OFFICE OF THE COUNTY EXECUTIVE

County of Sonoma

575 Administration Drive - Room 104A
Santa Rosa, CA 95403-2888

p: (707) 565-2431
f: (707) 565-3778

DAVID GUHIN
County Executive

JENNIFER SOLITO
Assistant County Executive

ANDREW STURMFELS
Assistant County Executive

PETER BRULAND
Deputy County Executive

CHRISTEL QUERIJERO
Deputy County Executive

DATE: April 24, 2026

SUBJECT: FY 2025-26 Appropriations Limit Correction

This memo details the calculations for the **corrected** FY 2025-26 appropriations limits for the County of Sonoma and for various special districts and agencies governed by the Board of Supervisors as the Directors and Commissioners. Each fiscal year, the Board must approve an appropriations limit as part of budget adoption, which dictates the total amount of tax revenue and certain related revenue streams that can be appropriated during a fiscal year. The original resolution adopted by the Board of Supervisors to establish the FY 2025-26 appropriations limit on June 10, 2025, contained errors and did not match published supporting documentation provided to the Board of Supervisors and public. The corrected resolution to be considered for adoption by the Board of Supervisors on May 12, 2026, will align appropriations limits with supporting documentation and supersedes the original resolution adopted on June 10, 2025.

Background

On November 6, 1979, voters approved the Gann Spending Limitation (Proposition 4), which established Article XIII-B of the State Constitution. Article XIII-B sets limits on the amount of tax revenues the State and most local governments can appropriate within a given fiscal year. The Gann Limit does not apply to the entire County budget. The limit only applies to appropriations from proceeds of taxes from both the general fund and special funds of government entities, which includes: (1) property, sales, transient occupancy, and other tax revenues; (2) interest earnings on invested tax revenues; and (3) any revenues collected by a regulatory license fee or user charge *in excess* of the amount needed to cover the cost of providing that regulation, product, or service. Further refined by Propositions 98 and 99 in 1988, and Proposition 111 in 1990, Article XIII-B provides that appropriation limits are to be established annually by each governmental entity in accordance with the constitutional amendments and enabling state legislation. Current appropriation limits are generally based upon actual revenue appropriations during the initial base year of FY 1986-87 (per Prop 111) and adjusted annually thereafter to account for California per capita cost of living increases, and year-over-year population growth as published by the California State Department of Finance.

The annual limits must be adopted for the County government and those Board of Supervisors-governed special districts and County service areas that had a property tax rate of 12.5 cents or more per $100 of assessed valuation in 1977-78. Appropriations from non-tax revenues and proceeds are excluded from the limit, such as: Federal funds, charges for services, regulatory fees, grants, loans, and donations. Exemptions are also made for voter-approved debt, debt that existed as of January 1, 1979, and the cost of compliance with court or Federal government mandates.

Of particular note, Proposition 111 (The Traffic Congestion Relief and Spending Limitation Act of 1990) amended Article XIII-B to allow for funding congestion relief, mass transit, health care, services for the elderly, and other priority programs, while still providing an overall limit on state and local spending. Proposition 111 changed the previous Constitutional cost-of-living and population factors for both the state and local appropriations limits and added new exclusions from the appropriations limit. However, none of the exclusions allowed by Proposition 111 were employed in the County's calculation for FY 2025-26 as total revenues appropriations are far below the new limit.

In general, the County may not exceed the appropriation limit adopted today. However, in the event of a declared emergency, the appropriation limit may be increased. Voters of a jurisdiction may also authorize a temporary increase in the Appropriations Limit, not to exceed a period of four years, at which point the limit would revert to what it would otherwise have been. If revenues exceed the adopted appropriation limit for two consecutive fiscal years, the County would return the excess through a revision of the tax rates in the two subsequent fiscal years.

The FY 2025-26 appropriation limit exceeds projected applicable revenues by $132.0 million. Revenues have moved closer to the cap over the last few years primarily because of an increase in state subventions which began during the FY 2021-22 fiscal year. Proposition 4 applies an appropriations limit to the state as well as to local governments. Tax revenue collected by the state but passed through to counties may be counted against either limit (but it must be counted against one of the limits). A subvention refers to state tax revenue that is counted against a local government cap, because the funding is passed through to that local government. Under Government Code section 7903, certain identified state funds are required to be counted within each county's limit. However, the code also allows that, should these subventions put a county over its appropriations limit, then any amount over that limit would return and be counted against the state's cap. Sonoma County's eligible revenues include $102.5 million in state subventions identified under Government Code section 7903 in FY 2025-26. Because these would return to the state's limit if needed, the County is effectively $237.5 million below its cap. The Department of Finance letter identifying the subventions is included as Attachment 1.

