Budget Hearings

June 23, 2026

FRESNO CITY COUNCIL

City of FRESNO

Supplement Packet

ITEM(S)

D. (ID 26-800)
***RESOLUTION - Adopt Fiscal Year 2026-2027 GANN Appropriation Limit Resolution. (Subject to Mayor's Veto)

Contents of Supplement: Staff Report, GANN Resolution with Exhibit A – GANN Appropriations Limit and Calculations FY26-27

REPORT TO THE CITY COUNCIL

FROM: SANTINO DANISI, MBA, City Controller/Finance Director
Finance Department

BY: EDWARD CHINEVERE, MBA, Assistant Director, Budget
Finance Department

PEDRO RIVERA, Budget Manager
Finance Department

SUBJECT
..Title
***RESOLUTION – adopt the Gann Appropriation Limit for Fiscal Year 2026-2027 (Subject to Mayor's Veto)

..Body
RECOMMENDATION

It is recommended that the Council adopt the attached resolution establishing the Gann Appropriation Limit for Fiscal Year 2026-2027, which selects Per Capita Personal Income and City population as the factors to be used in calculating the FY 2027 appropriations limit (Method A). This method provides the most flexibility with regard to the spending limit.

EXECUTIVE SUMMARY

State law requires the City to adopt an annual appropriations limit, otherwise known as the GANN Limit, in conjunction with the adoption of the budget. The new limit amount is calculated by applying the growth rates in population and per capita personal income to the previous fiscal year's limit amount. Staff has prepared two GANN Limit levels, which both meet the legal standards for calculation and have been available for public review at least 15 days prior to this Council meeting in compliance with State law. Staff is recommending that Council adopt the level which will give the City the greatest difference between FY 2027 enacted appropriations and the calculated FY 2027 Gann Limit.

BACKGROUND

In November 1979, the voters of the State of California approved Proposition 4, commonly known as the GANN Initiative. The proposition created Article XIIIB of the State Constitution, placing limits on the amount of revenue that can be spent by all entities of government. Proposition 4 became effective for the 1980-81 fiscal year, but the formula for calculating the limits was based on the 1978-79 "base year" revenues.

Appropriations backed by tax revenues (property tax, sales tax, etc.) collected by all funds within the City are subject to measurement against the City's calculated GANN Limit. Tax revenues appropriated to pay for the following expenses can be excluded from the calculation: certain types of debt service, qualified capital outlays, the cost of complying with court orders and federal mandates as well as the cost of providing services associated with user fees. On a local level, the City of Fresno has never exceeded its appropriations limit. The City's appropriations subject to the limit are approximately 70.1% of the calculated limit. The voters approved Proposition 111 in June 1990, which altered the methodology outlined in Proposition 4 to determine the appropriations limit. It also requires an annual vote of the City Council on which adjustment factors will be used in determining the particular fiscal year's appropriation limit.

Under Proposition 111, the factors used to determine each year's limit were modified to be: 1) Either the California Per Capita Income or the percentage change in the local assessment roll from the preceding year due to the addition of local non-residential construction in the City, and 2) Either the City's own population growth or the population growth of the entire County.

Additionally, Article XIIIB requires the appropriations limit be adjusted permanently whenever there is a transfer of financial responsibility between two or more government agencies. One example of this would be the booking fees and fees for Property Tax administration that the City is required to pay under Senate Bill No. 2557 (1990).

ENVIRONMENTAL FINDINGS

This item is not a project for the purpose of the California Environmental Quality Act.

LOCAL PREFERENCE

N/A.

FISCAL IMPACT

By approving the GANN limit that selects Per Capita Income and City Population, the City Council is adopting the FY 2026-2027 Gann limit that provides the City with the most flexible spending limit.

