



**Repair California  
Coalition:**  
*Unified effort on business  
climate and jobs*

# The Exodus dominates headlines

## The New York Times

### They Can't Leave the Bay Area Fast Enough

As a tech era draws to an end, more workers and companies are packing up. What comes next?

### Wall Street Banks And Tech Companies Are Fleeing New York And California

**Forbes**

## San Francisco Chronicle

As corporate tech titans exit California, there's worry the exodus will pick up speed

**'Not the Golden State anymore': Middle- and low-income people leaving California**

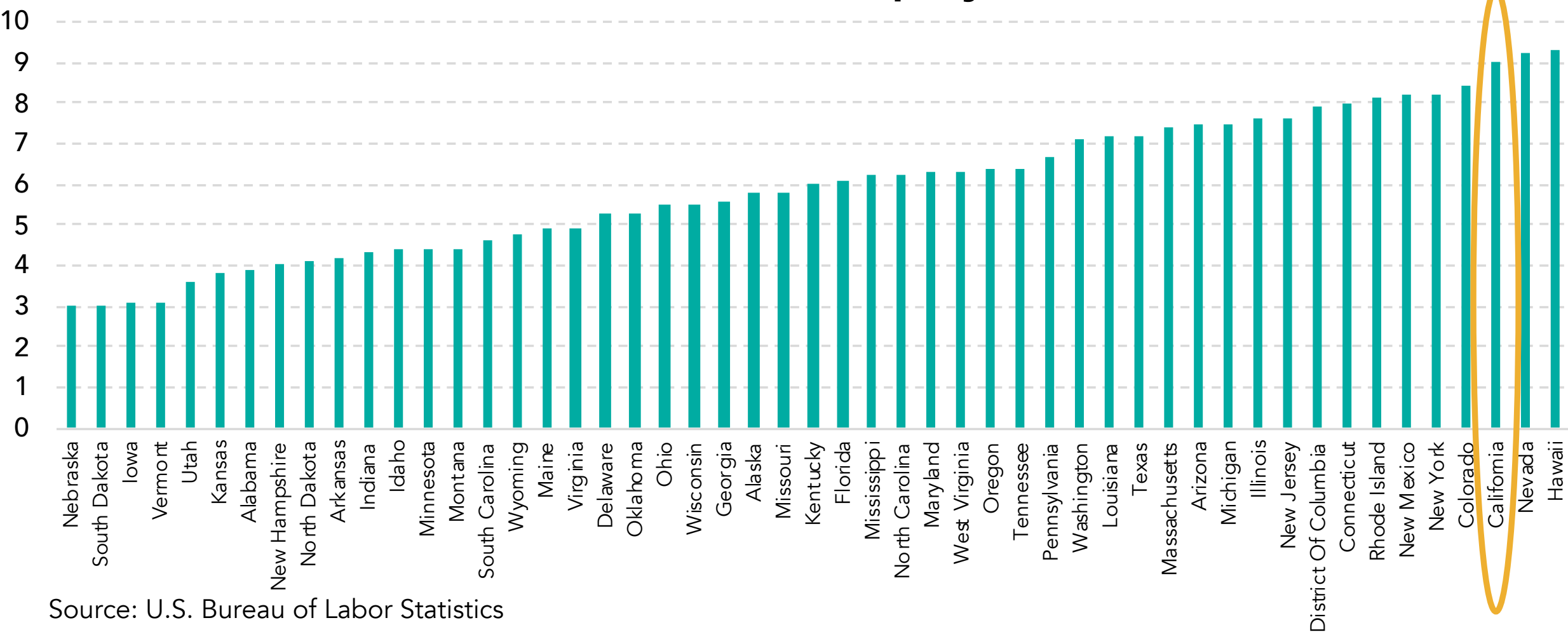
 **CAL MATTERS**

## THE SACRAMENTO BEE

**California exports its poor to Texas, other states, while wealthier people move in**

California’s unemployment rate sits at 9.0% as of December – up from 8.2% in November – and 3<sup>rd</sup> highest in the nation

## December 2020 State Unemployment Rates (%)



Source: U.S. Bureau of Labor Statistics

**Southern California and Central Valley have experienced the highest unemployment levels in the state, while the Bay Area showed weakening toward end of 2020.**

Unemployment Rates				
Metro Area	Feb 20	Apr 20	Nov 20	Dec 20
Vallejo	3.9%	15.1%	7.5%	8.8%
Oakland	3.0%	14.2%	6.8%	7.7%
Napa	3.2%	16.1%	6.0%	7.3%
Santa Rosa	2.8%	14.5%	5.5%	6.5%
San Francisco	2.2%	12.1%	5.4%	6.1%
San Jose	2.7%	12.0%	5.2%	6.0%
San Rafael	2.3%	11.2%	4.7%	5.5%
<b>Bay Area</b>	<b>2.7%</b>	<b>13.1%</b>	<b>5.9%</b>	<b>6.8%</b>

Bay Area unemployment: 6.8%

Sacramento unemployment: 8.5%

San Joaquin unemployment: 10.6%

Los Angeles unemployment: 10.7%

Merced unemployment: 11.5%

**Source:** California Employment Development Department (Seasonally Adjusted)

The Bay Area has lost over 300,000 jobs since the beginning of the pandemic. For perspective, December's job total matches numbers from late 2015/early 2016.

