



# OFFICE OF ILLINOIS STATE TREASURER

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## **Rauner Amendatory Veto Will Waste Money** **Buying v. Leasing a Building Saves \$420K Annually** *Rauner Action Likely Unconstitutional*

**SPRINGFIELD** - In a blatant display of financial mismanagement, Gov. Rauner used an amendatory veto to block a state treasurer's initiative that would allow the office to purchase a building so it can consolidate leases and save \$420,000 each year, Illinois State Treasurer Michael Frerichs said today.

The amendatory veto is likely unconstitutional because Rauner gutted bipartisan legislation and instead inserted language to rewrite the state's unclaimed property laws. Amendatory vetoes cannot substitute a completely new bill. Rauner's rewrite deletes the text of the entire underlying bill and inserts a new bill that makes it nearly impossible to collect unclaimed property on behalf of Illinois residents.

"Purchasing a building to consolidate staff and meet long-term needs clearly makes more financial sense than multiple long-term leases," Frerichs said. "I guess I should not be surprised. This comes from an administration that was called out by a bi-partisan coalition of legislators and an Auditor General's report for entering into a \$2.4 million lease for property in Springfield when it could have purchased the property for substantially less."

Rauner's decision is the latest in a string of vetoes that ignores common sense and places monied interests in front of the interests of regular people.

Rauner previously vetoed bipartisan legislation that closed loopholes to require life insurance companies to pay benefits owed to grieving widows and orphans. Until Republicans and Democrats in the General Assembly successfully voted to override this veto, life insurance companies avoided paying death benefits when they knew, or should have known, a customer passed away.

Earlier this year Rauner also vetoed legislation to create a level playing field regarding rebate cards. While seen as ubiquitous to consumers, the rules that governed cards issued by retailers, credit card companies and national banks were vastly different. National banks impose punishing fees to drain the value of rebate cards – something that retailers have been prohibited from doing in Illinois for more than a decade. Rauner's veto came despite bipartisan support in the General Assembly.

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Rauner issued the amendatory veto on Tuesday. He inserted language championed by big business interests at the national level and the state Chamber of Commerce to virtually eliminate the protections of Illinois' unclaimed property law and remove the only enforcement tool the state treasurer has to ensure companies follow that law.

Collecting unclaimed property and returning it to taxpayers is the sole jurisdiction of the state treasurer in Illinois. Unclaimed property includes unpaid life insurance benefits, forgotten bank accounts, and unused rebate cards. Illinois holds more than \$2 billion in unclaimed property and the treasurer is legally required to get the property to the rightful owners no matter how long it takes.

The bill Rauner blocked was Senate Bill 2921. It would have saved taxpayers millions of dollars going forward by authorizing the treasurer's office to purchase a building as two office leases are expiring. The legislation passed the Senate 49-0 and the House 101-13. Frerichs said he will seek an override vote.

The treasurer's office leases portions of two Springfield buildings: the Myers Building at 1 W. Old State Capitol Plaza near the Old State Capitol and the Monroe Building at 400 W. Monroe St. Each space is leased and each lease expires June 30, 2019. This last year of the leases will cost a combined \$800,000.

The treasury seeks to consolidate these offices into one space because rent prices are significantly higher than operational costs and, because state leases typically last for decades, purchasing a building is significantly less expensive than leasing or renting.

The treasury is in negotiations to purchase the Jefferson Terrace Building at 300 W. Jefferson St. for \$2.7 million. Given the estimated \$420,000 in annual savings, the building purchase would be paid off in about six years. The treasury also would maintain its current space on the second floor of the state capitol.

The bill's authority to purchase a building is limited to the current fiscal year, which ends the same day as the leases. The legislation was sponsored by Sen. Bill Cunningham (D-Chicago) and Rep. Emanuel "Chris" Welch (D-Hillside).

### **About the Illinois Treasurer**

The Illinois Treasurer is the state's chief investment officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secure retirement. As the state's Chief Investment Officer, he actively manages approximately \$28 billion. The portfolio includes \$12 billion in state funds, \$10 billion in college savings plans and \$5.5 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns \$28 to the state for every \$1 spent in operations. The Treasurer's Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

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