



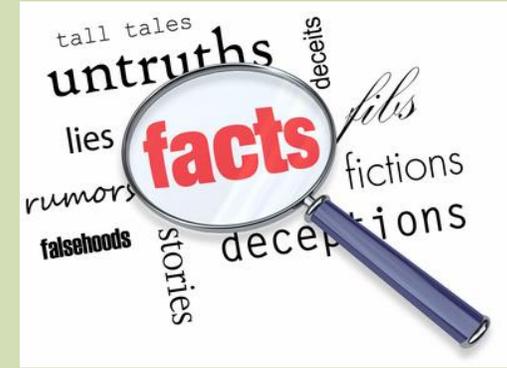
Keep It California

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**

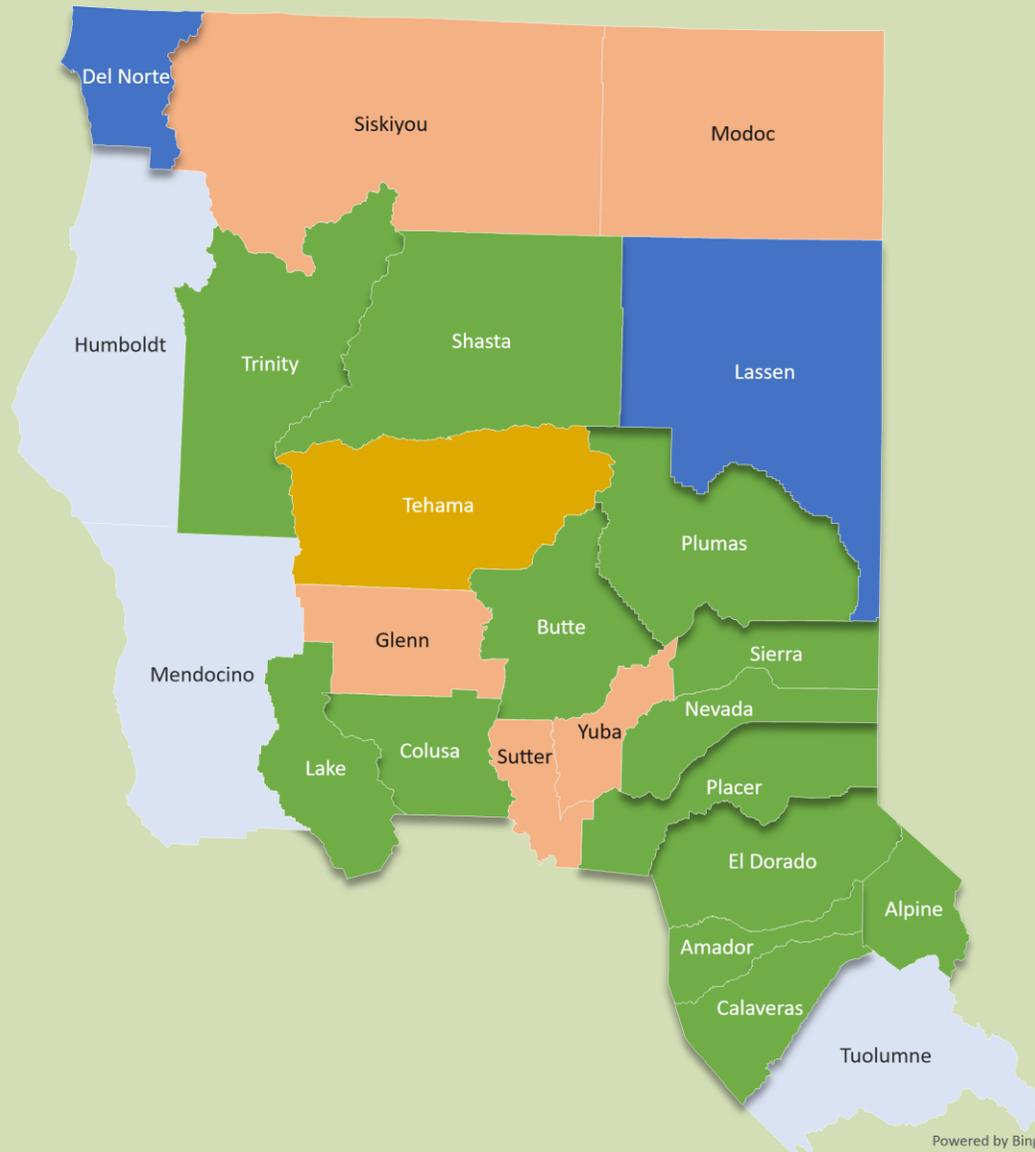
IN

- 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 and Lassen (2)
- By Board of Supervisors Rejection or Inaction:
 - Alpine, Amador, Butte, Calaveras, Colusa, El Dorado, Lake, Nevada, Placer, Plumas, Sierra, Shasta, Trinity (13)

Reality Check
State of Jefferson Failure
Only 6 of 24 Counties Have Approved



- BOS rejected/no action
- Voters Rejected SOJ
- BOS approved SOJ
- Voters approved SOJ
- No presentation

