



COUNCIL REPORT

DATE: June 24, 2025

CATEGORY: Consent

DEPT.: Finance and Administrative Services

TITLE: **Annual Appropriations Limit for Fiscal Year 2025-26**

RECOMMENDATION

Adopt a Resolution of the City Council of the City of Mountain View Establishing the Fiscal Year 2025-26 Appropriations Limit, to be read in title only, further reading waived (Attachment 1 to the Council report).

BACKGROUND

In 1979, the voters of the State of California passed Proposition 4, the Gann Spending Limit Initiative. The initiative establishes and defines annual appropriation limits for state and local government entities and requires that the City of Mountain View (City) adopt an appropriations limit annually. This calculation is intended to limit the annual growth in tax revenues used to fund governmental expenditures in California. Article XIIB was changed with the passage of Proposition 111 on the June 1990 ballot. These changes permit greater flexibility with regard to annually calculating increases in the appropriations limit (Gann Limit or Limit) by allowing additional growth factors to be used. The initiative provides for annual adjustments for changes in population (for the City or County, whichever is greater), and either the statewide percentage change in per-capita personal income or percentage change in assessed valuation attributable to growth in nonresidential new construction. The factors permitting the maximum allowable increase in the appropriations limit are chosen for the calculation each fiscal year.

Pursuant to California Government Code Section 7910(a), the governing body of each local jurisdiction must establish the appropriations limit by resolution at a regularly scheduled or noticed special meeting and the documentation used to determine the appropriations limit must be made available to the public at least 15 days prior to the meeting. The documentation used to determine Mountain View's Fiscal Year 2025-26 appropriations limit was posted on the City's website on June 2, 2025. The calculation is also available in the Fiscal Year 2025-26 Recommended Budget document. Both are available at www.mountainview.gov/budget.

ANALYSIS

The Fiscal Year 2024-25 Adopted Limit is \$378,697,009. The recommended Limit for Fiscal Year 2025-26 is \$403,246,330. The increase from Fiscal Year 2024-25 is primarily due to the percentage change of 6.44% in statewide per-capita income over the prior fiscal year. The resolution displays the calculation utilized to arrive at this amount.

The recommended appropriations subject to the limitation for Fiscal Year 2025-26 are \$154,715,696, which is well below the calculated recommended legal Limit above.

FISCAL IMPACT

There is no fiscal impact associated with adopting the recommended appropriations limit, and the appropriation of the proceeds of taxes is well under the recommended limit.

LEVINE ACT

California Government Code Section 84308 (also known as the Levine Act) prohibits city officials from participating in any proceeding involving a “license, permit, or other entitlement for use” if the official has received a campaign contribution exceeding \$500 from a party, participant, or agent of a party or participant within the last 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html

Please see below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

EXEMPT FROM THE LEVINE ACT

☒ General policy and legislative actions

ALTERNATIVES

1. Establish the Fiscal Year 2025-26 appropriations limit using other allowable adjustment factors.
2. Establish the Fiscal Year 2025-26 appropriations limit with no increase from Fiscal Year 2024-25.

Attachments: 1. Resolution Establishing the Fiscal Year 2025-26 Appropriations Limit
2. Appropriation Limit Calculation