



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

Submitted on:  
(COB Stamp)

Department Name: Auditor-Controller  
Department No.: 061  
Agenda Date: June 9, 2026  
Placement: Administrative Agenda  
Estimated Time:  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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**TO:** Board of Supervisors  
**FROM:** Department Director: Betsy M. Schaffer, CPA, CPFO, CFE  
Contact: Danny Forner, CPA  
**SUBJECT:** Proposition 4/111 Appropriations Limit for Fiscal Year 2026-27

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**County Counsel Concurrence**

As to form: Yes

**Other Concurrence:**

As to form: N/A

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors, acting as the Board of Supervisors, Board of Directors, Santa Barbara County Fire Protection District, and Board of Directors, Santa Barbara County Flood Control and Water Conservation District:

- a) Accept the report of the Proposition 4/111 Appropriations Limit (GANN Initiative) as shown in Exhibits I, II, III, IV, & V.
- b) Adopt the following seven (7) resolutions:
  - i) Adopt a Resolution establishing an appropriations limit for fiscal year (FY) 2026-27 for the County of Santa Barbara;
  - ii) Adopt a Resolution establishing an appropriations limit for FY 2026-27 for Santa Barbara County Service Area No. 3;
  - iii) Adopt a Resolution establishing an appropriations limit for FY 2026-27 for Santa Barbara County Service Area No. 4;
  - iv) Adopt a Resolution establishing an appropriations limit for FY 2026-27 for Santa Barbara County Service Area No. 5;
  - v) Adopt a Resolution establishing an appropriations limit for FY 2026-27 for the Santa Barbara County Fire Protection District;
  - vi) Adopt a Resolution establishing an appropriations limit for FY 2026-27 for the Santa Barbara North County Lighting District;
  - vii) Adopt a Resolution establishing an appropriations limit for FY 2026-27 for the Santa Barbara County Flood Control and Water Conservation District.

- c) Select the change in the California Per Capita Personal Income as the price factor in determining the FY 2026-27 limit for the County of Santa Barbara and special districts, and ratify selections by recorded vote.
- d) Select the total change in population within Santa Barbara County for the special districts and the total change in population within the Santa Barbara County incorporated areas for the County of Santa Barbara, and ratify selections by recorded vote. Selecting these factors maximizes the FY 2026-27 appropriations limits for each jurisdiction.

**Summary Text:**

Propositions 4 and 111 require that appropriations limits be calculated based on FY 1978-79 tax proceeds adjusted annually for population and price changes. Each year, the tax proceeds must be less than or equal to the established limits.

The County of Santa Barbara and the special districts are in compliance with the provisions of appropriations limit guidelines for FY 2024-25. Based on preliminary calculations, the County of Santa Barbara and the special districts will be in compliance with the provisions of the appropriations limit guidelines for fiscal years 2025-26 & 2026-27.

Per Section 7910 of the California Government Code, documentation used in the determinations of the appropriations limits was made available to the public on May 22, 2026, via postings within, and outside of, the County Administration Building at 105 East Anapamu Street, Santa Barbara and online via the Auditor-Controller's internet website. Additional information on Proposition 4 and 111, and all documentation used to determine the appropriations limits are available for review in the Auditor-Controller's Office.

**Background:**

Proposition 4, also known as the Gann Limit, was passed in by California voters in 1979, the year after the passage of the landmark Proposition 13. Named after its author Paul Gann, Prop 4 was a response to concerns that government spending was growing too rapidly and becoming disconnected from taxpayers' ability to pay. The measure amended the California Constitution to impose a strict limit on the amount of tax revenue that state and local governments could appropriate each year. This "appropriations limit" was tied to a base year (1978-79) and adjusted annually for inflation as measured by the Consumer Price Index (CPI) and population growth. Any tax revenue exceeding this annual limit had to be returned to taxpayers, thereby promoting fiscal discipline and ensuring that government growth remained in line with the economy and population.

In 1990, both policymakers and voters acknowledged that the original formula of Proposition 4 was too inflexible and did not adequately address evolving economic and policy needs. In response, Proposition 111 was created and approved, modifying the Gann Limit to provide greater flexibility in state budgeting. Prop 111 revised the inflation adjustment factor from the Consumer Price Index (CPI) to California's per capita personal income, which more accurately reflected economic growth. It also introduced a two-year average for growth factors and adjusted the treatment of education funding to comply with Proposition 98's requirements. Notably, it changed the approach to handling excess revenues by dividing surpluses between taxpayer refunds and additional funding for schools. These reforms maintained the Gann Limit's fundamental principle of spending restraint while enabling the government to more effectively manage services in a growing and dynamic state economy.

Propositions 4 and 111 collectively establish the foundation of California's constitutional fiscal framework, balancing the need for fiscal discipline with the necessity of investing in public services. Although the Gann Limit became less relevant for several years due to economic downturns and budget constraints, it has recently garnered renewed attention as California's revenues—supported by economic growth and federal stimulus—have once again approached or exceeded the spending limit.

**Fiscal and Facilities Impacts:**

N/A

**Special Instructions:**

Make available to the public, seven (7) Notices of Determination of Appropriations Limit no later than May 22, 2026, via postings within, and outside of, the County Administration Building at 105 East Anapamu Street, Santa Barbara. These Notices of Determination of Appropriations Limits have been included as Attachment F with this filing.

Upon final approval by the Board of Supervisors, forward signed copies of resolutions and minute order to Nicolas Nocker, Financial Reporting Supervisor, Auditor-Controller's Office.

**Attachments:**

**Attachment A** - Exhibit I: Proposed Appropriations Limit Calculation FY 2026-27

**Attachment B** - Exhibit II: Proposed Appropriations Limit Estimated Compliance Summary FY 2026-27

**Attachment C** - Exhibit III: General Fund Appropriations Limit Estimated Compliance Calculation FY 2026-27

**Attachment D** - Exhibit IV: Appropriations Limit Actual Compliance Summary FY 2024-25

**Attachment E** - Exhibit V: General Fund Appropriations Limit Actual Compliance Calculation FY 2024-25

**Attachment F** - Seven (7) Public Notices of Determination of Appropriations Limit FY 2026-27

**Attachment G – SIGNATURES REQUIRED** - Seven (7) Resolutions establishing the Appropriations Limit for FY 2026-27

**Attachment H** - Independent Accountant's Report on Applying Agreed-Upon Procedures FY 2024-25

**Contact Information:**

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