



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Attachment

A-38

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: CEO
Department No.: 012
For Agenda Of: 6/05/07
Placement: Set Hearing
Estimated Tme: 60 mins on 6/19/07
Continued Item: No
If Yes, date from:
Vote Required: Majority

0605-38 07-00270

TO: Board of Supervisors

FROM: Department Michael F. Brown, County Executive Officer
Director
Contact Info: Jim Laponis, Deputy County Executive Officer, 568.3400

SUBJECT: Maddy Emergency Medical Services Fund Ballot Measure

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Public Health

Recommended Actions:

A. Set a hearing for June 19, 2007 (60 minutes) to receive a report on the options for a local tax measure to provide ongoing funding related to the Maddy Emergency Medical Services Fund.

On June 19, 2007:

- A. Receive a report on the options for a local tax measure related to the Maddy Emergency Medical Services Fund.
- B. Consider selecting a preferred funding option for a local tax measure to be placed on the ballot that would provide sufficient funds to support the emergency medical and trauma care system.
- C. Consider selecting a date for the placement of a local tax measure in accordance with the upcoming scheduled elections.
- D. Direct staff to move forward with the preferred local tax measure and elections timing as determined by the Board.

Summary Text:

Overview: The term "Maddy Emergency Medical Services (EMS) Fund" refers to a funding mechanism that currently generates approximately \$1.6 million a year through the assessment of penalties on motor vehicle and criminal fines and forfeitures to partially compensate health care providers for otherwise uncompensated emergency medical services. As stipulated in Assembly Bill (AB) 2265, which is now enacted in Section 42207.5 of the Vehicle Code and Section 76104.1 of the Government Code, the County is authorized to collect these penalties for emergency medical services only until January 1, 2009. AB 2265 also states, that the Legislature "expects that the County of Santa Barbara shall place

an appropriate proposed tax ordinance as a county measure on the ballot for or before the November 2008 election that will ensure the collection of sufficient funds to fully support the trauma center.”

While the Maddy EMS Fund generates \$1.6 million annually, the local hospitals have determined that the amount of revenue needed to recover costs of providing uncompensated emergency medical services is at least \$8 million a year.

Funding Options: Three potential funding options have been examined as a possible funding mechanism for uncompensated emergency medical services: (1) Parcel Tax (2) Sales Tax and (3) Transient Occupancy (Hotel) Tax (TOT). Each option would require a 2/3 vote of the electorate to pass.

The transient occupancy tax (TOT) has been excluded from the table below as a significant rate increase would be required to generate an additional \$8 million in revenue. Approximately \$31 million in TOT revenue is generated countywide. Of this total, the County’s portion is approximately \$6 million, derived from the \$3.8 million generated within the unincorporated area of the County and \$2.2 million generated from the County’s share of the revenues generated within the Goleta incorporated area, per the revenue sharing agreement to expire in 2012. Because the County only has the legal authority to increase TOT rates in the unincorporated area of the County, the unincorporated hotel room tax rate of 10% would need to increase to 31% to generate an additional \$8 million, or about \$0.4 million for every 1% increase in the TOT rate. While there is no statutory maximum on hotel taxes, a rate of 31% would be extremely high (as a comparison, San Francisco’s hotel tax is 14% and Washington DC is 14.5%). A hotel tax rate of this magnitude would likely dissuade visitors to the County and/or encourage visitors to stay only in the incorporated cities where the tax rate is lower.

Tax Type	Increase Needed (additional \$8 million in revenue)	Pros	Cons
Parcel	<ul style="list-style-type: none"> ▪ To generate an additional \$8 million, the parcel tax assessment on each of the existing 126,090 parcels within the County would need to be assessed a flat fee of \$64 a year (an additional \$5.29 a month on the existing property tax). ▪ The other option is to levy a countywide parcel tax assessment based on parcel type: <ul style="list-style-type: none"> ▪ \$161/Yr for Hotel/Commercial ▪ \$92/Yr for Mineral/Other ▪ \$80/Yr for Multifamily Residence ▪ \$75/Yr for Agricultural ▪ \$59/Yr for Single Family Residence ▪ \$46/Yr for Condo ▪ \$3/Yr for Mobile Home ○ This option ranges from \$13/month to \$0.28/month 	<ul style="list-style-type: none"> ▪ The additional parcel tax based on assessed value would distribute the tax equitably. ▪ The parcel tax would be relatively modest and constant. ▪ All parcels would be taxed regardless of type. 	<ul style="list-style-type: none"> ▪ Renters would not directly pay for the cost of uncompensated emergency medical services (although it is likely that landlords would pass this cost onto renters). ▪ Homeowners (Single Family Residences, Condos, Mobile Homes) already pay property tax of 1% of assessed value (the average homeowner property tax payment is \$2,400) to fund County services and often also pay additional benefit assessments for certain services. ▪ Commercial, Mineral, Agriculture, and Multi-Family Residences owners also pay taxes already.

