



NEWS RELEASE

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Treasurer Lockyer, Controller Chiang Urge Governor and Legislature to Adopt Legislation to Avoid IOUs

SACRAMENTO – State Treasurer Bill Lockyer and State Controller John Chiang today urged the Governor and Legislature to adopt budget-related legislation that will keep California from issuing IOUs to local governments, businesses and taxpayers. Following is a joint statement by Lockyer and Chiang on the matter:

“We repeatedly have asked the Legislature and Governor to fully close the State’s budget deficit as quickly as possible. But regardless of the ultimate steps the Legislature and Governor take, they can and must immediately inject cash into the State’s depleted coffers. It’s true the measures before the Legislature do not solve the entire problem. But they do solve our most urgent problem. Failure to act will expose taxpayers to substantial, long-term damage.

“There is no need to hold these measures hostage pending a full budget settlement. Their enactment is inevitable, and quick approval of these payment deferrals and reductions will provide sufficient cash to avoid issuing IOUs starting July 2.

“If the State is forced to issue IOUs instead of paying its bills on time, the consequences will be immediate and long lasting. It will greatly increase the cost and difficulty of completing essential cash flow borrowing in the next few months. And it will undermine, perhaps for years, California’s ability to sell its long-term general obligation bonds.

“Businesses that provide services to the State, college students who need assistance for tuition and books, and the most vulnerable Californians are still reeling from our last cash crisis in February, when the State delayed these crucial payments. Enacting these bills now will spare these victims further pain.”

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