OFFICE OF STATE CONTROLLER

To: County Auditors

Date: September 4, 1990

From: John Korach

Subject: Article XIIIB Guidelines

Attached are draft guidelines for Article XIIIB Appropriation Limit procedures. This draft incorporates the provisions of Proposition 111. Please review these guidelines and provide us your questions or comments by September 17. We anticipate a final draft to be distributed in late October.

Also, please provide us with any federal or court mandates that are not included in Appendix B. Please contact me at (916) 327-0757 if you would like to discuss your questions or comments.

DRAFT

ARTICLE XIIIB

CALIFORNIA CONSTITUTION

APPROPRIATION LIMIT

PROCEDURE GUIDELINES

FOR

CALIFORNIA COUNTIES

Prepared by

COUNTY ACCOUNTING STANDARDS
AND PROCEDURES COMMITTEE

TABLE OF CONTENTS

I. INTRODUCTION

California voters, in November of 1979 passed Proposition 4, which added Article XIIIB to the State Constitution. This article establishes limits on the appropriation of proceeds of taxes. In June of 1990 the voters passed Proposition 111 which updates the States' appropriation limit to allow for new funding for priority state programs, while still providing an overall limit on state and local spending.

The provisions of Proposition 111 are effective July 1, 1990. To facilitate the implementation of the revised article, the County Accounting Standards and Procedures Committee has prepared these guidelines.

As with the guidelines developed to implement the provisions of Proposition 4 the objective of these guidelines are: (1) develop a reasonable document counties may rely upon as an accepted standard to follow in complying with the article, (2) promoting uniformity in the implementation of the article and (3) eliminating unnecessary, costly, time consuming and burdensome documentation and recordkeeping.

Major Proposition 111 Changes

Affecting Counties

* Proposition 111 Changes the Appropriation Limit Formula. Previously, in general, the "limit" was based upon the 1978-79 proceeds of taxes adjusted annually for population and cost of living changes. Proposition 111 establishes new cost of living factors and new population factors for use by local governments.

Cost of Living:

Local governments may annually choose by a recorded vote of the governing body either:

- The change in California per capita personal income or,
- the percentage change in the jurisdiction's assessed valuation which is attributable to nonresidential new construction.

Population:

Counties may annually choose one of the following:

- the change in population of the jurisdiction.
- the change in population of the jurisdiction combined with the change within all counties having borders contiguous to that county.
- the change in population within the incorporated area of the county.

These new factors shall be applied to the established 1986-87 F.Y. appropriations limit and adjusted annually to determine the 1990-91 fiscal year appropriations limit.

* Proposition 111 Changes Excess Revenue Calculation. Previously, the calculation to determine if proceeds of taxes received were in excess of the limit was made annually. Now proceeds of taxes which exceed the limit in one year may be carried over to a succeeding year. The portion of carried-over revenue which cannot be appropriated within the following year's limit is considered excess revenue and must be returned within the next two fiscal years.

* Proposition 111 Increases Appropriations Not Subject to the Limit. Appropriations for the following items have been defined by Proposition 111 to be appropriations not subject to the limit. See section II of this guide for a complete listing and definitions of appropriations not subject to the limit.

a) Qualified Capital Outlay Projects.

b) Highway Users tax in excess of $0.09 per gallon.

c) Sales and use tax on the increment of tax specified in (b).

d) Emergencies.

II. DEFINITIONS AND INTERPRETATIONS

The following definitions and interpretations have been made using various sources as referenced. These definitions and interpretations were made to only apply to the determination of an appropriation limit as required by Article XIIIB of the California Constitution.

Proceeds of Taxes

Proceeds of Taxes "shall include, but not be restricted to, all tax revenues and the proceeds to an entity of government, from (i) regulatory licenses, user charges, and user fees to the extent that such proceeds exceed the costs reasonably borne by such entity in providing the regulation, product, or service, and (ii) the investment of tax revenues. With respect to any local agency, 'proceeds of taxes' shall include subventions received from the state, other than pursuant to Section 6 of this Article, and, with respect to the state, proceeds of taxes shall exclude such subventions."

Also excluded from proceeds of taxes are proceeds from a license tax imposed pursuant to Health and Safety Code Section 25149.5 or a tax or fee imposed pursuant to Health and Safety Code Section 25173.5 on the operation of a hazardous waste facility. In addition, a surcharge collected by a regional disposal facility authorized pursuant to Health and Safety Code Section 25878. Proceeds from the license tax, tax, fee, or surcharge are excluded to the extent that they are expended for cost or increased burdens to the local jurisdiction which are associated with the hazardous waste facility or regional disposal facility. Appendix A provides a listing of proceeds and non proceeds of taxes.

