



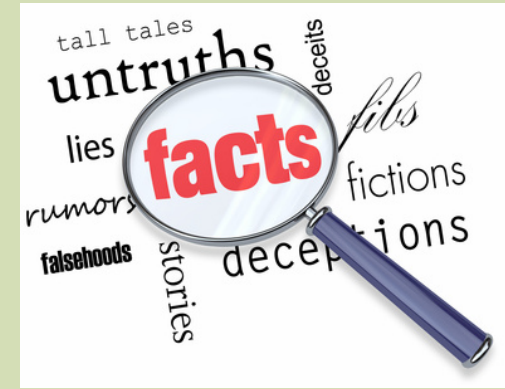
Keep It California

Stronger Together



Fix It Together

Know the Facts



- **Keep It California** was formed in April 2015, as a new non-partisan, political action committee by a group of rural county residents opposed to the State of Jefferson. Our mission is to advocate for better representation of rural California issues and to oppose breaking away from California.
- **Only through knowing the facts** can reasonable people have an intelligent discussion of the impacts of creating a new state.
- **Keep It California** has conducted careful research in a good faith effort to bring accurate financial information and considerations to the local residents.

California Personal Income Tax

- ▶ Placer County residents pay an average of 4.4% progressive tax rate
 - ▶ 2013 Average per capita Adj. Gross Income (AGI) was \$32,646
 - ▶ Per capita tax was \$1,438
 - ▶ Total state income tax from Placer was \$526,413,000