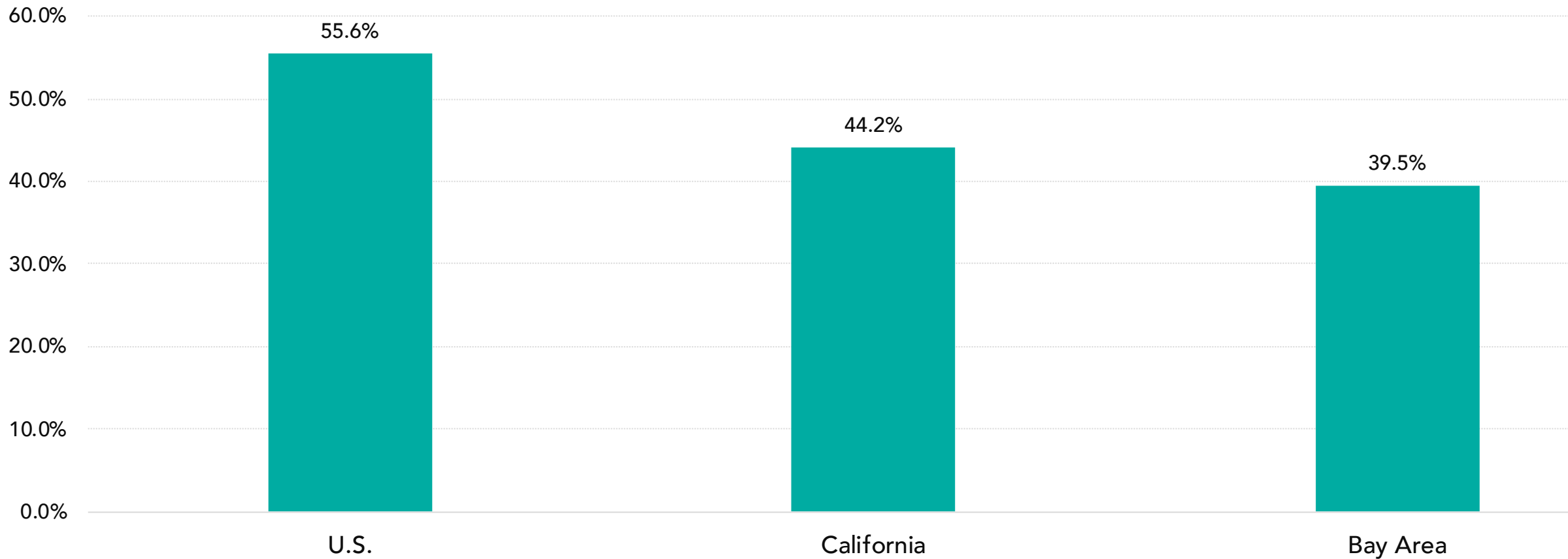
### Bay Area Job Trends by Sector (2020)

Sector	Feb. 20	Dec. 20	COVID Effect	% Gain/Loss
Leisure & Hospitality	436,900	299,400	-137,500	-31.5%
Government	488,600	447,000	-41,600	-8.5%
Education & Health Services	627,600	592,300	-35,300	-5.6%
Manufacturing	367,000	340,400	-26,600	-7.2%
Information	238,100	217,600	-20,500	-8.6%
Professional & Business Services	793,100	783,100	-10,000	-1.3%
Wholesale Trade	118,200	108,300	-9,900	-8.4%
Construction	209,000	200,900	-8,100	-3.9%
Retail Trade	334,100	326,700	-7,400	-2.2%
Transportation & Warehousing	109,000	109,600	600	0.6%
Financial Activities	202,000	203,300	1,300	0.6%
<b>Total Non-Farm Employment</b>	<b>4,068,900</b>	<b>3,747,600</b>	<b>-321,300</b>	<b>-7.9%</b>

**Source:** State of California Employment Development Department (Seasonally Adjusted)

The Bay Area trails the U.S. and California in terms of the jobs it has recovered.  
The region has regained just 40% of its lost jobs by December.

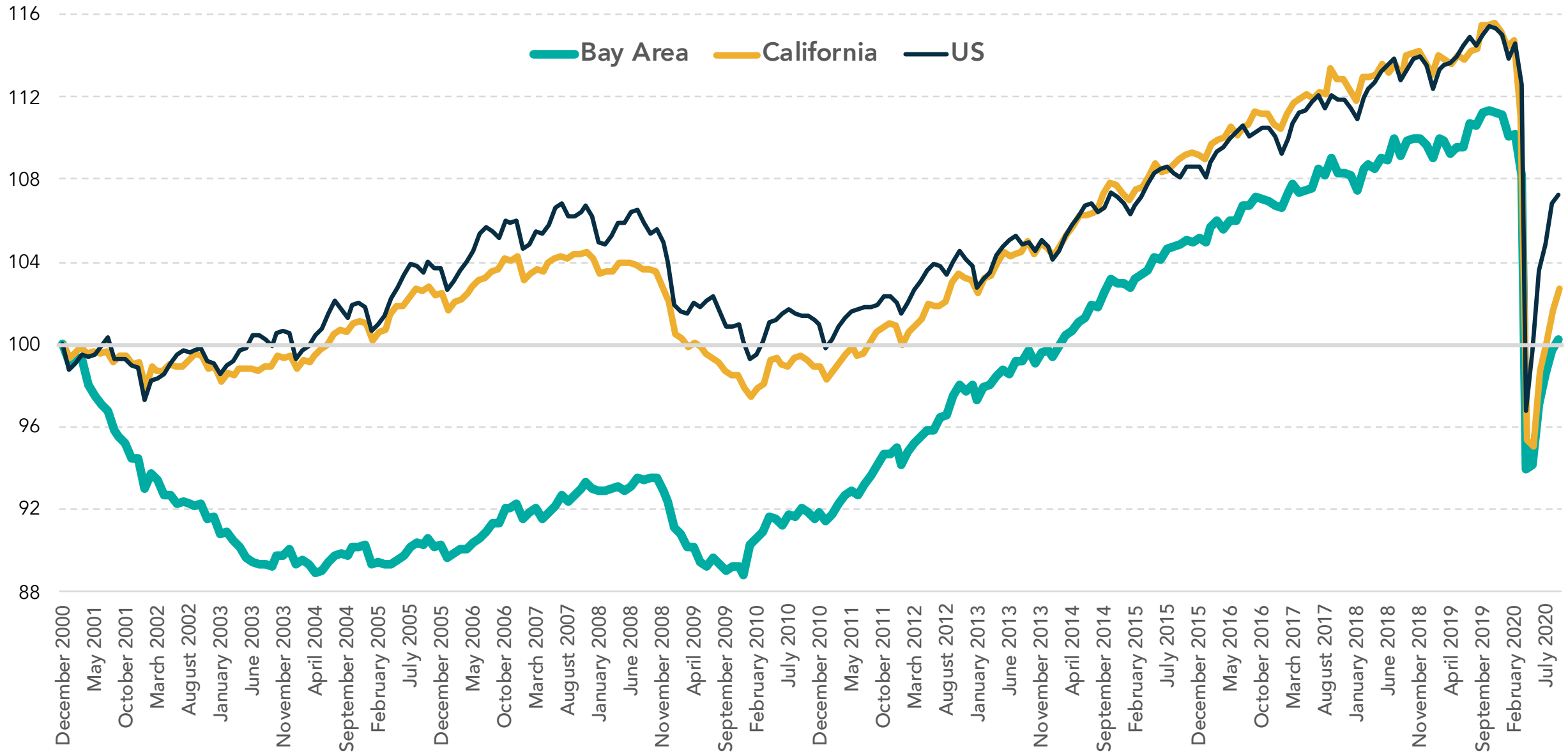
**Jobs Recovered by December 2020 as % of Losses**



