

FIRST REGULAR SESSION

[PERFECTED]

HOUSE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 883

95TH GENERAL ASSEMBLY

2187L.02P

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 30.260, 30.270, 30.750, 30.753, 30.756, 30.758, 30.760, and 30.765, RSMo, and to enact in lieu thereof eight new sections relating to the state treasurer, with penalty provisions.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 30.260, 30.270, 30.750, 30.753, 30.756, 30.758, 30.760, and 30.765, RSMo, are repealed and eight new sections enacted in lieu thereof, to be known as sections 30.260, 30.270, 30.750, 30.753, 30.756, 30.758, 30.760, and 30.765, to read as follows:

30.260. 1. The state treasurer shall prepare, maintain and adhere to a written investment policy which shall include an asset allocation plan which limits the total amount of state moneys which may be invested in any particular investment authorized by section 15, article IV of the Missouri Constitution. **Such asset allocation plan shall also set diversification limits, as applicable, which shall include a restriction limiting the total amount of time deposits of state moneys, not including linked deposits, placed with any one single banking institution to be no greater than ten percent of all time deposits of state moneys.** The state treasurer shall present a copy of such policy to the governor, commissioner of administration, state auditor and general assembly at the commencement of each regular session of the general assembly or at any time the written investment policy is amended.

2. The state treasurer shall determine by the exercise of the treasurer's best judgment the amount of state moneys that are not needed for current operating expenses of the state government and shall keep on demand deposit in banking institutions in this state selected by the treasurer and approved by the governor and state auditor the amount of state moneys which the

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

15 treasurer has so determined are needed for current operating expenses of the state government
16 and disburse the same as authorized by law.

17 3. Within the parameters of the state treasurer's written investment policy, the state
18 treasurer shall place the state moneys which the treasurer has determined are not needed for
19 current operations of the state government on time deposit drawing interest in banking
20 institutions in this state selected by the treasurer and approved by the governor and the state
21 auditor, or place them outright or, if applicable, by repurchase agreement in obligations described
22 in section 15, article IV, Constitution of Missouri, as the treasurer in the exercise of the
23 treasurer's best judgment determines to be in the best overall interest of the people of the state
24 of Missouri, giving due consideration to:

25 (1) The preservation of such state moneys;

26 (2) The benefits to the economy and welfare of the people of Missouri when such state
27 money is invested in banking institutions in this state that, in turn, provide additional loans and
28 investments in the Missouri economy and generate state taxes from such initial investments and
29 the loans and investments created by the banking institutions, compared to the removal or
30 withholding from banking institutions in the state of all or some such state moneys and investing
31 same in obligations authorized in section 15, article IV of the Missouri Constitution;

32 (3) The liquidity needs of the state;

33 (4) The aggregate return in earnings and taxes on the deposits and the investment to be
34 derived therefrom; and

35 (5) All other factors which to the treasurer as a prudent state treasurer seem to be
36 relevant to the general public welfare in the light of the circumstances at the time prevailing. The
37 state treasurer may also place state moneys which are determined not needed for current
38 operations of the state government in linked deposits as provided in sections 30.750 to 30.767.

39 4. Except for state moneys deposited in linked deposits as provided in sections 30.750
40 to [30.767] **30.860**, the rate of interest payable by all banking institutions on time deposits of
41 state moneys shall be [the same as the average rate paid during the week next preceding the week
42 in which the deposit was made for United States of America treasury securities maturing and
43 becoming payable closest to the time of termination of the deposit, as determined by the state
44 treasurer, adjusted to the nearest one-tenth of a percent; except that] **set under subdivisions (1)**
45 **to (5) of this subsection and subsections 6 and 7 of this section.** The rate shall never exceed
46 the maximum rate of interest which by federal law or regulation a bank which is a member of
47 the Federal Reserve System may from time to time pay on a time deposit of the same size and
48 maturity. **The rate of interest payable by all banking institutions on time deposits of state**
49 **moneys is as follows:**

50 **(1) Beginning January 1, 2010, the rate of interest payable by a banking institution**
51 **on up to seven million dollars of time deposits of state moneys shall be the same as the**
52 **average rate paid during the week next preceding the week in which the deposit was made**
53 **for United States of America treasury securities maturing and becoming payable closest**
54 **to the time of termination of the deposit, as determined by the state treasurer, adjusted to**
55 **the nearest one-tenth of a percent. In the case of a banking institution that holds more**
56 **than seven million dollars of time deposits of state moneys, the rate of interest payable on**
57 **deposits in excess of seven million dollars of time deposits of state moneys shall be set at the**
58 **market rate as determined in subsection 6 of this section;**

59 **(2) Beginning January 1, 2011, the rate of interest payable by a banking institution**
60 **on up to five million dollars of time deposits of state moneys shall be the same as the**
61 **average rate paid during the week next preceding the week in which the deposit was made**
62 **for United States of America treasury securities maturing and becoming payable closest**
63 **to the time of termination of the deposit, as determined by the state treasurer, adjusted to**
64 **the nearest one-tenth of a percent. In the case of a banking institution that holds more**
65 **than five million dollars of time deposits of state moneys, the rate of interest payable on**
66 **deposits in excess of five million dollars of time deposits of state moneys shall be set at the**
67 **market rate as determined in subsection 6 of this section;**

68 **(3) Beginning January 1, 2012, the rate of interest payable by a banking institution**
69 **on up to three million dollars of time deposits of state moneys shall be the same as the**
70 **average rate paid during the week next preceding the week in which the deposit was made**
71 **for United States of America treasury securities maturing and becoming payable closest**
72 **to the time of termination of the deposit, as determined by the state treasurer, adjusted to**
73 **the nearest one-tenth of a percent. In the case of a banking institution that holds more**
74 **than three million dollars of time deposits of state moneys, the rate of interest payable on**
75 **deposits in excess of three million dollars of time deposits of state moneys shall be set at the**
76 **market rate as determined in subsection 6 of this section;**