Source: Franchise Tax Board
Economic and Statistical Research Bureau



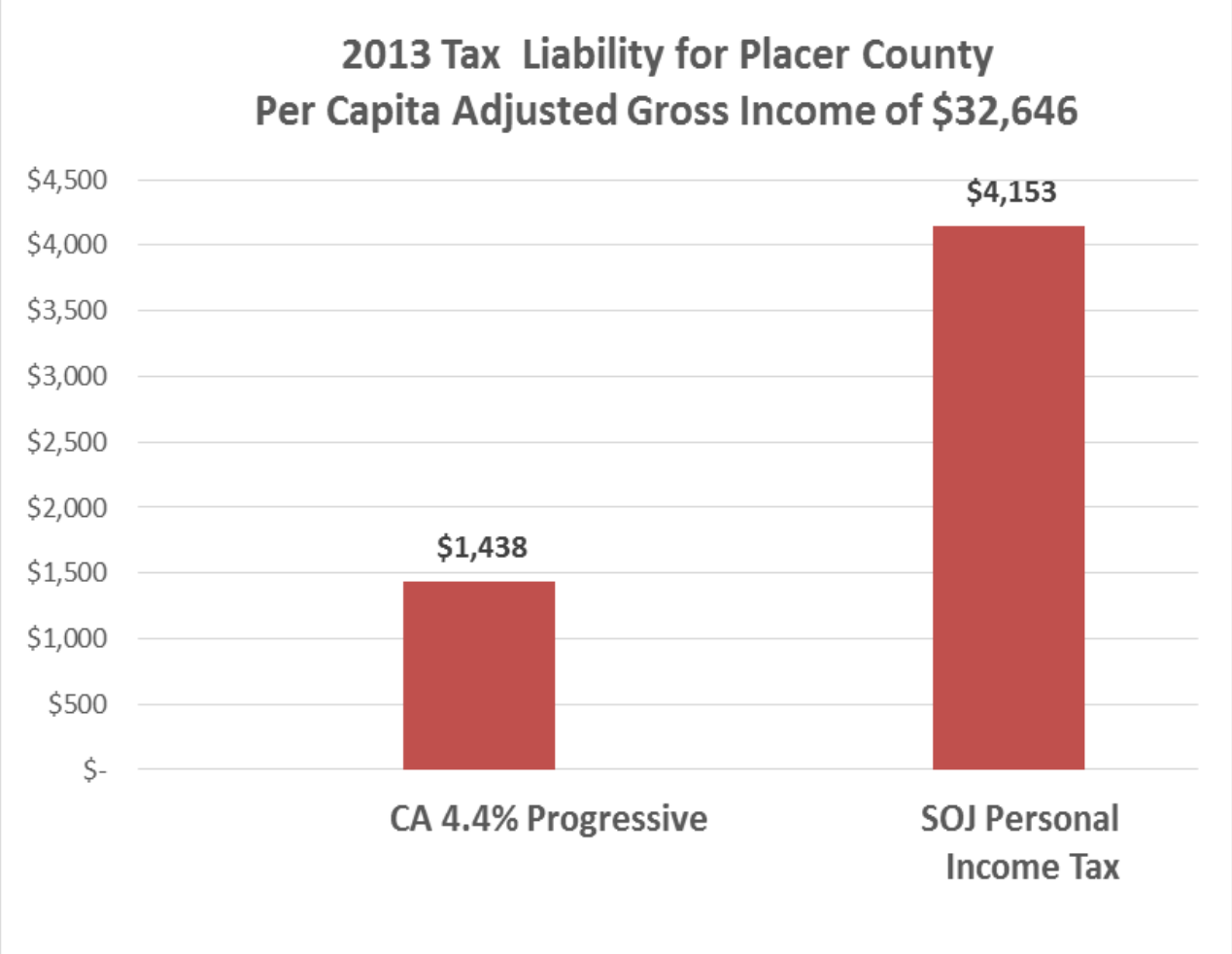
State Income Tax, SOJ Style



- ▶ **Fact Check**
 - ▶ The “viability model” shows Placer’s state income tax as \$1,520,338,000 using an 8% flat tax
 - ▶ To generate that amount, the per capita tax would increase from \$1,438 to \$4,153 a 289% tax increase!
 - ▶ **Corporate taxes would be ZERO**
- ▶ **No tax for big business but big increases for people and small businesses**
- ▶ **Placer Tax increase of \$994,000,000**

Source: Franchise Tax Board and SOJ Financial Viability Model

Lower State Taxes? Don't Count on It!