Source: Bureau of Labor Statistics

Analysis: Bay Area Council Economic Institute

# 20-year Employment Growth: Bay Area vs. California vs. US



# Remote work enables people to work from anywhere

Nearly half of all Bay Area residents have an occupation that is remote work “eligible”

Pinterest cancels huge SF office lease in unbuilt project, citing work-from-home shift

***Facebook Starts Planning for Permanent Remote Workers***

Tech companies are ending leases and consolidating offices as remote work is here to stay

## Remote Work Eligibility by Job Location

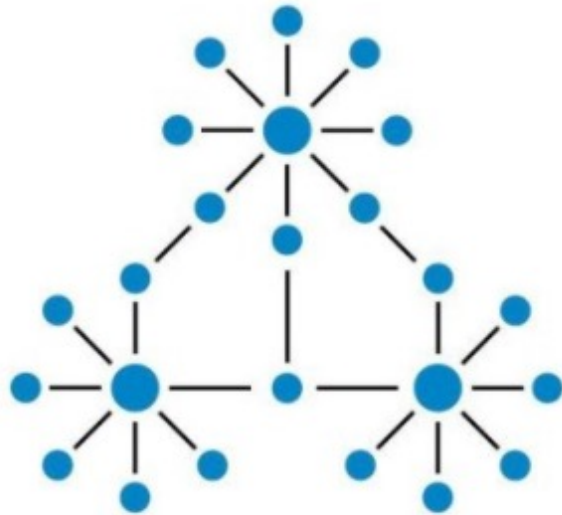
*Counties in bold are included in the nine-county Bay Area*

	Share of Jobs Remote Eligible	Remote Eligible Jobs
<b>San Francisco County</b>	<b>51%</b>	<b>391,248</b>
<b>Santa Clara County</b>	<b>51%</b>	<b>569,941</b>
<b>San Mateo County</b>	<b>47%</b>	<b>195,218</b>
Bay Area	45%	1,789,622
Sacramento County	40%	274,133
<b>Alameda County</b>	<b>40%</b>	<b>316,655</b>
San Diego County	39%	580,670
Orange County	39%	642,799
<b>Marin County</b>	<b>39%</b>	<b>45,013</b>
<b>Contra Costa County</b>	<b>38%</b>	<b>140,781</b>
Los Angeles County	38%	1,708,733
<b>Sonoma County</b>	<b>32%</b>	<b>67,926</b>
Fresno County	30%	120,780
<b>Solano County</b>	<b>29%</b>	<b>40,988</b>
<b>Napa County</b>	<b>26%</b>	<b>20,903</b>



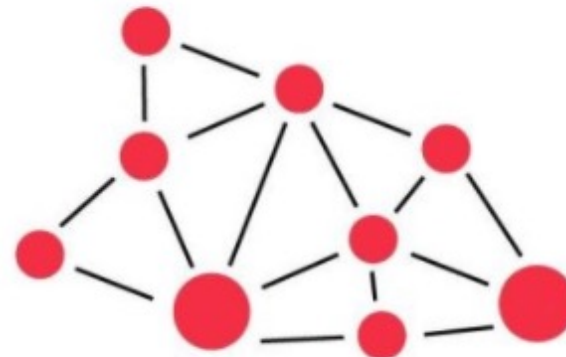
# More tech companies will look to a dispersed

Once the pandemic is over, what office model will your team choose:



