

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** FW: [EXTERNAL] Letter regarding proposed business tax  
**Date:** Wednesday, July 31, 2024 4:49:12 PM  
**Attachments:** [City of SR business tax protest letter 7.25.24.pdf](#)

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**From:** Amy Christopherson Bolten <[Amy@christophersonbuilders.com](mailto:Amy@christophersonbuilders.com)>  
**Sent:** Thursday, July 25, 2024 2:09 PM  
**To:** \_CityCouncilListPublic <[citycouncil@srcity.org](mailto:citycouncil@srcity.org)>; [cmoffice@srcity.com](mailto:cmoffice@srcity.com)  
**Subject:** [EXTERNAL] Letter regarding proposed business tax

Good afternoon Council Members and City Manager Smith.

Please find the attached letter regarding the proposed Santa Rosa business tax increases.

Thank you and I am available for further questions if needed.

Amy

Amy Christopherson Bolten  
President  
Christopherson Builders  
[www.christophersonbuilders.com](http://www.christophersonbuilders.com)  
565 W. College Avenue, Santa Rosa, CA 95401  
707-843-0503



July 25, 2024

Re: proposed business tax increases in the City of Santa Rosa

Honorable Council Members,

This letter is written in strong protest to the proposed tax increases for businesses as presented on July 9, 2024 at the City Council. The only reason I am aware of this is that I happened to be at Council for another reason and this presentation was in process when I arrived.

The tax increases are crippling. For our business alone, I calculated that the increase in tax would be nearly \$100,000. This is the cost of a full-time employee in our business. I would hope to not be in a position where we have to choose between hiring an employee, or letting one go, due to this increased tax.

Our business builds homes. Given the heavy regulations in California, our homes cost a lot. The margins are very small, but as the tax is on gross receipts, this translates into a very large tax.

In speaking with other business owners, they are also blind-sided.

Please reconsider.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Amy Christopherson Bolten', is written over a faint blue line.

Amy Christopherson Bolten  
President, Christopherson Builders



## SONOMA-MENDOCINO-LAKE MEDICAL ASSOCIATION

July 22, 2024

Via email [citycouncil@srcity.org](mailto:citycouncil@srcity.org)  
Santa Rosa City Council

### **Subject: Concerns Regarding the Proposed Business License Tax Increase for Medical Practices**

Dear Santa Rosa City Council Members:

On behalf of the Sonoma Mendocino Lake Medical Association, representing more than 1,800 physicians, many of whom would be affected by the proposed business license tax increase, we write to express our deep concerns about the proposed changes to Santa Rosa's business license tax. We believe that the proposed increase, which more than doubles the current tax rate and removes the existing cap, will have detrimental effects on both existing and future medical practices in our community.

### **Impact on Medical Services**

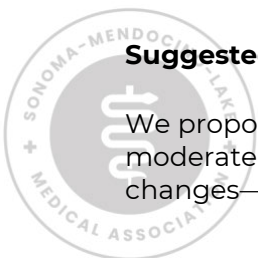
The proposed tax changes could significantly deter medical services in Santa Rosa, adversely affecting community health services. While we understand the necessity of adjusting tax rates, especially since they have not been revised since 1990, we feel that the magnitude of the proposed increase is excessive and could severely impact the provision of medical services. This proposed tax increase would create disparities and unintentionally exacerbate challenges related to the recruitment and retention of healthcare workers.

We respect the goals of the proposed business license tax increase. However, the healthcare market is distinct from other types of business activity, represents a significant investment of public funds, and is complex enough to require special consideration. This is especially true given the scope of recent wildfires, the COVID-19's impact and the substantial efforts of the Sonoma County Public Health to attract a sufficient workforce to deliver on its goals.

We must do all we can to support healthcare workers at this time and make concerted efforts to make Santa Rosa a place where the next generation of providers will want to establish their practices. Incentives for physicians have the potential to pay for themselves several times over by preventing costly downstream emergency interventions. Those who cannot find a physician are forced to depend on emergency departments and other publicly funded social services, increasing city and county expenditures through higher-cost services for individuals with complex needs.