Tax Type	Increase Needed (additional \$8 million in revenue)	Pros	Cons
Sales	<ul style="list-style-type: none"> ▪ A 0.25%, or ¼ cent, tax increase (the minimum increment legally allowed) would generate approximately \$15 million countywide. 	<ul style="list-style-type: none"> ▪ The County has 1% remaining in sales tax capacity before reaching the statutory maximum rate of 8.25% (contingent on "Measure D" remaining at 0.50% tax). ▪ A sales tax is applicable to residents and visitors alike and is based on the amount and type of goods/services purchased. ▪ Sales tax revenues are fairly consistent. ▪ The 0.25% increase has the potential to be shared among strategic partners. 	<ul style="list-style-type: none"> ▪ The 0.25% (¼ cent) increase would generate more revenue than is being requested for uncompensated emergency medical services. ▪ If the sales tax was successful, the remaining tax rate that could be allocated toward other priorities (i.e. jails, open space, roads) is .075% (¾ cent). ▪ Special legislation would be needed to allow tax increments of 0.125% (1/8 cent), which would generate \$7.5 million.

Sales Tax Option: As noted in the chart above, the County has the authority to propose an increase in sales tax in 0.25% (¼ cent) increments up to a 1% increase as depicted below, contingent on the passage of the sales tax increase by 2/3 of the electorate:

State	6.50%
Local	0.75%
Measure D	0.50%
Remaining	1.00%
<i>Total</i>	<i>8.25% (Maximum Allowed by Statute)</i>

A sales tax is one that is imposed upon every retailer in the County based upon that retailer's sale or lease of tangible personal property. As opposed to a general tax, in which proceeds are used for general governmental purposes and requires a majority (50% plus 1 vote), a sales and use tax is considered a special tax, which is used for a specific purpose. A special tax which is used for a specific purpose requires an election in which at least two-thirds of the qualified voting electorate approves the additional revenue.

According to the Revenue and Taxation Code, a transactions and use tax ("sales tax") may be levied at a rate of 0.25% (¼ cent) or multiples thereof. An increase of 0.25% (¼ cent) would generate \$15 million per year for the County. If the \$15 million generated via a sales tax increase is more than the amount cited for uncompensated emergency medical services (hospitals have cited \$8 million a year), a potential ballot measure could include funding for other services. Two possible options include (1) funding for the programs currently funded by the Tobacco Tax Settlement monies (approximately \$5 million a year) and (2) funding the Children's Health Initiative (a total of approximately \$6 million a year). These two options arguably have a clear nexus to the intent of the Maddy EMS Fund. Almost 2/3 of the tobacco settlement monies are allocated to the County's healthcare safety net and the physicians/hospitals that

serve as the “virtual county hospital”. The Children’s Health Initiative provides health insurance for children who are ineligible for coverage through other existing programs. Should such a ballot measure pass, under Option 1, tobacco settlement monies, in accordance with current Board policy, could be directed toward other County *healthcare-related* priorities or, under Option 2, the Children’s Health Initiative would be completely funded.

Other options for the additional \$7 million generated a year through a 0.25% sales tax increase (¼ cent) that would address identified needs but may not have a direct nexus to the Maddy EMS Fund include funding toward a new jail, acquisition of open space and/or roads maintenance and transportation needs.

Should the Board decide to dedicate 0.25% (¼ cent) of the sales tax to this specific purpose (and it is subsequently passed by 2/3 of the voters), the Board would then have only 0.75% (¾ cent) remaining sales tax authority to allocate toward other priorities such as expanded jail capacity, open space acquisition and roads maintenance/transportation. It should also be noted that placement of the “health safety net funding” ballot measure assumes that “Measure D” funding remains at 0.50% (½ cent). The November 2006 “Measure D” ballot measure proposed an increase to 0.75% (¾ cent). Should “Measure D” be increased an additional 0.25% (¼ cent), the remaining sales tax capacity would decline to 0.50% (½ cent).

While there are a few other jurisdictions and governmental entities that have levied sales tax in 0.125% (1/8 cent) increments, it requires the passage of special legislation. The County would not be able to secure a sponsor for such legislation until early 2008. It is not likely that such a bill would be enacted before the November 2008 election, which is the deadline espoused in the legislation that expects the County to place a tax ordinance before the voters.

Literature Review: According to the a report from the California Local Government Finance Almanac entitled “Local Revenue Measures November 2006”, two ballot measures requiring a parcel tax for hospital and emergency room services passed in Butte and Trinity counties. Of the total of nine ballot measures for various purposes, five passed (included the two hospital measures cited previously) and four failed. Ballot measures for public safety had a larger success rate statewide. Of the 29 ballot measures, 22 passed and seven failed.

A customized countywide public opinion survey was conducted by DAVIES Communications in April 2005 on emergency medical services to gauge residents’ willingness to fund certain services. According to the results of the survey, 54% would vote “yes” to raise the sales tax by one quarter (1/4) percent to fund emergency medical services, specialty physicians who are on call and trauma centers throughout the County. However, an actual ballot measure would require approval by 2/3 of voters in order to pass. This survey also asked respondents about the burden of various taxes in an effort to determine which types of taxes have the greatest and least impact on an individuals’ budget, as noted below

Greatest Tax Burden		Least Burden	
Gas Tax	40%	Tobacco/Alcohol	53%
Property Tax	38%	Property Tax	18%
Sales Tax	10%	Sales Tax	15%
Tobacco/Alcohol	2%	Gas Tax	6%
Other	4%	Other	3%
Don't Know	6%	Don't Know	5%

Elections Requirement: In order to place a measure on the ballot to either increase the sales tax rate or levy a parcel tax, the County Board of Supervisors must adopt an ordinance by a 2/3 majority (four votes). The ballot measure for uncompensated emergency medical services would be considered a specific purpose tax and require a 2/3 vote of the electorate for either a parcel tax or sales tax.