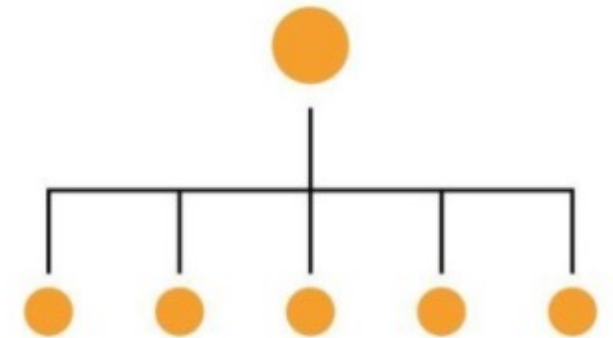
**Hub and Spoke**

**37.3%**



**Fully Decentralized**

**36.1%**



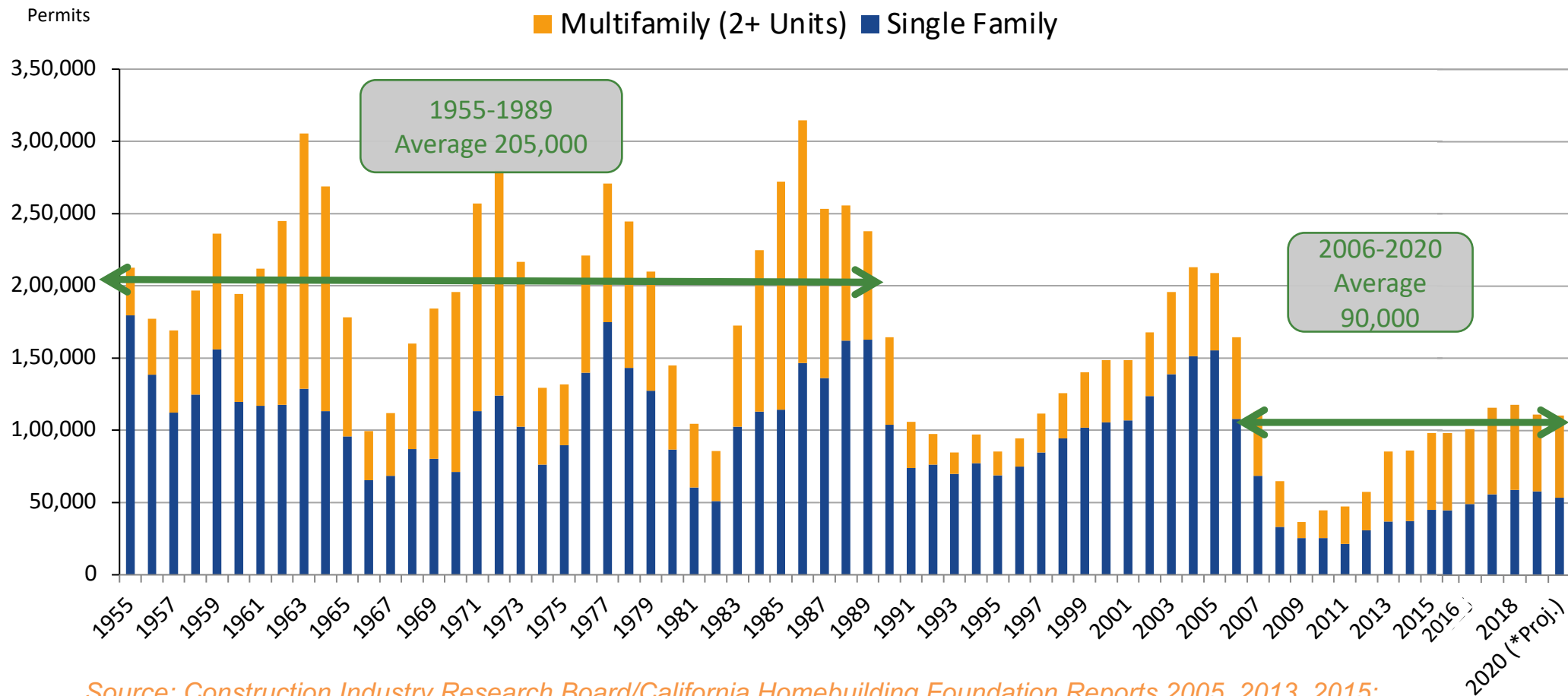
**Primary Office**

**26.5%**



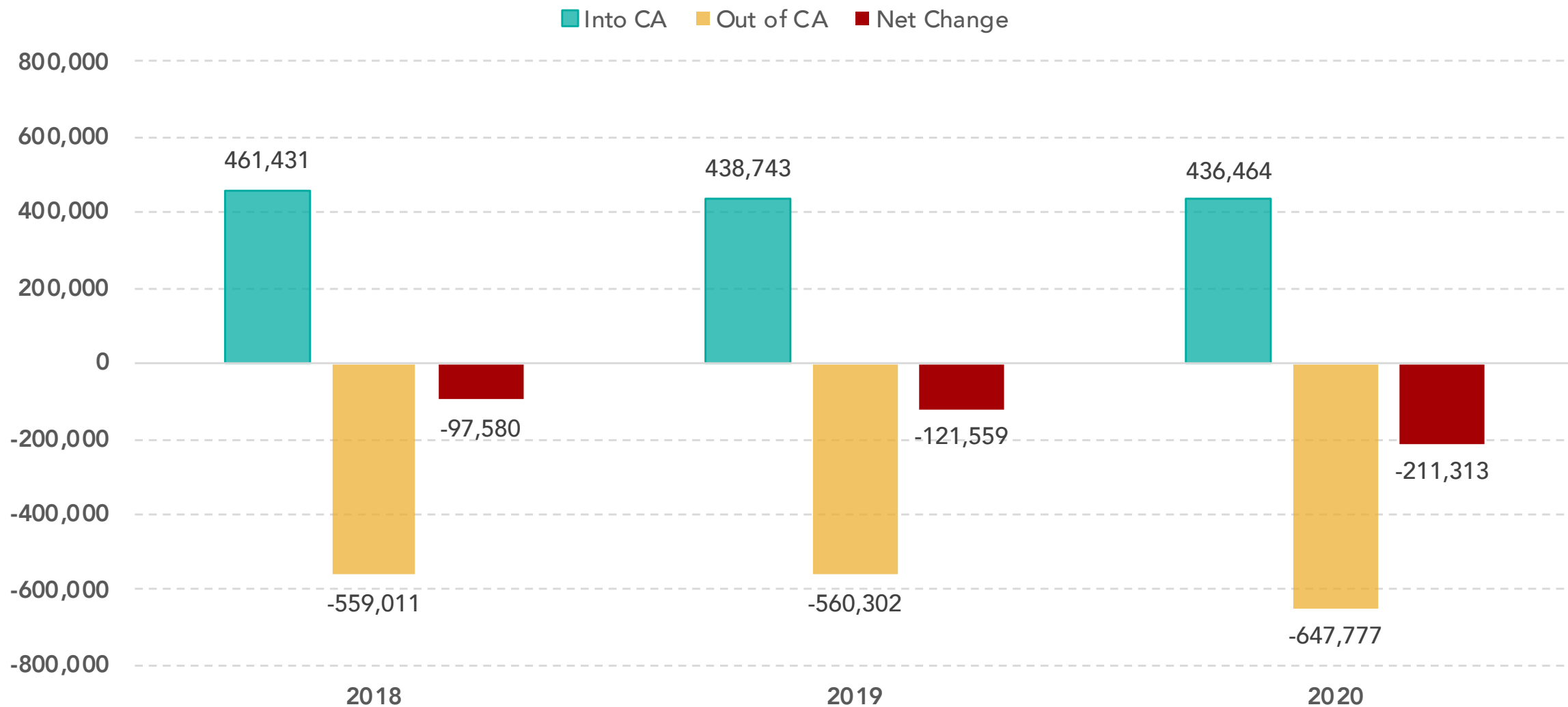
# Annual New Housing Permits Statewide 1955-2020\*

