



# NEWS RELEASE

CALIFORNIA STATE TREASURER BILL LOCKYER

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## **State Treasurer Lockyer Comments on Governor's Revised 2008-09 State Budget Plan**

SACRAMENTO – State Treasurer Bill Lockyer issued the following statement on the revised 2008-09 state budget plan released today by the Governor:

“The Governor deserves credit for offering a plan that recognizes our state needs to deal effectively with both its revenues and its spending. Proposing a statewide tax increase, even if only temporary, takes guts for any California Republican these days. However, this budget still seems to assume that the state’s structural deficit and legitimate spending needs will somehow take care of themselves in future years with a return to a steady increase in revenues. History shows that’s not an assumption that makes for sound fiscal planning.

“My office is reviewing the revenue and debt assumptions used to support the Governor’s state lottery ballot proposal. But I am always concerned about using one-time revenues to finance ongoing state services. And the proposal constitutes a sizable bet that Californians will double their current level of lottery participation within a few years. Whatever the merits, there may not be enough time to make the lottery plan part of an immediate budget solution.

“Right now, the best thing the Governor and lawmakers of both parties can do for California is work together to produce an honest, balanced and on-time budget. We have a smaller cash cushion than we’ve enjoyed in past years. A late budget could force the state to pay a premium of \$100 million or more to issue securities to help us maintain cash flow. Tardiness also could cause the state to delay payments to programs and services, which could subject the state to tens of millions of dollars in financial penalties. And if we once again show we can’t enact a budget on time, Wall Street rating agencies could give California another rap on the knuckles. That doesn’t help taxpayers when the state goes to the bond market.”

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