Elections Dates: The Board has several opportunities regarding the potential placement of a measure before the voters. Listed below are the upcoming elections that will be conducted by the County and the corresponding timeframe of when the Board would need to approve ballot measure language and request to consolidate the measure with the scheduled election, if the Board determines to place the measure on the ballot.

Election	Last Date for Board approval
February 5, 2008 Presidential Primary	October 2, 2007
June 3, 2008 Primary	January 29, 2008
November 4, 2008 Presidential General Election	July 1, 2008

An election scheduled prior to November 2008 would allow time to potentially pursue legislation to extend the January 1, 2009 sunset date of the Maddy EMS Fund should a local tax measure fail. Placing the measure before the voters prior to November 2008 would also allow the Board the opportunity to replace the measure on a future election ballot if it initially fails. Moreover, if “Measure D” is scheduled to be placed on the November 2008 election, then the Board may want to consider placing a tax measure for uncompensated emergency medical services on an earlier election ballot. Placing two different sales tax measures on the same ballot may result in the voters choosing one measure over the other or voting against both measures. However, based on previous elections turnout, there will likely be a greater turnout of voters for the November 2008 general election than in the primary elections.

Background:

In 1991, Santa Barbara County chose to allocate revenues generated from the “Maddy Fund” penalties on vehicle and other criminal penalties to the construction of courthouse and criminal justice facilities. In 2005, Senate Bill (SB) 635 was enacted allowing Santa Barbara County to assess additional penalties (an additional \$5 for every \$10 of base fines and \$2.50 for every parking violation) to specifically fund a “Maddy EMS Fund”. However, SB 635 stipulated a sunset date of January 1, 2007 and required the Board of Supervisors to report to the Legislature on the actions taken by the County to implement alternative local sources of funding. While a report was submitted to the Legislature, no alternative local funding source was identified. Subsequently, as requested by the Board of Supervisors, Assemblymember Nava introduced legislation, Assembly Bill 2265, which extended the Maddy EMS Fund sunset date for two years with the intent that the County would place an appropriate tax ordinance on the ballot for or before November 2008. As a result of this legislation, the Board of Supervisors is being asked to consider identifying an appropriate funding mechanism and election date.

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

Narrative: Without the passage of a local financing mechanism, the County’s emergency medical services and trauma care providers may lose the \$1.6 million generated via the Maddy EMS Fund when it sunsets on January 1, 2009. These providers may also lose the opportunity to offset the costs of providing uncompensated emergency medical services to the community, which are estimated at a

minimum of \$8 million a year. If a local funding mechanism to generate ongoing revenues for the emergency medical services and trauma care system is passed by a 2/3 vote of the electorate, the funding would be restricted to the uses described in the ballot measure.

Staffing Impacts:

Legal Positions:
0

FTEs:
0

Attachments:

Santa Barbara County Report to Legislature on SB 635 Maddy EMS Fund Activities
Addendum: Maddy Fund Allocation

Authored by:

Sharon Friedrichsen, Assistant to the CEO, 568.3107

cc: Dr. Elliott Schulman, Director/Health Officer, Public Health Department
Scott McGolpin, Interim Director, Public Works
Joe Holland, County Clerk-Recorder-Assessor
Pat Wheatley, Director, First 5
Michele Mickiewicz, Deputy Director, Public Health Department
Nancy Lapolla, Director, EMS Agency, Public Health Department
Suzanne Jacobson, Deputy Director, Public Health Department
Celeste Andersen, Deputy County Counsel
Victor Zambrano, Administrative Analyst, County Executive Office
Mark Paul, Division Chief, Auditor-Controller
Billie Alvarez, Division Manager, Elections, Clerk-Recorder-Assessor