Annual Production of Housing Units 1955-2020\*



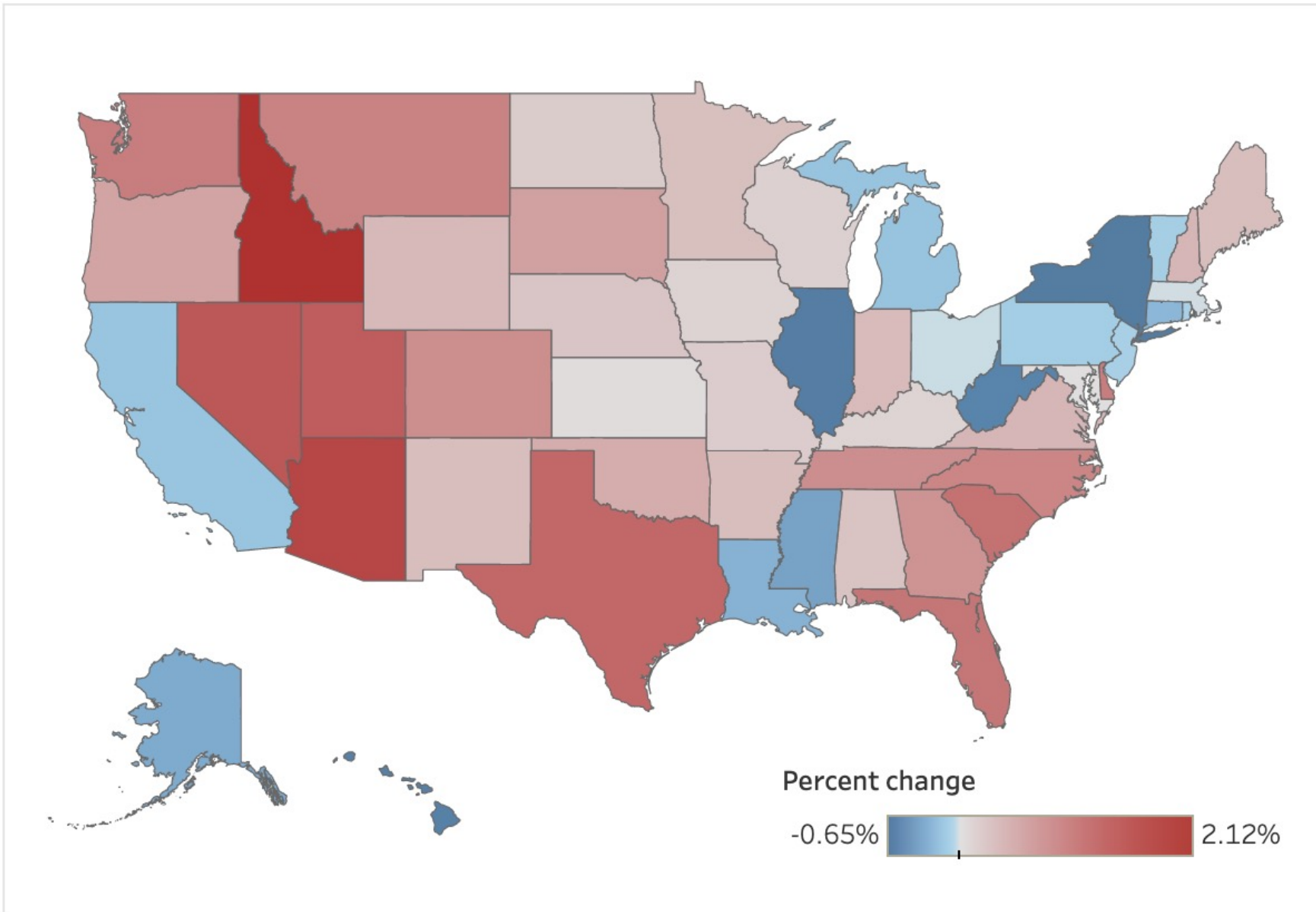
Source: Construction Industry Research Board/California Homebuilding Foundation Reports 2005, 2013, 2015;  
Graphic by HCD

# USPS Change of Address Requests To and From California



Data Source: United States Postal Service

Analysis: Bay Area Council Economic Institute



California is  
expected to lose  
population for the  
first time in 2020  
since annual counts  
began in 1900...

