

August 25, 2017

To the Honorable Members of
The Illinois House of Representatives,
100th General Assembly:

Today, I return House Bill 3004 with specific recommendations for change.

This bill amends the Regional Transportation Authority Act to extend the short-term borrowing period for the Regional Transit Authority (RTA). Specifically, this bill renews a \$300 million short-term borrowing ability for two additional years, changing the sunset date from July 1, 2018, to July 1, 2020. The bill also allows the RTA to establish lines of credit in addition to issuing working cash notes.

This funding option is critical to helping the Authority maintain regular operations because the State of Illinois is behind on payments to the RTA. Without this financing authority, there likely will be fare hikes and service cuts to Chicago Transit Authority (CTA), Metra, and Pace transit systems. I support this piece of the legislation to help ensure our residents' uninterrupted access to key transit systems.

Unfortunately, this bill also includes provisions that address the event of debt default by the CTA or the RTA. Under this legislation, the Treasurer can purchase CTA and RTA debt instruments and intercept funds normally distributed by the State to these systems in the case of default. These provisions of the legislation create a moral hazard by granting the Treasurer the authority to purchase bonds in or at risk of default, and it prioritizes debt payments over other uses of financial resources if there is a default.

The State should not undermine the CTA's or RTA's ability to determine how to spend State funds in the event of debt default. In fact, withholding State funds from these transit Authorities in the event of default prioritizes bondholders over residents who rely on CTA and RTA services.

Therefore, pursuant to Section 9(e) of Article IV of the Illinois Constitution of 1970, I hereby return House Bill 3004, entitled "AN ACT concerning local governments," with the following specific recommendations for change:

On page 9, by replacing line 11 with: "due or about to become due in Interim Financing Notes."; and

By deleting page 9, line 12 through page 10, line 4; and

On page 24, by replacing page line 9 with: "due or about to become due in Working Cash Notes."; and

By deleting page 24, line 10 through page 25, line 2.

On page 25 by replacing line 5 with: "issuance of notes or other obligations"; and

On page 25, by deleting line 6; and

On page 25, by replacing line 7 with "in an amount not to exceed"

With these changes, House Bill 3004 will have my approval. I respectfully request your concurrence.

Sincerely,

Bruce Rauner
GOVERNOR