(Reference: Article XIIIB Section 8C and Government Code Section 7901 amended by Chapter 60 Statutes of 1990.)

State Subventions

State subventions shall include only money received by a local agency from the state, the use of which is unrestricted by the statute providing the subvention.

(Reference: Government Code Section 7903 as add by Chapter 1205 Statutes 1980)

The article includes all state subventions as proceeds of taxes and subject to limitation. However, the above definition requires each state subvention be analyzed for restrictions. Refer to appendix A for those state subventions determined by this committee to be unrestricted and classified as proceeds of taxes.

Cost Reasonably Borne

Cost reasonably borne shall incorporate all appropriations by an entity for reasonable costs appropriate for the continuation of service over time. This includes ongoing expenses such as operation costs and a reasonable allocation for overhead, depreciation, and administration. Also included, are reasonable allocations for start-up costs and future capacity. The reasonable allocation for capital replacement, expansion of services, and repayment of related bond issuances would be considered "costs reasonably borne."

Revenues in excess of the cost reasonably borne are classified as proceeds of taxes.

(Reference: Summary of Proposed Implementing Legislation and Drafters' Intent)

Encumbrance

Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

(Reference: Governmental Accounting Auditing and Financial Reporting, 1988)

Outstanding encumbrances at year end shall be treated as a reserve as provided for in Section V of the Article XIIIB. Outstanding encumbrances at year end shall be included in the year the encumbrance was initially appropriated and shall not be considered in future appropriations subject to limitation.

Section V Funds

As discussed in Section V of the Article, additions to such funds or accounts to the extent that such additions are derived from proceeds of taxes shall, for purposes of Article XIIIB, constitute appropriations subject to limitation in the year of the addition. Neither withdrawals from any such funds or accounts nor expenditures of such funds or withdrawals nor transfers between or among such funds or accounts shall, for purposes of this Article, constitute appropriations subject to limitation.

(Reference: Summary of Proposed Implementing Legislation and Drafters' Intent)

Return of Taxes

For all entities of government other than the state, revenues received in excess of the amount which may be appropriated in compliance with Article XIIIB in a fiscal year and the fiscal year immediately following shall be returned by a revision of tax rates or fee schedules within the next two fiscal years.

Revenue in excess of the limit may be appropriated in the current year (year 1) for a statutory exclusion. The excess may also be appropriated in the year immediately following (year 2) within the limit or for statutory exclusions.

If the entity does not appropriate the excess revenue by the end of the year immediately following, it must return the excess in the next two subsequent fiscal years (years 3 and 4).

Excess revenues must be identified and tracked by fiscal year to insure the entity was able to appropriate the excess revenue within years 1 or 2 in compliance with the Article or demonstrate the return of the excess within years 3 or 4.

A return of excess revenue may be granted by a tax rate adjustment or tax refund by providing a temporary suspension of tax rates or fee schedules or any other means consistent with the intent of the implementing act.

(Reference: Article XIIIB Section 2(b) and Government Code Section 7911 as added by Chapter 1205 Statutes of 1980.)

Change in California Per Capita Personal Income

Means the number resulting when the quotient of the California per capita personal income, as published by the U.S. Department of Commerce in the Survey of Current Business for the fourth quarter of a calendar year, is divided by the civilian population on January 1 of the next calendar year, is divided by the similarly determined quotient for the next prior year. The Department of Finance will notify each local jurisdiction no later than May 1 of each year, of the change in California Per Capita Personal Income

(Reference: Government Code Section 7901 and 7909 as added by Chapter 1205 Statutes 1980)

Change in Cost-of-Living

Change in cost-of-living for an entity of local government:

a) The percentage change in California per capita personal income from the preceding year; or

b) The percentage change in the local assessment roll from the preceding year due to the addition of local non-residential new construction.

To determine the percentage change in your county's assessed valuation which is attributable to nonresidential new construction, the following equation should be used:

$$\frac{\text{Nonresidential New Construction Growth from Prior Year}}{\text{Total CY Local Assessment Roll Growth From Prior Year}} = \text{Percentage Change Nonresidential New Construction Percentage}$$

The Nonresidential New Construction Amounts should be provided to you by your county's Assessor for the prior and current year, in order to calculate growth. The current year Local Assessment Roll Growth is defined to be the growth from the prior year in the Secured and Unsecured Rolls. The current year Local Assessment Roll Growth can be determined by comparing the prior year rolls to the current roll maintained in your office.