77 **(4) Beginning January 1, 2013, the rate of interest payable by a banking institution**
78 **on up to one million dollars of time deposits of state moneys shall be the same as the**
79 **average rate paid during the week next preceding the week in which the deposit was made**
80 **for United States of America treasury securities maturing and becoming payable closest**
81 **to the time of termination of the deposit, as determined by the state treasurer, adjusted to**
82 **the nearest one-tenth of a percent. In the case of a banking institution that holds more**
83 **than one million dollars of time deposits of state moneys, the rate of interest payable on**
84 **deposits in excess of one million dollars of time deposits of state moneys shall be set at the**
85 **market rate as determined in subsection 6 of this section;**

86 **(5) Beginning January 1, 2014, the rate of interest payable by a banking institution**
87 **on all time deposits of state moneys shall be set at the market rate as determined in**
88 **subsection 6 of this section.**

89 **5. Notwithstanding subdivisions (1) to (5) of subsection 4 of this section, for any**
90 **new time deposits of state moneys placed after January 1, 2010, with a term longer than**
91 **eighteen months, the rate of interest payable by a banking institution shall be set at the**
92 **market rate as determined in subsection 6 of this section.**

93 **6. Market rate shall be determined no less frequently than once a month by the**
94 **director of investments in the office of state treasurer. The process for determining a**
95 **market rate shall include due consideration of prevailing rates offered for certificates of**
96 **deposit by well-capitalized Missouri financial institutions, the advance rate established by**
97 **the Federal Home Loan Bank of Des Moines for member institutions and the costs of**
98 **collateralization, as well as an evaluation of the credit risk associated with other authorized**
99 **securities under section 15, article IV, of the Missouri Constitution. Banking institutions**
100 **may also offer a higher rate than the market rate for any time deposit placed with the state**
101 **treasurer in excess of the total amount of state moneys set at the United States of America**
102 **treasury securities maturing and becoming payable closest to the time of termination of the**
103 **deposit indicated in subdivisions (1) to (5) of subsection 4 of this section.**

104 **[5.] 7. Within the parameters of the state treasurer's written investment policy, the state**
105 **treasurer may subscribe for or purchase outright or by repurchase agreement investments of the**
106 **character described in subsection 3 of this section which the treasurer, in the exercise of the**
107 **treasurer's best judgment, believes to be the best for investment of state moneys at the time and**
108 **in payment therefor may withdraw moneys from any bank account, demand or time, maintained**
109 **by the treasurer without having any supporting warrant of the commissioner of administration.**
110 **The state treasurer may bid on subscriptions for such obligations in accordance with the**
111 **treasurer's best judgment. The state treasurer shall provide for the safekeeping of all such**
112 **obligations so acquired in the same manner that securities pledged to secure the repayment of**
113 **state moneys deposited in banking institutions are kept by the treasurer pursuant to law. The**
114 **state treasurer may hold any such obligation so acquired by the treasurer until its maturity or**
115 **prior thereto may sell the same outright or by reverse repurchase agreement provided the state's**
116 **security interest in the underlying security is perfected or temporarily exchange such obligation**
117 **for cash or other authorized securities of at least equal market value with no maturity more than**
118 **one year beyond the maturity of any of the traded obligations, for a negotiated fee as the**
119 **treasurer, in the exercise of the treasurer's best judgment, deems necessary or advisable for the**
120 **best interest of the people of the state of Missouri in the light of the circumstances at the time**
121 **prevailing. The state treasurer may pay all costs and expenses reasonably incurred by the**

122 treasurer in connection with the subscription, purchase, sale, collection, safekeeping or delivery
123 of all such obligations at any time acquired by the treasurer.

124 [6.] 8. As used in this chapter, except as more particularly specified in section 30.270,
125 obligations of the United States shall include securities of the United States Treasury, and United
126 States agencies or instrumentalities as described in section 15, article IV, Constitution of
127 Missouri. The word "temporarily" as used in this section shall mean no more than six months.

30.270. 1. For the security of the moneys deposited by the state treasurer pursuant to the
2 provisions of this chapter, the state treasurer shall, from time to time, submit a list of acceptable
3 securities to be approved by the governor and state auditor if satisfactory to them, and the state
4 treasurer shall require of the selected and approved banks or financial institutions as security for
5 the safekeeping and payment of deposits, securities from the list provided for in this section,
6 which list shall include only securities of the following kind and character, unless it is
7 determined by the state treasurer that the use of such securities as collateral may place state
8 public funds at undue risk:

9 (1) Bonds or other obligations of the United States;

10 (2) Bonds or other obligations of the state of Missouri including revenue bonds issued
11 by state agencies or by state authorities created by legislative enactment;

12 (3) Bonds **or other obligations** of any city in this state having a population of not less
13 than two thousand;

14 (4) Bonds **or other obligations** of any county in this state;

15 (5) Approved registered bonds **or other obligations** of any school district, **including**
16 **certificates of participation and leasehold revenue bonds**, situated in this state;

17 (6) Approved registered bonds **or other obligations** of any special road district in this
18 state;

19 (7) State bonds **or other obligations** of any state;

20 (8) Notes, bonds, debentures or other similar obligations issued by the farm credit banks
21 or agricultural credit banks or any other obligations issued pursuant to the provisions of an act
22 of the Congress of the United States known as the Farm Credit Act of 1971, and acts amendatory
23 thereto;

24 (9) Bonds of the federal home loan banks;

25 (10) Any bonds or other obligations guaranteed as to payment of principal and interest
26 by the government of the United States or any agency or instrumentality thereof;

27 (11) Bonds of any political subdivision established pursuant to the provisions of section
28 30, article VI of the Constitution of Missouri;

29 (12) Tax anticipation notes issued by any county of the first classification;