### **Suggested Modifications**

We propose maintaining the tax rate of \$25 + \$1.69 / \$1,000 and consider a more moderate increase to the cap, rather than its complete removal. Implementing both changes—removing the cap and raising the rate to \$3.50/\$1,000 seems unduly punitive to



medical professionals who are dedicated to the health and well-being of our community. Such an exorbitant increase could drive smaller medical practices out of Santa Rosa, pushing them into neighboring communities and exacerbating the existing physician shortage.

Additionally, we propose a reduced BLT rate for small and medium-sized practices (fewer than 20 physicians), including those that provide care for a significant portion of uninsured and Medi-Cal patients. As you are aware, the physician shortage in Sonoma County is particularly severe for Medi-Cal patients, as fewer doctors are willing to accept these cases. Medi-Cal, California's Medicaid program, generally offers lower reimbursement rates to physicians compared to private insurance and Medicare. These rates often do not cover the full cost of providing care, leading many physicians to limit the number of Medi-Cal patients they see or opt out of the program altogether. The proposed City of Santa Rosa tax relief benefits would provide financial incentives for physicians to consider serving more Medi-Cal patients, ensuring that all residents, regardless of their insurance status, have access to the care they need.

### **Comparative Underpayment**

Physicians in Santa Rosa face a notable disadvantage compared to their counterparts in Marin and San Francisco due to discrepancies in the Medi-Cal reimbursement fee schedule. Despite the cost of living in Santa Rosa being comparable to these urban areas, Santa Rosa physicians are compensated according to a 'rural' fee schedule. This results in lower reimbursement rates for Medi-Cal patients, compounded by the high operational costs of running a medical practice.

For small and medium-sized medical groups, the financial strain is particularly severe. The costs of providing care have escalated while both public and private payment rates have stagnated. Consequently, these physicians face increased tax burdens and decreased net revenue. Unlike larger medical groups, smaller practices lack the leverage to negotiate higher payment rates, leaving them constrained by the existing reimbursement structures.

This situation underscores the need for policy adjustments that consider the unique challenges faced by medical providers in Santa Rosa ensuring sustainability for all medical practices.

### **Recommendations for Consideration**

To mitigate the negative impact on small and large medical practices, we recommend the following:

1. **Increase the Cap Rather Than Remove It:** A higher cap would generate additional revenue without imposing an undue burden on medical practices.
2. **Maintain the Current Tax Rate:** Keeping the tax rate at \$1.69 / \$1,000 while adjusting the cap would be a fairer approach.
3. **Introduce Waivers or Incentives:** Consider implementing waivers or incentives for practices with fewer than 20 physicians. This could include a higher cap or a lower tax rate to encourage physicians to remain in Santa Rosa.

4. **Provide exemptions for medical practices:** Medical practices of all sizes and types be exempted entirely from the business license tax increase. This would have the added benefit of helping the community meet its recruitment and retention goals for healthcare workers and ensure that the City of Santa Rosa is seen as a city that values attracting vital healthcare workers, which would be a win for everyone.

We urge the council to consider our proposed changes and adopt a more balanced approach that supports the sustainability of medical services in Santa Rosa. By doing so, we can ensure that our community continues to have access to high-quality healthcare.

Thank you for your attention to this critical matter. We look forward to working together to find a solution that benefits both the community and the medical professionals who serve it. If you have any questions about our recommendations, please contact Wendy Davies, Executive Director, at [exec@smlma.org](mailto:exec@smlma.org) or call us at (707) 525-4375.

Yours in health and service,

*Warren B. Chin, MD*

Warren B. Chin, MD  
2024-2025 President

*Ramzi Deeik, MD*

Ramzi Deeik, MD  
2024 Vice President

*Wendy S. Davies*

Wendy Davies  
Executive Director

cc:

Maraskeshia Smith, City Manager | City of Santa Rosa | [cmoffice@srcity.org](mailto:cmoffice@srcity.org)  
Alan Alton, Chief Financial Officer | City of Santa Rosa | [aalton@srcity.org](mailto:aalton@srcity.org)