Each entity must select its methodology annually by a recorded vote of the governing body.

(Reference: Article XIIIB Section 8(e)(2))

Change in Population

Change in population for a local agency means the number resulting when the percentage change in population for the calendar year in question, as estimated by the Department of Finance pursuant to Section 2227 of the Revenue and Taxation Code for each city and county and Section 2228 of the R & T Code for each special district plus 100, is divided by 100.

A county may choose one of the following to determine change in population:

a) The change in population within its jurisdiction.

b) The change in population within its jurisdiction, combined with the change in population within all counties having borders that are contiguous to that county.

c) The change in population within the incorporated portion of the county.

To determine the population change for option (b) above, the sum of the population changes for the county and all contiguous counties should be divided by the total of the population of the county and all contiguous counties.

A charter city and county may use either the change in population within its jurisdiction or the methodology provided in Section 2 of chapter 1221 Statutes of 1980.

(Reference: Government Code Section 7901 amend by Chapter 88
Statutes of 1990)

Appropriation

A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

(Reference: Governmental Accounting Auditing and Financial
Reporting, 1988)

Included within appropriations should be the provisions for reserves. Appropriations plus provisions for reserves will equal total appropriations for purposes of Article XIII B.

Review of Limit

The appropriation limit annually calculated under this article shall be reviewed as part of an annual financial audit.

A review for the purposes of this article shall be; (a) for the 1990-91 fiscal year a verification of the adjustments to the established appropriation limit for the 1986-87 fiscal year and each intervening fiscal year, (b) for each subsequent fiscal year a verification of the annual calculation of the limit shall be performed.

Appropriations not Subject to Limitation

Revenues received from the federal government are not subject to limitations and are considered non-proceeds of taxes. Other appropriations not subject to the limit would be (1) debt service (on indebtedness existing or legally authorized as of 1/1/79, or thereafter approved by the voters), (2) those required for complying with mandates of the court or federal government which require additional or increased cost of providing a service (see appendix B for examples), (3) special districts levying a 12 1/2 cent tax rate or less in the 1977/78 fiscal year, or which is totally funded by other than proceeds of taxes, (4) Appropriations related to qualified capital outlay projects, (5) Appropriation of the following:

a) proceeds from tax imposed on motor vehicle fuels at a rate in excess of $0.09 per gallon.

b) sales and use tax on the increment of tax in (a) above.

c) certain expenditures for Governor declared emergencies.

A. Qualified Capital Outlay Projects The legislature has defined an appropriation for a qualified capital outlay project to be an appropriation for a fixed asset (including land and construction) with a useful life of 10 years or more and a value of $100,000 or more.

(Reference: Government Code Section 7514 as added by Chapter 60 Statutes of 1990).

This includes all appropriations associated with the acquisition of fixed assets and or capital projects including the payments on related financing instruments. Unrelated capital projects with a value of less than $100,000 cannot be "bundled" together in order to be exempt from the limit.

B. Emergency. In the event of an emergency declared by the Governor, appropriations approved by a 2/3's vote of the legislative body of the affected entity to an emergency account for expenditures relating to that emergency, shall not constitute appropriation subject to limitation.
(Reference: Article XIII B Section 2(c)(2))

C. Redevelopment Agencies may be effectively excluded from appropriation limits if the agency is primarily financed by 'tax-increments'. SB 1972, Chapter 1342 Statutes of 1980 provides that 'tax-allocation financing' are not proceeds of taxes to the extent appropriated for repayment of debt incurred for the 'redevelopment activity'.

D. Assessment Districts must be analyzed as to what purpose it serves and the type of revenue received in order to determine if the district is subject to the Article.

Special assessments on property, imposed on a benefit-received basis for the purpose of improving the property through the construction of related facilities, have traditionally not been considered taxes. The appropriation of assessments of this type would not be governed by Article XIIIB.

Since the passage of Article XIIIB, there have been new types of assessments (special taxes) authorized by the legislature which may be levies for purposes for which assessments have not been traditionally used. The new types of assessments are for ongoing governmental operations and services that have traditionally been supported by general taxes and are considered taxes subject to the Article. Two examples of these revenue sources authorized by the legislature are:

AB 618 (Chapter 397 Statutes of 1979) police and fire protection standby or availability charge.

