

Breaking Bad: California vs. the Other States

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Here's a depressing but documented comparison of California taxes and economic climate with the rest of the states. The news is breaking bad, and getting worse (I keep updating this fact sheet):

California has the 3rd worst state income tax in the nation. 9.55% tax bracket starts at \$46,349 for people filing as individuals. 10.55% tax starts at \$1,000,000 http://www.taxfoundation.org/files/bp59_es.pdf

By far the highest state sales tax rate in the nation. 8.25%. 7% is next highest (does not include local sales taxes) <http://www.taxfoundation.org/files/bp59.pdf> Table #15

California corporate income tax rate (8.84%) is the highest west of the Mississippi (our economic competitors) except for Alaska. <http://www.taxfoundation.org/files/bp59.pdf> Table #8 -- we are 9th highest nationwide.

California's 2010 Business Tax Climate ranks 48th in the nation. http://www.taxfoundation.org/files/bp59_es.pdf

Fourth highest capital gains tax 9.55% <http://www.thereibrain.com/realstate-blog/capital-gains-tax-rates-state-by-state/109/>

Highest gasoline tax (averaging 67.4 cents/gallon) in the nation, 4 cents above second place Hawaii (July, 2010). <http://www.api.org/statistics/fueltaxes/> (also highest diesel tax)

California is ranked 14th highest in per capita property taxes (including commercial) – the only major tax where we are not in the worst ten states. But CA property taxes per home were the 10th highest in the nation in 2008. <http://www.taxfoundation.org/taxdata/show/251.html> and <http://www.taxfoundation.org/taxdata/show/1913.html>

One of the highest state vehicle license car taxes. 1.15% per year on value of vehicle, up from 0.65% in 2008. <http://tinyurl.com/lrvmtd>

California's 2010 "Tax Freedom Day" (the day the average taxpayer stops working for government and starts working for oneself) is the 7th worst date in the nation – up from 28th worst in 1994, but down from 4th worst last year CA "improved" only because of our state's soaring unemployment rate – the new tax dodge! <http://www.taxfoundation.org/research/show/387.html>

In 2009, 24 states raised their taxes at least 1% to collect \$28.6 billion. California's taxes went up about \$11 billion – thus we were responsible for about 38.5% of all the state tax increases in the nation. <http://tinyurl.com/2009-CA-Tax-Increase-rank>

California has the 3rd highest unemployment rate in the nation. (July, 2010) 12.3%. National unemployment rate 9.5%. <http://www.bls.gov/news.release/laus.nr0.htm>

California needlessly licenses more occupations than any state – 177. Second worst state is Connecticut at 155. The average for the states is 92. <http://cssrc.us/publications.aspx?id=7707>

For the 2007-08 school year, the Los Angeles Unified School District spent \$29,780 per student. The district also has the country's second lowest graduation rate of 40.6%. <http://www.calwatchdog.com/2010/08/20/lausd-spends-30k-per-student/>

CA public school teachers the 2nd highest paid in the nation after NY. The average 2008-09 CA educator salary was \$69,093 – 7.25% higher than the previous year's \$64,424 average. <http://www.nea.org/assets/docs/010rankings.pdf> Page 21, table C-18

1 in 5 in Los Angeles County receiving public aid. http://www.latimes.com/news/local/la-me-welfare22-2009feb22_0_4377048.story

California has 12% of the nation's population, but 36% of the country's TANF ("Temporary" Assistance for Needy Families) welfare recipients – more than the next 7 states combined. Unlike other states, this "temporary" assistance becomes much more permanent in CA. <http://weblog.signonsandiego.com/weblogs/afb/archives/034662.html>

California prison guards highest paid in the nation. http://www.caltax.org/caltaxletter/2008/101708_fraud1.htm

California is the worst ranked state for tax administration – another anti-business factor.
<http://www.sacbee.com/static/weblogs/capitolalert/latest/2010/03/cal-rated-worst.html>

California now has the lowest bond ratings of any state, edging out Louisiana. <http://tinyurl.com/CA-worst-bond-rating>

As of 2008, California ranks 46th worst in "lawsuit climate." <http://tinyurl.com/CA-44th-lawsuits>

America's top 600 CEO's rank California "the worst place in which to do business" for the fifth straight year (3/2010). But here's the interesting part – they think California is a great state to live (primarily for the great climate) – they just won't bring their businesses here because of the oppressive tax and regulatory climate.

Consider this quote from the survey (a conclusion reflected in the rankings of the characteristics of the state): "California has huge advantages with its size, quality of work force, particularly in high tech, as well as the quality of life and climate advantages of the state. However, it is an absolute regulatory and tax disaster." <http://tinyurl.com/CEO-states-rank-2010>

California, a destitute state, still gives away college education at fire sale prices. Our community college tuition is by far the lowest in the nation. How low? Nationwide, the average community college tuition is almost four times higher than California CC's. This ridiculously low tuition devalues education to students – resulting in a 30+% drop rate for class completion. In addition, 2/3 of California CC students pay no tuition at all – filling out a simple unverified "hardship" form that exempts them from any tuition payment, or receiving grants and tax credits for their full tuition. <http://tinyurl.com/ygqz9ls>

On top of that, California offers thousands of absolutely free adult continuing education classes – a sop to the upper middle class. In San Diego, over 1,000 classes for everything from baking pastries to ballroom dancing are offered totally at taxpayer expense. <http://www.sdce.edu>

Protests about increased UC student fees ignore one crucial point -- all poor and most middle class students don't pay the "fees" (our state's euphemism for tuition)! There are no fees for California families with under \$70K income. Moreover, Pell Grants and federal tuition tax credits cover the total 2009-10 fee increases for nearly 3/4 of all undergraduates with household incomes below \$180K. <http://www.universityofcalifornia.edu/blueandgold/> and www.universityofcalifornia.edu/news/article/22415

California residential electricity costs an average of 37.2% more than the national average (far higher in San Diego County). For industrial use, CA electricity is 44.6% higher than the national average (December, 2009).
http://www.eia.doe.gov/cneaf/electricity/epm/table5_6_a.html

It costs 38% more to build solar panels in California than in Tennessee – which is why European corporations have invested \$2.3 billion in two Tennessee manufacturing plants to build solar panels for our state. <http://tinyurl.com/llussb>

Consider California's net domestic migration (migration between states). **From April, 2000 through June, 2008 (8 years, 2 months) California has lost a NET 1.4 million people.** The departures slowed in 2008 only because people couldn't sell their homes. http://www.mdp.state.md.us/msdc/Pop_estimate/Estimate_08/table5.pdf

These are not welfare kings and queens departing. They are the young, the educated, the productive, the ambitious, the wealthy (such as Tiger Woods), and retirees seeking to make their pensions provide more bang for the buck. The irony is that a disproportionate number of these seniors are retired state and local government employees fleeing the state that provides them with their opulent pensions – in order to avoid the high taxes that these same employees pushed so hard through their unions.

As taxes rise and jobs disappear, we lose our tax base, continuing California's state and local fiscal death spiral. This downward spiral must stop NOW.

NOTE: To see the latest version of this "Breaking Bad" column, plus other taxpayer items of interest, go to my blog at www.RiderBlog.NotLong.com. There is an "RSS Feed" button to have notices of blog updates sent to you automatically. This fact sheet also is available upon request as a 2 page Word file for printing.