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NEVADA COUNTY
BOARD OF SUPERVISORS

Instead of dividing our community, we should embrace our California heritage and work together to address today's needs rather than chase yesterday's dreams. Our best avenue for growth and progress is to "Keep It California".

Keep it California
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If this were a business proposal, would you invest in the "State of Jefferson"?

Representation

"State of Jefferson" proponents say it's all about representation because northern California only has 3 state senators out of 40 in the state. In the new state they propose that each county would have one or two senators instead of proportional representation based on population. The US Supreme Court ruled 50 years ago in Reynolds v Sims that state legislatures must base representation on the principle of "one person, one vote." The proponents now want to create a system of representation that has not been legal since 1964, in a state that would be in conflict with federal law from inception. They assure each county that by adopting their "Declaration of Separation" it will have "standing" in litigation to overturn Reynolds v Sims by virtue of being "harmed by lack of representation".

Certainly Sierra County with 3,000 people will be heard loud and clear but how will the 367,000 people of Placer County feel about their "representation"?

Such litigation would be most unlikely to prevail, and certain to be extremely expensive. Is the county financially prepared to take this issue all the way to the Supreme Court?

Process

The process SOJ proponents are using as a basis for this secession is Article IV, Section 3 of the U.S. Constitution details the secession process. A new state must have "consent of the legislatures of the states concerned as well as of the Congress." This process has not been used since 1820, and it is most unclear how it would function.

This is how they would like it to work:

1. First, the Board of Supervisors would hear a presentation and adopt their Declaration and Petition to Withdraw from the State of California by a majority vote – at least 3 supervisors. According to the SOJ proponents, no financial analysis of the impact of separating from California prior to adoption is needed because "we will find out" when negotiations with the state take place.

Financial Viability Model FactCheck: The model produced by the SOJ proponents includes only cursory and unverified information about the effect on counties and K-12 schools. It does not include funding or an analysis of the effects on other government entities such as cities, fire districts, public utility districts, irrigation districts, etc.

Debt FactCheck: The group assumes that the new state would be paying a portion of \$340B CA debt based upon the percentage of population that becomes Jefferson. The amount of debt is actually \$778B (as of 1/2014) which more than doubles their debt assumption. They also state that Jefferson will be paying ZERO interest on that debt over thirty years even though interest rates on state bonds issued in the last two years averaged 5%. As a new state with no credit record and unstable revenue, it is very doubtful that Jefferson would be able to achieve the same low interest rate that California receives. Even at 5% the annual debt payment doubles and the new state's net revenue plunges from \$3.163B to \$840M.

Supporters say that instead of the state of California sending back only 85% of property taxes collected, they will stay within the new state.

Property Taxes FactCheck: The state collects property tax on motor vehicles, the license fee part of your DMV bill, and sends 100% to the counties. According to the county assessors, auditors and tax collectors, the counties collect secured and unsecured property tax and 100% stays in the county now and never goes to the state. **The proponents erroneously claim the state retains 15% of all property tax - what else didn't they get right?**

Question: How will the new state fund the K-12 schools, law enforcement, road maintenance, higher education, social welfare, and healthcare with even **LESS** funding since it will have zero corporate tax rate, lower personal income tax and sales tax rates and no fees? **Collectively, these counties already receive more funding from the state than they pay in taxes and fees.**

Business

The proponents say that business will flock to Jefferson due to zero corporate tax rate.

Basic economic wisdom says that businesses need good infrastructure, utilities and regulatory certainty.

Question: How many years will it take before Jefferson establishes a legal government, laws and regulations, is fully functional and can provide the predictability needed for new and relocating businesses to invest in the new state?

It took 50 years for the dust to settle when West Virginia separated from Virginia and West Virginia is still poor. Given the current statistics on poverty in the counties in question, the State of Jefferson would also be quite poor. **Why should we secede from the 8th largest economy in the world to become one of the poorest states in the union?**

The proponents say that the state will support itself through the use of its natural resources in "a minimally regulated business friendly state." They plan to create jobs in logging and mining, thereby generating tax revenue.

FactCheck: A substantial portion of the land is in federal ownership and is subject to federal law. Federal regulations on air quality, conservation, water, timber and mining will continue to govern the

uses of this land. State of Jefferson proponents have said they expect the feds to allow unrestricted logging and mining once the new state is in control, an assumption that has no basis in fact.

