

IOUs now a reality (7-9-09)

Without a budget fix, the State Controller began mailing IOUs to pay income tax refunds and other payments to businesses that contract with the state.

Under current law, a taxpayer may use an IOU to pay taxes to the FTB. The BOE does not generally accept IOUs for sales and use taxes, but they are currently reviewing this policy. AB 1506 (Anderson), pending in the legislature, would require all state agencies to accept IOUs as payment of liabilities.

Some banks, including Bank of America, Citigroup, Wells Fargo, and JPMorgan Chase will accept the IOUs as payment through tomorrow, July 10, with limitations. And, a secondary market has popped up on eBay® and craigslist.

Due to labor laws, state employees will not receive IOUs, and unemployment benefits will continue.

For more information, see <http://www.sco.ca.gov/5935.html> or call the State Controller's registered warrants assistance phone line at [\(866\) 267-4255](tel:8662674255).