

HCS HB 1308 -- SECURITY OF MONEYS DEPOSITED BY THE STATE
TREASURER

SPONSOR: Wells

COMMITTEE ACTION: Voted "do pass" by the Committee on Financial Institutions by a vote of 14 to 2.

Currently, an irrevocable standby letter of credit issued by a Federal Home Loan Bank must possess the highest rating issued by at least one nationally recognized statistical rating agency to be acceptable collateral for public deposits. This substitute repeals the requirement that the letter be issued by a Federal Home Loan Bank possessing the highest rating and allows a letter of credit issued by any Federal Home Loan Bank to be an acceptable collateral for public deposits.

FISCAL NOTE: No impact on state funds in FY 2013, FY 2014, and FY 2015.

PROPONENTS: Supporters say that the bill will repeal redundant provisions that allow bonds of a Federal Home Loan Bank and an irrevocable standby letter of credit issued by a Federal Home Loan Bank to be acceptable collateral for public deposits. If the United States gets downgraded from AAA to AA+, it could mean that banks that invested with a Federal Home Loan Bank would have to stop these investments making it harder for banks to loan money to consumers.

Testifying for the bill were Representative Wells; Missouri Bankers Association; Missouri Independent Bankers Association; and State Treasurer.

OPPONENTS: There was no opposition voiced to the committee.