

FIRST REGULAR SESSION  
[TRULY AGREED TO AND FINALLY PASSED]  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 883**  
**95TH GENERAL ASSEMBLY**

2187L.02T

2009

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**AN ACT**

To repeal sections 30.260, 30.270, 30.750, 30.753, 30.756, 30.758, 30.760, and 30.765, RSMo, and to enact in lieu thereof eight new sections relating to the state treasurer, with penalty provisions.

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

Section A. Sections 30.260, 30.270, 30.750, 30.753, 30.756, 30.758, 30.760, and 30.765, RSMo, are repealed and eight new sections enacted in lieu thereof, to be known as sections 30.260, 30.270, 30.750, 30.753, 30.756, 30.758, 30.760, and 30.765, to read as follows:

30.260. 1. The state treasurer shall prepare, maintain and adhere to a written investment policy which shall include an asset allocation plan which limits the total amount of state moneys which may be invested in any particular investment authorized by section 15, article IV of the Missouri Constitution. **Such asset allocation plan shall also set diversification limits, as applicable, which shall include a restriction limiting the total amount of time deposits of state moneys, not including linked deposits, placed with any one single banking institution to be no greater than ten percent of all time deposits of state moneys.** The state treasurer shall present a copy of such policy to the governor, commissioner of administration, state auditor and general assembly at the commencement of each regular session of the general assembly or at any time the written investment policy is amended.

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.

11           2. The state treasurer shall determine by the exercise of the treasurer's best judgment the  
12 amount of state moneys that are not needed for current operating expenses of the state  
13 government and shall keep on demand deposit in banking institutions in this state selected by the  
14 treasurer and approved by the governor and state auditor the amount of state moneys which the  
15 treasurer has so determined are needed for current operating expenses of the state government  
16 and disburse the same as authorized by law.

17           3. Within the parameters of the state treasurer's written investment policy, the state  
18 treasurer shall place the state moneys which the treasurer has determined are not needed for  
19 current operations of the state government on time deposit drawing interest in banking  
20 institutions in this state selected by the treasurer and approved by the governor and the state  
21 auditor, or place them outright or, if applicable, by repurchase agreement in obligations described  
22 in section 15, article IV, Constitution of Missouri, as the treasurer in the exercise of the  
23 treasurer's best judgment determines to be in the best overall interest of the people of the state  
24 of Missouri, giving due consideration to:

25           (1) The preservation of such state moneys;

26           (2) The benefits to the economy and welfare of the people of Missouri when such state  
27 money is invested in banking institutions in this state that, in turn, provide additional loans and  
28 investments in the Missouri economy and generate state taxes from such initial investments and  
29 the loans and investments created by the banking institutions, compared to the removal or  
30 withholding from banking institutions in the state of all or some such state moneys and investing  
31 same in obligations authorized in section 15, article IV of the Missouri Constitution;

32           (3) The liquidity needs of the state;

33           (4) The aggregate return in earnings and taxes on the deposits and the investment to be  
34 derived therefrom; and

35           (5) All other factors which to the treasurer as a prudent state treasurer seem to be  
36 relevant to the general public welfare in the light of the circumstances at the time prevailing. The  
37 state treasurer may also place state moneys which are determined not needed for current  
38 operations of the state government in linked deposits as provided in sections 30.750 to 30.767.

39           4. Except for state moneys deposited in linked deposits as provided in sections 30.750  
40 to [30.767] **30.860**, the rate of interest payable by all banking institutions on time deposits of  
41 state moneys shall be [the same as the average rate paid during the week next preceding the week  
42 in which the deposit was made for United States of America treasury securities maturing and  
43 becoming payable closest to the time of termination of the deposit, as determined by the state  
44 treasurer, adjusted to the nearest one-tenth of a percent; except that] **set under subdivisions (1)**  
45 **to (5) of this subsection and subsections 6 and 7 of this section.** The rate shall never exceed

46 the maximum rate of interest which by federal law or regulation a bank which is a member of  
47 the Federal Reserve System may from time to time pay on a time deposit of the same size and  
48 maturity. **The rate of interest payable by all banking institutions on time deposits of state**  
49 **moneys is as follows:**

