

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Supervisor Jeff Stone

SUBMITTAL DATE: July 7, 2011

SUBJECT: STATE OF SOUTH CALIFORNIA NOW proposal (SOS NOW)

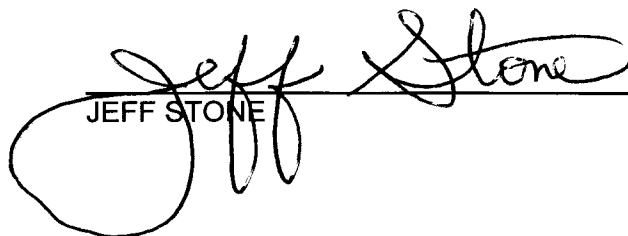
RECOMMENDED MOTION:

That the Board of Supervisors of Riverside County support a joint public meeting with the counties of Fresno, Imperial, Inyo, Kern, Kings, Madera, Mariposa, Mono, Orange, San Bernardino, San Diego and Tulare to discuss the continuing assault of the state on local government coffers and consideration of participating counties to de-annex from the State of California and form a new 51st State, South California.

BACKGROUND:

Local governments have been besieged by our dysfunctional State Legislature over the past decade robbing us of our traditional tax revenue streams to provide for state and federally mandated services and discretionary expenditures for public safety, not limited to but including the District Attorney, Sheriff, Probation, Public Defender, etc. After local governments have been cut to the bone, the State Legislature again passed a local government grab in their 2011-12 quasi balanced budget with the same old gimmicky and overstated revenue predictions that will not materialize. I have come to the conclusion that the State of California is too big to govern, that the political priorities of Southern California and Northern California are completely different.

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JEFF STONE

Note the following statistics providing fuel for support that a new state be considered by demising our existing state into two states:

1. **JOBS** - California ranks 50th of the 50 states as the non-business friendly state (*Best Worst States for Business Magazine, ChiefExecutive.net, May 3, 2011 by JP Donion*). Following is a partial list of the medium to large businesses that have left or expanded out of our once golden state:

Abraxis Health, Adobr Systems, Inc. Alza Corp., American AVK, American Racing, Apple Computer Audix Corporation, Apria Healthcare Group, Assurant Inc., Barefoot Motors Bazz Houston Co., Beckman Coulter, Bild Industries Inc., Bill Miller Engineering, Ltd. BMC Select , BPI Labs, Buck Knives, CalPortland Cement California Casualty Group, CalStar Products Inc., Checks To-Go, Chivaroli & Associates CoreSite, A Carlyle Company, Creel Printing , Dassault Falcon DaVita Inc. , Denny's Corp., Digital Domain, Ditech DuPont Fabros Technology, ebay, Inc., EDMO Distributors, Inc. Edwards Lifesciences, Electronic Arts, Inc., EMRISE Corp., Facebook FallLine Corporation, Fidelity National Financial, First American Corp., Fluor Corp. Foxconn Electronics, Fuel System Solutions, Gregg Industries, Hewlett-Packard Hilton Hotels Corp., Hino Motor Manufacturing USA, Intel Corporation, Intuit of Mountain View J.C. Penney , Kimmie Candy Co., Klausner Home Furnishings, Knight Protective Industries Kulicke & Soffa Industries Inc., LCF Enterprises, Lennox Hearth Products Inc., Lyn-Tron, Inc. Mariah Power, Maxwell America, Miasolé, MotorVac Technologies Nissan North America, Northrop Grumman, One2Believe, Patmont Motor Werks, Inc. Paragon Relocation Resources, Pixel Magic, Plastic Model Engineering, Inc. Precor, Premier Inc., Pro Cal of South Gate, Race Track Chaplaincy of Amer., Red Truck Fire & Safety Co. SAIC, Scale Computing, Schott Solar Inc., SimpleTech Smiley Industries, Solaicx, SolarWorld, Special Devices Inc. StarKist , Stasis Engineering, Stata Corp., Tapmatic Teledesic, Telmar Network Technology Inc., Terremark, Terumo Cardiovascular Systems Toyota, True Games Interactive Inc., TTM Technologies, Understand.com US Press shifted, USAA Insurance, Yahoo and many more.
<http://thebusinessrelocationcoach.blogspot.com/2010/05/list-reaches-new-high-of-140-companies.html>

As a result of these 1000's of jobs leaving our state, those citizens waiting for this economic cycle to turn are in for a very big disappointment. When the economy stabilizes in the United States, the existing State of California will be at a loss of thousands of high paying jobs that have fled the state. It has been estimated that many business' can relocate to Texas and expect to save 20-40%! What will remain here is a "welfare state."

2. **Excessive and duplicative regulations** -The State of California has burdened business with excessive regulations causing many businesses to either "throw in the towel" or move to business friendly states. For example, why do we need California Environmental Quality Act (CEQA) when we have the federal equivalent of National Environmental Policy Act (NEPA), causing duplicative environmental review of projects in California?

