



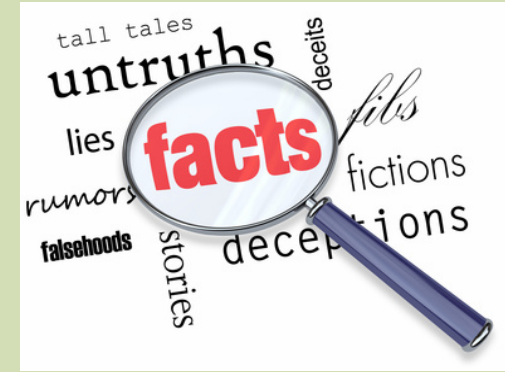
Keep It California

Stronger Together



Fix It Together

Know the Facts



- ▶ ***Keep It California*** was formed in April 2015, as a non-partisan, political action committee.
- ▶ 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 good faith to bring accurate financial information and considerations to the local residents.

State of Jefferson: Who's **In**, Who's **Out**

IN

- By Vote of the Citizens: Tehama Co. (1)
- By majority vote of Board of Supervisors:
 - Glenn, Modoc, Siskiyou, Sutter, Yuba (5)

OUT

- By Vote of the Citizens: Del Norte (1)
- By Board of Supervisors Rejection:
 - Shasta, Trinity (2)

No Action/Uninterested Counties

- No action taken after presentation by State of Jefferson: Butte, Colusa, El Dorado, Nevada, Placer (5)
- Not Interested: Humboldt, Mendocino (2)

Pending a Vote of the People

- 2016 elections placed on ballot by Board of Supervisors:
 - Lake, Lassen, Plumas, Amador (4)
- **Note:** Unofficial, unverifiable petitions are being circulated in some counties, but are of no legal value.

California Personal Income Tax



- ▶ Sierra County residents currently pay an average of **3%** progressive tax rate
- ▶ 2013 Average per capita Adj. Gross Income (AGI) was \$15,885
- ▶ Average per capita tax was \$433
- ▶ Total state income tax from Sierra was **\$1,336,000**