Source: U.S. Census Bureau population estimates, July 2020

...and some of the state's biggest corporations are following



DIGITAL REALTY

TOYOTA



Hewlett Packard  
Enterprise



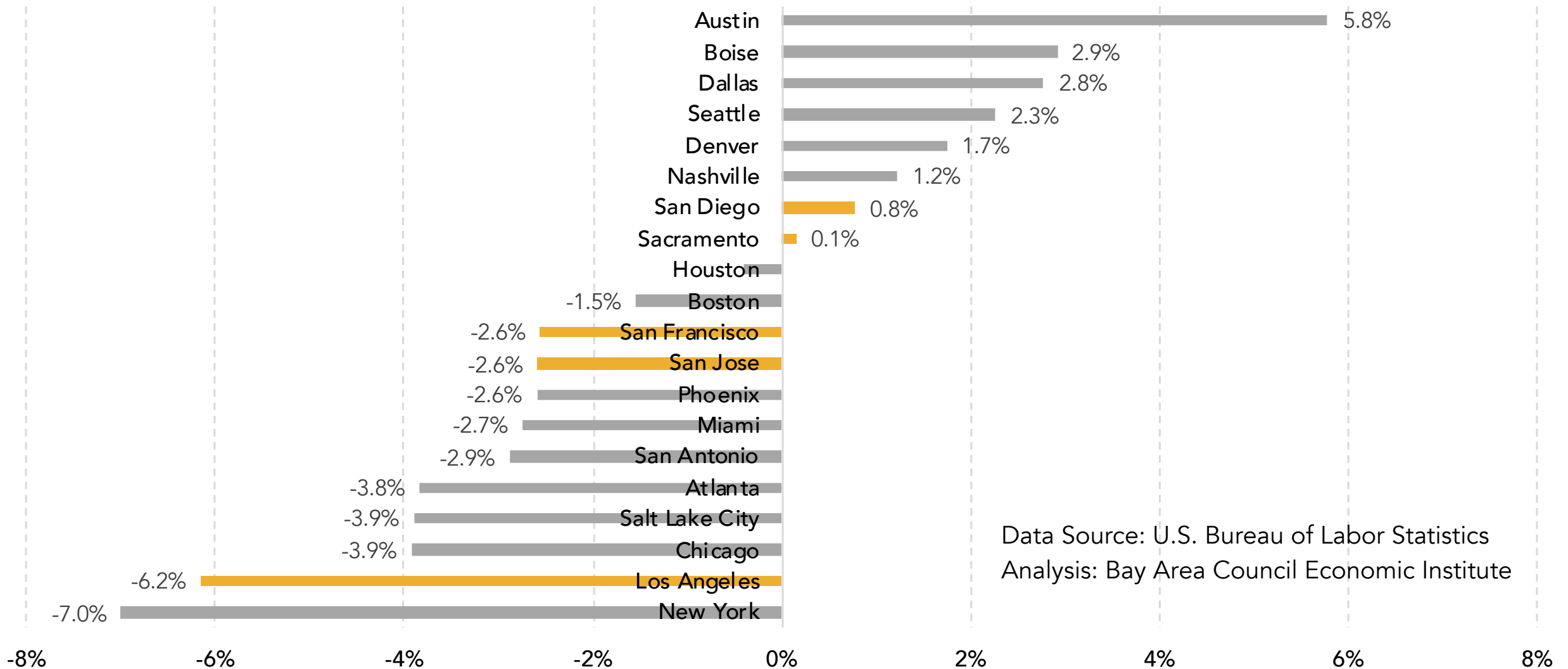
CBRE



MCKESSON

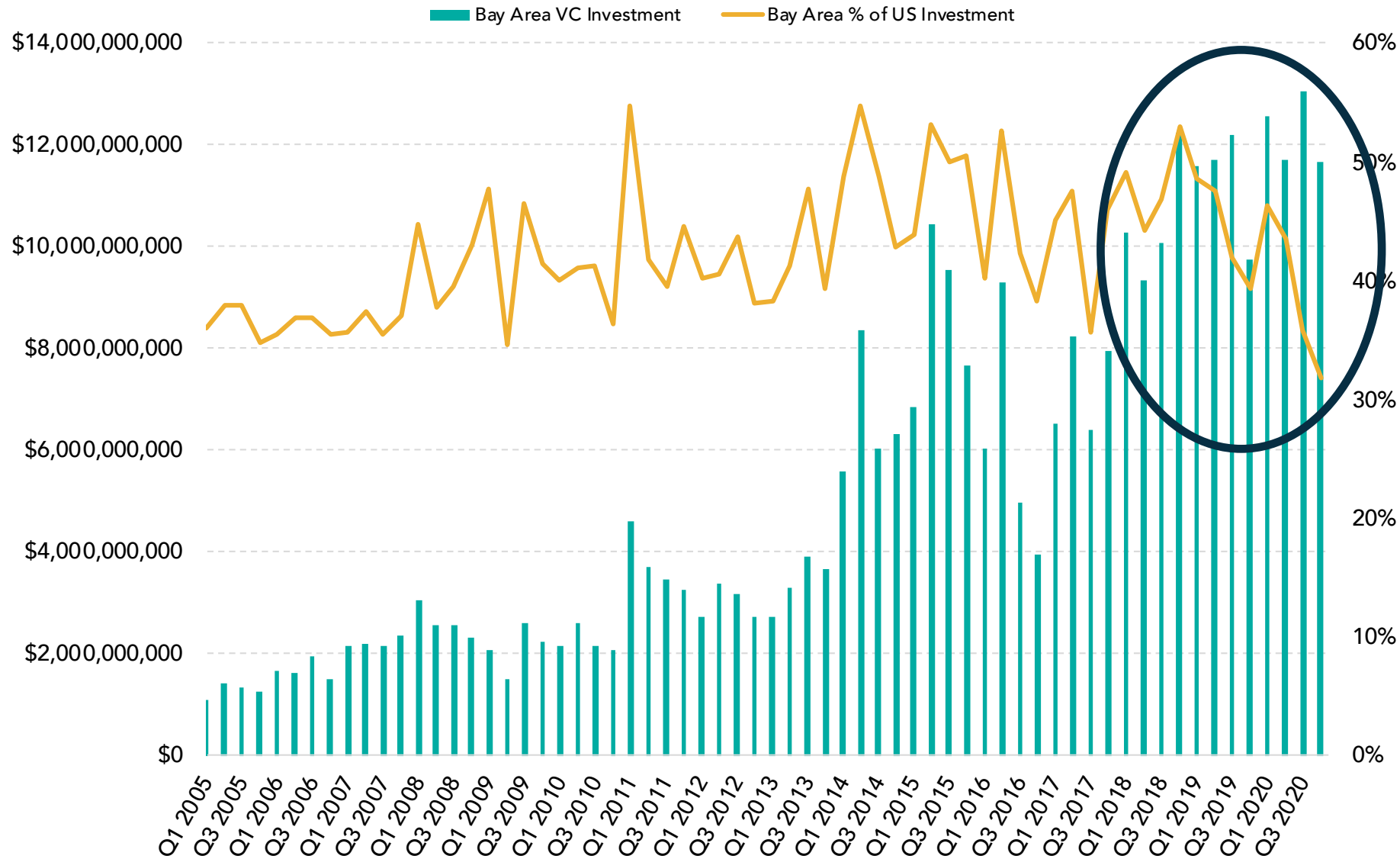
# Metro Area Jobs in Information, Finance, Professional Services

Dec 2019 - Dec 2020 % Employment Change



Data Source: U.S. Bureau of Labor Statistics  
Analysis: Bay Area Council Economic Institute

# Bay Area Share of Venture Capital Investment



The beginning of a pullback in venture capital investment in the region?