AB 549 (Chapter 261 Statutes of 1979) lighting districts, service areas, maintenance district to assess for ongoing services.

E. Joint Power Agencies would not be separately subject to the Article because its service territory is indefinite and its revenue sources originate from the individual contributing agencies. The appropriations of the creating or supporting entities would be controlled by their respective limits.

F. Multi-Purpose Agencies are in most cases, interrelated activities and are singularly subject to the Article. However, the appropriation limit amounts may be identified separately by function or fund within the entity.

G. Enterprise Funds The characteristics of an enterprise fund generally allow expenses to be funded through user fees and charges. Included within the fees and charges should be an amount for depreciation as well as future expansion. From the definition of "cost reasonably borne" it would follow that appropriation limits would not apply to the enterprise fund itself. However, residual equity transfers from an enterprise fund to an operating fund would be considered proceeds of taxes to the recipient fund.

III. CONCEPTS AND PROCEDURES

Various concepts and procedures have been agreed upon and adopted by this committee for use in establishing an appropriation limit. As each is discussed in detail, there will be a reference to its application to, or effect on, the matrix example found in Appendix A, (all columns references are to Appendix A).

Classification of Revenues

The Article requires the classification of all revenue as either proceeds of taxes or non-proceeds of taxes. The appropriation limit shall be based upon revenues classed as proceeds of taxes. Therefore, the matrix example in Appendix A begins with classifying each revenue account contained in the County Accounting Standards and Procedures Manual into these two types of revenues, see columns 1 and 2. The basis for allocation will differ for each revenue item, depending upon source, legal requirement, etc. Column 3 entitled "allocable" is for those revenues which are comprised of elements of both proceeds and non-proceeds of taxes requiring analysis and allocation between columns 1 and 2. Other than the fund balance undesignated or unreserved, the most common revenue item requiring allocation is interest. Interest as well as any other revenue source susceptible to allocation should be analyzed prior to making the allocation. Refer to Appendix A for other examples of allocable revenues.

Determining Excess Revenue

The Article indicates that proceeds of taxes subject to the appropriation limitation include revenues from regulatory licenses, user charges and user fees in excess of costs reasonably borne. In order to determine these amounts, you should identify and compare the cost of providing a service to the fee that is charged for that service.

This committee is recommending as a reasonable and conservative alternative to this method the concept of comparing total revenues from other than proceeds of taxes to the total cost aggregated by category. This method should increase the timeliness and efficiency of required calculations while reducing the cost of determining the cost reasonably borne. The aggregation, as outlined in the matrix is suggested as a minimum breakdown. Some counties may elect to split these groupings into finer detail as their needs require.

Calculating the Limit (Prop. 111)

The Article as amended in 1990 requires the 1990-91 fiscal year limit to be based upon the established 1986-87 limit. The established 1986-87 limit shall be adjusted annually for the change in the cost of living and the change in population.

(Reference: Article XIII B, Sections 1 and 10.5)

This calculation is made by first multiplying the 1986-87 limit by the change in cost of living from the preceding year as defined in Section II of this guide, then multiplying this product by the change in population for the preceding year as defined in Section II of this guide. This final product will be adjusted for each of the three succeeding fiscal years in determining the 1990-91 limit.

Adjustments to the Limit

Transfer of Responsibility. Once the appropriation limit has been established, it can be adjusted in several manners. As already discussed, the prior year limit is adjusted for cost-of-living and population changes to arrive at the current year limit.

In the event the financial responsibility of providing a service and/or program is transferred, in whole or in part, to another unit of government, the appropriation limit requires adjustment. The entity assuming the added responsibility shall increase its appropriation limit by a reasonable amount while the entity giving up the responsibility shall decrease its appropriation by the same reasonable amount. The limit shall be adjusted in the year the transfer becomes effective.

Similarly, if a governmental entity transfers a responsibility to a private entity or the financial source for the provision of services is transferred from other revenues to regulatory licenses, user charges or fees, then the appropriation limit of the governmental entity shall be decreased accordingly.

Transfers and or adjustments to the limit during 1986/87 through 1989/90 should be taken into consideration when calculating the 1990/91 limit. Transfers of limits due to annexations, for example, should be multiplied by the applicable annual factors and either added to or subtracted from the calculation of the 1990/91 limit depending upon whether your entity accepted additional responsibilities or transferred responsibilities to another entity.