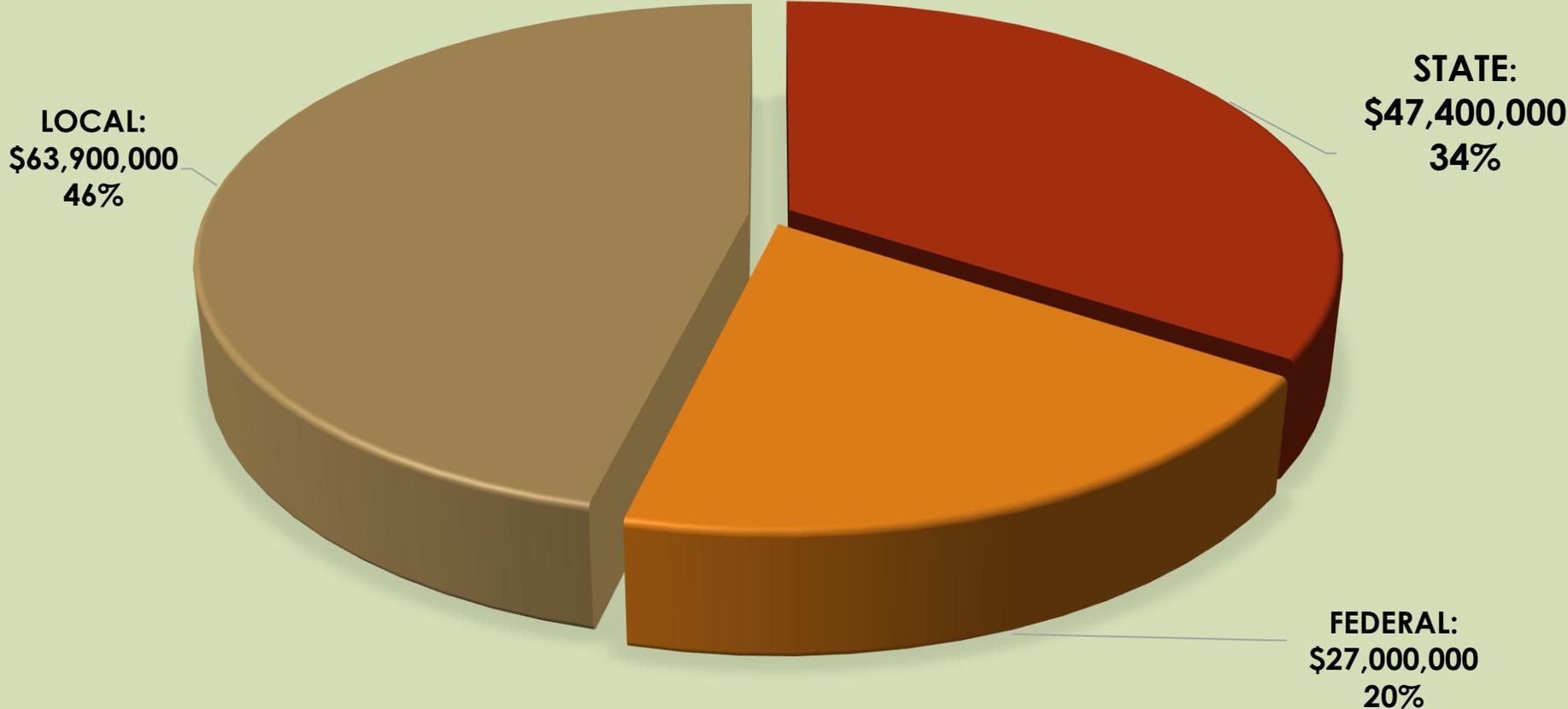
California Personal Income Tax



- ▶ Tuolumne County residents currently pay an average of **3.4%** progressive tax rate
 - ▶ 2015 Average per capita Adj. Gross Income (AGI) was \$22,000