Source: PwC/CBI Insights MoneyTree

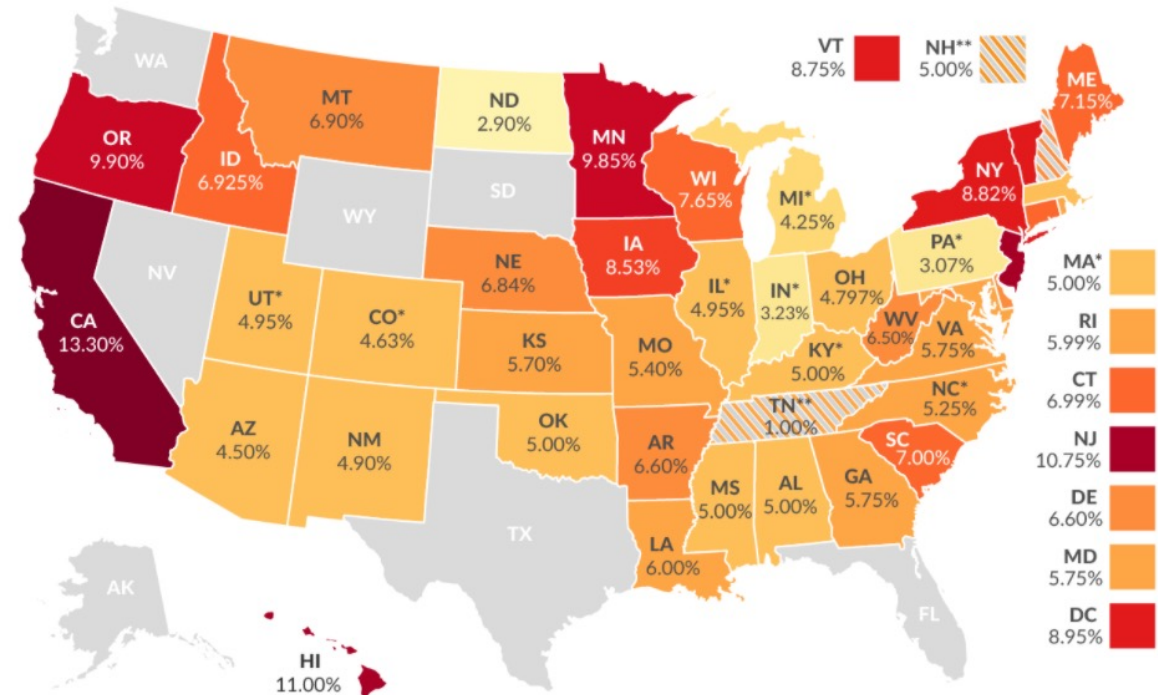
Analysis: Bay Area Council Economic Institute



# California taxes are out of line with other states

## How High are Individual Income Tax Rates in Your State?

Top State Marginal Individual Income Tax Rates, 2020



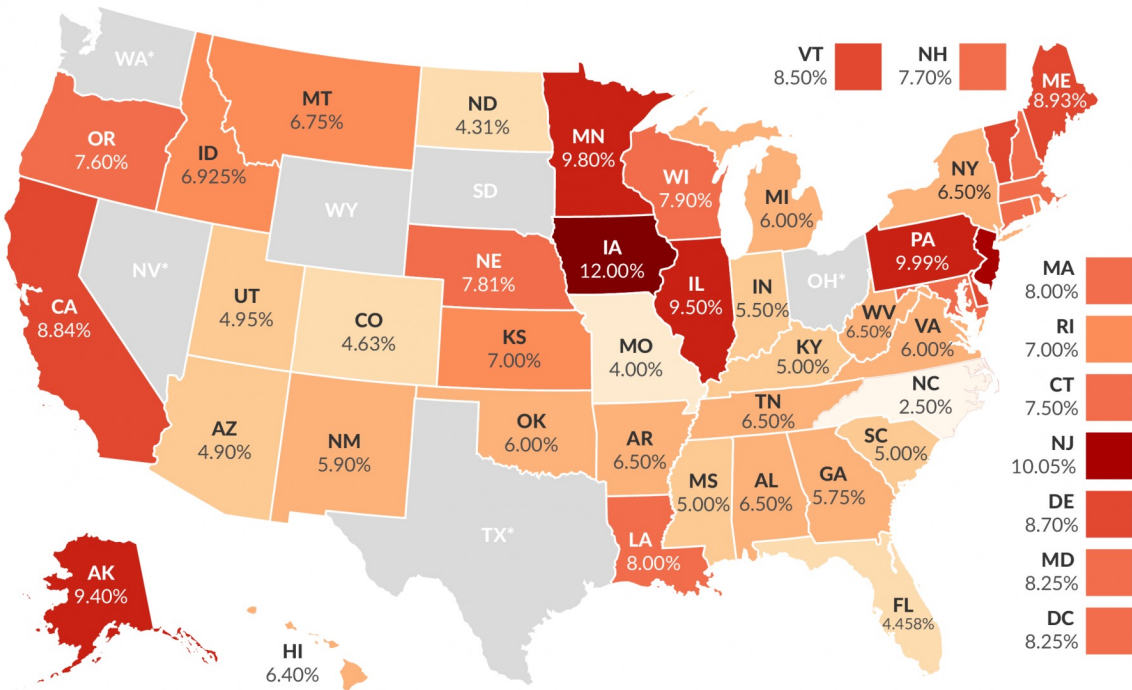
Note: Map shows top marginal rates: the maximum statutory rate in each state. This map does not show effective marginal tax rates, which would include the effects of phase-outs of various tax preferences. Local income taxes are not included.  
(\*) State has a flat income tax.  
(\*\*) State only taxes interest and dividends income.

Sources: Tax Foundation; state tax statutes, forms, and instructions; Bloomberg BNA.

