

SECOND REGULAR SESSION

# HOUSE BILL NO. 1859

## 96TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES BARNES (Sponsor) AND KELLY (24) (Co-sponsor).

6074H.011

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To amend chapter 67, RSMo, by adding thereto two new sections relating to conduit bond offerings by political subdivisions.

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

Section A. Chapter 67, RSMo, is amended by adding thereto two new sections, to be  
2 known as sections 67.115 and 67.117, to read as follows:

**67.115. As used in sections 67.115 to 67.117 the following terms shall mean:**

2 **(1) “Bona fide offer of capital”, a written binding offer of capital from a private**  
3 **source made with one hundred eighty days of the first vote taken on the conduit bond by**  
4 **the political subdivision;**

5 **(2) “Conduit bond”, a bond issued for the purpose of making proceeds available to**  
6 **a for-profit entity for a non-traditional governmental purpose;**

7 **(3) “Non-traditional governmental purposes”, any purpose outside the ordinary**  
8 **activities of government, including but not limited to the factory construction, equipment**  
9 **purchases, or the provision of operating capital for a for-profit business;**

10 **(4) “Sophisticated investor”, an investor who is offered bonds in minimum blocks**  
11 **of one hundred thousand dollars;**

12 **(5) “Retail investor”, an investor who is offered bonds in minimum blocks of less**  
13 **than ten thousand dollars.**

**67.117. No political subdivision shall incur any indebtedness through the issuance**  
2 **of a conduit bond for the benefit of a for-profit entity for non-traditional governmental**  
3 **purposes unless:**

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.

4           **(1) The conduit bond has been submitted to and approved by the voters of the**  
5 **political subdivision;**

6           **(2) The for-profit entity which will be the obligor to the political subdivision**  
7 **provides the political subdivision proof of a bona fide offer of capital from a non-**  
8 **governmental source that is equal to or greater than the capital offered through the**  
9 **conduit bond;**

10           **(3) The total indebtedness to be incurred by the political subdivision is equal to or**  
11 **lesser than thirty percent of the political subdivision's annual budget; or**

12           **(4) A majority of the offering will be made to sophisticated investors and at least five**  
13 **percent will be made available to retail investors who reside within twenty miles of the**  
14 **political subdivision.**

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