

Keep It California

STRONGER TOGETHER

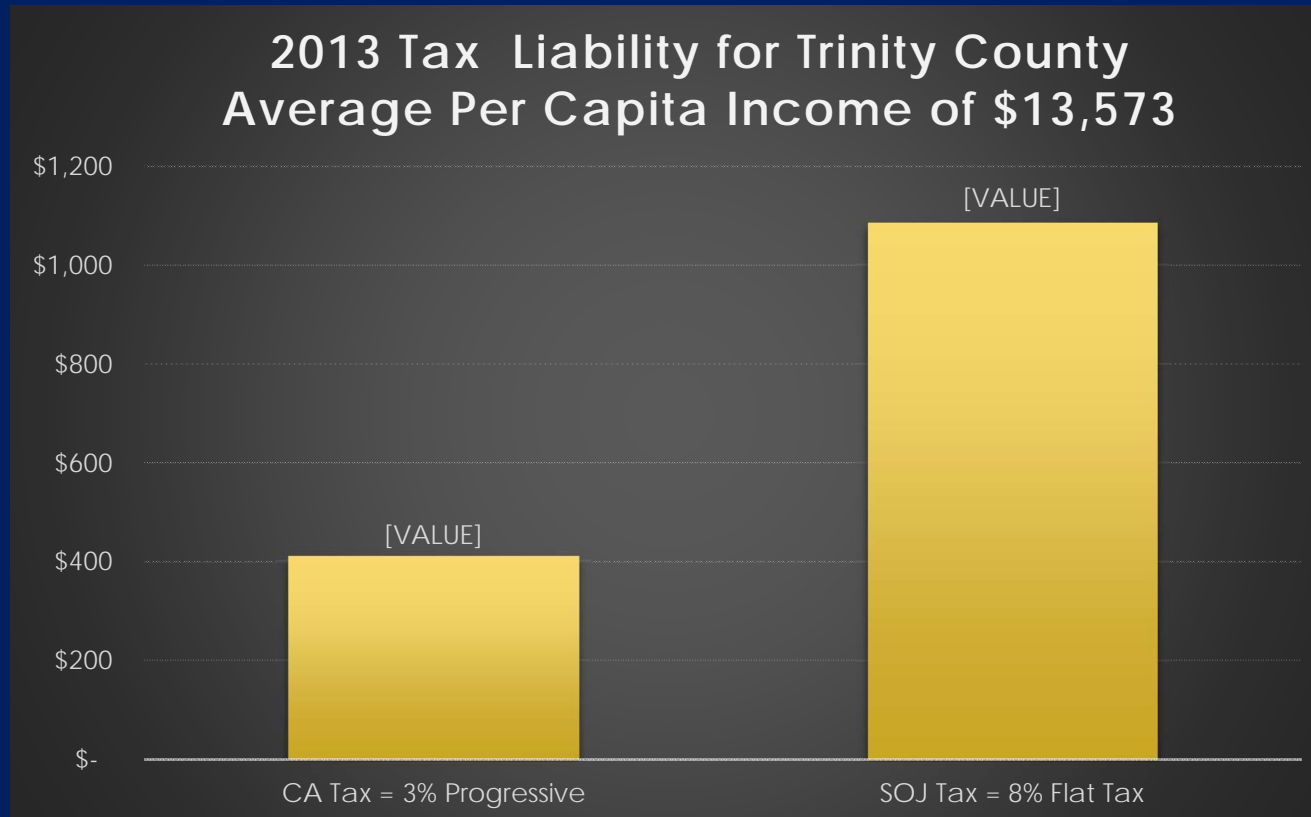
Protect Trinity County Residents

- ▶ Keep It California has conducted careful research in a good faith effort to bring some additional accurate financial information and considerations to the Board.
- ▶ We believe that only through knowing the facts can reasonable people have an intelligent discussion of the impacts of creating a new state.

State Personal Income Tax

- ▶ Trinity County residents pay an average of 3% progressive tax rate
 - ▶ 2013 Average per capita Adj. Gross Income (AGI) was \$13,573
 - ▶ Per capita tax was \$407
 - ▶ Total state income tax from Trinity was \$5,493,000
- ▶ Source: Franchise Tax Board Economic and Statistical Research Bureau