 - ▶ Average per capita tax was \$750
 - ▶ Total state income tax from Tuolumne was **\$41.5 million**

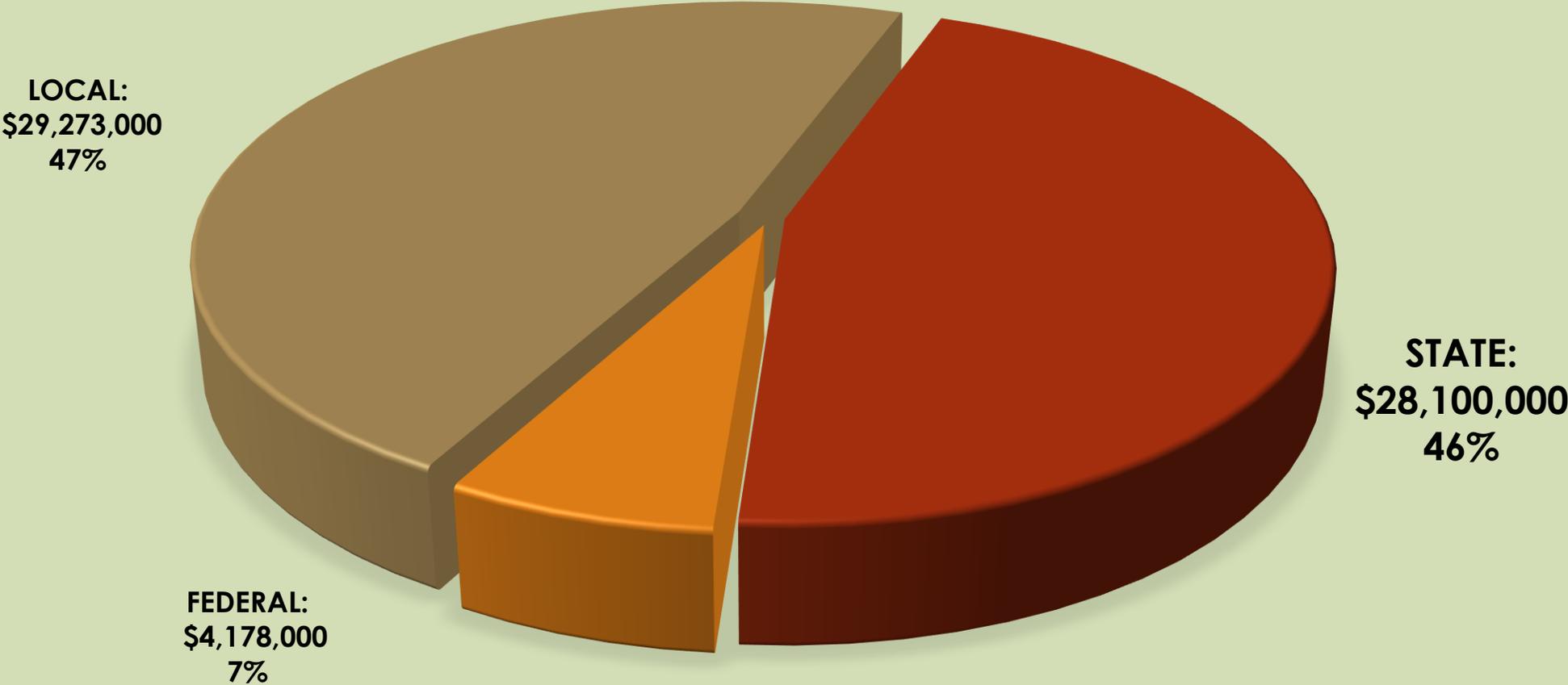
Source: Franchise Tax Board Economic and Statistical Research Bureau 2015