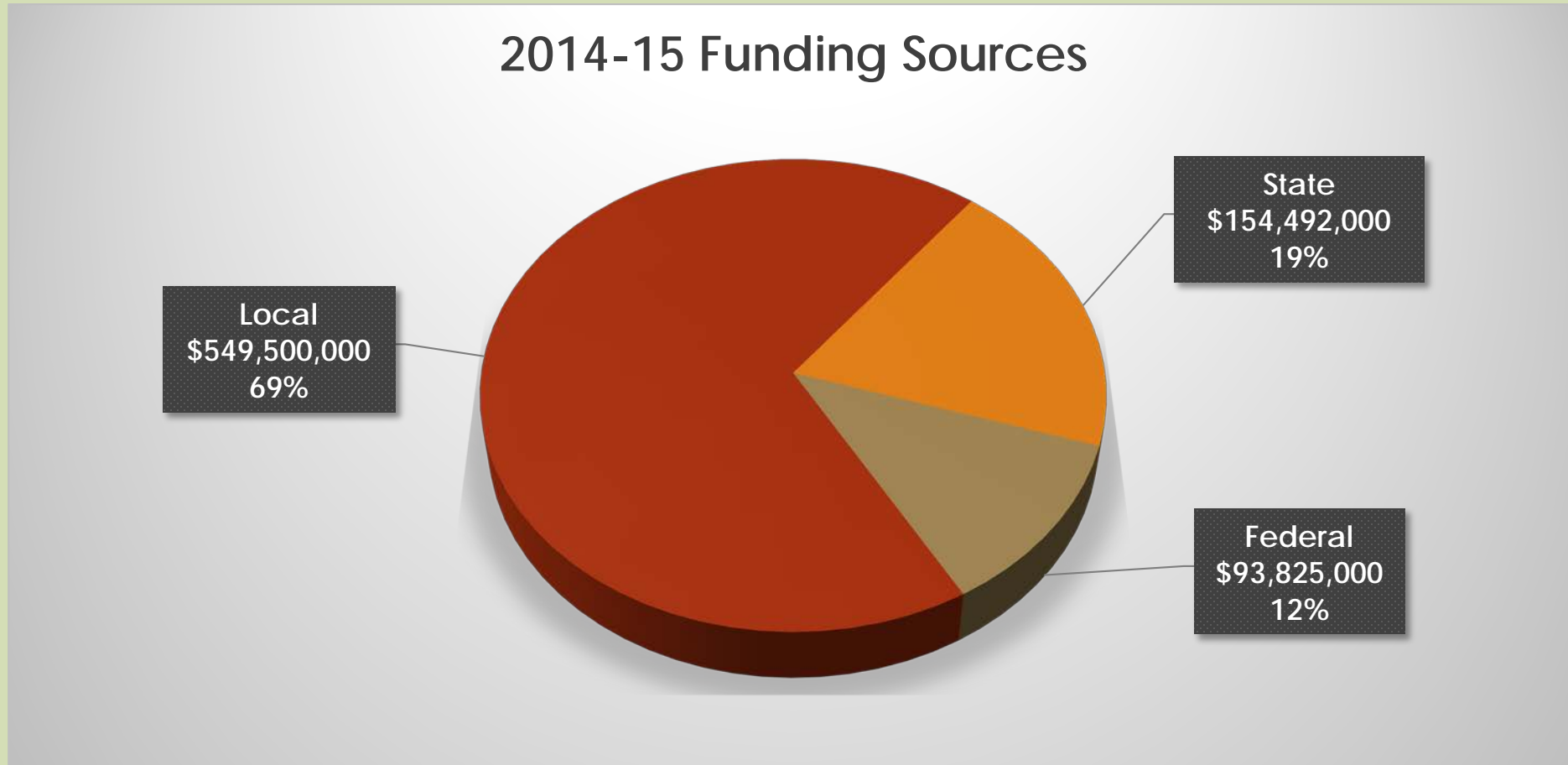


289% Increase!

Sources: Franchise Tax Board
Income Tax for 2013 Tax Year

SOJ Viability Model State Income Tax
100% (85% to County - 15% to State)

County Budget Funding Sources



Source: Placer County Budget 2014-15

Debt Assumption

Based on 4.5% of California Population

Fact Check

- ▶ Debt repayment: SOJ expects ZERO percent interest rate on public debt.
 - ▶ New state with unstable revenue and no credit record will be rated as junk bonds. Even with a very low 5% interest rate for 30 years, the payment doubles.
 - ▶ No bondholder will accept that deal.
- ▶ Debt amount does not include unfunded liabilities.

Source: SOJ Financial Viability Model



Higher Education?

Fewer and more expensive options



- No funding provision for public universities or community colleges
- Humboldt and Chico are the only universities in SOJ target area
 - Neither Humboldt nor Butte Counties are interested in joining SOJ
 - No universities or very limited options?
- Out of state tuition will price many students out of the college market
- Negotiation with CA for in-state tuition is unrealistic – Why would CA taxpayers subsidize the education of another state’s residents?