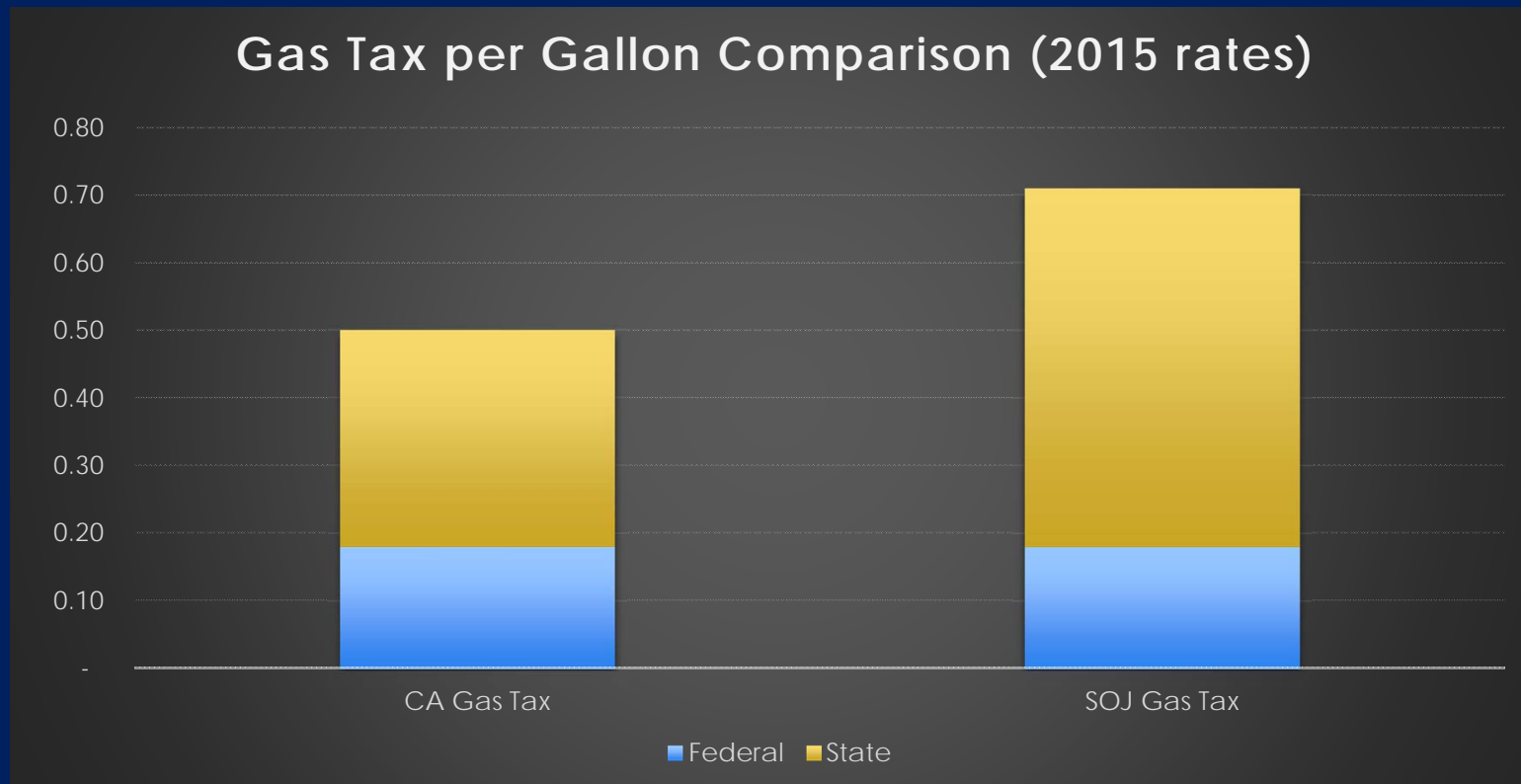
State Income Tax Comparison



State Income Tax, SOJ Style

- ▶ SOJ Fact Check
 - ▶ The "model" shows Trinity's state income tax at \$31,300,000
 - ▶ To generate that amount, the per capita tax would increase from \$407 to \$2,284
 - ▶ Corporate taxes would be ZERO
- ▶ No tax for big business but big increases for people and small businesses
- ▶ **Tax increase of \$25,870,000**
- ▶ Source: SOJ Financial Viability Model

Gas Tax Rates



Debt Assumption by Jefferson Based on Population

SOJ Fact Check

- ▶ Debt repayment expects ZERO percent interest rate on public debt.
 - ▶ No bondholder will go for that deal
 - ▶ 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.
- ▶ Debt amount does not include unfunded liabilities.
- ▶ Source: SOJ Financial Viability Model

Trinity's State Funding

- ▶ 2014-15 Trinity County budget received \$25,800,000 – 30% of budget
 - ▶ Law Enforcement, Social Services, Behavioral Health, Transportation, etc.
- ▶ 2012-13 Trinity K-12 schools received \$12,120,000 – 52% of budget
 - ▶ Includes the County Office of Education and School Districts
- ▶ Grant funding programs for fire, water and other special districts
- ▶ Grant funding for non-profit orgs that improve our quality of life
- ▶ CalFire, CHP, Courts and other state services

Lower State Taxes? Don't Count on It.