Source: Franchise Tax Board Economic and Statistical Research Bureau

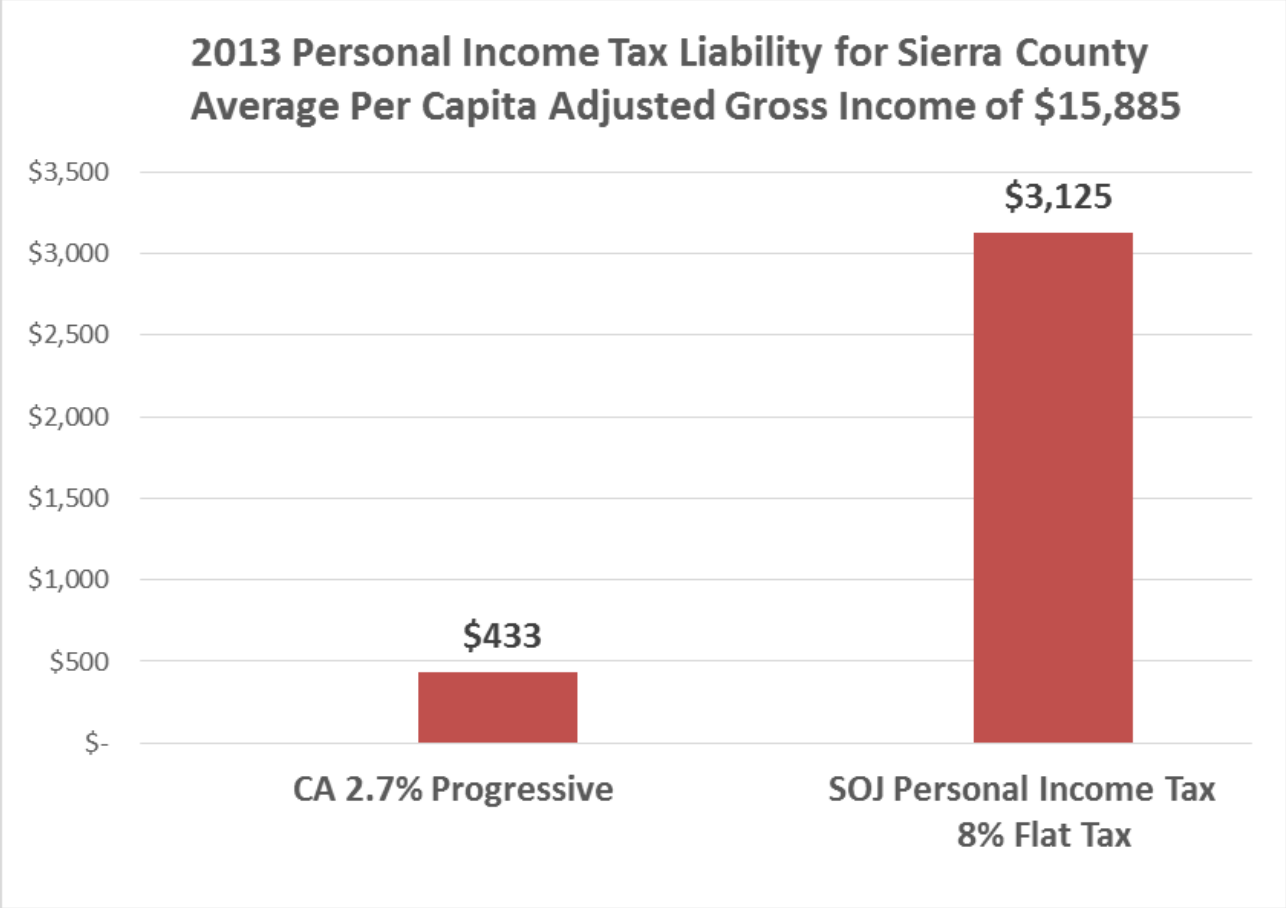
State Income Tax, SOJ Style



- ▶ Fact Check
 - ▶ The “viability model” shows Sierra’s state income tax as **\$9,654,000** using an **8% flat tax**.
 - ▶ To generate that amount, the per capita income tax would **increase from \$433 to \$3,125 a 723% tax increase!**
