AN ACT

To repeal sections 30.750 and 30.756, RSMo, and to enact in lieu thereof three new sections relating to small business loans for veterans.

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

Section A. Sections 30.750 and 30.756, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 30.750, 30.756, and 620.3250, to read as follows:

30.750. As used in sections 30.750 to 30.765, 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 the individual's 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 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 (6) of this section;

(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

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.
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;

(5) "Eligible facility borrower", a borrower qualified under section 30.860 to apply for a reduced-rate loan under sections 30.750 to 30.765;

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

   a. Is headquartered in this state;
   b. Maintains offices, operating facilities, or farming operations and transacts business in this state;
   c. Employs less than ten employees;
   d. Is organized for profit;

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

(8) "Eligible higher education institution", any approved public or private institution as defined in section 173.205;

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

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

(11) "Eligible livestock operation", any person engaged in production of livestock or poultry in an authorized farm corporation, family farm, or family farm corporation as defined in section 350.010;

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

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

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

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

(13) "Eligible marketing enterprise", a business enterprise operating in this state which is in the process of marketing its goods, products or services within or outside of this state or overseas, which marketing is designed to increase manufacturing, transportation, mining, communications, or other enterprises in this state, which has proposed its marketing plan and strategy to the department of economic development and which plan and strategy has been approved by the department for purposes of eligibility pursuant to sections 30.750 to 30.765. Such business enterprise shall conform to the characteristics of paragraphs (a), (b) and (d) of subdivision (6) of this section and also employ less than twenty-five employees;

(14) "Eligible multitenant development enterprise", a new enterprise that develops multitenant space for targeted industries as determined by the department of economic development and approved by the department for the purposes of eligibility pursuant to sections 30.750 to 30.765;

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

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

(17) "Eligible small business", a person engaged in an activity with the purpose of obtaining, directly or indirectly, a gain, benefit or advantage and which conforms to the characteristics of paragraphs (a), (b) and (d) of subdivision (6) of this section, and also employs less than one hundred employees or a veteran-owned small business as defined in subdivision (19) of this section;

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

(19) "Eligible veteran-owned small business", any business owned by an honorably discharged veteran and Missouri resident who has agreed to locate his or her business in Missouri for a minimum of three years and employs less than one hundred employees, a majority of whom are Missouri residents;

(20) "Eligible water supply system", a water system which serves fewer than fifty thousand persons and which is owned and operated by:

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

(b) A municipality or other political subdivision; or

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

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

[(24)] (22) "Linked deposit", a certificate of deposit, or in the case of production credit associations, the subscription or purchase outright of obligations described in Section 15, Article IV, Constitution of Missouri, placed by the state treasurer with an eligible lending institution at rates otherwise provided by law in section 30.758, provided the institution agrees to lend the value of such deposit, according to the deposit agreement provided in sections 30.750 to 30.765, to eligible multitenant development enterprises, eligible small businesses, eligible alternative energy operations, eligible alternative energy consumers, eligible locally owned businesses,
farming operations, eligible job enhancement businesses, eligible marketing enterprises, eligible residential property developers, eligible residential property owners, eligible governmental entities, eligible agribusinesses, eligible beginning farmers, eligible livestock operations, eligible student borrowers, eligible facility borrowers, or eligible water supply systems at below the present borrowing rate applicable to each multitenant development enterprise, small business, alternative energy operation, alternative energy consumer, farming operation, eligible job enhancement business, eligible marketing enterprise, eligible residential property developer, eligible residential property owner, eligible governmental entity, eligible agribusiness, eligible beginning farmer, eligible livestock operation, eligible student borrower, or supply system at the time of the deposit of state funds in the institution;

[(22)] (23) "Market rate", the interest rate more specifically described in subsection 6 of section 30.260;

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

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

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

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

30.756. 1. An eligible lending institution that desires to receive a linked deposit shall accept and review applications for linked deposit loans from eligible multitenant enterprises, eligible farming operations, eligible alternative energy consumers, eligible alternative energy operations, eligible locally owned businesses, eligible small businesses, eligible job enhancement businesses, eligible marketing enterprises, eligible agribusinesses, eligible beginning farmers, eligible livestock operations, eligible residential property developers, eligible residential property owners, eligible governmental entities, eligible student borrowers, eligible facility borrowers, and eligible water supply systems. An eligible residential property owner shall certify on his or her loan application that the reduced rate loan will be used exclusively to purchase, develop or rehabilitate a multifamily residential property. The lending institution shall apply all usual lending standards to determine the creditworthiness of each eligible multitenant enterprise, eligible farming operation, eligible alternative energy operation, eligible alternative energy consumer, eligible locally owned business, eligible small business, eligible job enhancement business, eligible marketing enterprise, eligible residential property developer, eligible residential
property owner, eligible governmental entities, eligible agribusiness, eligible beginning farmer, eligible livestock operation, eligible student borrower, eligible facility borrower, or eligible water supply system. No linked deposit loan made to any eligible multitenant development enterprise, eligible farming operation, eligible alternative energy operation, eligible alternative energy consumer, eligible locally owned business, eligible livestock operation, eligible agribusiness, eligible beginning farmer, eligible job enhancement business, eligible marketing enterprise, eligible residential property developer, eligible residential property owner, eligible governmental entity, eligible student borrower, eligible water supply system, or eligible small business shall exceed a dollar limit determined by the state treasurer in the state treasurer's best judgment, except as otherwise limited. Any link deposit loan made to an eligible facility borrower shall be in accordance with the loan amount and loan term requirements in section 30.860.

