



CALIFORNIA STATE TREASURER BILL LOCKYER

NEWS RELEASE

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Treasurer Lockyer Issues Statement on Opposing Building Sale-Leaseback Plan at State Public Works Board

SACRAMENTO – State Treasurer Bill Lockyer today issued the following statement on his opposition to a budget-related plan to sell state buildings and then lease them back from the new private-entity owners. Lockyer’s designee on the State Public Works Board today will vote against early retirement of the State’s outstanding debt on the properties, a move needed to help implement the sale-leaseback plan.

“I oppose the sale of State buildings and incurring the equivalent of more expensive, long-term debt to fund operating expenses for the current-year State budget. That’s why I have directed my designee on the State Public Works Board to vote against early retirement of the State’s remaining debt on 11 significant buildings presently owned by the people of California.

“I fully understand the difficult circumstances, and the desire to protect vital public services, that led the Governor and Legislature to authorize this sale of valuable public property. But I believe the deal is poor fiscal policy and bad for taxpayers.

“The transaction will allow the State to use the \$1.2 billion net sale proceeds to help patch this year’s budget. However, as the Legislative Analyst has made clear, taxpayers will be burdened with decades of lease payments that far exceed not only the cost of today’s debt service on the buildings, but also the highest interest payments the State would incur if it borrowed a similar amount of money.

“Further, I am not convinced alternatives to the sale, such as refinancing of the debt, were ever seriously considered. Nor am I convinced it was necessary or desirable to require bids that assumed the State would no longer operate these buildings, which it could do without terminating employment for thousands of State workers who have cared for our properties efficiently and effectively.

“Today’s vote provides the only opportunity for me to officially express my opposition to the sale of these buildings, and the limitations on process used by the State in seeking offers. If the Board majority disagrees with me, and the sale goes forward, my office will carry out its ministerial duties to implement the transaction professionally and timely.”

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