During 2024, Sonoma County voters passed two new special sales taxes, Measure H (to support fire services) and Measure I (to support early childhood care) (collectively, Measures). As specified by the respective Measures, while the tax revenue collected largely passes through

the County to enumerated fire agencies and to First 5 Sonoma County, the County receives and administers the tax revenue collected by the state and therefore the tax revenues count against the County's appropriations limit. The Measures each included a provision to increase the County's appropriations limit for four years, which is the maximum amount allowed by law. As such, both total appropriations subject to the limit and the County's limit are increasing by $98.7 million. This does not impact how far the County is above or below its limit. However, after FY 2027-28, and every four years thereafter, the County will need voter approval to request an additional 4-year increase to its appropriations limit. Based on where the County is in comparison to its limits at that time, it will need to be determined if the costs associated with putting a measure on the ballot are necessary and educating voters to support the increases, which will require a majority vote to pass.

County Appropriations Limit Calculations

Pursuant to Article XIII-B and Government Code section §7900, et seq., each fiscal year the Appropriations Limit is established by adjusting the prior year's Appropriations Limit for (a) population growth, (b) per capita income change, and (c) the transfers of financial responsibility described below.

The California State Department of Finance sends to local governments an annual letter providing an estimate of the percent change in population and change in the per capita personal income, which are both used to calculate each local government's appropriation limit. The Department's letter (Exhibit A to the Resolution) dated May 2025 provides key factors to adjust the FY 2025-26 spending limit.

Per Government Code §7901, a county may choose to use the change in population from any one of the following: (1) the change in population within its jurisdiction; (2) the change in population within its jurisdiction, combined with the change in population within all counties having borders that are contiguous to that county; or (3) the change in population within the incorporated portion of the county. Sonoma County typically uses the highest of the three factors in order to provide maximum appropriation flexibility. In addition, the limit is modified by per capita income change. Table 1 includes the three population factors for FY2025-26, as well as the per capita personal income factor.

Table 1: Appropriations Limit Change Factors

Year	Total County Population Change Factor	Sonoma County Plus Contiguous County Population Change Factor	County Incorporated Population Change Factor	California Per Capita Personal Income Factor
January 1 2024 to January 1, 2025	0.15%	0.11%	0.38%	6.44%

For FY 2025-26 the highest of the population factors is the Per Capita Income plus Sonoma County Incorporated Population change factor. The calculation for FY 2025-26 is:

1.0038 (Population Factor) x 1.0644 (Income Factor) = 1.0684 (Appropriations Limit Adjustment Factor)

In addition to applying the factors as listed above, there are two adjustments made to the County's limit annually. The first adjustment is due to the reduction of tax support for refuse disposal operations. The Constitution and enabling state legislation requires that if tax support of a service is reduced, and fees are increased to offset the reduction of tax support, the limit must be decreased by an equivalent amount. Historically, the County provided $647,046 of tax support for refuse disposal, until FY 1987-88, when tax support for refuse disposal was terminated. Because refuse disposal operations are now funded by fees and not tax proceeds, the appropriations limit must be manually adjusted each year to remove the fixed $647,046 amount.

The second adjustment increases the appropriation limit pursuant to the FY 2024-25 agreement for transit services between the County and cities in Sonoma County, based on the summary of the coordinated claim approved by the Board of Supervisors on May 13, 2025, Item #16, which is available here. The Adjustment for FY 2025-26 is $6,170,237.

Taken all together the calculations for FY2025-26 are laid out in Table 2.

Table 2: Appropriations Limits Calculations

Description	Amount
FY 2024-25 Appropriations Limit (exclusive of Refuse Disposal and Transit Adjustments)	837,511,807
Multiplied by the Adjustment Factor below	1.0684
FY 2025-26 Base Limit (Prior to Adjustments)	894,797,615
Less: Reduction of Tax Support for Refuse Disposal	(647,046)
Plus: Limit increase per Measure H and I	98,725,317
Plus: Limit increase per the Agreement for Transit Services between County and Sonoma County Cities for FY (Board Action 5// item #12). See Resolution "Exhibit A" for approved TDA/STA Coordinated Claim.	6,011,485
FY 2024-25 Appropriations Limit	**998,887,371**

As a point of comparison, the total revenues subject to the Proposition 4 Limit for the County in the FY 2025-26 Recommended Budget are $866.9 million, $132.0 million under its limit. This is a $119.4 million increase over the FY2023-24 revenues subject to the limit. This is due primarily to a $98.7 million increase in tax revenue which is passed through the county due to the inclusion of Measures H and I; aside from this County taxes, state realignment funding and other subventions, and other applicable sources are increasing by $20.6 million, or 2.8%.