▶ CA income tax paid by Trinity residents (2013 Actual)	\$ 5,493,000
▶ SOJ sales tax (from "viability model")	\$ 1,827,000
▶ SOJ fuel tax (from "viability model")	<u>\$ 530,000</u>
<u>Estimated Total SOJ State Revenue Sources</u>	\$ 7,850,000
▶ Trinity County budget – State revenue (2014-15)	\$25,800,000
▶ Trinity Schools budget - State revenue	<u>\$12,120,000</u>
<u>California State Support for County and Schools</u>	\$37,920,000
▶ How will Jefferson make up this 80% deficit?	(\$30,070,000)
▶ Which services will be cut?	

Higher Education?

Fewer and more expensive options

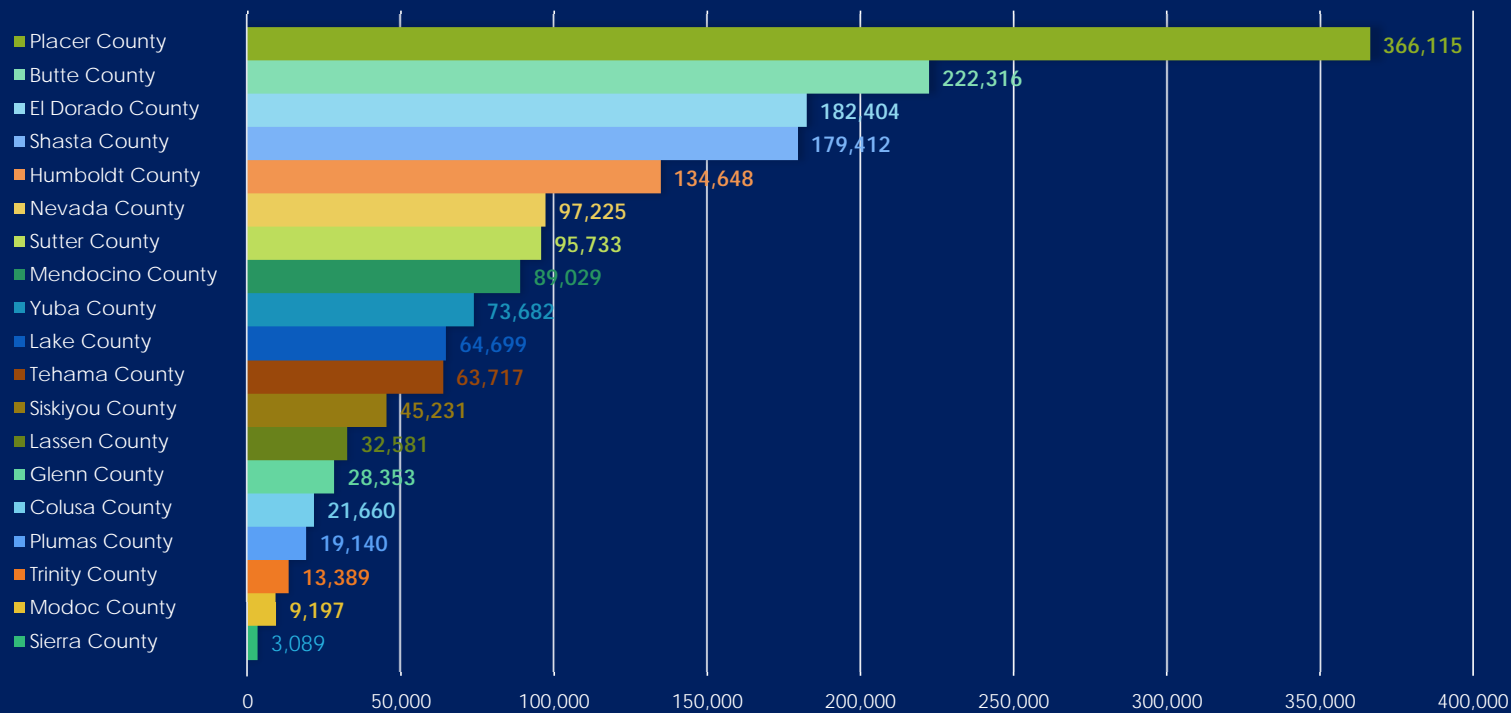
- ▶ No funding provision for public universities or community colleges
- ▶ Humboldt and Chico are the only universities in SOJ target area
 - ▶ Neither Humboldt nor Butte Counties are interested in joining SOJ
 - ▶ No universities or very limited options?
- ▶ Out of state tuition will price many students 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?

Equal Representation? Who wins, who loses?

1 SENATOR PER COUNTY, 2014 TOTAL POPULATION = 1,741,620



We are Stronger Together

- ▶ The Trinity County Board, Departments and outside agencies are to be commended for the excellent work on the July 7 report on the impacts of seceding from California. There was overwhelming evidence and advice not to join this movement.
- ▶ Thank you for performing your fiduciary responsibility to your residents.
- ▶ More information is available at: KeepItCalifornia.org