30 (13) A surety bond issued by an insurance company licensed pursuant to the laws of the
31 state of Missouri whose claims-paying ability is rated in the highest category by at least one
32 nationally recognized statistical rating agency. The face amount of such surety bond shall be at
33 least equal to the portion of the deposit to be secured by the surety bond;

34 (14) An irrevocable standby letter of credit issued by a Federal Home Loan Bank
35 possessing the highest rating issued by at least one nationally recognized statistical rating agency;

36 (15) Out-of-state municipal bonds, **including certificates of participation and**
37 **leasehold revenue bonds**, provided such bonds are rated in the highest category by at least one
38 nationally recognized statistical rating agency;

39 (16) (a) Mortgage securities that are individual loans that include negotiable promissory
40 notes and the first lien deeds of trust securing payment of such notes on one to four family real
41 estate, on commercial real estate, or on farm real estate located in Missouri or states adjacent to
42 Missouri, provided such loans:

43 a. Are underwritten to conform to standards established by the state treasurer, which are
44 substantially similar to standards established by the Federal Home Loan Bank of Des Moines,
45 Iowa, and any of its successors in interest that provide funding for financial institutions in
46 Missouri;

47 b. Are offered by a financial institution in which a senior executive officer certifies under
48 penalty of perjury that such loans are compliant with the requirements of the Federal Home Loan
49 Bank of Des Moines, Iowa, when such loans are pledged by such bank;

50 c. Are offered by a financial institution that is well capitalized; and

51 d. Are not construction loans, are not more than ninety days delinquent, have not been
52 classified as substandard, doubtful, or subject to loss, are one hundred percent owned by the
53 financial institution, are otherwise unencumbered and are not being temporarily warehoused in
54 the financial institution for sale to a third party. Any disqualified mortgage securities shall be
55 removed as collateral within ninety days of disqualification or the state treasurer may disqualify
56 such collateral as collateral for state funds;

57 (b) The state treasurer may promulgate regulations and provide such other forms or
58 agreements to ensure the state maintains a first priority position on the deeds of trust and
59 otherwise protect and preserve state funds. Any rule or portion of a rule, as that term is defined
60 in section 536.010, RSMo, that is created under the authority delegated in this section shall
61 become effective only if it complies with and is subject to all of the provisions of chapter 536,
62 RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are
63 nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536,
64 RSMo, to review, to delay the effective date, or to disapprove and annul a rule are subsequently

65 held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted
66 after August 28, 2005, shall be invalid and void;

67 (c) A status report on all such mortgage securities shall be provided to the state treasurer
68 on a calendar monthly basis in the manner and format prescribed by the state treasurer by the
69 financial institutions pledging such mortgage securities and also shall certify their compliance
70 with subsection 2 for such mortgage securities;

71 (d) In the alternative to paragraph (a) of this subdivision, a financial institution may
72 provide a blanket lien on all loans secured by one to four family real estate, all loans secured by
73 commercial real estate, all loans secured by farm real estate, or any combination of these
74 categories, provided the financial institution secures such blanket liens with real estate located
75 in Missouri and states adjacent to Missouri and otherwise complies with paragraphs (b) and (c)
76 of this subdivision;

77 (e) The provisions of paragraphs (a) to (d) of this subdivision are not authorized for any
78 Missouri political subdivision, notwithstanding the provisions of chapter 110, RSMo, to the
79 contrary;

80 (f) As used in this subdivision, the term "unencumbered" shall mean mortgage securities
81 pledged for state funds as provided in subsection 1 of this section, and not subject to any other
82 express claims by any third parties, including but not limited to a blanket lien on the bank assets
83 by the Federal Home Loan Bank, a depositary arrangement when securities are loaned and
84 repurchased daily or otherwise, or the depositary has pledged its stock and assets for a loan to
85 purchase another depositary or otherwise; and

86 (g) As used in this subdivision, the term "well capitalized" shall mean a banking
87 institution that according to its most recent report of condition and income or thrift financial
88 report, publicly available as applicable, qualifies as well capitalized under the uniform capital
89 requirements established by the federal banking regulators or as determined by state banking
90 regulators under substantially similar requirements;

91 (17) Any investment that the state treasurer may invest in as provided in article IV,
92 section 15 of the Missouri Constitution, and subject to the state treasurer's written investment
93 policy in section 30.260, that is not otherwise provided for in this section, provided the banking
94 institution or eligible lending institution as defined in subdivision [(7)] **(10)** of section 30.750
95 is well capitalized, as defined in subdivision (16) of this subsection. The provisions of this
96 subdivision are not authorized for political subdivisions, notwithstanding the provisions of
97 chapter 110, RSMo, to the contrary.

98 2. Securities deposited shall be in an amount valued at market equal at least to one
99 hundred percent of the aggregate amount on time deposit as well as on demand deposit with the
100 particular financial institution less the amount, if any, which is insured either by the Federal

101 Deposit Insurance Corporation or by the National Credit Unions Share Insurance Fund.
102 Furthermore, for a well-capitalized banking institution, securities authorized in this section that
103 are:

104 (1) Mortgage securities on loans secured on one to four family real estate appraised to
105 reflect the market value at the time of the loan and deposited as collateral shall not exceed one
106 hundred twenty-five percent of the aggregate amount of time deposits and demand deposits;

107 (2) Mortgage securities on loans secured on commercial real estate or on farm real estate
108 appraised to reflect the market value at the time of the loan and deposited as collateral shall not
109 exceed the collateral requirements of the Federal Home Loan Bank of Des Moines, Iowa;

110 (3) [Other securities] **United States Treasury securities and United States Federal**
111 **Agency debentures issued by Fannie Mae, Freddie Mac, the Federal Home Loan Bank, or**
112 **the Federal Farm Credit Bank** valued at market and deposited as collateral shall not exceed
113 one hundred five percent of the aggregate amount of time deposits and demand deposits. **All**
114 **other securities, except as noted elsewhere in this section valued at market and deposited**
115 **as collateral shall not exceed one hundred fifteen percent of the aggregated amount of the**
116 **time deposits and demand deposits; and**

117 (4) Securities that are surety bonds and letters of credit authorized as collateral need only
118 collateralize one hundred percent of the aggregate amount of time deposits and demand deposits.