SANTA BARBARA COUNTY
REPORT TO LEGISLATURE ON SB 635
MADDY EMS FUND ACTIVITIES

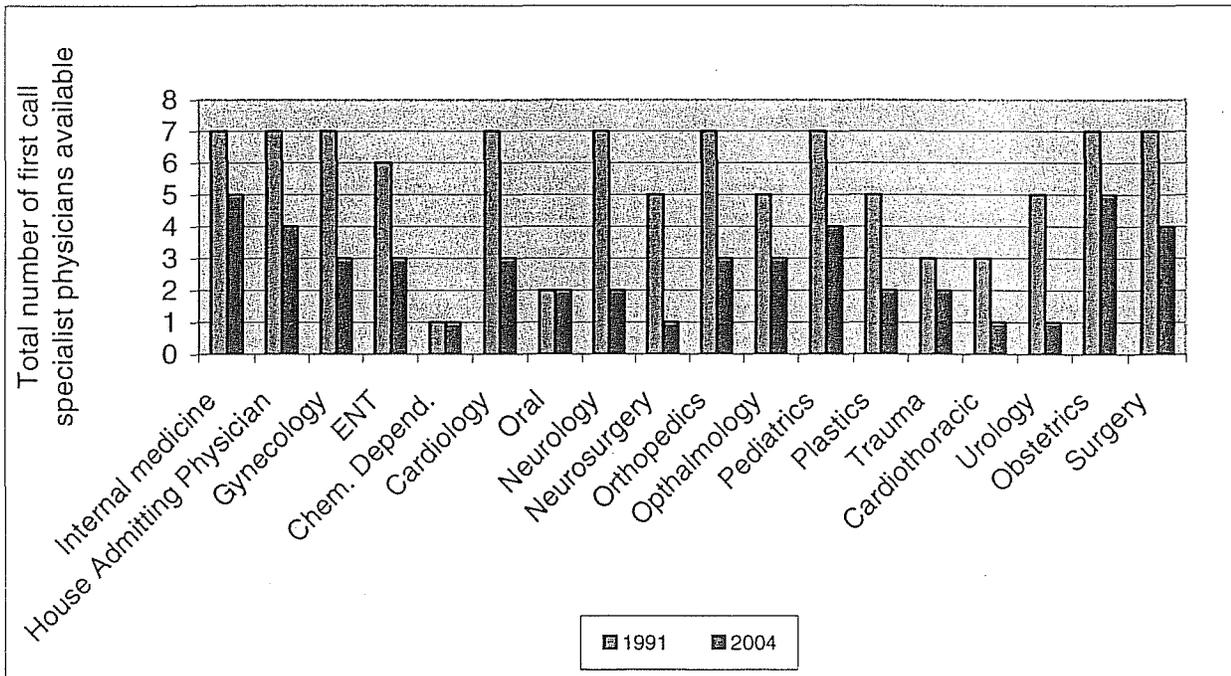
April 3, 2006

Updated May 2007

Purpose: Senate Bill 635 sunsets on January 1, 2007, and includes a requirement that “the Board of Supervisors shall report to the Legislature whether, and to the extent that, any actions are taken by the County of Santa Barbara to implement alternative local sources of funding” This report to the Legislature identifies local actions taken by the County to implement alternative local sources of funding.

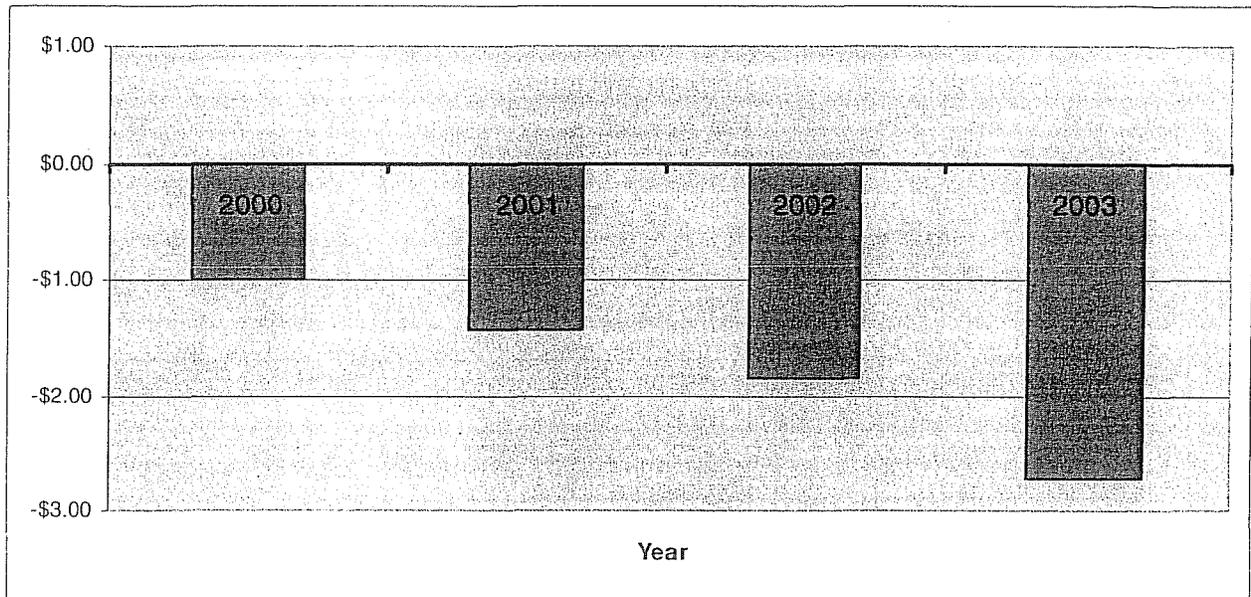
Background: Due to the rising costs of healthcare and the decreasing Medi-Care and Medi-Cal reimbursement rates, coupled with a growing population of the uninsured in Santa Barbara County, hospitals are under ever increasing financial strain. Adding to this is the inclusion of Santa Barbara in Locality 99, a rural classification, resulting in low Medicare reimbursement rates to Physicians and Hospitals. These factors have resulted in the closure of two hospitals in the past seven years; Valley Community Hospital in Santa Maria in 1999, and St. Francis Medical Center in Santa Barbara in 2003. The expense of the State-mandated (SB1953) seismic retrofit program, estimated to be \$800 million for the five remaining hospitals within the county, further adds to their financial burden.