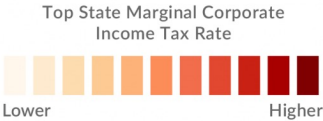


## How High are Corporate Income Tax Rates in Your State?

Top Marginal Corporate Income Tax Rates as of January 1, 2020



Note: (\*) Nevada, Ohio, Texas, and Washington do not have a corporate income tax but do have a gross receipts tax with rates not strictly comparable to corporate income tax rates. Delaware and Oregon have gross receipts taxes in addition to corporate income taxes, as do several states like Pennsylvania, Virginia, and West Virginia, which permit gross receipts taxes at the local (but not state) level. Florida's corporate income tax rate will return to 5.5% for tax years beginning on or after Jan. 1, 2022. Georgia's corporate income tax rate will revert to 6% on January 1, 2026. The state could see a drop to 5.5% in 2020, pending legislative approval. Illinois' rate includes two separate corporate income taxes, one at a 7% rate and one at a 2.5% rate. Indiana's rate will change to 5.25% on July 1, 2020. The rate is scheduled to decrease to 4.9% by 2022. Mississippi continues to phase out the 3 percent bracket by increasing the exemption by \$1,000 a year. This year, the exemption is \$3,000. By the start of 2022, the 3 percent bracket will be fully eliminated. New Hampshire's rate is 7.9% for tax periods ending before Dec. 31, 2019. In New Jersey, the rates indicated apply to a corporation's entire net income rather than just income over the threshold. A temporary surcharge is in effect, bringing the rate to 10.5 percent for businesses with income over \$1 million. In addition to regular income taxes, many states impose other taxes on corporations such as gross receipts taxes and franchise taxes. Some states also impose an alternative minimum tax and special rates on financial institutions.





# 2018 California Personal Income Tax (PIT) by Region

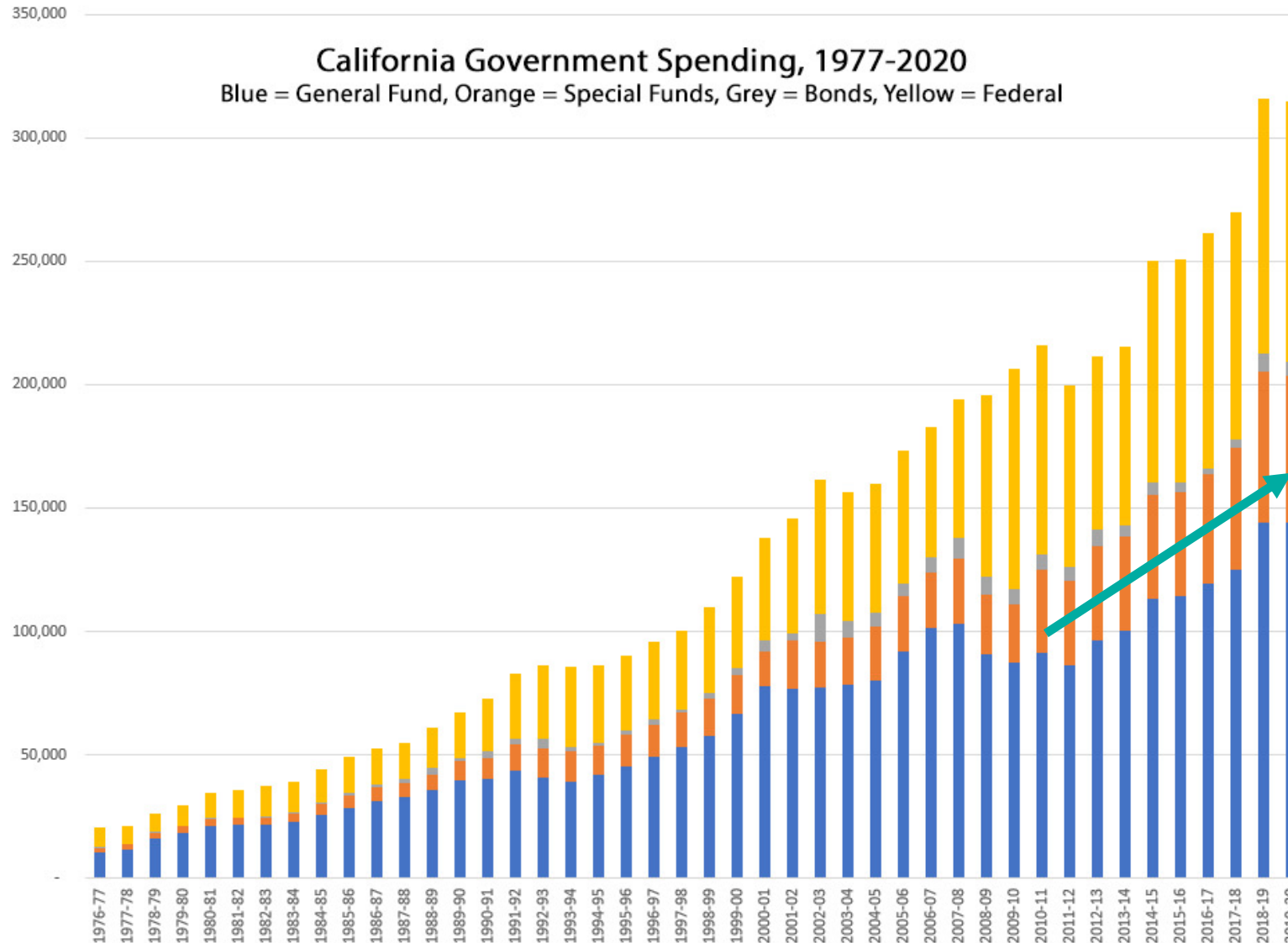
Region	Population	PIT Assessed (\$ in thousands)	% of Population	% of PIT
Bay Area	7,770,564	36,882,041	19.5%	42.0%
Los Angeles	14,341,020	30,530,885	36.0%	34.8%
San Diego	3,533,386	6,404,530	8.9%	7.3%
Inland Empire	4,599,654	3,517,590	11.6%	4.0%
Sacramento	2,516,841	3,499,841	6.3%	4.0%
San Joaquin Valley	4,299,861	3,220,525	10.8%	3.7%
Central Coast	1,513,131	2,637,478	3.8%	3.0%
Rest of State	1,243,328	1,079,865	3.1%	1.2%

Data Source: California Franchise Tax Board

Analysis: Bay Area Council Economic Institute

Note: Excludes tax assessed on non-California residents

# California general fund spending continues to rise



**6.6%:** compound  
annual growth in  
General Fund  
expenditures since  
2011/2012

## Desired Outcomes

- 1) Strong business voice at the table on all state policy debates that affect business and the economy
- 2) Making California tax/fiscal structure more sustainable
- 3) State puts renewed focus on business attraction and retention
- 4) Address myriad regulatory hurdles
- 5) Major steps in addressing homelessness and housing affordability