



CITY OF SIERRA MADRE

STAFF REPORT

CITY ATTORNEY'S OFFICE

DATE: February 24, 2026

TO: Honorable Mayor and City Council

FROM: Aleks Giragosian, City Attorney

SUBJECT: **Resolution No. 26-17 Calling a Special Election for Tuesday, June 2, 2026, to Place a Measure to Override the Gann Limit on the Ballot; Resolution 26-18 Requesting the Los Angeles County Board of Supervisors render specified services, and Resolutions 26-19 and 26-20 authorizing written arguments and rebuttal statements for ballot measures**

RECOMMENDATION

It is recommended that the City Council adopt Resolution No. 26-17 calling a Special Election for Tuesday, June 2, 2026, to place a measure to override the Gann Limit on the ballot; Resolution No. 26-18 requesting the Los Angeles County Board of Supervisors render specified services, and Resolutions 26-19 and 26-20 authorizing written arguments and rebuttal statements for ballot measures.

SUMMARY

The City of Sierra Madre is approaching its Gann Limit — the state constitutional ceiling on how much tax revenue the City may appropriate and spend annually. Sierra Madre's strong commercial activity and the resurgence of community events and festivals since the pandemic have grown the City's tax base to a point where it is projected to exceed this limit in the near future. Exceeding the Gann Limit would require the City to refund tax revenues or reduce services to residents.

To avoid this outcome, it is recommended that the City Council adopt Resolution No. 26-17 (Attachment 1), which would:

- Call a special election to be consolidated with the June 2, 2026, statewide primary election, pursuant to Elections Code sections 9222, 12001, 1400, and 10418;
- Place a voter measure on the ballot authorizing a four-year override of the Gann Limit — allowing the City to budget the tax revenue it already collects, without raising existing taxes or imposing any new taxes; and

Resolution 26-17 Calling a Special Election for Tuesday, June 2, 2026, to Place a Measure to Override the Gann Limit on the Ballot; Resolution 26-18 Requesting the Los Angeles County Board of Supervisors render specified services, and Resolutions 26-19 and 26-20 authorizing written arguments and rebuttal
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- Direct the City Attorney to prepare the required impartial analysis of the measure for publication.

Voter approval of this measure would allow Sierra Madre to continue fully appropriating locally generated revenues to fund core municipal services. If the measure fails, the City may be required to revise tax rates, reduce services, or return excess tax proceeds to residents.

Resolution 26-18: A resolution requesting the Board of Supervisors of the County of Los Angeles to render specified services to the City of Sierra Madre relating to the conduct of a Special Municipal Election to be held on June 2, 2026;

Resolution 26-19: A resolution setting priorities for filing written arguments regarding a measure

Resolution 26-20: A resolution setting priorities for filing rebuttal arguments regarding a measure

DISCUSSION & ANALYSIS

The Appropriations Limit or “Gann Limit” is a state law/constitutional ceiling on the amount of “proceeds of taxes” the City has already collected and can appropriate or authorize to spend annually. This limit — which is set at either the actual appropriations of tax proceeds on the year a city incorporates, or, the 1978-1979 fiscal year, whichever occurs later — is adjusted annually based on inflation and population increases only, not on commercial or business growth. If a city prioritizes economic growth through attracting businesses, rather than additional residents, to grow its tax base, it could exceed the Gann Limit. The investment of Sierra Madre in its local business core, which with the return of its well-known festivals and community events since the pandemic that bring visitors to contribute to the local economy and tax base, has placed the City in a situation where it could exceed the Gann Limit soon.

If the City exceeds its Gann Limit, the California Constitution requires the exceedance to, “be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.” (Cal. Const., art. XIII B, §2(b).)

The Gann Limit may be overridden by the voters—allowing Sierra Madre to budget for the local revenue already generated by Sierra Madre commerce without raising the taxes that residents currently pay. Section 4 of Article XIII B of the California Constitution states: “The appropriations limit imposed on any new or existing entity of government by this Article may be established or changed by the electors of such entity, subject to and in conformity with constitutional and statutory voting requirements. The duration of any such change shall be determined by said

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electors but shall in no event exceed four years from the most recent vote of said electors creating or continuing such change.”