The chart below illustrates the reduction in the number of specialty physicians practicing in Santa Barbara County, which then results in a reduction of emergency department (ED) on-call coverage. This reduction in specialist ED coverage makes it increasingly difficult and costly to provide the level of service needed for the provision of trauma and emergency care the County. In response to many of these statewide trends the bipartisan Senate Office of Research in their May 2003 report titled: “Stretched Thin: Growing Gaps in California’s Emergency Room Backup System”, recommends that all counties be required to establish a Maddy EMS Fund.



Availability of Specialty Physicians in Santa Barbara County
1991 vs. 2004

According to the Hospital Association of Southern California, the provision of uncompensated emergency and trauma care to the under and uninsured by local hospitals resulted in an estimated net loss of \$8 million countywide in 2004. This amount is anticipated to increase as the number of uninsured continues to rise. This fiscal hemorrhage cannot be sustained. It would be devastating to the community if another of our hospitals were forced to close. The following chart shows the annual loss to Santa Barbara Cottage Hospital alone, in millions of dollars, for the period of 2000 to 2003.

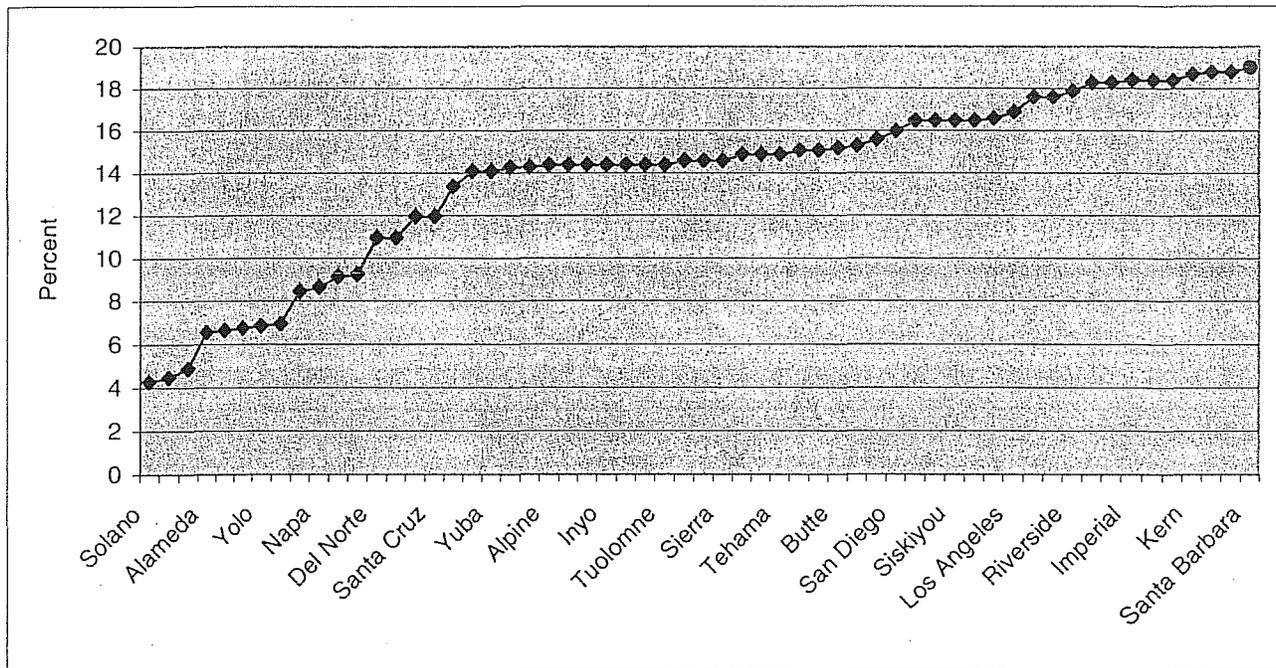


Emergency Department Losses, Santa Barbara Cottage Hospital, Level II Trauma Center

Santa Barbara Cottage Hospital is the only Level II Trauma Center between Los Angeles and San Jose. Moreover, due to the regulatory requirements for designation of a trauma center, it has the only 24/7-physician on-call panel on the Central Coast. This is primarily due to the Title 22 requirements hospitals must meet in order to be designated as a trauma center.

Cottage Hospital accepts transfer patients from other facilities throughout the tri-counties (Ventura, Santa Barbara and San Luis Obispo) and has the only pediatric ICU on Central Coast.

The number of uninsured non-elderly adult individuals (ages 18-64) in Santa Barbara County tripled between 1981 and 2001. Additionally, in 2001 Santa Barbara has had the highest percentage of uninsured children (ages 0-18) of any county in the entire State (19% vs. the State average of 9.6%).



Percentage of children without insurance by County (2001)

In 2005, there were over 131,000 Emergency Room visits in Santa Barbara County. Approximately 58% of the patients treated were uninsured or underinsured. This translates to roughly 76,000 patient visits for which local hospitals and physicians received little or no compensation.

