

Dear Fiscal Officer:

Subject: Price Factor and Population Information

Appropriations Limit

California Revenue and Taxation Code section 2227 requires the Department of Finance (Finance) to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2023, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2023-24. Attachment A provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2023-24 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

Population Percent Change for Special Districts

Some special districts must establish an annual appropriations limit. California Revenue and Taxation Code section 2228 provides additional information regarding the appropriations limit. Article XIII B, section 9(C) of the California Constitution exempts certain special districts from the appropriations limit calculation mandate. The code section and the California Constitution can be accessed at the following website: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

Population Certification

The population certification program applies only to cities and counties. California Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2023.**

Please Note: The prior year's city population estimates may be revised. The per capita personal income change is based on historical data.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

JOE SPEPHENSHAW
Director
By:

Erika Li
Chief Deputy Director

Attachment

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2023-24 appropriation limit is:

Per Capita Personal Income	
Fiscal Year (FY)	Percentage change over prior year
2023-24	4.44

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2023-24 appropriation limit.

2023-24:

Per Capita Cost of Living Change = 4.44 percent
 Population Change = -0.35 percent

Per Capita Cost of Living converted to a ratio: $\frac{4.44 + 100}{100} = 1.0444$

Population converted to a ratio: $\frac{-0.35 + 100}{100} = 0.9965$

Calculation of factor for FY 2023-24: $1.0444 \times 0.9965 = 1.0407$



JEFFREY PRANG
Assessor

OFFICE OF THE ASSESSOR
COUNTY OF LOS ANGELES

500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012-2770
assessor.lacounty.gov
1(888) 807 2111



Valuing People
and Property

April 26, 2023

Mr. Scott Williams
Finance Director
City of Vernon
4305 Santa Fe Avenue
Vernon, CA 90058

Dear Mr. Williams:

Your agency, the City of Vernon, in order to effect an adjustment of its Gann Limit, has requested that the Assessor's Office supply the percentage change in total assessed valuation for the city over that of the preceding year, due to nonresidential new construction.

For the City of Vernon, the 2022-2023 net change in nonresidential new construction, applicable to the 2023-2024 budget, is 11.17%.

If we can be of further service, please call Kevin Quon at (213) 974-4877.

Sincerely,

Kevin Quon
Appraiser
Quality Assurance

Enclosures

COUNTY OF LOS ANGELES - OFFICE OF THE ASSESSOR

Proposition 111 Analysis

Non-Residential New Construction (SE City Report) Current - 7/4/22		New Construction	Lesser Maintenance	Other Construction	Total New Construction
Commercial - Industrial	Authorizations	\$7,673,602	\$2,394,415	\$0	\$10,068,017
	Current	\$0	\$4,996,982	\$0	\$4,996,982
Other	Authorizations	\$0	\$0	\$0	\$0
	Current	\$0	\$0	\$0	\$0
Total New Construction		\$7,673,602	\$7,391,397	\$0	\$15,064,999
Add Fixtures (SV16 Report) Current - 7/21/22				\$768,141,683	
Less Fixtures (SV16 Report) Prior - 7/1/21				\$727,203,477	
Net Fixtures Adjustment					\$40,938,206
Net Increase in New Non-Res Construction from Prior Year					\$56,003,205
City Total (SV 16 Report)		Secured RE & PP Exemptions	Unsecured PP Exemption	Net Assessed Values	Total Assessed Values
Current Year - 7/21/22		\$236,626	\$0	\$7,270,299,791	\$7,270,536,417
Prior Year - 7/1/21		\$231,987	\$77,724	\$6,768,881,917	\$6,769,191,628
Net Increase in Local Assessment Roll From Prior Year					\$501,344,789
Percentage Increase Allowable = New Non-Res Growth / Total Roll Growth X 100				=	11.17%
Percentage Increase Allowable (without Fixtures)					3.00%

YEAR 2022-2023

AGENCY City of Vernon

AGENCY NO. 276.00

Fiscal Year 2023-24

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2022 to January 1, 2023 and Total Population, January 1, 2023

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total Population</u>
	2022-2023	1-1-22	1-1-23	1-1-2023
South Gate	-0.78	93,355	92,628	92,628
South Pasadena	-0.59	26,428	26,273	26,273
Temple City	-0.55	36,010	35,813	35,813
Torrance	-0.88	144,327	143,057	143,057
Vernon	-0.97	207	205	205
Walnut	-0.61	27,721	27,553	27,553
West Covina	0.23	107,642	107,893	107,893
West Hollywood	-0.39	34,930	34,793	34,793
Westlake Village	-1.12	8,009	7,919	7,919
Whittier	-0.47	87,707	87,291	87,291
Unincorporated	-0.95	1,006,954	997,407	997,999
County Total	-0.75	9,826,563	9,753,247	9,761,210

*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

ALTERNATIVE ADJUSTMENT FACTORS

Under Proposition 111, there are two options available for each of the major adjustment factors. The values of these factors for the purpose of calculating the Gann Limit are as follows:

		<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
<u>Price Factors:</u>				
(A)	Percent growth in State per Capita Personal Income: (Source: California Department of Finance)	5.73%	7.55%	4.44%
	Price Factor A	1.057	1.0755	1.0444
(B)	Percent change in Assessed Valuation in new non-residential construction (Source: Los Angeles County Assessor's Office)	27.36	21.82	11.17
	Price Factor B	1.2736	1.2182	1.1117
<u>Population Factors:</u>				
(C)	Percentage growth in County Population (Source: California Department of Finance)	-0.89	-0.71	-0.75
	Population Factor C	0.9911	0.9929	0.9925
(D)	Percent growth in City Population (Source: California Department of Finance)	-0.67	-0.95	-0.97
	Population Factor D	0.9933	0.9905	0.9903

Annual Adjustment Factors:

Based upon the actual data, the four alternative adjustment factors are as follows:

A x C	1.047890	1.067864	1.036567
A x D	1.050216	1.065283	1.034269
B x C	1.262265	1.209551	1.103362
B x D	1.265067	1.206627	1.100917

CITY OF VERNON

APPROPRIATION LIMIT UNDER PROPOSITION 4 AND
SECTION 7901 OF THE GOVERNMENT CODE

2023-2024 APPROPRIATION LIMIT CALCULATION

2022-2023 Appropriation Limit	2,380,154,189
Increase in Nonresidential Construction 11.17%	
Los Angeles County population change -0.75 %	
$1.1117 \times 0.9925 = 1.103362$	X <u>1.103362</u>
2023-2024 Appropriation Limit	<u><u>2,626,172,281</u></u>