

HCS HB 1109 -- STATE TREASURER'S ABILITY TO INVEST

SPONSOR: Thompson

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Financial Institutions by a vote of 14 to 0. Voted "Do Pass" by the Standing Committee on Rules- Administrative Oversight by a vote of 7 to 0.

The following is a summary of the House Committee Substitute for HB 1109.

This bill raises the aggregate amount that the state treasurer may invest in linked deposits, such that the total amount deposited at any one time does not exceed \$1 billion. Currently, the cap is \$800 million. The bill specifies that the aggregate deposits shall be used for linked deposits to eligible small businesses in addition to the businesses currently allowed. Currently, there is a maximum dollar amount that can be deposited in linked deposits applicable to the various businesses, this bill changes the maximum to a percentage of the aggregate deposit.

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 last year there was \$1.4 billion in deposits and 781 loans were made of which 42 loans were to women owned businesses, agriculture, small business and industry. The needs of small businesses and agriculture has grown. Businesses need the ability to have loans to improve Missouri's economy. This bill is helpful to all participants and is important to borrowers and farmers and ranchers. Further, the risk is with the lenders and not the State Treasurer.

Testifying in person for the bill were Representative Thompson; Missouri Independent Bankers Association; Missouri Chamber of Commerce; Missouri Bankers Association; and John Bandy, FCS Financial.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that the State Treasurer's Office administers the link deposit program. The Missouri Bucks program invests in small businesses and agriculture. The amount is invested in CDs and banks loan the moneys to an approved applicant. It creates opportunities for Missouri to be a

friendlier place to do business. The 800 million dollar cap will be reached in September by raising the caps it helps to lower the cost for Missourians to do business. There have been no defaults. Additional funds are needed due to the volume of applications in the process.

Testifying in person on the bill was Vivek Malek, State Treasurer's Office.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.