

ORDINANCE NO. 9384 (NEW SERIES)

AN ORDINANCE ADDING SECTION 232.4 TO THE SAN DIEGO COUNTY ADMINISTRATIVE CODE ESTABLISHING THE TOBACCO SETTLEMENT REVENUE SECURITIZATION TRUST FUND

The Board of Supervisors of the County of San Diego ordains as follows:

Section 1. Section 232.4 is added to the San Diego County Administrative Code to read as follows:

SEC. 232.4. TOBACCO SETTLEMENT REVENUE SECURITIZATION TRUST FUND.

(a) Establishment of Fund and Statement of Intent. There is hereby established the Tobacco Settlement Revenue Securitization Trust Fund ("Trust Fund") to be administered by the Director. The Trust Fund consists of proceeds received from the sale of the County's Tobacco Settlement Revenues ("TSRs") to the San Diego County Tobacco Securitization Corporation ("Corporation"). The Corporation paid for the TSRs using the proceeds of a loan from the Tobacco Securitization Authority of Southern California, ("Authority") a joint powers authority that issued bonds to finance the loan. The TSRs are used to make payments on the bonds. Since the bonds were issued on a tax-exempt basis, the County is required by the Internal Revenue Code (Title 26, United States Code) and the regulations implementing the Code, to comply with various restrictions on the use of the proceeds deposited in the Trust Fund. In addition, the Board of Supervisors has determined to limit expenditures from the Trust Fund to health related matters. The purpose of this section is to restrict expenditures from the Trust Fund to health related purposes and subject to the restrictions imposed by the Internal Revenue Code and implementing regulations.

(b) Expenditure Restrictions. Expenditures from the Trust Fund shall be allocated in accordance with the following guidelines:

1. To support a comprehensive tobacco control strategy that will significantly reduce tobacco use among youth and adults. Programs may include, but not be limited to, those that address cessation of tobacco use, support of tobacco control laws, and prevention and health promotion activities that encourage a tobacco-free lifestyle.
2. To increase funding for programs that:
 - (a) Promote access and reduce barriers to assure quality healthcare.
 - (b) Promote healthy lifestyles through prevention and education.

- (c) Reduce the abuse of alcohol, tobacco and other addictive substances.
 - (d) Improve mental health services.
 - (e) Significantly reduce violence and abuse.
 - (f) Reduce the incidence of chronic and infectious diseases.
 - (g) Improve the health status indicators of vulnerable populations.
 - (h) Minimize disparities in health status.
3. To support health related programs that leverage funding from other sources.
 4. To use funds to supplement and not replace existing healthcare revenue.
 5. Programs and services shall demonstrate effectiveness through evaluation of outcomes.
 - (a) Programs shall incorporate "best practices" that have been proven to be cost-effective and efficient.
 - (b) Innovative programs may be funded, providing there are plans for evaluation of outcomes.
- (c) Internal Revenue Code Compliance. All expenditures must comply with the Internal Revenue Code and its implementing regulations as needed to maintain the exemption from federal income taxation on the interest payments on the bonds issued by the Authority.

PASSED, APPROVED AND ADOPTED this 25h day of September, 2001.