119 3. The securities or book entry receipts shall be delivered to the state treasurer and
120 receipted for by the state treasurer and retained by the treasurer or by financial institutions that
121 the governor, state auditor and treasurer agree upon. The state treasurer shall from time to time
122 inspect the securities and book entry receipts and see that they are actually held by the state
123 treasury or by the financial institutions selected as the state depositories. The governor and the
124 state auditor may inspect or request an accounting of the securities or book entry receipts, and
125 if in any case, or at any time, the securities are not satisfactory security for deposits made as
126 provided by law, they may require additional security to be given that is satisfactory to them.

127 4. Any securities deposited pursuant to this section may from time to time be withdrawn
128 and other securities described in the list provided for in subsection 1 of this section may be
129 substituted in lieu of the withdrawn securities with the consent of the treasurer; but a sufficient
130 amount of securities to secure the deposits shall always be held by the treasury or in the selected
131 depositories.

132 5. If a financial institution of deposit fails to pay a deposit, or any part thereof, pursuant
133 to the terms of its contract with the state treasurer, the state treasurer shall forthwith convert the
134 securities into money and disburse the same according to law.

135 6. Any financial institution making deposits of bonds with the state treasurer pursuant
136 to the provisions of this chapter may cause the bonds to be endorsed or stamped as it deems

proper, so as to show that they are deposited as collateral and are not transferable except upon the conditions of this chapter or upon the release by the state treasurer.

30.750. As used in sections 30.750 to 30.767, the following terms mean:

(1) "Eligible agribusiness", a person engaged in the processing or adding of value to agricultural products produced in Missouri;

(2) **"Eligible alternative energy consumer", an individual who wishes to borrow moneys for the purchase, installation, or construction of facilities or equipment related to the production of fuel or power primarily for their own use from energy sources other than fossil fuels, including but not limited to solar, hydroelectric, wind, and qualified biomass;**

(3) "Eligible alternative energy operation", a business enterprise engaged in the production [and sale] of fuel or power from energy sources other than fossil fuels, including but not limited to solar, hydroelectric, wind, and qualified biomass. Such business enterprise shall conform to the characteristics of paragraphs (a), (b), and (d) of subdivision [(5)] (6) of this section;

[(3)] (4) "Eligible beginning farmer",

(a) For any beginning farmer who seeks to participate in the linked deposit program alone, a farmer who:

a. Is a Missouri resident;

b. Wishes to borrow for a farm operation located in Missouri;

c. Is at least eighteen years old; and

d. In the preceding five years has not owned, either directly or indirectly, farm land greater than fifty percent of the average size farm in the county where the proposed farm operation is located or farm land with an appraised value greater than four hundred fifty thousand dollars. A farmer who qualifies as an eligible farmer under this provision may utilize the proceeds of a linked deposit loan to purchase agricultural land, farm buildings, new and used farm equipment, livestock and working capital;

(b) For any beginning farmer who is participating in both the linked deposit program and the beginning farmer loan program administered by the Missouri agriculture and small business development authority, a farmer who:

a. Qualifies under the definition of a beginning farmer utilized for eligibility for federal tax-exempt financing, including the limitations on the use of loan proceeds; and

b. Meets all other requirements established by the Missouri agriculture and small business development authority;

[(4)] (5) "Eligible facility borrower", a borrower qualified under section 30.860 to apply for a reduced-rate loan under sections 30.750 to 30.767;

34 [(5)] (6) "Eligible farming operation", any person engaged in farming in an authorized
35 farm corporation, family farm, or family farm corporation as defined in section 350.010, RSMo,
36 that has all of the following characteristics:

37 (a) Is headquartered in this state;

38 (b) Maintains offices, operating facilities, or farming operations and transacts business
39 in this state;

40 (c) Employs less than ten employees;

41 (d) Is organized for profit;

42 [(e) Possesses not more than sixty percent equity, where "percent equity" is defined as
43 total assets minus total liabilities divided by total assets, except that an otherwise eligible
44 farming operation applying for a loan for the purpose of installing or improving a waste
45 management practice in order to comply with environmental protection regulations shall be
46 exempt from this eligibility requirement;]

47 (7) **"Eligible governmental entity", any political subdivision of the state seeking to**
48 **finance capital improvements, capital outlay, or other significant programs through an**
49 **eligible lending institution;**

50 [(6)] (8) "Eligible higher education institution", any approved public or private
51 institution as defined in section 173.205, RSMo;

52 [(7)] (9) "Eligible job enhancement business", a new, existing, or expanding firm
53 operating in Missouri, or as a condition of accepting the linked deposit, will locate a facility or
54 office in Missouri associated with said linked deposit, which employs ten or more employees in
55 Missouri on a yearly average and which, as nearly as possible, is able to establish or retain at
56 least one job in Missouri for each fifty thousand dollars received from a linked deposit loan
57 **except when the applicant can demonstrate significant costs for equipment, capital outlay,**
58 **or capital improvements associated with the physical expansion, renovation, or**
59 **modernization of a facility or equipment. In such cases, the maximum amount of the**
60 **linked deposit shall not exceed fifty thousand dollars per job created or retained plus the**
61 **initial cost of the physical expansion, renovation or capital outlay;**

62 [(8)] (10) "Eligible lending institution", a financial institution that is eligible to make
63 commercial or agricultural or student loans or discount or purchase such loans, is a public
64 depository of state funds or obtains its funds through the issuance of obligations, either directly
65 or through a related entity, eligible for the placement of state funds under the provisions of
66 section 15, article IV, Constitution of Missouri, and agrees to participate in the linked deposit
67 program;