Attachment:
GANN Resolution with Exhibit A – GANN Appropriations Limit and Calculations FY26-27

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF FRESNO, CALIFORNIA, SELECTING METHOD AND TO DETERMINE THE GANN APPROPRIATION LIMIT, RELATING TO THE FISCAL YEAR 2026-2027 CITY BUDGET

WHEREAS, in November 1979, Proposition 4 (the Gann Initiative) was approved, which added Article XIIIB to the State Constitution, placing limits on the amount of revenue that all government entities may spend; and

WHEREAS, the purpose of Proposition 4 was to limit the growth in the appropriations of state and local governments to changes in the per capita income and population in order to control spending levels (Gann Limit); and

WHEREAS, Proposition 4 requires the City to adopt an annual appropriations limit in conjunction with the adoption of the City's annual budget; and

WHEREAS, the Gann Limit is calculated by applying the growth rates in population and per capita income to the previous fiscal year's limit amount; and

WHEREAS, staff has prepared two alternative methods, shown in Attachment A, for calculating the Gann Limit, each of which complies with Proposition 4, as amended; and

WHEREAS, in accordance with Government Code section 7910(a), the documentation used in the determination of the City's FY 2026-2027 appropriations limit, including the calculations set forth in Attachment A, was made available to the public at least fifteen (15) days prior to the meeting at which this Resolution was considered.

Date Adopted:
Date Approved:
Effective Date:
City Attorney Approval: SS

Resolution No.

698790v1

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Fresno as follows:

1. In conjunction with the adoption of the Fiscal Year 2026-2027 annual budget, the Council adopts Per Capita Personal Income and City population, shown as Method A in Attachment A attached hereto, as the factors for the purpose of determining the City of Fresno's Fiscal Year 2026-2027 Gann Appropriations Limit.

2. The Council hereby establishes the City's Gann Appropriations Limit for Fiscal Year 2026-2027 at $932,509,182 as calculated under Method A in Attachment A, attached hereto and incorporated herein by reference.

3. This Resolution shall be effective upon final approval.

* * * * * * * * * * * * * *

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, AMY K. ALLER, City Clerk of the City of Fresno, certify that the foregoing resolution was adopted by the Council of the City of Fresno, at a regular meeting held on the _____ day of ____________,2026.

AYES :
NOES :
ABSENT :
ABSTAIN :

Mayor Approval: ____________________________________, 2026
Mayor Approval/No Return: ___________________________, 2026
Mayor Veto: _______________________________________, 2026
Council Override Vote: _______________________________, 2026

AMY K. ALLER
City Clerk

BY:_________________________
Deputy Date

APPROVED AS TO FORM:
ANDREW JANZ
City Attorney

BY:__________________________________
Sukhman S. Sekhon
Deputy City Attorney

Attachment:
Exhibit A – GANN Appropriations Limit and Calculations FY26-27

EXHIBIT A

COMPUTATION OF SPENDING LIMIT
METHOD A or B FOR 2027

GANN CALCULATION
Fiscal Year 2027
Method A

Using: 1) Percent change in Per Capita Personal Income
2) Percent change in City Population

Beginning Balance	$ 887,816,838
Adjustment	0
Beginning Balance	$ 887,816,838
Per Capita Income Change Ratio	1.0495
City Population Growth Ratio	1.0008
FY 2026-2027 Factor	1.0503396
Appropriations Limit Fiscal Year 2027	$ 932,509,182
Net Annual Adjustment in Dollars	44,692,345

GANN CALCULATION
Fiscal Year 2027
Method B

Using: 1) Percent change in Per Capita Personal Income
2) Percent change in County Population

Beginning Balance	$ 887,816,838
Adjustment	0
Beginning Balance	$ 887,816,838
Per Capita Income Change Ratio	1.0495
County Population Growth Ratio	0.9997
FY 2026-2027 Factor	1.04918515
Appropriations Limit Fiscal Year 2027	$ 931,484,242
Net Annual Adjustment in Dollars	43,667,404

Source: May 2026, State of California, Department of Finance letter

Per Capital Personal Income Change Over Prior Year	**4.95%**
County Population Growth	**-0.03%**
City Population Growth	**0.08%**