Legal Debt Margin

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when the assessed valuation was based upon 25% of market value. Effective FY 1981-82, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computation shown below reflects a conversion of assessed valuation data for FY 2026-27 from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the State.

Description	Amount	Formula
Debt Limit:		
Secured Property Assessed Value, Net of Exempt Real Property (1)	$34,929,143,795	
Adjusted Valuation - 25% of Assessed Valuation (2)	$8,732,285,949	(1) x 25%
Debt Limit - 15% of Adjusted Valuation	$1,309,842,892	(2) x 15%
Amount of Debt Subject to Limit:		
Total Bonded Debt (3)	9,715,000	
Less: Certificates of Participation Not Subject to Debt Limit (4)	(9,715,000)	
Amount of Debt Subject to Limit	-	(3) - (4)
Legal Debt Margin	**$1,309,842,892**	