50 **(1) Beginning January 1, 2010, the rate of interest payable by a banking institution**  
51 **on up to seven million dollars of time deposits of state moneys shall be the same as the**  
52 **average rate paid during the week next preceding the week in which the deposit was made**  
53 **for United States of America treasury securities maturing and becoming payable closest**  
54 **to the time of termination of the deposit, as determined by the state treasurer, adjusted to**  
55 **the nearest one-tenth of a percent. In the case of a banking institution that holds more**  
56 **than seven million dollars of time deposits of state moneys, the rate of interest payable on**  
57 **deposits in excess of seven million dollars of time deposits of state moneys shall be set at the**  
58 **market rate as determined in subsection 6 of this section;**

59 **(2) Beginning January 1, 2011, the rate of interest payable by a banking institution**  
60 **on up to five million dollars of time deposits of state moneys shall be the same as the**  
61 **average rate paid during the week next preceding the week in which the deposit was made**  
62 **for United States of America treasury securities maturing and becoming payable closest**  
63 **to the time of termination of the deposit, as determined by the state treasurer, adjusted to**  
64 **the nearest one-tenth of a percent. In the case of a banking institution that holds more**  
65 **than five million dollars of time deposits of state moneys, the rate of interest payable on**  
66 **deposits in excess of five million dollars of time deposits of state moneys shall be set at the**  
67 **market rate as determined in subsection 6 of this section;**

68 **(3) Beginning January 1, 2012, the rate of interest payable by a banking institution**  
69 **on up to three million dollars of time deposits of state moneys shall be the same as the**  
70 **average rate paid during the week next preceding the week in which the deposit was made**  
71 **for United States of America treasury securities maturing and becoming payable closest**  
72 **to the time of termination of the deposit, as determined by the state treasurer, adjusted to**  
73 **the nearest one-tenth of a percent. In the case of a banking institution that holds more**  
74 **than three million dollars of time deposits of state moneys, the rate of interest payable on**  
75 **deposits in excess of three million dollars of time deposits of state moneys shall be set at the**  
76 **market rate as determined in subsection 6 of this section;**

77 **(4) Beginning January 1, 2013, the rate of interest payable by a banking institution**  
78 **on up to one million dollars of time deposits of state moneys shall be the same as the**  
79 **average rate paid during the week next preceding the week in which the deposit was made**  
80 **for United States of America treasury securities maturing and becoming payable closest**

81 to the time of termination of the deposit, as determined by the state treasurer, adjusted to  
82 the nearest one-tenth of a percent. In the case of a banking institution that holds more  
83 than one million dollars of time deposits of state moneys, the rate of interest payable on  
84 deposits in excess of one million dollars of time deposits of state moneys shall be set at the  
85 market rate as determined in subsection 6 of this section;

86 (5) Beginning January 1, 2014, the rate of interest payable by a banking institution  
87 on all time deposits of state moneys shall be set at the market rate as determined in  
88 subsection 6 of this section.

89 5. Notwithstanding subdivisions (1) to (5) of subsection 4 of this section, for any  
90 new time deposits of state moneys placed after January 1, 2010, with a term longer than  
91 eighteen months, the rate of interest payable by a banking institution shall be set at the  
92 market rate as determined in subsection 6 of this section.

93 6. Market rate shall be determined no less frequently than once a month by the  
94 director of investments in the office of state treasurer. The process for determining a  
95 market rate shall include due consideration of prevailing rates offered for certificates of  
96 deposit by well-capitalized Missouri financial institutions, the advance rate established by  
97 the Federal Home Loan Bank of Des Moines for member institutions and the costs of  
98 collateralization, as well as an evaluation of the credit risk associated with other authorized  
99 securities under section 15, article IV, of the Missouri Constitution. Banking institutions  
100 may also offer a higher rate than the market rate for any time deposit placed with the state  
101 treasurer in excess of the total amount of state moneys set at the United States of America  
102 treasury securities maturing and becoming payable closest to the time of termination of the  
103 deposit indicated in subdivisions (1) to (5) of subsection 4 of this section.