 - ▶ Especially since corporate taxes would be ZERO.
- ▶ **No tax for big business but big increases for people and small businesses.**
- ▶ Sierra Tax increase of **\$8,218,000**.

Source: Franchise Tax Board and SOJ Financial Viability Model

Lower State Taxes? Don't Count on It!



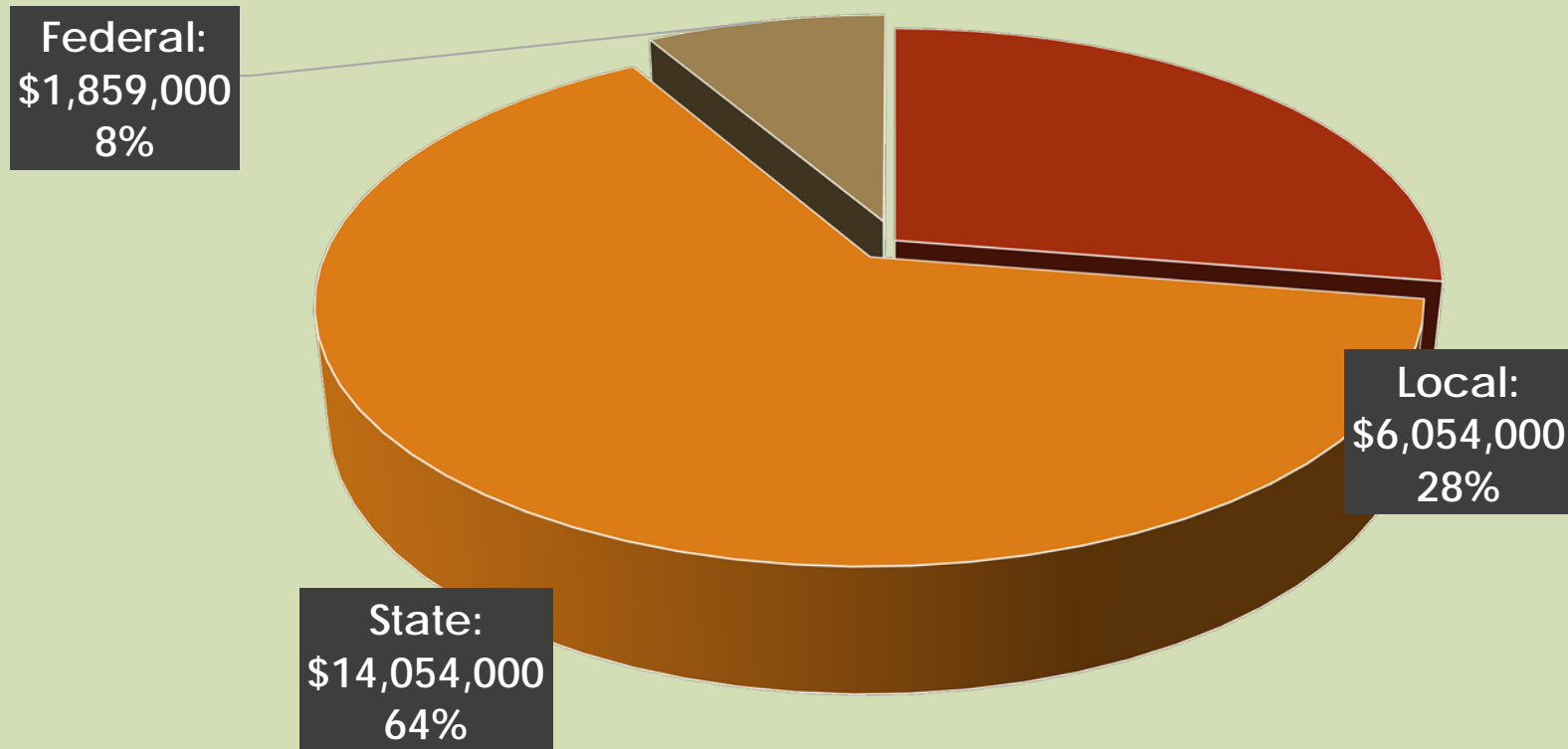
723% Increase!