Emergency. The appropriation limit may be exceeded in the event of a locally declared emergency. However, the appropriation limit in the following three years must be reduced accordingly to prevent an aggregate increase resulting from the emergency.

Election. The appropriation limit may be established or changed by the electors of such entity. The duration of such change shall not exceed four years.

Voter approved limit increases (overrides) should be included in adjusting the 1986/87 established limit. However, in accordance with the article, four years following approval, the increase (override) together with applicable annual adjustments must be subtracted from the limit.

Errors and Omissions. Legislative implementation of Article XIIIB of the California Constitution was accomplished with Chapter 1205 of the Statutes of 1980 and Chapter 60 Statutes of 1990. Since the Gann Initiative is basically self-executing, reasonable interpretations of undefined terms and ambiguous provisions should be upheld without an unduly burdensome amount of legislative direction. The intent of the drafters was to keep the appropriations limitation accurate in case significant errors were founds, such as population data. To this end, keeping the limitation accurate, they said:

> "Errors need not be corrected retroactively for past fiscal years. The spending in those years is complete, and it would prove an undesirable disruption to recompute each past year's appropriations limitation. However, the cumulative effect of past miscalculations must be factored out of current and future appropriations limitations calculations."

(Reference: Summary of Proposed Implementing Legislation and Drafters' Intent)

Compliance Calculations

Each year counties should perform the necessary calculations to determine if year end proceeds of taxes subject to the limit have exceeded the limit. This is accomplished by following the same procedure used in establishing the appropriation limit, however, when classifying revenues, actual revenues will be used.

IV

APPENDIX A

Chart of Account No.	Account Title	Proceeds of taxes 1	Non-Proceeds of taxes 2	Allocable 3	Category
1-9	Taxes	X			
	Licenses, Permits & Franchises				
10	Animal Licenses		X		
11	Business Licenses		X		Other Protection
12	Construction Permits		X		Other Protection
13	Road privileges & Permits		X		Building & Planning
14	Zoning Permits		X		
15	Franchises		X		Roads & Facilities
16	Other Licenses & Permits		X		Building & Planning
	Fines, Forfeitures & Penalties		X		Other Protection
17	Vehicle Code Fines		X		
18	Other Court Fines		X		
19	Forfeitures & Penalties		X		
	Revenue From Use of Money		X		
30	Interest			X	
31	Rents on Concessions			X	
32	Investment Income *			X	
33	Royalties		X		
	Aid from other Govt'l Agencies*				
40	State-Aid for Aviation		X		
41	State-Highway Users Tax		X		
42	State-Motor Vehicle In-Lieu Tax	X			
43	State-Trailer Coach In-Lieu Tax	X			
44	State-Other In-Lieu Taxes	X			
45	State-Public Assistance-Admin.		X		
46	State-Aid for Public Assistance Program		X		

Chart of Account No.	Account Title	Proceeds of taxes 1	Non-Proceeds of taxes 2	Allocable 3	Category
	Aid from other Govt'l Agencies*				
47	State-Health Admin.		X		
48	State-Children Services		X		
49	State-Aid for Cerebral Palsy		X		
50	State-Aid for Mental Health		X		
51	State-Aid for Tuberculosis Control		X		
52	State-Other Aid for Health		X		
53	State-Aid for Agriculture			X	
54	State-Aid for Civil Defense		X		
55	State-Aid for Construction		X		
56	State-Aid for Corrections		X		
57	State-Aid for County Fairs		X		
58	State-Aid for Disaster		X		
59	State-Aid for Veterans Affairs		X		
60	Homeowners' Property Tax Relief	X			
61	State - Trial Court		X		
62	State-Other*				
	Tax Deeded Land Rentals	X			
	Aid for Juvenile Hall		X		
	Cigarette Taxes	X			
	Subvention for County Libraries		X		
	Recoveries from Absent Parents		X		
	Recoveries from Open-Space	X			
	Off-Highway License Fees		X		
	Cotton bale* In-lieu				