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

3. In considering which eligible farming operations should receive reduced-rate loans, the eligible lending institution shall give priority to those farming operations which have suffered reduced yields due to drought or other natural disasters and for which the receipt of a reduced-rate loan will make a significant contribution to the continued operation of the recipient farming operation.

4. In considering which eligible small businesses should receive reduced-rate loans, the eligible lending institution shall give priority to those small businesses that are owned by veterans.

5. The eligible financial institution shall forward to the state treasurer a linked deposit loan package, in the form and manner as prescribed by the state treasurer. The package shall include such information as required by the state treasurer, including the amount of each loan requested. The institution shall certify that each applicant is an eligible multitenant development enterprise, eligible farming operation, eligible alternative energy operation, eligible alternative energy consumer, eligible locally owned business, eligible small business, eligible job enhancement business, eligible marketing enterprise, eligible residential property developer,
eligible residential property owner, eligible governmental entity, eligible agribusiness, eligible beginning farmer, eligible livestock operation, eligible student borrower, eligible facility borrower, or eligible water supply system, and shall, for each eligible multitenant development enterprise, eligible farming operation, eligible alternative energy operation, eligible alternative energy consumer, eligible small business, eligible job enhancement business, eligible marketing enterprise, eligible residential property developer, eligible residential property owner, eligible governmental entity, eligible agribusiness, eligible beginning farmer, eligible livestock operation, eligible student borrower, eligible facility borrower, or eligible water supply system, certify the present borrowing rate applicable.

[5-] 6. The eligible lending institution shall be responsible for determining if a student borrower is an eligible student borrower. A student borrower shall be eligible for an initial or renewal reduced-rate loan only if, at the time of the application for the loan, the student is a citizen or permanent resident of the United States, a resident of the state of Missouri as defined by the coordinating board for higher education, is enrolled or has been accepted for enrollment in an eligible higher education institution, and establishes that the student has financial need. In considering which eligible student borrowers may receive reduced-rate loans, the eligible lending institution may give priority to those eligible student borrowers whose income, or whose family income, if the eligible student borrower is a dependent, is such that the eligible student borrower does not qualify for need-based student financial aid pursuant to 20 U.S.C. 1078, as amended (the Higher Education Amendments of 1986). The eligible lending institution shall require the eligible student borrower to document that the student has applied for and has obtained all need-based student financial aid for which the student is eligible prior to application for a reduced-rate loan pursuant to this section. In no case shall the combination of all financial aid awarded to any student in any particular enrollment period exceed the total cost of attendance at the institution in which the student is enrolled. No eligible lending institution shall charge any additional fees, including but not limited to an origination, service or insurance fee on any loan agreement under the provisions of sections 30.750 to 30.765.

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

[7-] 8. Beginning August 28, 2005, in considering which eligible multitenant enterprise,
eligible farming operation, eligible alternative energy operation, eligible alternative energy
consumer, eligible locally owned business, eligible small business, eligible job enhancement
business, eligible marketing enterprise, eligible residential property developer, eligible residential
property owner, eligible governmental entity, eligible agribusiness, eligible beginning farmer,
eligible livestock operation, eligible student borrower, eligible facility borrower, or eligible water
supply system should receive reduced-rate loans, the eligible lending institution shall give
priority to an eligible multitenant enterprise, eligible farming operation, eligible alternative
energy operation, eligible alternative energy consumer, eligible locally owned business, eligible
small business, eligible job enhancement business, eligible marketing enterprise, eligible
residential property developer, eligible residential property owner, eligible governmental entity,
eligible agribusiness, eligible beginning farmer, eligible livestock operation, eligible student
borrower, eligible facility borrower, or eligible water supply system that has not previously
received a reduced-rate loan through the linked deposit program. However, nothing shall
prohibit an eligible lending institution from making a reduced-rate loan to any entity that
previously has received such a loan, if such entity otherwise qualifies for such a reduced-rate
loan.

620.3250. 1. Any veteran who receives a small business loan through the state
treasurer's linked deposit program set forth in sections 30.750 to 30.765 shall also be
subject to the provisions of this section.

2. After receiving a loan from an eligible lending institution, as that term is defined
in subdivision (10) of section 37.750, the owner of a veteran-owned small business shall
complete a boots-to-business program that is approved by the department.

3. After receiving a loan from an eligible lending institution, as that term is defined
in subdivision (10) of section 37.750, the owner of a veteran-owned small business will be
assigned a mentor for the three hundred sixty five days following the date of approval. The
owner shall meet with his or her mentor at least once every ninety days.

4. The department may adopt rules in establishing or approving boots-to-business
programs under subsection 2 of this section and mentor programs under subsection 3 of
this section.

5. Any rule or portion of a rule, as that term is defined in section 536.010, that is
created under the authority delegated in this section shall become effective only if it
complies with and is subject to all of the provisions of chapter 536 and, if applicable,
section 536.028. This section and chapter 536 are nonseverable, and if any of the powers
vested with the general assembly pursuant to chapter 536 to review, to delay the effective
date, or to disapprove and annul a rule are subsequently held unconstitutional, then the
grant of rulemaking authority and any rule proposed or adopted after August 28, 2018,
shall be invalid and void.