



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

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

Department Name: CEO and Public Health
Department No.: 012 and 041
For Agenda Of: 9/25/07
Placement: Departmental
Estimated Tme: 50 minutes
Continued Item: Yes
If Yes, date from: 6/26/07
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Michael F. Brown, County Executive Officer
Director(s) Dr. Elliot Schulman, Director/Health Officer, Public Health
Contact Info: Jim Laponis, Deputy County Executive Officer, 568.3400

SUBJECT: Maddy Emergency Medical Services and Trauma Care Fund Ballot Measure

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence:

Recommended Actions:

- A. Determine a funding option to be placed as a ballot measure on a forthcoming election as follows:
 - i. Determine whether a measure creating a parcel tax to fund the emergency medical and trauma care system shall be placed on the ballot.
 - ii. Determine whether a measure to increase the sales tax by 0.25 percent for the emergency medical and trauma care system and public safety purposes shall be placed on the ballot.
 - iii. Determine whether a measure to increase the sales tax by 0.50 percent for the emergency medical and trauma care system and public safety purposes shall be placed on the ballot.
- B. Determine the date of the election on which said ballot measure shall be placed: February 5, 2008 or June 3, 2008 or November 4, 2008.
- C. If it is determined to place a measure on the February 5, 2008 ballot, direct staff to return on October 9, 2007 with the necessary resolution/ordinance to consolidate such a ballot measure with the February 2008 election.

Summary Text:

The Board of Supervisors received a report on June 26, 2007 (Copy attached) that articulated potential funding options for a tax measure related to the Maddy Emergency Medical Services Fund. The Maddy 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 and hospitals for otherwise uncompensated emergency medical services (estimated at \$8 million per year countywide) to the uninsured, underinsured and to improve access to emergency medical and trauma care for all residents of the County.

However, as stipulated in the authorizing legislation (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.*” Therefore, the Board of Supervisors is being asked to (1) determine which tax option to place on the ballot and (2) determine when the ballot measure will be placed before the County voters.

Funding Options: Three tax options were examined as funding possibilities: (1) Hotel Occupancy Tax, (2) Sales Tax and (3) a tax on Property, or Parcel Tax. As cited in page 18 of “Understanding Proposition 218” prepared by the Legislative Analyst Office, December 1996, “A tax is a charge on an individual or business that pays for governmental services for facilities that benefit the public broadly. There need not be any direct relationship between how much tax a person pays and how much service he or she receives from government.” Since the revenues would be used for a specific purpose-- emergency medical and trauma care system funding and potentially public safety--- all of the tax options are considered to be a “special” tax and would require a 2/3 vote of the electorate to pass.

While the Maddy EMS Fund currently 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. Therefore, tax calculations were based on revenues of \$8 million.

A Hotel Tax was researched, but deemed not viable because (1) it is considered inequitable because it would only tax visitors in the unincorporated area (the County has the legal authority to increase the hotel tax only in the unincorporated area of the County); (2) the hotel tax would need to increase by 31% to raise \$8 million within the unincorporated area; and, (3) if we decide to involve the cities, it would be politically difficult to receive an endorsement from all of them to raise the hotel tax within their jurisdictions.

A Sales Tax is an option that would tax residents and visitors alike based on their respective consumption levels. Currently, the County has the authority to propose an increase in sales tax only in 0.25% (¼ cent) increments up to a 1% under current State law. The following table illustrates the current sales taxes in the County and the maximum allowed by statute:

State	6.50%
Local	0.75%
Measure D	<u>0.50%</u>
TOTAL	7.75%
Remaining	<u>1.00%</u>
Maximum Allowed	8.75%

As stipulated in the Revenue and Taxation Code, the County is authorized to levy sales taxes at a rate of 0.25% (¼ cent) or multiples thereof, unless special legislation is granted to levy taxes in 0.125% (1/8 cent) increments. An increase of 0.25% (¼ cent) would generate approximately \$15 million per year for the County, which is more revenue than is needed to fund the emergency medical and trauma care system.

It is staff’s conclusion that the timing of the State legislative cycle and political uncertainty of bill passage would prevent the enactment of special sales tax legislation to allow a 0.125 percent for the

County to be a realistic option before the November 2008 election. The legislative process for a bill usually begins in January and commences with the Governor's signature in mid-October, contingent on the bill's passage through the Assembly and Senate. The bill becomes effective on January 1 of the next year unless it is considered an "urgency measure", which is a bill affecting the public peace, health or safety, and requiring a two-thirds vote for passage. An urgency measure is effective immediately upon enactment. It is unlikely that (1) the Legislature would consider the County's need for a smaller sales tax increment urgent; and, (2) even if urgent, that bill passage would occur prior to May 2008. As explained later in this report, the Board would need to approve the Maddy EMS Fund ballot language, including the sales tax amount, by either October 9, 2007 for the February 2008 Presidential Primary or by January 29, 2008 for the June 2008 Primary or by July 1, 2008 for the November 2008 General Election. To reiterate, enactment of an urgency measure before these dates is uncertain and highly unlikely.