Chart of Account No.	Account Title	Proceeds of taxes 1	Non-Proceeds of taxes 2	Allocable 3	Category
63	Federal-Public Assistance Admin		X		
64	Federal-Public Assistance Program		X		
65	Federal-Health Admin		X		
66	Federal-Aid for Construction		X		
67	Federal-Aid for Disaster		X		
68	Federal-Forest Reserve		X		
69	Federal-Grazing Fees		X		
71	Federal-In-Lieu Taxes		X		
72	Federal-Other		X		
73	Other In-Lieu Taxes		X		
74	Other Govt'l Agencies			X	
	Charges for Current Services				
80	Assessment & Tax Collection Fees		X		General
81	Special Assessments*		X		General
82	Auditing & Accounting Fees		X		General
83	Communication Svcs		X		General
84	Election Services		X		General
85	Legal Fees		X		General
86	Personnel Services		X		General
87	Planning & Engineering				
88	Purchasing Fees		X		General
89	Agricultural Services		X		General
90	Civil Process Services		X		Criminal Justice
91	Court Fees & Services		X		
92	Estate Fees		X		
93	Humane Services		X		
94	Law Enforcement		X		Criminal Justice
95	Recording Fees		X		
96	Road & Street Services		X		
97	Health Fees		X		
98	Mental Health Services		X		

Chart of Account No.	Account Title	Proceeds of taxes 1	Non-Proceeds of taxes 2	Allocable 3	Category
	Charges for Current Services				
99	California Children's Services		X		Medical Care Services
100	Sanitation Services		X		Sanitation
101	Adoption Fees		X		Public Assistance
102	Institutional Care & Services		X		Medical Care Services
103	Education Services		X		Education
104	Library Services		X		Recreation & Cultural
105	Park & Recreation Fees		X		Recreation & Cultural Services
106	Other		X		
107	Interfund Revenue*		X		Recreation & Cultural Services
	Miscellaneous Revenue*				
110	Welfare Repayments		X		
111	Other Sales		X		
112	Miscellaneous		X		Debt Service
	Other Financing Sources				
121	Sale of Fixed Assets		X		
122	Operating Transfers in		X		
123	Long-term debt proceeds		X		
	Residual Equity transfers				
131	Residual Equity Transfers-In		X		
	Appropriations for Contingencies		X		Appropriations for Contingency
	Provisions for Reserves		X		Provisions for Reserve
	Fund Balance Unreserved/Undesignated			X	

*Must determine category of revenue for these accounts

V

APPENDIX B

Court/Federal Mandates

Section 9(b) of Article XIIIB of the Constitution states that appropriations subject to limitation shall not include, "Appropriations required to comply with mandates of the courts or the federal government which, without discretion, require an expenditure for additional services or which unavoidable make the provision of existing services more costly."

A mandate requires, without discretion an expenditure for additional services, or unavoidably make the providing of existing services more costly, and/or jeopardizes the receipt of other revenue if a county fails to comply with a related law or regulation.

The county auditor should seek guidance from county counsel in determining if an appropriation is escludable under this provision of the Article.

The following is a list (not altinclusive) of mandates both court and federal have been determined to be eligible for exclusion by this committee.

Federal Mandates

1. Medicare Insurance

   Coverage for certain safety retirement employees

2. Fair Labor Standards Act

   Overtime and related cost for specified employees

3. Increased Postage Cost

   Resulting from rate increases

4. Social Security

   Increase in employer contributions

5. Single Audit

   Unreimbursed cost associated with this audit

6. Uniform Allowances

   Social security taxes paid under non-accountable plan

7. Net county cost increases

   Result of decreasing federal sharing ratios

Court-Ordered Mandates*

1. Minimum security detention facility
   for female inmates
2. Increased staffing cost for guards and bailiffs

These mandates are generally applied on a county by county basis.

Change in California Per Capita Personal Income

Means the number resulting when the quotient of the California per capita personal income, as published by the U.S. Department of Commerce in the Survey of Current Business for the fourth quarter of a calendar year, is divided by the civilian population on January 1 of the next calendar year, is divided by the similarly determined quotient for the next prior year. The Department of Finance will notify each local jurisdiction no later than May 1 of each year, of the change in California Per Capita Personal Income

(Reference: Government Code Section 7901 and 7909 as added by Chapter 1205 Statutes 1980)

Change in Cost-of-Living

Change in cost-of-living for an entity of local government:

a) The percentage change in California per capita personal income from the preceding year; or

b) The percentage change in the local assessment roll from the preceding year due to the addition of local non-residential new construction.

To determine the percentage change in your county's assessed valuation which is attributable to nonresidential new construction, the following equation should be used:

$$\frac{\text{Nonresidential New Construction Growth from Prior Year}}{\text{Total CY Local Assessment Roll Growth From Prior Year}} = \text{Percentage Change Nonresidential New Construction Percentage}$$