History of the Maddy Fund in Santa Barbara County: In November 1991, based on strong recommendations from the Courts and Law Enforcement who identified significant needs for funding to address construction of critically needed criminal justice facilities, the Santa Barbara County Board of Supervisors passed Resolution # 91-682 that allocated all funds collected under Government Code 76000 to the Courthouse Construction Fund and Criminal Justice Facilities Construction Fund. Due to this critical need, the option to implement a Maddy EMS Fund was not exercised at that time.

As mentioned above, since 1991 a number of factors have contributed to substantially increasing the need for a Maddy Fund in Santa Barbara County. The rate of uninsured adults has risen dramatically, and is now reported by local emergency departments to be 24%. Government insurance programs (i.e. Medicare) have continued to decrease their payment relative to the costs of providing care. The seismic retrofit programs, introduced in 1994, and the more recent nurse staffing ratios, have added, significant capital and operational costs to the acute care hospitals.

In 2002, a group of physicians recognized the need for a Maddy EMS Fund, and began to investigate the options. They found that Santa Barbara County was the only county in the State with a Level II Trauma Center that did not receive Maddy funds, and was the most populous county by far (400,000, compared to 150,000 for the next most populous county) not to have a Maddy Fund.

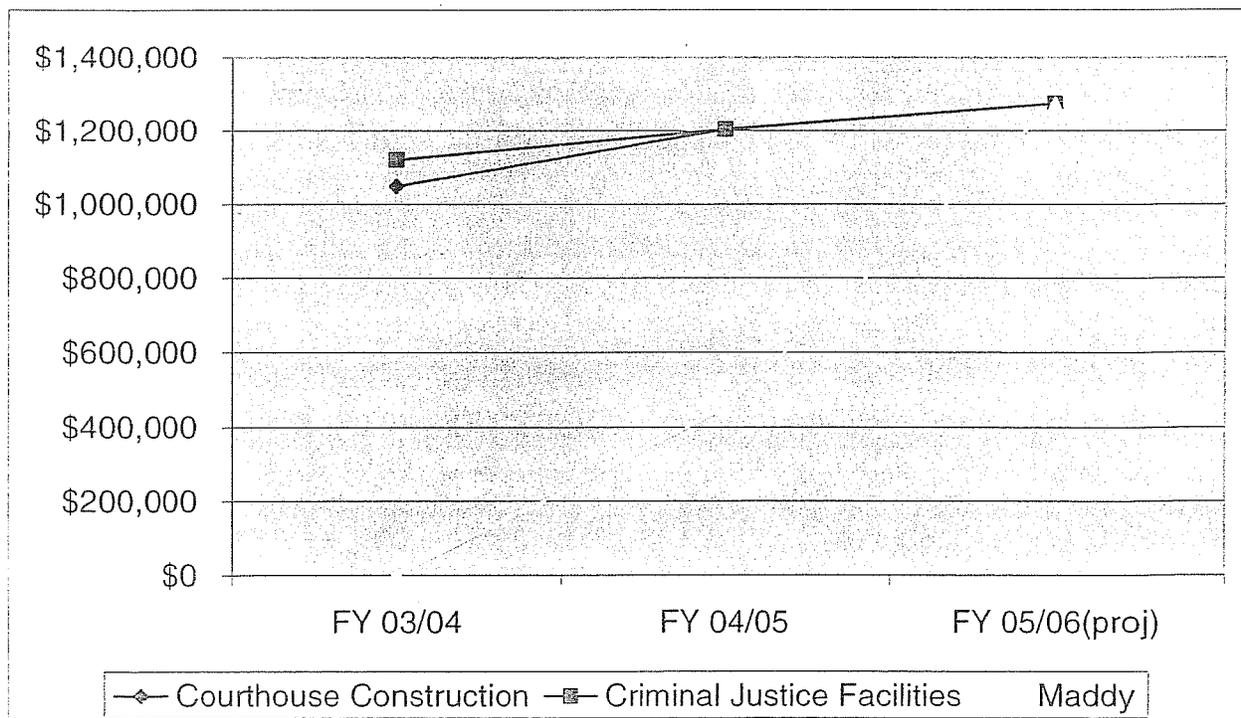
As a result of their efforts, the Santa Barbara County Board of Supervisors directed staff to work with other interested parties to sponsor legislation to establish a source of funding for a Maddy EMS Fund in Santa Barbara County.

This led to the introduction of legislation, SB 635, co-authored by Senators Dunn and Romero and Assembly member Jackson, which allows Santa Barbara County to increase the additional penalties for criminal violations, under Government Code Section 76000, by \$5 per every \$10 of base fines, and to collect \$2.50 for every parking violation in the county, to provide revenue for a Maddy EMS Fund.

The Governor signed SB 635 into law on November 4, 2004 and Santa Barbara County began collecting the increased fines on January 1, 2005. The collection of Maddy funds has gradually increased since its collections began, and is anticipated to level out at approximately \$137,000 monthly, which equates to approximately \$1.6 million in annual revenue.