Tuolumne County Budget Funding Sources



Source: Tuolumne County Budget 2016-17

Tuolumne Schools Funding Sources: 2014-15



Source: Ed-Data Educational Data Partnership <http://www.ed-data.org/county/tuolumne>

Tuolumne financial impacts – just the beginning

Major state taxes paid	Jefferson plan
2015 State income tax paid - 85%	34,850,000
2013 Sales tax generated - 33%	16,203,000
2012 Fuel tax at .39/gal - 50%	3,510,000
Tuolumne residents pay	\$ 54,563,000

Major local budgets	Current State Funding
County Budget	47,400,000
K-12 Schools budget	28,100,000
State funds contribute	\$ 75,500,000

Deficit **\$ 20,937,000**

Jefferson, a Dependent State



- ▶ The **\$21M deficit** is just the beginning. What about ...
 - ▶ Infrastructure grants – new jail?
 - ▶ Columbia College support
 - ▶ State Parks, Fish and Wildlife operations
 - ▶ State Highway Patrol and CalFire
 - ▶ Disaster relief – Fires, floods
 - ▶ State support for local nonprofits that improve the quality of life
- ▶ SOJ has committed to **NO taxes for big business.**
- ▶ **The choices are**
 - ▶ **Big increases for people and small businesses.**
 - ▶ **Depend on the Federal government for help, like other poor states**

California Debt Assumption

Based on **4.8%** 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 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 state and local public employees and teachers can't participate in CalPERS or CalSTRS if they begin 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?

More Representation? For Whom?

- ▶ The US Supreme Court 1964 decision in Reynolds v. Sims, declared that the states must create districts which are equal in population (one person, one vote).
- ▶ One vote in Sierra County would equal 18 of Tuolumne's votes and 125 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?



Meanwhile, back at the ranch ...

- ▶ When they saw they were not convincing BOS of the “benefits” of splitting the state, they changed tactics.
 - ▶ SOJ supporters gathered unverified signatures on statements of support which have no legal effect.
 - ▶ The intent was to circumvent the Board of Supervisors and the voters and take their petitions directly to the state legislature for action.
 - ▶ January 6, 2016 they declared they had “thousands” of signatures and submitted petitions to the state legislature declaring fifteen counties support separating from California. The surprise was that the petitions had a total of 63 signatures.
 - ▶ Tuolumne’s petition was submitted with only FIVE signatures. No BOS or legislator has seen the “thousands” of signatures.
 - ▶ No legislator is willing to carry a bill to split the state.
- ▶ Having failed at the state level, they plan to take their case to the US Supreme Court for lack of representation and “dilution of vote”.
- ▶ Stay tuned!

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



- ▶ To be successful, the proposal would **require a majority of California VOTERS** to approve a constitutional amendment to allow the split, and a majority of the state legislature and Congress.
- ▶ 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**
- **Good paying jobs are scarce**
- **Infrastructure in need of repair and upgrading**
- **Few institutions of higher education**

Study the Impacts



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

Let's Keep It California

Stronger Together ★ Fix It Together



- Educate urban legislators about rural issues and advocate for solutions that benefit rural California.
- We've already started – join us!
 - Payment of the arrearages in Lieu of Taxes for Wildlife Management Areas, (McGuire, Nielsen, Wolk)
 - Biomass funding to remove fuel from our wildlands, energy generation and job creation (Dahle)
 - 100% Broadband access for all of California - (Wood) and other legislation to reduce the cost and expand access to high speed broadband in rural areas.

Keep It California

Stronger Together ★ **Fix It Together**

More Information:

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