

IMPARTIAL ANALYSIS BY DISTRICT COUNSEL
MEASURE “T”

Article XIII B of the California Constitution requires local entities such as the Lake Berryessa Resort Improvement District (“District”) to establish an appropriations limit (“Limit”). Approving a Limit does not cause any increase in the taxes or fees of any resident or landowner in the District. The establishment of the Limit identifies the maximum amount of tax revenues, interest earnings on invested tax revenues, and certain other revenues the entity may lawfully spend in a fiscal year. Once a Limit is established, the Constitution provides that it may be adjusted upward annually based on changes in the cost of living and population increases. The District’s Limit was originally established for Fiscal Year 1978/1979 at \$3,751.18 (“Original Limit”).

When a local governmental entity receives revenues greater than its Limit, it is required to return the excess revenues through a future reduction in tax rates or fee schedules. This is the case even if those increased revenues are needed to continue to fund the same level of essential governmental services. However, the Constitution permits electors to increase an entity’s Limit for four-year periods in order to avoid such a result. When a four-year period expires a new Limit must be approved by the voters or the Limit returns to the Original Limit as increased over the years by the cost of living and population growth.

In 2016, District voters approved a Limit of \$350,000 for the four-year period of July 1, 2016 through June 30, 2020. Because that Limit will expire, the District Board has scheduled an election to determine whether an ordinance establishing the District’s Limit at a level of \$430,000 for Fiscal Years 2020/2021 through 2023/2024 will be adopted. This new Limit, if approved by the voters, may be increased to a level higher than \$430,000 during Fiscal Years 2021/2022 through 2023/2024 but only if changes in the cost of living or in population justify the increase.

If Measure T is not adopted, the Limit will revert to the Original Limit established in Fiscal Year 1978/1979, as adjusted for subsequent changes in the cost of living or population of the District. The current level of the Original Limit as adjusted for changes in the cost of living and population is \$41,630 per year. Without a voter-approved increase in the Limit, it is not clear how the District will continue to operate since it will be unable to spend the majority of its revenues to provide sewer and water services to its residents.

The Ordinance will be adopted only if it is approved by a majority of the registered voters within the District who vote on Measure “T.”

A “YES” VOTE ON MEASURE “T” MEANS the District’s appropriations limit will be established at \$430,000.

A “NO” VOTE ON MEASURE “T” MEANS the District’s appropriations limit will not be established at \$430,000.

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