Initial opposition to the bill centered around the argument that increasing fines would lead to diminishing revenues to other funds created by GC 76000, as violators would elect to serve jail time or perform community service in lieu of the additional payment. However, in Santa Barbara County this has not been the case, as the Courthouse Construction Fund and Criminal Justice Facilities Funds continue to rise despite the addition of the Maddy Fund.

These data are presented in the graph below. The Maddy Fund was established in January 2005, the graph for Fiscal Year 2004-2005 represents the first six-months of revenue. For Fiscal Year 2005-2006, the last three months is projected based on total revenues collected to date.



Who benefits from Maddy Funds: Every resident of, and visitor to, Santa Barbara County benefits from the access to emergency medical and trauma care that the Maddy Fund helps preserve. Maddy funds are used to partially offset the cost of emergency room and trauma services provided to the under and uninsured. In 2005, \$1,271,836 was collected and distributed from the Maddy Fund. The fund provided \$609,489 for physicians and \$441,354 to hospitals to defray a portion of the uncompensated emergency and trauma care they provide. The County of Santa Barbara receives 10% of the funds collected to administer the fund.

Actions taken to implement alternative local sources of funding: The County of Santa Barbara is working diligently to identify and implement alternate local sources of funding for uncompensated emergency and trauma care provided by local physicians and hospitals as well as ways to provide that care in a most efficient manner. Following is a brief summary of some of the actions taken since the passage of SB 635, in November 2004:

- **Local Maddy Committee formed.** Committee consists of representatives from the County Executive Office, hospital emergency department physicians groups, the Hospital Association of Southern California, Santa Barbara County Medical Society, the county legislative committee, the EMS Agency, Public Health Department and hospital administrators. Numerous meetings were held to strategize about means of securing permanent funding.
- **Addressing the inappropriate inclusion of Santa Barbara County in Medicare's Locality 99.** Under this categorization, Santa Barbara healthcare providers are paid at a rate intended for less costly rural areas, which is estimated to result in \$5 million in lower payments to physicians — substantially less than the cost of providing care. Medical providers continue to seek Federal opportunities to increase the level of Medicare payment to Santa Barbara County through realignment from Locality 99.
- **Public Opinion Survey conducted.** Voters positive about the need for strengthening the emergency medical care system show majority support for a sales tax increase for trauma/emergency care/law enforcement system – but less than the 66% (2/3 vote requirement) which is necessary to pass a local ballot initiative.
- **Public education on the urgent need to support emergency medical and trauma care.** Emergency room physicians, hospital representatives, Emergency Medical Services Agency staff, and other community leaders are conducting community outreach activities to educate the public and the business community as to the need for increased funding for emergency room and trauma centers.
- **Examining the feasibility of a ballot initiative.** Options and timelines were reviewed with County Clerk-Recorder-Assessor, Emergency Room physicians, hospital representatives, Emergency Medical Services Agency staff, County administrators and other elected officials. Identified competing, crucial local funding requirements that are anticipated to be on the local ballot between 2006-2009.

- **Increasing Tobacco Settlement Fund commitment to Emergency Medical Care.** The Board of Supervisors recommended more than \$2 million of the County's Tobacco Settlement Funds be allocated in Fiscal Year 2006-2007 to fund health safety net providers including: Hospitals, Emergency Rooms, Emergency Room Physicians, Primary and Specialty Care Providers, and other health safety net providers.
- **Reducing the numbers of individuals who seek care in an emergency department who could appropriately be treated elsewhere.** County Public Health Department established a women's health center to provide care to the under and uninsured.
- **Improved ability for trauma center to collect reimbursable charges.** Revised EMS treatment protocols to improve trauma patient identification in the field to assist Trauma Center with accurate identification of patients who qualify for reimbursable trauma treatment charges.
- **Renegotiated ambulance contract to increase funding to emergency medical services.** Required additional training for field personnel on trauma care, and implementation of new \$1.5 million dispatch system to improve overall system efficiencies and reduce system costs.
- **Increased county commitment to injury prevention,** with the goal of reducing the overall cost of trauma care through support of programs such as, child car passenger safety; low-cost extreme sports helmet program to reduce head injuries; DUI prevention programs in the local high schools to reduce alcohol and drug related traumatic injuries, and fall prevention. The second leading cause of traumatic death is falls in the elder population, and the nationwide trends have helped us target this as a local focus for our increasing elder population.

Challenges to implement local funding source prior to January 1, 2007 sunset:

The County has identified a number of funding challenges and or competing financial needs to be considered by local voters. Following is a summary of some of the challenges that faced and are facing the County.

- Uncertainty of November 2005 general election being held
- County split. The June 2006 ballot had a local measure asking the voters of Santa Barbara County whether they wanted to split the County in two, which would have resulted in the formation of a new "Mission County". Geographical loyalties and uncertainties interfered with the effort to secure a countywide improvement in emergency care and public safety prior to the June 2006 ballot measure.
- The extension of an existing critical local transportation funding measure (Measure D), which provides ½ cent sales tax to the County and eight cities within the county, and sunsets in 2010. The extension of this tax was defeated in the November 2006 election and is anticipated to be on the month/year ballot.