District Appropriations Limit Calculations

The appropriations limit calculation for special districts and other governmental entities under the control of the Board of Supervisors uses the total county population factor and the California per capita income factor. The calculation is:

> 1.0015 (Population Factor) x 1.0644 (Income Factor) = 1.0660 (Appropriations Limit Adjustment Factor)

This limit is multiplied by the FY 2024-25 limit for each district to calculate the limit for FY 2025-26. The total combined Proposition 4 appropriations limit capacity for all Board Special Districts for FY 2025-26 is $115.7 million, which is $47.1 million above the total revenues subject to Proposition 4. Limits for individual districts are found in the attached Resolution.

Attachments:

1: California State Department of Finance subvention letter, FY 2025-26
2: Resolution (Corrected)
Exhibit A: California State Department of Finance letter, FY 2025-26
Exhibit B: Public Notice Published April 10, 2026

DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

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

January 31, 2025

Graham Knaus, Executive Director
California State Association of Counties
1100 K Street, Suite 101
Sacramento, CA 95814

Dear Mr. Knaus,

State Subventions for Fiscal Year 2025-26

Pursuant to subdivision (b) of Government Code section 7903, commencing with the 2021-22 fiscal year, county governments are required to include specified state subventions within their appropriations limits. Specifically, the attached spreadsheet identifies both the total dollar value of all these subventions (the "County Totals" tab) to be included within a county's appropriations limit for the 2025-26 fiscal year, as well as additional details regarding the dollar value attributable to each individual subvention (the "County Programs" tab). Column B of the "County Programs" tab provides specific statutory references to each subvention contained in subdivision (b) of Government Code section 7903.

The language contained in subdivision (b) of Government Code section 7903 requires each county to include the full value of these subventions within the county's appropriations limit for the 2021-22 fiscal year and each subsequent fiscal year. To the extent that any portion of the values identified for each county in the "County Totals" tab of the attached spreadsheet would cause a county to exceed its appropriations limit, subdivision (d) of Government Code section 7903 requires the county to identify the specific amount attributable to these subventions in excess of their limit and report that information to the Department of Finance. The excess amounts that cannot be included in the county's appropriations limit will instead be included within the state's appropriations limit pursuant to that subdivision.

To the extent the subvention amounts cause a county to exceed their limit in the 2025-26 fiscal year, the Department of Finance directs counties to report any amounts pursuant to subdivision (d) of Government Code section 7903 for the 2025-26 fiscal year to the department by November 1, 2026. Counties should report this information via email to the following staff: Susan.Wekanda@dof.ca.gov and Matthew.Westbrook@dof.ca.gov.

Finance respectfully request that you share this information with counties identified in the attachment to facilitate their compliance with the provisions of Government Code section 7903.

If you have any questions or need additional information regarding this matter, please contact Susan Wekanda, Principal Program Budget Analyst, at (916) 445-5332.

JOE STEPHENSHAW
Director
By:

ERIKA LI
Chief Deputy Director

Attachment

cc: Jacqueline Wong-Hernandez, California State Association of Counties
Jean Hurst, Hurst Brooks Espinosa, LLC

STATE APPROPRIATIONS LIMIT
State Subventions Pursuant to Government Code Section 7903
Allocations to Counties for Fiscal Year 2025-26
(Dollars in Millions)

County	Amount
Alameda County	$302.8
Alpine County	3.6
Amador County	11.8
Butte County	53.2
Calaveras County	10.8
Colusa County	8.6
Contra Costa County	217.0
Del Norte County	21.7
El Dorado County	30.9
Fresno County	236.9
Glenn County	11.3
Humboldt County	44.8
Imperial County	48.4
Inyo County	6.6
Kern County	191.3
Kings County	34.4
Lake County	18.0
Lassen County	9.3
Los Angeles County	2,311.0
Madera County	38.0
Marin County	53.1
Mariposa County	7.6
Mendocino County	26.7
Merced County	68.5
Modoc County	5.1
Mono County	5.6
Monterey County	111.1
Napa County	25.4
Nevada County	21.3
Orange County	530.8
Placer County	57.3
Plumas County	7.9
Riverside County	455.7