Since a 0.25% increase in sales tax would generate revenues greater than the need of the emergency medical and trauma care system, if the sales tax option is selected, the Board would need to determine other additional services that would be funded as part of a possible sales tax ballot measure. Allocation of the funding toward other public health uses would have a logical nexus with the intention of the Maddy Fund. However, funding for other public safety initiatives could be coupled with a sales tax measure for the emergency medical and trauma care system. Options for public safety funding are many. They could be similar to Proposition 172 and allocate monies to the County departments that currently receive public safety sales tax funding (District Attorney, Fire, Parks (lifeguards), Probation, Public Defender and Sheriff). Alternatively, the ballot measure could allocate monies specifically to public safety programs and initiatives (jail enhancements, gang prevention, increased patrols, etc.). Should the Board determine to pursue the option of increasing the sales tax for emergency medical/trauma care system and public safety purposes, it would need to decide on the allocation of funding to each entity and/or program before approving the ballot measure.

The Board may also consider increasing the sales tax by 0.50% to generate approximately \$30 million annually. Under this arrangement, $\frac{3}{4}$ of the funding could be allocated to public safety efforts such as enhancing the capacity of the jail system and $\frac{1}{4}$ of the funding could be allocated to public health to fund the emergency medical and trauma care system. As preliminary suggested by the Sheriff's Department, such a measure would generate sufficient revenue to allocate monies to public safety not only for County needs but also to the cities. (Note: It is the understanding of staff that the City of Lompoc is considering placing a sales tax measure to fund public safety services on the ballot potentially as early as February 2008.).

A Special Tax on Property (Parcel Tax) for funding the emergency medical and trauma care system offers the flexibility to generate revenue in the exact amount of the "Maddy" shortfall. Additionally, the tax would be used specifically for replacing the Maddy EMS Fund rather than for a variety of different programs. Based on the calculations provided, a flat parcel tax would be placed upon the current 126,090 parcels on the County's Assessor Roll. To generate \$8 million a year, the tax would be \$64 (plus a one dollar administration charge) per parcel per year. This tax would equate to an additional \$5.29 a month per parcel. Legally, upon $\frac{2}{3}$ vote of the electorate the County has the authority to place a flat tax on parcels county-wide that benefits the public at large. A graduated tax on parcels may not be feasible for the purpose indicated. County Counsel is studying the matter and will be able to discuss the issue during the hearing on September 25, 2007.

Elections Date Requirements: The County Board of Supervisors has several opportunities regarding the potential placement of a tax 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 the ballot language and request to consolidate the measure with the scheduled election, if the Board determines to place a measure on the ballot.

Election	Last Date for Board Approval
February 5, 2008 Presidential Primary	October 9, 2007
June 3, 2008 Primary	January 31, 2008
November 4, 2008 Presidential General Election	July 5, 2008

It is the recommendation of staff that the Maddy EMS Fund ballot measure be consolidated with the February 2008 Presidential Primary election or the June 2008 Primary. If the measure should fail in February or June, the County would still have time to pursue a legislative strategy to extend the January 1, 2009 sunset date of the Maddy EMS Fund. Moreover, if Measure D is scheduled to be placed on the November 2008 election, then it may behoove the Board to place the “Maddy” tax measure for uncompensated emergency medical services on an earlier election date as voters may choose one over the other or vote against both measures if placed on the same ballot. Although the June Primary is likely to have the least voter turnout, if the Board decides to pursue a sales tax measure for both public health and public safety, the June date would allow more time for stakeholders (potentially including the cities) to meet and recommend funding allocations.

Background:

In 1991, Santa Barbara County chose to allocate revenues generated from the penalties on vehicle and other criminal penalties to the construction of courthouse and criminal justice facilities. In 2005, Senate Bill (SB) 635 was enacted that allowed the 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 funding proposal was placed before the County’s voters. 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 and specifically states that the Legislature expects the County to place an appropriate tax ordinance on the ballot for or before November 2008. Based on these requirements, the Board of Supervisors is being asked to decide on the appropriate funding mechanism and timing as it pertains to conducting an election.

Performance Measure:

N/A

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

Narrative: Without the passage of a local financing mechanism, the County’s healthcare providers may lose the \$1.6 million per year generated by the Maddy EMS Fund when it sunsets on January 1, 2009, as well as the opportunity to offset the additional costs of providing uncompensated emergency medical

services to the community. If a local funding mechanism to generate 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. If a ballot measure fails, the County may still request the State Legislature to extend or remove the current Maddy sunset date.

It should be noted that the costs associated with placing a ballot measure on the ballot is as follows: \$300,000-400,000 for the February 2008 election, \$250,000-300,000 for the June 2008 election and \$200,000-250,000 for the November 2008 election. It is anticipated that funding for the election would come from the General Fund; however, the cost of the election would be recouped if a ballot measure is enacted.

Staffing Impacts:

Legal Positions:
0

FTEs:
0

Attachments:

Board of Supervisors Agenda Letter from 6/5/07

Authored by:

Sharon Friedrichsen, Assistant to the CEO, 568.3107

CC:

Department Directors
Terri Maus Nisich, Assistant County Executive Officer
Michele Mickiewicz, Deputy Director, Public Health Department
Nancy Lapolla, Director, EMS Agency, Public Health Department
Suzanne Jacobson, Deputy Director, Public Health Department
Celeste Andersen, County Counsel
Victor Zambrano, Administrative Analyst, County Executive Office
Mark Paul, Division Chief, Auditor-Controller
Joe Holland, County Clerk-Recorder-Assessor
Billie Alvarez, Division Manager, Elections, Clerk-Recorder-Assessor
Cliff Berg and Monica Miller, Governmental Advocates, Inc.