Sources:

Franchise Tax Board
Income Tax for 2013 Tax
Year

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

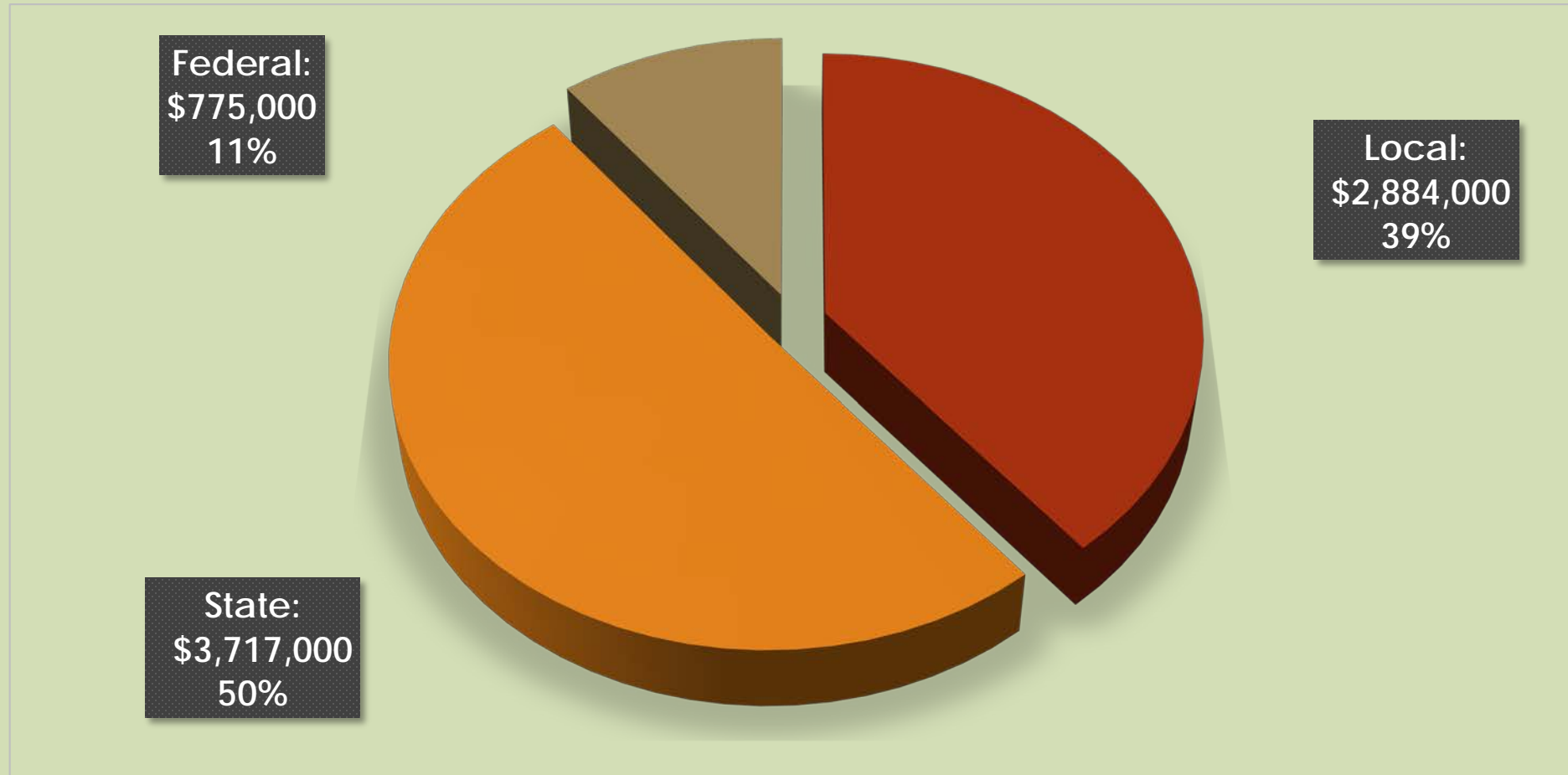
Sierra County Budget Funding Sources



Source: Sierra County Budget 2014-15

* State/Local amounts revised 12-2-15

Sierra Schools Funding Sources



Source: Sierra County Office of Education and SPJUSD 2014-15 Budgets

Where our funding comes from

▶ Sierra County budget – State revenue	64%	\$ 14,054,000 *
▶ Sierra Schools budget - State revenue	51%	\$ <u>3,817,000</u>
<u>California State Support for County and Schools</u>		\$ 17,871,000

▶ CA income tax paid by Sierra residents (FTB 2013 Actual)	\$ 1,336,000
CA Sales tax and fuel tax estimated	\$ <u>750,000</u>
Total we pay to Sacramento	\$ 2,088,000

- ▶ **How will Jefferson make up this 855% deficit of \$15.8 Million? ***
- ▶ **Which services will be cut?**
- ▶ **Where will the funding come from for Colleges, Courts, Fire protection, etc?**

* County budget amounts correct per Auditor input on 12-2-15

California Debt Assumption

Based on 4.5% of California Population

- ▶ 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 SOJ estimates **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.**

CalPERS and CalSTRS Status for Current Employees



- ▶ Current teachers and public employees can't participate in CalPERS or CalSTRS if they are working for another state.
 - ▶ Will current public employees and teachers 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?

Better Representation? For Whom?

- ▶ The US Supreme Court 1964 decision in Reynolds v. Sims, affirmed that the states must create districts which are equal in population (one person, one vote).
- ▶ One vote in Sierra County would equal 122 of Placer's in State of Jefferson plan for one senator per county.
- ▶ Potential court challenges could last decades,
 - ▶ The litigation over debt in the split of Virginia in the 1860's lasted 50 years.
 - ▶ And who would pay for the court challenges?



What's Really Required to Represent the Will of the People on State of Jefferson?



- ▶ The proposal **requires a majority of California VOTERS** to approve a constitutional amendment to allow the split.
- ▶ The California Legislative Analyst Office does not state that Jefferson would be 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.”
- ▶ The process developed by State of Jefferson proponents is designed to avoid a vote of the people.

Agreement on Problems, not the Solution



- Poverty is high: Many of the target counties are among the poorest in the state
- Jobs are scarce
- Infrastructure in need of repair and upgrading
- Few institutions of higher education

Study the Impacts



- We recommend that the Sierra 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



- Rural residents need 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 (Payment in Lieu of Taxes for land set asides) repayment
 - AB 590 Biomass funding to remove fuel from our wildlands, energy generation and job creation

Keep It California

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