3. **Over Taxation** - Many CEO's of companies have moved or expanded their businesses to tax friendlier States such as Texas, Nevada, Colorado, North and South Carolina to name a few. In Texas, there is no corporate or personal income tax which creates a huge incentive for wealthy entrepreneurs to create jobs in that state versus California.
4. **Full Time Legislature** - Why do we need legislators working full time earning \$400 per day to enact more and more useless and costly laws and regulations? Prior to 1966, California functioned very well as a "part-legislature" when the State was home to aerospace, defense contractors, automobile manufacturers that have just about all fled the State!
5. **Pension Reform** – The pension obligation to California's 350,000 present employees and retirees is in the billions of dollars and is unsustainable! Instead of getting union concessions, Governor Jerry Brown, in another move to shower political favors on his union supporters, approved a 4% pay increase to our State prison guards with 8 weeks paid vacation and unlimited accumulated time and vacation buyouts! This means that retired prison guards can cash out at the end of their career with \$200,000 to \$300,000 of taxpayer money! Our illustrious Governor also approved a new budget robbing local government of their job creating redevelopment funds and re-directing them to schools with the caveat that teachers cannot be laid off! So much for local control by our elected Boards of Education!
6. **Automation** – The state is more interested in preserving antiquated jobs than using existing and emerging technologies to reduce costs and expedite services to the taxpayers. Why do we need 250 offices of the Department of Motor Vehicles? Why can't a citizen pay their fees online and renew their car registrations? Gas consumption and traffic loads would diminish and long waiting lines at DMV offices would disappear.
7. **Illegal Immigrants** - This is a huge cost for the taxpayers who are mandated to provide medical services, welfare services, pay the costs to incarcerate illegal immigrants, and due to recent legislation, subsidized tuition to illegal immigrants to our state colleges and universities while our taxpaying constituents pay the full share of their tuition.

Summary: For the aforementioned reasons, it is recommended that the 13 counties congregate a local government summit at the Riverside Convention Center to discuss our future as cities, counties, and state and come up with an action plan to address the impacts we all share and must continually endure.

Proposed suggestions to form a new state would embrace the following:

1. A new part-time legislature with emphasis on governing with more local control.
2. No term limits.
3. Members of the part-time legislature would receive a \$600 per month stipend and no other financial benefits except travel expenses to the new state capitol. Legislation would occur for 3 months every two years and the new legislature would pass two year budgets.
4. The new constitution would have a balanced budget provision, wherein the legislature could not spend more than it takes in revenue.
5. The new constitution would mandate the same provisions of Proposition 13 and would protect local government's revenue from any state raids.
6. The new constitution would make it illegal to spend taxpayer money generated by South Californians on citizens not legally here in the United States.
7. A new State Capitol built for a part-time legislature.
8. Eliminate duplicative governmental agencies and fully automate government functions with the advances in technology, saving millions in taxpayer dollars and allowing government to work more efficiently.

FACTS:

1. The State of California was once the 4th largest economy in the world, now struggling to be the 8th!
2. California's economic policies are **non-business friendly** have driven businesses, large and small, to other business friendly states, e.g. Texas, Nevada, Arizona, South Carolina, and others.
3. California remains over-regulated and attempts to lead a global effort by itself to reduce greenhouse gasses. This is a detriment to our local economy and creates an uneven playing field with other states that don't have such regulations or those states that do not support the weak science of "global warming."
4. California is not run by independent elected officials, but rather, by well financed unions selectively funding elected officials that will promote the best interest of their union employees over the best interest of the taxpayers. As a result, pension obligations are bankrupting our state, further jeopardizing our present and future financial fiscal health.
5. The state has not been able to govern politically for over a decade creating a state that is obviously **too big to govern**. Some state senators are representing larger populations than congressional house of representative office holders!
6. Our citizens are the **most taxed** of the 50 States and receive **less services** than most other States
7. It has been reported that up to 44% percent of Californians are on some form of government assistance. We have **30%** of the nation's welfare cases yet have only **12%** of the nation's population!
8. California, with its limited resources, gives benefits including in-state tuition to illegal immigrants minimizing the financial resources available for our legal resident taxpayers!
9. Once the darling of public education, we are now 49th of the 50 states in test scores, and yet we spend more on education than any other state!

10. The state legislature has raided the gas taxes (former Proposition 42) paid by our citizens, and used the monies to pay for non-infrastructure programs resulting in more crowded freeways, and crumbling infrastructure. Why does our state legislature continually enact legislation circumventing the will of the taxpayers? This must stop!
11. The state's recent budget action is balanced on the backs of local governments potentially causing many cities to become fiscally insolvent. This will have a ripple effect on the finances of their respective counties.
12. It is time to take corrective and decisive action!

Such a meeting would be coordinated by the Riverside County Executive office to be held at the Riverside Convention Center as soon as logistically possible.

The meeting would also present the findings of the collective opinion of the County Counsels of each respective County as to the process to forming the 51st State, testimony for County's support or opposition to such a formation, and, testimony from Cities within each County, and finally the collective desire to move forward, or not, with this bold but important consideration.

"Insanity: Doing the same thing over and over again and expecting different results" -Albert Einstein

Ignoring our continuing repetitive plight can only be characterized as "Insane."