68 [(9)] (11) "Eligible livestock operation", any person engaged in production of livestock
69 or poultry in an authorized farm corporation, family farm, or family farm corporation as defined
70 in section 350.010, RSMo;

71 [(10)] (12) "Eligible locally owned business", any person seeking to establish a new firm,
72 partnership, cooperative company, or corporation that shall retain at least fifty-one percent
73 ownership by residents in a county in which the business is headquartered, that consists of the
74 following characteristics:

75 (a) The county has a median population of twelve thousand five hundred or less; and

76 (b) The median income of residents in the county are equal to or less than the state
77 median income; or

78 (c) The unemployment rate of the county is equal to or greater than the state's
79 unemployment rate;

80 [(11)] (13) "Eligible marketing enterprise", a business enterprise operating in this state
81 which is in the process of marketing its goods, products or services within or outside of this state
82 or overseas, which marketing is designed to increase manufacturing, transportation, mining,
83 communications, or other enterprises in this state, which has proposed its marketing plan and
84 strategy to the department of economic development and which plan and strategy has been
85 approved by the department for purposes of eligibility pursuant to sections 30.750 to 30.767.
86 Such business enterprise shall conform to the characteristics of paragraphs (a), (b) and (d) of
87 subdivision [(5)] (6) of this section and also employ less than twenty-five employees;

88 [(12)] (14) "Eligible multitenant development enterprise", a new enterprise that develops
89 multitenant space for targeted industries as determined by the department of economic
90 development and approved by the department for the purposes of eligibility pursuant to sections
91 30.750 to 30.767;

92 [(13)] (15) "Eligible residential property developer", an individual who purchases and
93 develops a residential structure of either two or four units, if such residential property developer
94 uses and agrees to continue to use, for at least the five years immediately following the date of
95 issuance of the linked deposit loan, one of the units as his principal residence or if such person's
96 principal residence is located within one-half mile from the developed structure and such person
97 agrees to maintain the principal residence within one-half mile of the developed structure for at
98 least the five years immediately following the date of issuance of the linked deposit loan;

99 [(14)] (16) "Eligible residential property owner", a person, firm or corporation who
100 purchases, develops or rehabilitates a multifamily residential structure;

101 [(15)] (17) "Eligible small business", a person engaged in an activity with the purpose
102 of obtaining, directly or indirectly, a gain, benefit or advantage and which conforms to the

103 characteristics of paragraphs (a), (b) and (d) of subdivision [(5)] **(6)** of this section, and also
104 employs less than [twenty-five] **one hundred** employees;

105 [(16)] **(18)** "Eligible student borrower", any person attending, or the parent of a
106 dependent undergraduate attending, an eligible higher education institution in Missouri who may
107 or may not qualify for need-based student financial aid calculated by the federal analysis called
108 Congressional Methodology Formula pursuant to 20 U.S.C. 1078, as amended (the Higher
109 Education Amendments of 1986);

110 [(17)] **(19)** "Eligible water supply system", a water system which serves fewer than fifty
111 thousand persons and which is owned and operated by:

112 (a) A public water supply district established pursuant to chapter 247, RSMo; or

113 (b) A municipality or other political subdivision; or

114 (c) A water corporation; and which is certified by the department of natural resources
115 in accordance with its rules and regulations to have suffered a significant decrease in its capacity
116 to meet its service needs as a result of drought;

117 [(18)] **(20)** "Farming", using or cultivating land for the production of agricultural crops,
118 livestock or livestock products, forest products, poultry or poultry products, milk or dairy
119 products, or fruit or other horticultural products;

120 [(19)] **(21)** "Linked deposit", a certificate of deposit, or in the case of production credit
121 associations, the subscription or purchase outright of obligations described in section 15, article
122 IV, Constitution of Missouri, placed by the state treasurer with an eligible lending institution at
123 rates otherwise provided by law in section 30.758, provided the institution agrees to lend the
124 value of such deposit, according to the deposit agreement provided in sections 30.750 to 30.767,
125 to **eligible multitenant development enterprises**, eligible small businesses, eligible alternative
126 energy operations, **eligible alternative energy consumers**, eligible locally owned businesses,
127 farming operations, eligible job enhancement businesses, eligible marketing enterprises, eligible
128 residential property developers, eligible residential property owners, **eligible governmental**
129 **entities**, eligible agribusinesses, eligible beginning farmers, eligible livestock operations, eligible
130 student borrowers, eligible facility borrowers, or eligible water supply systems at below the
131 present borrowing rate applicable to each **multitenant development enterprise**, small business,
132 **alternative energy operation, alternative energy consumer**, farming operation, eligible job
133 enhancement business, eligible marketing enterprise, eligible residential property developer,
134 eligible residential property owner, **eligible governmental entity**, eligible agribusiness, eligible
135 beginning farmer, eligible livestock operation, eligible student borrower, or supply system at the
136 time of the deposit of state funds in the institution;

137 [(20)] **(22)** "Market rate", the interest rate [tied to federal government securities and]
138 more specifically described in subsection [4] **6** of section 30.260;

139 [(21)] (23) "Professional forester", any individual who holds a bachelor of science degree
140 in forestry from a regionally accredited college or university with a minimum of two years of
141 professional forest management experience;

142 [(22)] (24) "Qualified biomass", any agriculture-derived organic material or any
143 wood-derived organic material harvested in accordance with a site-specific forest management
144 plan focused on long-term forest sustainability developed by a professional forester and
145 qualified, in consultation with the conservation commission, by the agriculture and small
146 business development authority;

147 [(23)] (25) "Water corporation", as such term is defined in section 386.020, RSMo;

148 [(24)] (26) "Water system", as such term is defined in section 386.020, RSMo.

