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!

2013 Personal Income Tax Liability for Sierra County
Average Per Capita Adjusted Gross Income of $15,885

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>CA 2.7% Progressive</td>
<td>$433</td>
</tr>
<tr>
<td>SOJ Personal Income Tax 8% Flat Tax</td>
<td>$3,125</td>
</tr>
</tbody>
</table>

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

Local: $2,884,000 39%
State: $3,717,000 50%
Federal: $775,000 11%

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% $3,817,000
- **California State Support for County and Schools** $17,871,000

- **CA income tax paid by Sierra residents (FTB 2013 Actual)** $1,336,000
- **CA Sales tax and fuel tax estimated** $750,000
- **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
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- 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
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More Information:

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