CalPERS and CalSTRS Pension Programs

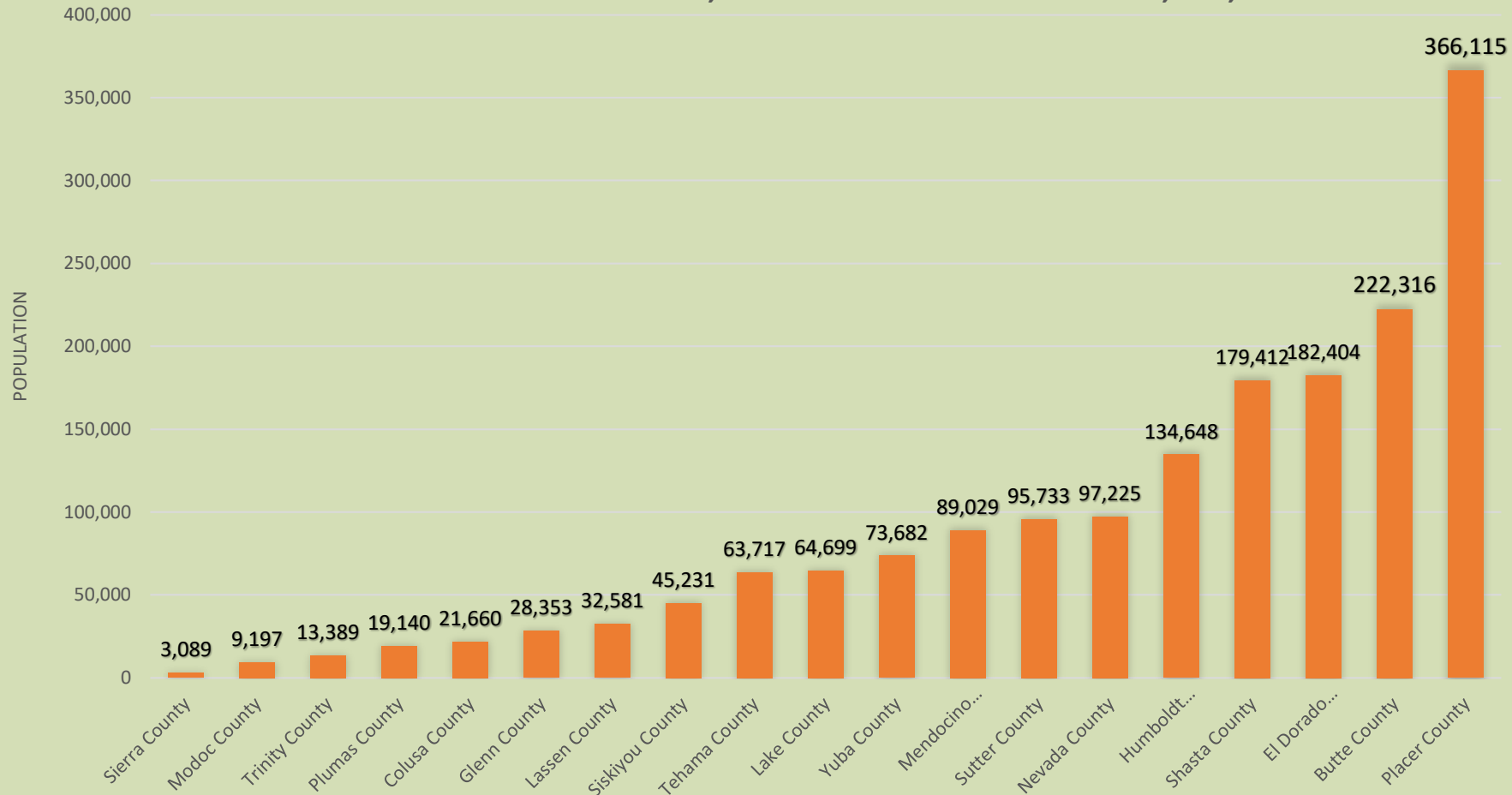


➤ Fact Check

- CalPERS and CalSTRS retirees can live wherever they want to and receive their retirement checks – no change
- CalPERS and CalSTRS are California government agencies and they can't offer programs outside California.
- Teachers and public employees can't participate in CalPERS or CalSTRS if they are working for another state.
- Will current public employees and teachers enrolled in California pension programs be offered a retirement plan in Jefferson with commensurate benefits?
- If not, will there be an exodus of experienced people just when they are needed to help create a new state?

Representation by county? Is this fair? It isn't legal.

1 PERSON'S VOTE IN SIERRA = 122 PEOPLE IN PLACER?
1 STATE SENATOR PER COUNTY, 2014 TOTAL POPULATION = 1,741,620



LAO Analysis of Six-State Initiative

A completely different process



- ▶ **Required a majority of California VOTERS to approve a constitutional amendment to allow the split.**
 - ▶ Nowhere in the Jefferson proposal is a vote of the people involved.
- ▶ **Created Board of Commissioners to guide and negotiate the separation process.**
- ▶ **Nowhere does it say that Jefferson is financially viable.**
 - ▶ “Decisions by appointed commissioners and elected leaders would determine how taxes, public spending, and other public policies would change for the new states and their local governments. ”
- ▶ **Potential court challenges lasting decades**
 - ▶ The litigation over debt in the split of Virginia in the 1860’s lasted 50 years
 - ▶ What would happened now with all the complex issues involved and a much more litigious society?

Study the Impacts



- We recommend that the Placer County Board of Supervisors, departments and outside agencies conduct analyses on the financial, educational, social and business impacts of seceding from California.
- Conduct stakeholder meetings to receive input from the residents, districts, schools, state and federal agencies that will be impacted by seceding from California.

Let's Keep It California

Stronger Together



Fix It Together

- ▶ Organize rural residents to speak with one voice.
- ▶ Educate urban legislators about rural issues and advocate for solutions that benefit rural California.
- ▶ We've already started – join us!
 - ▶ SB 234 State PILT repayment
 - ▶ AB 590 Biomass funding to remove fuel from our wildlands, energy generation and to create local jobs

More information:

KeepItCalifornia.org
info@keepitcalifornia.org

