ATTACHMENT 2

FISCAL YEAR 2027 TAX APPROPRIATIONS LIMIT

- Executive Summary
- Ten-Year History of Price and Population Factors and Tax Appropriations Limits

Fiscal Year 2026/27 Tax Appropriations Limit

Executive Summary

In November 1979, California voters approved Proposition 4 (the Gann Initiative) and added Article XIIIB to the California State Constitution. In 1980, the State Legislature added Division 9 (commencing with Section 7900) to Title I of the Government Code to implement Article XIIIB. This legislation required the governing body of each local jurisdiction in California to establish a Tax Appropriations Limit (also referred to as the GANN Limit) on or before June 30 of each year for the following fiscal year. The Tax Appropriations Limit is based on actual appropriations during the State of California Fiscal Year 1978/79 and adjusted each year using population and inflation adjustment factors.

On June 5, 1990, California voters approved Proposition 111, amending Article XIIIB. Proposition 111 allows local jurisdictions to choose among measures of inflation and population growth to compute and adjustment factor. The measures for inflation (price factors) include growth in California per capita income or growth in the City's gross assessed valuation due to new non-residential construction; while measures for population growth include population growth within the county or city.

The Tax Appropriations Limit does not apply to all City revenues, or all General Fund revenues, but only to proceeds of taxes including property tax, sales tax, transient occupancy tax, motor vehicle license fees, and other local taxes, less the amount paid in debt service on both voter approved debt and qualified capital outlays (a fixed asset, including land, with a useful life of more than 10 years and a value that equals or exceeds $100,000). Other revenues, including fees, licenses and permits, rents and concessions, and inter-fund transfers are not subject to the limit.

CITY OF NAPA

Fiscal Year 2026/27 Tax Appropriations Limit

Ten Year History of Price and Population Factors & Tax Appropriations Limits for Fiscal Years 2017/18 through 2026/27

Fiscal Year	Price Adjustment		Population Adjustment		Total Adjustment	Appropriation Limit
2017/18	1.0006	x	1.0369	=	1.0376	508,054,206
2018/19	1.0067	x	0.9972	=	1.0038	510,009,935
2019/20	1.0085	x	0.9999	=	1.0085	514,321,628
2020/21	1.0373	x	0.9943	=	1.0314	530,481,309
2021/22	1.0033	x	1.0048	=	1.0082	534,807,381
2022/23	1.0755	x	0.9902	=	1.0650	569,554,482
2023/24	1.0444	x	0.9908	=	1.0348	589,380,150
2024/25	1.0362	x	1.0038	=	1.0401	613,036,431
2025/26	1.0644	x	1.0056	=	1.0704	656,170,067
2026/27	1.0495	x	0.9986	=	1.0480	687,686,375

DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

ATTACHMENT 2

Gavin Newsom ▪ Governor
1021 O Street, Suite 3110 ▪ Sacramento CA 95814 ▪ www.dof.ca.gov

May 1, 2026

Dear Fiscal Officer:

Price Factor and Population Information

Appropriations Limit
California Revenue and Taxation Code section 2227 requires the Department of 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, 2026, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2026–27. Attachment A provides the change in California's per capita personal income and an example for utilizing the factors to calculate the 2026–27 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. 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, 2026**. 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.

/s Erika Li
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 2026–27 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2026-27	4.95

B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2026–27 appropriation limit.

2026–27:

Per Capita Cost of Living Change = 4.95 percent
Population Change = -0.14 percent

Per Capita Cost of Living converted to a ratio: $\frac{4.95 + 100}{100} = 1.0495$

Population converted to a ratio: $\frac{-0.14 + 100}{100} = 0.9986$

Calculation of factor for FY 2026–27: 1.0495 x 0.9986 = 1.0480

ATTACHMENT 2

FISCAL YEAR 2026-27
Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2025 to January 1, 2026, and Total Population January 1, 2026

City	County	Percent Change 25-26	Population Minus Exclusions 1-1-25	Population Minus Exclusions 1-1-26	Total Population 1-1-26
American Canyon	Napa	0.14	22,588	22,619	22,619
Calistoga	Napa	2.32	5,162	5,282	5,282
Napa	Napa	-0.31	78,045	77,803	77,803
St. Helena	Napa	-0.41	5,339	5,317	5,317
Yountville	Napa	-0.10	2,025	2,023	2,567
Unincorporated	Napa	-0.33	21,798	21,725	22,786
Incorporated	Napa	-0.10	113,159	113,044	113,588
County Total	Napa	-0.14	134,957	134,769	136,374