal income. The appropriation limit includes any interest earned from the investment of the proceeds of taxes and must be reviewed during the annual financial audit.

Discussion

In accordance with the requirements of Article XIII B, a resolution has been prepared and is attached for review (Attachment A). The resolution establishes the Orange County Transportation Authority (OCTA) General Fund appropriations limit for fiscal year (FY) 2018-19 at \$11,573,733, excluding federal grant funds and other funds to be received from sources not subject to the appropriations limitation. Appropriations subject to limitation do not include appropriations for debt service, costs of complying with the mandates of the courts or the federal government, or capital outlay projects.

Based on the FY 2018-19 budget for the General Fund, appropriations subject to limitation equal \$4,321,974. Proceeds of taxes subject to the appropriations limitation consist of a transfer of \$3,939,591 in ¼ cent sales tax revenues from the Orange County Local Transportation Fund to the General Fund for administration and planning and programming of the Local Transportation Fund, plus \$382,383 in interest earned on the proceeds of these taxes. Attachment B shows the calculation of the FY 2018-19 OCTA General Fund appropriations limit. The change in population and change in California per capita personal income rates were obtained from the State of California, Department of Finance.

Summary

Staff recommends adoption of the Orange County Transportation Authority General Fund Resolution No. 2018-056, which will establish the fiscal year 2018-19 appropriation limit at \$11,573,733.

Attachments

- A. Resolution of the Orange County Transportation Authority General Fund Establishing Appropriations Limit for Fiscal Year 2018-19
- B. Orange County Transportation Authority General Fund Fiscal Year 2018-19 Gann Appropriations Limitation
- C. Orange County Transportation Authority General Fund Fiscal Year 2018-19 Gann Appropriations Limitation Detail Calculation

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