- The County is seeking a means to fund a new jail facility in response to a court order to reduce local jail overcrowding. Potential funding options discussed include a local ballot initiative.
- The California Hospital Association Tobacco Tax and other State wide tax initiatives were competing initiatives on the November 2006 ballot.
- Public opinion survey indicates that there is a lack of awareness among Santa Barbara county residents of the financial difficulties facing local hospitals, which will take considerable time to address.
- The State-mandated seismic retrofit fund raising campaign, needing to raise over \$800 million to rebuild and/or retrofit all the County's acute care hospitals, is tapping many community resources.
- There is very little understanding of the expense and fragility of a trauma care system, despite the crisis in nearby Los Angeles County and other communities.

Why the County is Requesting an Extension of the Maddy Fund

A major issue impacting the County's ability to consider placing an emergency room funding measure on the ballot is a separate critical transportation funding need that the local voters will be asked to support. The County and each of the eight cities within the county are seeking voter approval to extend the ½ cent sales tax, known as "Measure D" for local transportation funding. This funding is critical to maintain roadway infrastructure within the cities and the county. Measure D was passed in November 1989, expires in April of 2010, and must be renewed prior to its expiration in order for the cities and county to continue to receive critical transportation funds. The extension of Measure D was voted down on the November 2006 ballot and is expected to be reintroduced sometime before the November 2008 ballot.

In addition, the County is seeking a means to fund the construction of a new jail as it is under Court Order to reduce jail overcrowding in the existing County jail.

Faced with these competing funding needs, the County is seeking to determine the best strategy to increase the likelihood of success for each of these important funding measures. The County is concerned that placing competing measures before local voters will likely result in the failure of all.

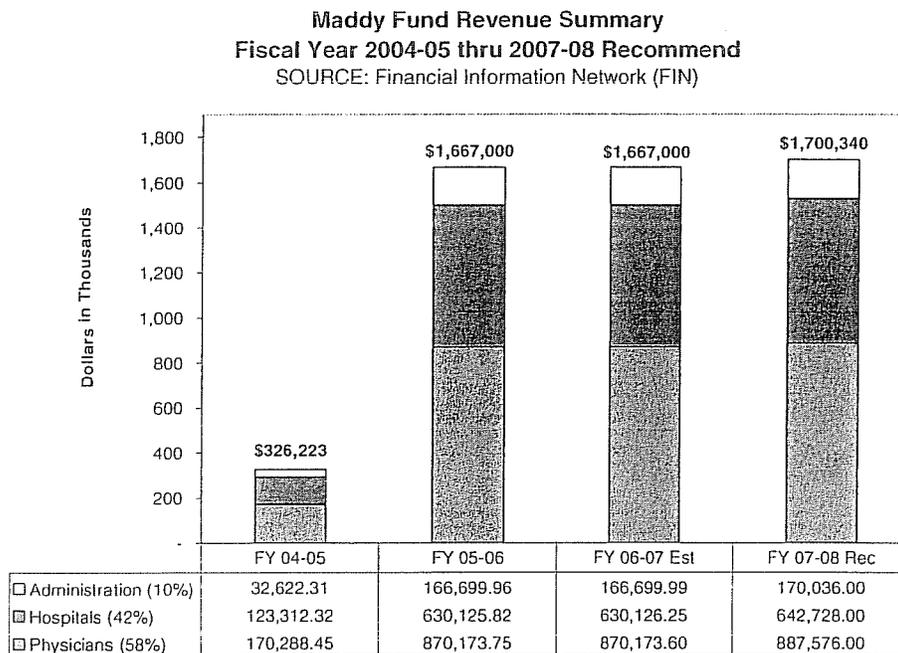
If granted, a three-year extension of the Maddy Fund, through January 1, 2010, will provide the additional time necessary for the County to increase critical awareness of the need for emergency room/trauma center funding and will allow other critical and potentially competing initiatives to be considered.

The county was successful in working with Assembly member Pedro Nava and the 2006 legislature in passing AB 2265 which provides an additional 2 year extension for Santa Barbara County's Maddy Fund. It also requires that the County Board of Supervisors place an appropriate proposed tax ordinance as a county measure on the ballot for or before the November 2008 election that will ensure the collection of sufficient funds to fully support the trauma system.

Maddy Fund Allocation

As specified in Government Code Section 76104, the amount of revenue generated for the Santa Barbara County Maddy EMS Fund is allocated as follows: 42% to hospitals providing disproportionate trauma and emergency medical care services and 58% to physicians and surgeons for emergency services provided in general acute care hospitals that provide basic or comprehensive emergency services up to the time the patient is stabilized.

The chart below illustrates the Maddy fund actual distributions by fiscal years 04-05 and 05-06 and the Estimated Actual amount for 06-07 and Recommended amount for 07-08.



The following table breaks out the distribution by hospitals based upon the agreed criteria set by representative of the hospitals and the Hospital Association of Southern California. In addition, the total distribution for both the hospital and physicians are also reflected.

Hospital	Maddy Fund Received for FY 04-07
Goleta Valley Cottage Hospital	222,892
Lompoc District Hospital	228,971
Marian Medical Center	646,387
Santa Barbara Cottage Hospital	907,779
Santa Ynez Valley Cottage Hospital	20,263
Total Hospital Compensation	2,026,292
Total Physician Compensation	2,798,212