STATE APPROPRIATIONS LIMIT
State Subventions Pursuant to Government Code Section 7903
Allocations to Counties for Fiscal Year 2025-26
(Dollars in Millions)

County	Amount
Sacramento County	372.5
San Benito County	13.7
San Bernardino County	447.2
San Diego County	605.0
San Francisco County	277.4
San Joaquin County	154.5
San Luis Obispo County	74.7
San Mateo County	138.4
Santa Barbara County	106.9
Santa Clara County	381.4
Santa Cruz County	67.9
Shasta County	42.5
Sierra County	5.2
Siskiyou County	13.1
Solano County	88.3
Sonoma County	102.5
Stanislaus County	113.3
Sutter County	30.0
Tehama County	15.8
Trinity County	6.7
Tulare County	115.9
Tuolumne County	19.8
Ventura County	155.2
Yolo County	53.5
Yuba County	17.3
Total	**$8,405.2**

County of Sonoma

State of California

Date: May 12, 2026

Item Number: _____

Resolution Number: _____

☐ 4/5 Vote Required

Concurrent Resolution Of The Board Of Supervisors Of Sonoma County, Agricultural Preservation And Open Space District, And Sonoma County Water Agency Establishing Corrected Appropriations Limits For County Government And Board Of Supervisors Governed Special Districts And County Service Areas For FY 2025-26 As Required By Article XIII B Of The California Constitution, Giving Instruction To The County Executive And County Counsel, And Giving Notice Of Appropriate Period Of Limitation For Judicial Review.

Whereas, Article XIII B of the California Constitution, added by Proposition 4 (November, 1979) and subsequently amended by Proposition 98 (November 1988) and Proposition 111 (June 1990), requires that appropriation limits be established for each entity of government having a secured property tax rate of 12.5 cents or more per $100 of assessed valuation in 1977-78; and

Whereas, the original FY 2025-26 Appropriations Limit resolution adopted by the Board of Supervisors on June 10, 2025, in accordance with State law to establish FY 2025-26 Appropriations Limits for the County, Water Agency, Agricultural Preservation and Open Space District, Community Development Commission, Sonoma Valley County Sanitation District, and various Special Districts and County Service Areas, contained incorrect information and that needs to be corrected and amended to match the supporting documentation developed in June 2025; and

Whereas, staff from the offices of the County Executive's Office and Auditor-Controller-Treasurer-Tax Collector have prepared documentation necessary to establish the corrected FY 2025-26 appropriations limits for county government and Board of Supervisors governed special districts and county service areas; and

Whereas, on April 24, 2026, documentation used in the determination of the appropriation limits and other necessary determinations was made available to the public, and due notice was given on April 10, 2026, of this Board's intent to adopt corrected appropriation on May 12, 2026; and

Whereas, among the documentation made available to the public, the County

Executive has made available a copy of this resolution including the following documentation:

1. Letter from the Department of Finance, dated May 2025 marked Exhibit 'A' and attached hereto;
2. Public Notice of Revenue and Appropriation Limit Adoption, marked Exhibit 'B' and attached hereto;

Now, Therefore, Be It Resolved by the Board of Supervisors that the following appropriations limits are hereby adopted for Sonoma County and special districts and county service areas governed by the Board of Supervisors:

FY 2025-26 Appropriations Limits

Sonoma County - See Notes (A) and (B) below	$998,887,371
Sonoma County Water Agency – Zone 2A	$16,763,345
County Service Area #41 (Sonoma Valley)	$828,070
County Service Area #40 (Fire Services)	$4,040,981
County Service Area #41 (Lighting District)	$2,633,661
CFD #4 Wilmar	$665,660
Bittner Lane Permanent Road District	$15,283
Monte Rosa Div. #1 Permanent Road District	$13,646
Peaks Pike Permanent Road District	$15,285
Sonoma County Open Space District	$90,996,650

(A) Sonoma County's limit was decreased by ($647,046) due to the reduction of tax support for refuse disposal operations. The Constitution and enabling state legislation requires that if tax support of a service is reduced, and fees are increased to offset the reduction of tax support, the limit must be decreased by an equivalent amount.

(B) Sonoma County's limit was increased for the city-county agreement for transit services. The appropriations limit increase includes $6,011,485 for FY 2025-26 to the County from the cities for transportation tax (Transportation Development Act) financed transit services performed by County for cities.