30.753. 1. The state treasurer may invest in linked deposits; however, the total amount
2 so deposited at any one time shall not exceed, in the aggregate, seven hundred twenty million
3 dollars. No more than three hundred thirty million dollars of the aggregate deposit shall be used
4 for linked deposits to eligible farming operations, eligible locally owned businesses, eligible
5 agribusinesses, eligible beginning farmers, eligible livestock operations, and eligible facility
6 borrowers, no more than one hundred ten million of the aggregate deposit shall be used for
7 linked deposits to small businesses, no more than twenty million dollars shall be used for linked
8 deposits to eligible multitenant development enterprises, and no more than twenty million dollars
9 of the aggregate deposit shall be used for linked deposits to eligible residential property
10 developers and eligible residential property owners, no more than two hundred twenty million
11 dollars of the aggregate deposit shall be used for linked deposits to eligible job enhancement
12 businesses and no more than twenty million dollars of the aggregate deposit shall be used for
13 linked deposit loans to eligible water systems. Linked deposit loans may be made to eligible
14 student borrowers [and] , eligible alternative energy operations, **eligible alternative energy**
15 **consumers, and eligible governmental entities** from the aggregate deposit. If demand for a
16 particular type of linked deposit exceeds the initial allocation, and funds initially allocated to
17 another type are available and not in demand, the state treasurer may commingle allocations
18 among the types of linked deposits.

19 2. The minimum deposit to be made by the state treasurer to an eligible lending
20 institution for eligible job enhancement business loans shall be ninety thousand dollars. Linked
21 deposit loans for eligible job enhancement businesses may be made for the purposes of assisting
22 with relocation expenses, working capital, interim construction, inventory, site development,
23 machinery and equipment, or other expenses necessary to create or retain jobs in the recipient
24 firm.

30.756. 1. An eligible lending institution that desires to receive a linked deposit shall
2 accept and review applications for linked deposit loans from eligible multitenant enterprises,

3 eligible farming operations, **eligible alternative energy consumers**, eligible alternative energy
4 operations, eligible locally owned businesses, eligible small businesses, eligible job enhancement
5 businesses, eligible marketing enterprises, eligible agribusinesses, eligible beginning farmers,
6 eligible livestock operations, eligible residential property developers, eligible residential property
7 owners, **eligible governmental entities**, eligible student borrowers, eligible facility borrowers,
8 and eligible water supply systems. An eligible residential property owner shall certify on his or
9 her loan application that the reduced rate loan will be used exclusively to purchase, develop or
10 rehabilitate a multifamily residential property. The lending institution shall apply all usual
11 lending standards to determine the creditworthiness of each eligible multitenant enterprise,
12 eligible farming operation, eligible alternative energy operation, **eligible alternative energy**
13 **consumer**, eligible locally owned business, eligible small business, eligible job enhancement
14 business, eligible marketing enterprise, eligible residential property developer, eligible residential
15 property owner, **eligible governmental entities**, eligible agribusiness, eligible beginning farmer,
16 eligible livestock operation, eligible student borrower, eligible facility borrower, or eligible water
17 supply system. No linked deposit loan made to any **eligible multitenant development**
18 **enterprise**, eligible farming operation, eligible alternative energy operation, **eligible alternative**
19 **energy consumer**, eligible locally owned business, eligible livestock operation, eligible
20 agribusiness **eligible beginning farmer, eligible job enhancement business, eligible**
21 **marketing enterprise, eligible residential property developer, eligible residential property**
22 **owner, eligible governmental entity, eligible student borrower, eligible water supply**
23 **system**, or eligible small business shall exceed a dollar limit determined by the state treasurer
24 in the state treasurer's best judgment, except as otherwise limited. Any link deposit loan made
25 to an eligible facility borrower shall be in accordance with the loan amount and loan term
26 requirements in section 30.860.

27 2. An eligible farming operation, small business or job enhancement business shall
28 certify on its loan application that the reduced rate loan will be used exclusively for necessary
29 production expenses or the expenses listed in subsection 2 of section 30.753 or the refinancing
30 of an existing loan for production expenses or the expenses listed in subsection 2 of section
31 30.753 of an eligible farming operation, small business or job enhancement business. Whoever
32 knowingly makes a false statement concerning such application is guilty of a class A
33 misdemeanor. An eligible water supply system shall certify on its loan application that the
34 reduced rate loan shall be used exclusively to pay the costs of upgrading or repairing an existing
35 water system, constructing a new water system, or making other capital improvements to a water
36 system which are necessary to improve the service capacity of the system.

37 3. In considering which eligible farming operations should receive reduced-rate loans,
38 the eligible lending institution shall give priority to those farming operations which have suffered

39 reduced yields due to drought or other natural disasters and for which the receipt of a
40 reduced-rate loan will make a significant contribution to the continued operation of the recipient
41 farming operation.

42 4. The eligible financial institution shall forward to the state treasurer a linked deposit
43 loan package, in the form and manner as prescribed by the state treasurer. The package shall
44 include such information as required by the state treasurer, including the amount of each loan
45 requested. The institution shall certify that each applicant is an **eligible multitenant**
46 **development enterprise**, eligible farming operation, eligible alternative energy operation,
47 **eligible alternative energy consumer**, eligible locally owned business, eligible small business,
48 eligible job enhancement business, eligible marketing enterprise, eligible residential property
49 developer, eligible residential property owner, **eligible governmental entity**, eligible
50 agribusiness, eligible beginning farmer, eligible livestock operation, eligible student borrower,
51 eligible facility borrower, or eligible water supply system, and shall, for each **eligible**
52 **multitenant development enterprise**, eligible farming operation, **eligible alternative energy**
53 **operation, eligible alternative energy consumer, eligible** small business, eligible job
54 enhancement business, eligible marketing enterprise, eligible residential property developer,
55 eligible residential property owner, **eligible governmental entity**, eligible agribusiness, eligible
56 beginning farmer, eligible livestock operation, eligible student borrower, eligible facility
57 borrower, or eligible water supply system, certify the present borrowing rate applicable.

