



EXODUS: CALIFORNIA TAX REVENUE PLUNGES BY 22%



by [CHRISS W. STREET \(/COLUMNISTS/CHRISS-W-STREET\)](#) | 13 Mar 2012 251
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State Controller John Chaing continues to uphold the California Great Seal Motto of "Eureka", i.e., 'I have found it'. But what Chaing is finding as Controller is that California's economy as measured by tax revenues is still tanking. Compared to last year, State tax collections for February shriveled by \$1.2 billion or 22%. The deterioration is more than double the shocking \$535 million reported decline for last month. The cumulative fiscal year decline is \$6.1 billion or down 11% versus this period in 2011.

While California Governor Brown promises strong economic growth is just around the corner, Chaing proves that the best way for Sacramento politicians to hurt the economy and thereby generate lower tax revenue, is to have the highest tax rates in the nation.

California politicians seem delusional in their continued delusion that high taxes have not savaged the State's economy. Each month's disappointment is written off as due to some one-time event.

The State Controller's office did acknowledge that higher than normal tax refunds for February might have reduced the collection of some personal income taxes. Given that 2012 has an extra day in February for leap year, there might have been one day more of tax refunds sent out. But the Controller's report shows personal income tax collections fell by \$325 million, or 16% versus last year. Furthermore, leap year would have added another day for retail sales and use tax collection, but those revenues also fell during February-by an even larger \$813 million, 25% decline from 2011.

The more likely reason tax collections continue falling is that businesses and successful people are leaving California for the better tax rates available in more pro-business states.

Derisively referred to as "Taxifornia" by the independent Pacific Research Institute, California wins the booby prize for the highest personal income taxes in the nation and higher sales tax rates than all but four other states. Though Californians benefit from Proposition 13 restrictions on how much their property tax can increase in one year, the state still has the worst state tax burden in the U.S.

Spectrum Locations Consultants recorded 254 California companies moved some or all

6778

45

3973

0

69

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of their work and jobs out of state in 2011, 26% more than in 2010 and five times as many as in 2009. According SLC President, Joe Vranich: the "top ten reasons companies are leaving California: 1) Poor rankings in surveys 2) More adversarial toward business 3) Uncontrollable public spending 4) Unfriendly business climate 5) Provable savings elsewhere 6) Most expensive business locations 7) Unfriendly legal environment for business 8) Worst regulatory burden 9) Severe tax treatment 10) Unprecedented energy costs.

Vranich considers California the worst state in the nation to locate a business and Los Angeles is considered the worst city to start a business. Leaving Los Angeles for another surrounding county can save businesses 20% of costs. Leaving the state for Texas can save up to 40% of costs. This probably explains why California lost 120,000 jobs last year and Texas gained 130,000 jobs.

California Governor Jerry Brown's answer to the State's failing economy and crumbling tax revenue is to place a \$6 billion tax increase initiative on the ballot to support K-12 public schools. He promises to only "temporarily" raise personal income rates by 25% on any of the rich folk who haven't already left.

Recent statewide poll show that support for the measure has fallen from 72% to 52% of likely voters since January. Democrats favor the tax increase by 71%, while Republicans are opposed it by 65%. But independent voter support is now down to only 49% favoring versus 41% opposed as these swing voters begin to learn the initiative also raises their sales taxes, and the initiative will also be available to fund public safety realignment and freeing up dollars for "other spending commitments."

According to Chaing, California has plenty of "other spending commitments":

"The State ended last fiscal year with a cash deficit of \$8.2 billion. The combined current-year cash deficit stands at \$21.6 billion. Those deficits are being covered with \$15.2 billion of internal borrowing (temporary loans from special funds) and \$6.4 billion of external borrowing."

When it comes to bankrupt California politics, the Great Seal provides some good laughs. It was designed by U.S. Army Major Robert S. Garnett, who became the first general to die in the Civil War. The grizzly bear appears on the Seal to represent strength, but the last grizzly was shot 90 years ago. The miner using his sluice box dredge represents golden opportunity, but such mining became a crime as of August of 2009. Sadly, the five ships that once represented the state's economic power now represent the relocation companies taking that power away.

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**LibertyWriter** · 2 years ago

Excessive taxation is a downward spiral. King George ultimately lost all revenue from the Colonies.

35 ^ | ▾ · Reply · Share ›

**JohnK144** · 2 years ago

Good job, Governor Moonbeam.

40 ^ | ▾ · Reply · Share ›

**Jim1937** → JohnK144 · 2 years ago

Did you expect anything else? How can the people in Californicate be so incredibly stupid?

10 ^ | ▾ · Reply · Share ›

**I_ME_MINE** · 2 years ago

I like to poke fun at Californians for electing dingbats to represent them in DC, but in reality it is sad to see a once mighty state economy "fundamentally transformed" into what it is today.

Texas is reaping what the "people" have sewn.

36 ^ | ▾ · Reply · Share ›

**teapartyofficer** → I_ME_MINE · 2 years ago

It's "sown", but anyway, speaking for Texas: *TYVM Californians!*

7 ^ | ▾ · Reply · Share ›

**I_ME_MINE** → teapartyofficer · 2 years ago

Thanks for pointing out my spelling. I don't use spell check, but spell check would not have caught that.

Sew : to stitch

Sow : to cultivate

add the n for past tense.

That's what I get for not going to college....

13 ^ | ▾ · Reply · Share ›

**SDN** → I_ME_MINE · 2 years ago

No, that's what you get when you attend public schools... another government success story... because spelling correctly is culturally oppressive.

12 ^ | ▾ · Reply · Share ›

**SickofPoliticks** → I_ME_MINE · a year ago

Not to worry. We all knew what you meant... and you are right on!!

^ | ▾ · Reply · Share ›

**rgbintx** → teapartyofficer · 2 years ago

Agreed, but with the following caveat: Welcome to Texas, but leave your failed politics back in Cali. You are fleeing those failed policies, after all. You ruined your old home state, don't ruin ours as well.

8 ^ | ▾ · Reply · Share ›

**nceeno** → I_ME_MINE · 2 years ago

Lots of illegals?

14 ^ | ▾ · Reply · Share ›

**PumpedUpKix** → I_ME_MINE · 2 years ago

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