As part of the Fiscal Year 2026-2027 budget development process, the City determined it is approaching its calculated Gann Limit. The City is projected to exceed its Gann Limit in the near future. To avoid an exceedance, the voters of Sierra Madre would need to approve a Gann Limit override measure.

Elections Code sections 9222 and 12001 authorize the City Council to adopt a resolution to call a special election for the purpose of submitting a question to the voters. On January 27, 2026, the City Council directed the City Manager to agendize the attached resolution which:

- Calls for a special election to be consolidated with the Tuesday, June 2, 2026 statewide primary election;
- Places a measure authorizing an override to the Gann Limit on the ballot; and
- Directs the City Attorney to draft an impartial analysis.

Election Code sections 1400 and 10418 require that any special election “be held on one of the established election dates ... or on the date of any statewide special election ...” The next available statewide election date is the June 2, 2026 statewide primary. Elections Code section 10403 requires that any request to consolidate a city’s special election with a statewide election include a specific request to the local County Board of Supervisors. Resolution No. 26-17 calls for a special election to be held on June 2, 2026, and informs the Los Angeles County Board of Supervisors of the request. Resolution 26-18 Resolution 26-18 requests the Los Angeles County Board of Supervisors render specified services, and Resolutions 26-19 and 26-20 authorizing written arguments and rebuttal statements for ballot measures.

Consistent with Elections Code sections 13119 and 13247, the City Attorney’s Office proposes the following ballot question:

Resolution 26-17 Calling a Special Election for Tuesday, June 2, 2026, to Place a Measure to Override the Gann Limit on the Ballot; Resolution 26-18 Requesting the Los Angeles County Board of Supervisors render specified services, and Resolutions 26-19 and 26-20 authorizing written arguments and rebuttal
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<p>“City of Sierra Madre No-Tax Increase Gann Measure. Shall the measure adjusting the City of Sierra Madre’s appropriations limit to allow increased budgeting of City revenues for general governmental purposes, including protecting safe clean water, maintaining brush clearing and wildfire prevention, firefighter/paramedic staffing levels, 911 emergency response, repairing potholes, streets, and sidewalk, upgrading storm drains to protect local groundwater supplies, maintaining natural disaster preparedness for four years (this measure does not increase taxes or impose any new taxes), be adopted?”</p>	<p>YES</p>
	<p>NO</p>

Elections Code section 9280 mandates the City Attorney to, “prepare an impartial analysis of the measure showing the effect of the measure on the existing law and the operation of the measure.” Upon adoption of Resolution No. 26-17, the City Attorney will draft the required impartial analysis and submit it to the City Clerk for publication. Additional frequently asked questions are included as Attachment 2.

STRATEGIC PLAN RELATIONSHIP

The proposed Gann Limit ballot measure overriding the appropriations limit is consistent with Goal #2 – Build on Fiscal Stability, Strategy OS 2.2 Develop and Maintain Long-Term Financial Planning.

ENVIRONMENTAL ANALYSIS

The proposed action does not constitute as a project under the California Environmental Quality Act (“CEQA”), based on Section 15061(b)(3) of the CEQA Guidelines, as it can be determined with certainty that it will have no impact on the environment.

FISCAL IMPACT

The cost to consolidate a special election with the Tuesday, June 2, 2026, statewide primary election is estimated to be \$60,000. Sufficient funding is available in the FY 2025-26 budget for this purpose. Should the measure pass, the City will be able to continue to appropriate the tax

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revenue it already receives. Should the measure fail, the City may be forced to refund taxes and/or reduce services to the community.

Approved by:



Michael Bruckner
City Manager

Attachment(s):

1. Resolution No. 26-17 Calling for a Special Election
2. Resolution No. 26-18 Requesting Los Angeles County to Render Services
3. Resolution No. 26-19: A resolution setting priorities for filing written arguments regarding a measure
4. Resolution No. 26-20: A resolution setting priorities for filing rebuttal arguments regarding a measure
5. Gann Limit FAQs (website)