58 5. The eligible lending institution shall be responsible for determining if a student
59 borrower is an eligible student borrower. A student borrower shall be eligible for an initial or
60 renewal reduced-rate loan only if, at the time of the application for the loan, the student is a
61 citizen or permanent resident of the United States, a resident of the state of Missouri as defined
62 by the coordinating board for higher education, is enrolled or has been accepted for enrollment
63 in an eligible higher education institution, and establishes that the student has financial need.
64 In considering which eligible student borrowers may receive reduced-rate loans, the eligible
65 lending institution may give priority to those eligible student borrowers whose income, or whose
66 family income, if the eligible student borrower is a dependent, is such that the eligible student
67 borrower does not qualify for need-based student financial aid pursuant to 20 U.S.C. 1078, as
68 amended (the Higher Education Amendments of 1986). The eligible lending institution shall
69 require the eligible student borrower to document that the student has applied for and has
70 obtained all need-based student financial aid for which the student is eligible prior to application
71 for a reduced-rate loan pursuant to this section. In no case shall the combination of all financial
72 aid awarded to any student in any particular enrollment period exceed the total cost of attendance
73 at the institution in which the student is enrolled. No eligible lending institution shall charge any

74 additional fees, including but not limited to an origination, service or insurance fee on any loan
75 agreement under the provisions of sections 30.750 to 30.765.

76 6. The eligible lending institution making an initial loan to an eligible student borrower
77 may make a renewal loan or loans to the student. The total of such reduced-rate loans from
78 eligible lending institutions made pursuant to this section to any individual student shall not
79 exceed the cumulative totals established by 20 U.S.C. 1078, as amended. An eligible student
80 borrower shall certify on his or her loan application that the reduced rate loan shall be used
81 exclusively to pay the costs of tuition, incidental fees, books and academic supplies, room and
82 board and other fees directly related to enrollment in an eligible higher education institution. The
83 eligible lending institution shall make the loan payable to the eligible student borrower and the
84 eligible higher education institution as co-payees. The method of repayment of the loan shall be
85 the same as for repayment of loans made pursuant to sections 173.095 to 173.186, RSMo.

86 7. Beginning August 28, 2005, in considering which eligible multitenant enterprise,
87 eligible farming operation, eligible alternative energy operation, **eligible alternative energy**
88 **consumer**, eligible locally owned business, eligible small business, eligible job enhancement
89 business, eligible marketing enterprise, eligible residential property developer, eligible residential
90 property owner, **eligible governmental entity**, eligible agribusiness, eligible beginning farmer,
91 eligible livestock operation, eligible student borrower, eligible facility borrower, or eligible water
92 supply system should receive reduced-rate loans, the eligible lending institution shall give
93 priority to an eligible multitenant enterprise, eligible farming operation, eligible alternative
94 energy operation, **eligible alternative energy consumer**, eligible locally owned business,
95 eligible small business, eligible job enhancement business, eligible marketing enterprise, eligible
96 residential property developer, eligible residential property owner, **eligible governmental entity**,
97 eligible agribusiness, eligible beginning farmer, eligible livestock operation, eligible student
98 borrower, eligible facility borrower, or eligible water supply system that has not previously
99 received a reduced-rate loan through the linked deposit program. However, nothing shall
100 prohibit an eligible lending institution from making a reduced-rate loan to any entity that
101 previously has received such a loan, if such entity otherwise qualifies for such a reduced-rate
102 loan.

30.758. 1. The state treasurer may accept or reject a linked deposit loan package or any
2 portion thereof.

3 2. The state treasurer shall make a good faith effort to ensure that the linked deposits are
4 placed with eligible lending institutions to make linked deposit loans to minority- or
5 female-owned eligible multitenant enterprises, eligible farming operations, eligible alternative
6 energy operations, **eligible alternative energy consumers**, eligible locally owned businesses,
7 eligible small businesses, eligible job enhancement businesses, eligible marketing enterprises,

8 eligible residential property developers, eligible residential property owners, **eligible**
9 **governmental entities**, eligible agribusinesses, eligible beginning farmers, eligible livestock
10 operations, eligible student borrowers, eligible facility borrowers, or eligible water supply
11 systems. Results of such effort shall be included in the linked deposit review committee's annual
12 report to the governor.

13 3. Upon acceptance of the linked deposit loan package or any portion thereof, the state
14 treasurer may place linked deposits with the eligible lending institution as follows: when market
15 rates are five percent or above, the state treasurer shall reduce the market rate by up to three
16 percentage points to obtain the linked deposit rate; when market rates are less than five percent,
17 the state treasurer shall reduce the market rate by up to sixty percent to obtain the linked deposit
18 rate[, provided that the linked deposit rate is not below one percent]. All linked deposit rates are
19 determined and calculated by the state treasurer. When necessary, the treasurer may place linked
20 deposits prior to acceptance of a linked deposit loan package.

21 4. The eligible lending institution shall enter into a deposit agreement with the state
22 treasurer, which shall include requirements necessary to carry out the purposes of sections 30.750
23 to 30.767. The deposit agreement shall specify the length of time for which the lending
24 institution will lend funds upon receiving a linked deposit, and the original deposit plus renewals
25 shall not exceed five years, except as otherwise provided in this chapter. The agreement shall
26 also include provisions for the linked deposit of a linked deposit for an eligible facility borrower,
27 eligible multitenant enterprise, eligible farming operation, eligible alternative energy operation,
28 **eligible alternative energy consumer**, eligible locally owned business, eligible small business,
29 eligible marketing enterprise, eligible residential property developer, eligible residential property
30 owner, **eligible governmental entity**, eligible agribusiness, eligible beginning farmer, eligible
31 livestock operation, eligible student borrower or job enhancement business. Interest shall be paid
32 at the times determined by the state treasurer.