Mark Baird, the leader of the movement, says “We don’t need to regulate the air people breathe. I mean, look at this place ...”

It is precisely because of the California environmental regulations that our air and water are healthy. What will happen to our environment and quality of life if these regulations are gutted?

Consequences: Recently the Economic Resource Council of Nevada County held a forum on economic growth in the county. A person in the audience asked the panelists who were from successful communities across the country if excessive environmental regulations were hurting business growth. Three of four panelists replied that they have very strict environmental and zoning regulations because **remaining a desirable place to live is the most important thing they can do to attract business.**

Question: Is this really the type of environment and jobs that will attract entrepreneurial people with fresh ideas to grow our economy?

K – 12 Schools

- **How will the school funding be replaced?** Schools currently receive a significant amount of their funding from the state of CA through appropriations and grants.
- **Proponents list “generating school curriculum and textbooks” as one of the tasks the new state will delegate to each county for local control.**

The counties would individually decide the school curriculum and textbooks to be used that would teach our local “values” and not the new common core standards. Common core teaches kids critical thinking skills which are essential for the future economy and for educated voters. “Social engineering” textbook references are one of the problems they want to address. Teaching the history of discrimination is a way for our society to become more tolerant - personal and religious beliefs should be addressed at home.

- **How will counties make sure their schools are accredited and that classes meet the college standards for admissions when there will be as many variations as there are counties in the new state?** There will be intentional inconsistencies between the counties in what our students are taught and that will affect our accreditation.
- **How will creating a new school bureaucracy within each county reduce government costs?**

Higher Education

- What options will our kids have for a college education with only one or two CSU’s (Chico and Humboldt) in the new state? Or possibly none, if Humboldt and Butte counties decline to participate.

- How will parents and student be able to afford the \$22,000/year additional out of state tuition if the student wants to attend a University of California campus? Or the additional \$11,000/year at another CSU that offers the preferred major?
- How will the new state finance the CSUs and community colleges that remain in Jefferson?

Social Welfare:

Each county will re-evaluate the level of support for indigent elderly, disabled and family income support, mental health, substance abuse treatment, indigent medical care, homeless services, child and domestic abuse, and in-home supportive services based on local input and financial capability.

Law Enforcement and Judicial System

Each county sheriff will be responsible for all law enforcement within the county borders since there will be no state highway patrol or state police. **How will these additional responsibilities be funded?**

How will the county court system be funded since California pays for its operation now?

Roads

Each county will be responsible for maintaining all roads within the county, including former state highways. This will lead to differing maintenance standards from county to county depending on funding availability. **How will this impact business infrastructure and tourism if roads are not consistently maintained and improved?**

Summary

State of Jefferson Proponents tell counties that they will get the bulk of the power and money.

This proposal would create a very weak, balkanized state with little uniformity throughout creating confusion and uncertainty. It also wouldn't even guarantee that the few counties who are doing better would elect to help the poorer counties.

The financial situation overall does not favor a separation. Most of the counties in the proposed state are "welfare counties" of California. We receive far more money from the state than we send in taxes. The taxes paid in urban areas subsidize our schools, roads and services. In exchange, we are the stewards of the water and natural resources that the state depends on. We have a good deal going, let's fix the problems not create more of them.

Chances of Success

The California State legislature is controlled by Democrats who would not allow the balance of power to shift any further towards Republicans in Congress by voting to let what will surely be a Republican leaning state be formed. This proposal has little chance of passing.

Better Uses of Everyone's Time

Wouldn't it be easier to fix what is wrong than to go down a long, arduous path that has serious far-reaching consequences for families, businesses and government?

- Join with others to educate the legislature about the reasons rural areas should be exempt from some regulations or be subject to them in a modified form.
- Lobby the state to pass SB 234 for the Wildlife Management Area PILT funding our counties are owed by the state and the subventions owed for land in the Williamson Act.
- Work with existing groups to bring high speed Internet to the area
- Support bringing more opportunities for higher education, especially in technical areas
- Support bringing new technological, clean businesses to the area
- Support natural-resource based economic development that is sustainable and suited to local conditions
- Solicit support from existing rural groups outside and inside Sacramento
- Get involved! Apply for a position on a public commission or board, run for election
- Call, email or write your county or state representative about issues that you care about.
- Elect more effective negotiators (representatives) that can get results for rural counties instead of grandstanding.
- Be constructive!