

HCS HB 2206 -- STATE TREASURER'S INVESTMENTS

SPONSOR: Bondon

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Financial Institutions by a vote of 11 to 0. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 10 to 0.

The following is a summary of the House Committee Substitute for HB 2206.

Currently, the State Treasurer must create an investment policy that includes an asset allocation plan that limits the total amount of state moneys that may be invested in a particular investment. The asset allocation plan must also set diversification limits that include a restriction limiting the total amount of time deposits (not including linked deposits) of state money placed with any one single banking institution to no more than 10% of all time deposits of state money. This bill changes that limit to 15% of all time deposits of state money authorized under the asset allocation plan (Section 30.260, RSMo).

Currently, it is required that the market rate is to be determined at least once a month by the State Treasurer using a process that gives consideration of prevailing rates offered for certificate of deposits by well-capitalized Missouri financial institutions and the advance rate established by the Federal Home Loan Bank of Des Moines. This bill requires the treasurer to also give consideration to any other calculation based on current market investment indicators determined by the State Treasurer (Section 30.260).

Currently, the State Treasurer may invest in linked deposits; however the total amount deposited at any one time may not exceed, in the aggregate, \$720 million and no more than \$110 million of the aggregate shall be used for link deposits to small businesses. This bill changes those limits to \$800 million and \$190 million, respectively (Section 30.753).

This bill requires the State Treasurer to give priority to the funding of renewed linked deposit applications over the funding of new linked deposit applications (Section 30.758).

This bill is similar to HB 1029 (2019) and HCS HB 2092 (2020).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPONENTS: Supporters say that linked deposits allow low interest loans to small businesses. This bill is a correction and extension to a program that is currently working well. The program is working better than they thought it would, so the bill will expand the program to allow the investment into more small businesses.

Testifying for the bill were Representative Bondon; Missouri State Treasurer's Office; Missouri Independent Bankers Association; Missouri Bankers Association; Heartland Credit Union Association; and Farm Credit Service.

OPPONENTS: There was no opposition voiced to the committee.