33 5. The period of time for which such linked deposit is placed with an eligible lending
34 institution shall be neither longer nor shorter than the period of time for which the linked deposit
35 is used to provide loans at reduced interest rates. The agreement shall further provide that the
36 state shall receive market interest rates on any linked deposit or any portion thereof for any
37 period of time for which there is no corresponding linked deposit loan outstanding to an eligible
38 multitenant enterprise, eligible farming operation, eligible alternative energy operation, **eligible**
39 **alternative energy consumer**, eligible locally owned business, eligible small business, eligible
40 job enhancement business, eligible marketing enterprise, eligible residential property developer,
41 eligible residential property owner, **eligible governmental entity**, eligible agribusiness, eligible
42 beginning farmer, eligible livestock operation, eligible student borrower, eligible facility
43 borrower, or eligible water supply system, except as otherwise provided in this subsection.

44 Within thirty days after the annual anniversary date of the linked deposit, the eligible lending
45 institution shall repay the state treasurer any linked deposit principal received from borrowers
46 in the previous yearly period and thereafter repay such principal within thirty days of the yearly
47 anniversary date calculated separately for each linked deposit loan, and repaid at the linked
48 deposit rate. Such principal payment shall be accelerated when more than thirty percent of the
49 linked deposit loan is repaid within a single monthly period. Any principal received and not
50 repaid, up to the point of the thirty percent or more payment, shall be repaid within thirty days
51 of that payment at the linked deposit rate. Finally, when the linked deposit is tied to a revolving
52 line of credit agreement between the banking institution and its borrower, the full amount of the
53 line of credit shall be excluded from the repayment provisions of this subsection.

30.760. 1. Upon the placement of a linked deposit with an eligible lending institution,
2 such institution is required to lend such funds to each approved eligible multitenant enterprise,
3 eligible farm operation, eligible alternative energy operation, **eligible alternative energy**
4 **consumer**, eligible locally owned business, eligible small business, eligible job enhancement
5 business, eligible marketing enterprise, eligible residential property developer, eligible residential
6 property owner, **eligible governmental entity**, eligible agribusiness, eligible beginning farmer,
7 eligible livestock operation, eligible student borrower, eligible facility borrower, or eligible water
8 supply system listed in the linked deposit loan package required by section 30.756 and in
9 accordance with the deposit agreement required by section 30.758. The loan shall be at a fixed
10 rate of interest reduced by the amount established under subsection 3 of section 30.758 to each
11 eligible multitenant enterprise, eligible farming operation, eligible alternative energy operation,
12 **eligible alternative energy consumer**, eligible locally owned business, eligible small business,
13 eligible job enhancement business, eligible marketing enterprise, eligible residential property
14 developer, eligible residential property owner, **eligible governmental entity**, eligible
15 agribusiness, eligible beginning farmer, eligible livestock operation, eligible student borrower,
16 eligible facility borrower, or eligible water supply system as determined pursuant to rules and
17 regulations promulgated by the state treasurer under the provisions of chapter 536, RSMo,
18 including emergency rules issued pursuant to section 536.025, RSMo. In addition, the loan
19 agreement shall specify that the eligible multitenant enterprise, eligible farming operation,
20 eligible alternative energy operation, **eligible alternative energy consumer**, eligible locally
21 owned business, eligible small business, eligible job enhancement business, eligible marketing
22 enterprise, eligible residential property developer, eligible residential property owner, **eligible**
23 **governmental entity**, eligible agribusiness, eligible beginning farmer, eligible livestock
24 operation, eligible student borrower, eligible facility borrower, or eligible water supply system
25 shall use the proceeds as required by sections 30.750 to 30.765, and that in the event the loan
26 recipient does not use the proceeds in the manner prescribed by sections 30.750 to 30.765, the

27 remaining proceeds shall be immediately returned to the lending institution and that any proceeds
28 used by the loan recipient shall be repaid to the lending institution as soon as practicable. All
29 records and documents pertaining to the programs established by sections 30.750 to 30.765 shall
30 be segregated by the lending institution for ease of identification and examination. A
31 certification of compliance with this section in the form and manner as prescribed by the state
32 treasurer shall be required of the eligible lending institution. Any lender or lending officer of an
33 eligible lending institution who knowingly violates the provisions of sections 30.750 to 30.765
34 is guilty of a class A misdemeanor.

35 2. The state treasurer shall take any and all steps necessary to implement the linked
36 deposit program and monitor compliance of eligible multitenant enterprises, eligible lending
37 institutions, eligible farming operations, eligible alternative energy operations, **eligible**
38 **alternative energy consumers**, eligible locally owned businesses, eligible small businesses,
39 eligible job enhancement businesses, eligible marketing enterprises, eligible residential property
40 developers, eligible residential property owners, **eligible governmental entities**, eligible
41 agribusinesses, eligible beginning farmers, eligible livestock operations, eligible facility
42 borrowers, or eligible water supply systems.

30.765. The state and the state treasurer are not liable to any eligible lending institution
2 in any manner for payment of the principal or interest on the loan to an eligible multitenant
3 enterprise, eligible farm operation, eligible alternative energy operation, **eligible alternative**
4 **energy consumer**, eligible locally owned business, eligible small business, eligible job
5 enhancement business, eligible marketing enterprise, eligible residential property developer,
6 eligible residential property owner, **eligible governmental entity**, eligible agribusiness, eligible
7 beginning farmer, eligible livestock operation, eligible student borrower, eligible facility
8 borrower, or eligible water supply system. Any delay in payments or default on the part of an
9 eligible multitenant enterprise, eligible farming operation, eligible alternative energy operation,
10 **eligible alternative energy consumer**, eligible locally owned business, eligible small business,
11 eligible job enhancement business, eligible marketing enterprise, eligible residential property
12 developer, eligible residential property owner, **eligible governmental entity**, eligible
13 agribusiness, eligible beginning farmer, eligible livestock operation, eligible student borrower,
14 eligible facility borrower, or eligible water supply system does not in any manner affect the
15 deposit agreement between the eligible lending institution and the state treasurer.

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