Be It Further Resolved that this Board finds that the board meeting scheduled for May 12, 2026 where the adoption of the corrected FY 2025-26 Appropriations Limits will be considered for adoption was noticed on April 10, 2026, by publication in the Santa Rosa Press Democrat; the documentation and materials supporting necessary determinations to establish the FY 2025-26 Appropriations Limits have been available for public review since April 24, 2026 online at **https://sonomacounty.gov/administrative-support-and-fiscal-**

services/county-executives-office/budget-and-operations/budget-reports and in person at the County Executive's Office; and that pursuant to the provisions of Section 7910 of the Government Code, any action or proceeding to review, attack, set aside, void, annul or amend the action taken by the Board of Supervisors, acting as the governing body of the County of Sonoma and the governmental entities described herein, by this Resolution or the appropriations described herein must be commenced within 45 days of the date of adoption of this Resolution; and

Be It Further Resolved that this Board anticipates additional clarification of the provisions of Article XIII B of the California Constitution through anticipated opinions of the County Counsel of this County and counsel for other counties and other public agencies, opinions of the Attorney General, case law and additional implementing legislation. Because these clarifications may result in the necessity of reviewing the limit calculations, the County Executive and the County Counsel are directed to advise this Board, from time-to-time, on changes in the law that may necessitate such limit modifications; and

Be It Further Resolved that this Board will authorize via a resolution any additional adjustments to the limit as permitted by Article XIII B for transfers of responsibility for services; and

Be It Further Resolved that this Board reserves the authority to make changes to the appropriations limits based on revised Appropriations Limit Procedure Guidelines when issued by the State Controller's County Accounting Standards and Procedures Committee, and when other necessary population and non-residential property value change information becomes available.

Supervisors:

Rabbitt: Coursey: Gore: Hopkins: Hermosillo:

Ayes: Noes: Absent: Abstain:

So Ordered.

DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

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

May 2025

Dear Fiscal Officer:

Subject: 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, 2025, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2025-26. 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 2025-26 appropriations limit. Attachment B provides the city and unincorporated county population percentage change along with 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, 2025**.

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 STEPHENSHAW
Director
By:

ERIKA LI
Chief Deputy Director

Attachment

Attachment A

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 2025-26 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2025-26	6.44

B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2025-26 appropriation limit.

2025-26:

Per Capita Cost of Living Change = 6.44 percent
Population Change = 0.28 percent

Per Capita Cost of Living converted to a ratio: $\frac{6.44 + 100}{100} = 1.0644$

Population converted to a ratio: $\frac{0.28 + 100}{100} = 1.0028$

Calculation of factor for FY 2025-26: $1.0644 \times 1.0028 = 1.0674$

NOTICE OF FISCAL YEAR 2025-26 APPROPRIATIONS LIMIT CORRECTION FOR COUNTY GOVERNMENT AND BOARD OF SUPERVISORS GOVERNED SPECIAL DISTRICTS AND SERVICE AREAS IN COMPLIANCE WITH ARTICLE XIII B OF THE STATE CONSTITUTION

NOTICE IS HEREBY GIVEN that on May 12, 2026, the Board of Supervisors of the County of Sonoma, as the governing body of the County and as the Directors and Commissioners of Special Districts, the Sonoma County Water Agency (Sonoma Water), Agricultural Preservation and Open Space District, Community Development Commission, Sonoma Valley County Sanitation District, and various Special Districts and County Service Areas, will adopt corrected appropriations limits in compliance with Article XIII B of the State Constitution for the county including Special Districts and County Service Areas, for the 2025-26 fiscal year commencing July 1, 2025, and ending June 30, 2026. The governmental entities having appropriation and revenue limits established may include, but are not limited to, the County of Sonoma; Sonoma County Water Agency (Sonoma Water); County Service Area #40 (Fire Services); County Service Area #41 (Multi-Services); Bittner Lane Permanent Road District; Monte Rosa Division #1 Permanent Road District; Peaks Pike Permanent Road District; and Sonoma County Agricultural Preservation and Open Space District. The original resolution adopted by the Board of Supervisors on June 10, 2025, to establish the FY 2025-26 appropriations limit contained errors and did not match published supporting documentation provided to the Board of Supervisors and public. The resolution to be considered for adoption on May 12, 2026, will align appropriations limits with supporting documentation and supersedes the original resolution adopted on June 10, 2025.

NOTICE IS FURTHER GIVEN that, in accordance with law, supporting documentation will be available for public review online on April 24, 2026 by visiting https://sonomacounty.gov/administrative-support-and-fiscal-services/county-executives-office/budget-and-operations/budget-reports. Hard copies will be available for review on and after April 24, 2026, at the County Executive's Office, 575 Administration Drive, Suite 104-A, Santa Rosa, California.