104 [5.] 7. Within the parameters of the state treasurer's written investment policy, the state  
105 treasurer may subscribe for or purchase outright or by repurchase agreement investments of the  
106 character described in subsection 3 of this section which the treasurer, in the exercise of the  
107 treasurer's best judgment, believes to be the best for investment of state moneys at the time and  
108 in payment therefor may withdraw moneys from any bank account, demand or time, maintained  
109 by the treasurer without having any supporting warrant of the commissioner of administration.  
110 The state treasurer may bid on subscriptions for such obligations in accordance with the  
111 treasurer's best judgment. The state treasurer shall provide for the safekeeping of all such  
112 obligations so acquired in the same manner that securities pledged to secure the repayment of  
113 state moneys deposited in banking institutions are kept by the treasurer pursuant to law. The  
114 state treasurer may hold any such obligation so acquired by the treasurer until its maturity or  
115 prior thereto may sell the same outright or by reverse repurchase agreement provided the state's

116 security interest in the underlying security is perfected or temporarily exchange such obligation  
117 for cash or other authorized securities of at least equal market value with no maturity more than  
118 one year beyond the maturity of any of the traded obligations, for a negotiated fee as the  
119 treasurer, in the exercise of the treasurer's best judgment, deems necessary or advisable for the  
120 best interest of the people of the state of Missouri in the light of the circumstances at the time  
121 prevailing. The state treasurer may pay all costs and expenses reasonably incurred by the  
122 treasurer in connection with the subscription, purchase, sale, collection, safekeeping or delivery  
123 of all such obligations at any time acquired by the treasurer.

124 [6.] 8. As used in this chapter, except as more particularly specified in section 30.270,  
125 obligations of the United States shall include securities of the United States Treasury, and United  
126 States agencies or instrumentalities as described in section 15, article IV, Constitution of  
127 Missouri. The word "temporarily" as used in this section shall mean no more than six months.

30.270. 1. For the security of the moneys deposited by the state treasurer pursuant to the  
2 provisions of this chapter, the state treasurer shall, from time to time, submit a list of acceptable  
3 securities to be approved by the governor and state auditor if satisfactory to them, and the state  
4 treasurer shall require of the selected and approved banks or financial institutions as security for  
5 the safekeeping and payment of deposits, securities from the list provided for in this section,  
6 which list shall include only securities of the following kind and character, unless it is  
7 determined by the state treasurer that the use of such securities as collateral may place state  
8 public funds at undue risk:

- 9 (1) Bonds or other obligations of the United States;
- 10 (2) Bonds or other obligations of the state of Missouri including revenue bonds issued  
11 by state agencies or by state authorities created by legislative enactment;
- 12 (3) Bonds **or other obligations** of any city in this state having a population of not less  
13 than two thousand;
- 14 (4) Bonds **or other obligations** of any county in this state;
- 15 (5) Approved registered bonds **or other obligations** of any school district, **including**  
16 **certificates of participation and leasehold revenue bonds**, situated in this state;
- 17 (6) Approved registered bonds **or other obligations** of any special road district in this  
18 state;
- 19 (7) State bonds **or other obligations** of any state;
- 20 (8) Notes, bonds, debentures or other similar obligations issued by the farm credit banks  
21 or agricultural credit banks or any other obligations issued pursuant to the provisions of an act  
22 of the Congress of the United States known as the Farm Credit Act of 1971, and acts amendatory  
23 thereto;

- 24 (9) Bonds of the federal home loan banks;
- 25 (10) Any bonds or other obligations guaranteed as to payment of principal and interest  
26 by the government of the United States or any agency or instrumentality thereof;
- 27 (11) Bonds of any political subdivision established pursuant to the provisions of section  
28 30, article VI of the Constitution of Missouri;
- 29 (12) Tax anticipation notes issued by any county of the first classification;
- 30 (13) A surety bond issued by an insurance company licensed pursuant to the laws of the  
31 state of Missouri whose claims-paying ability is rated in the highest category by at least one  
32 nationally recognized statistical rating agency. The face amount of such surety bond shall be at  
33 least equal to the portion of the deposit to be secured by the surety bond;
- 34 (14) An irrevocable standby letter of credit issued by a Federal Home Loan Bank  
35 possessing the highest rating issued by at least one nationally recognized statistical rating agency;
- 36 (15) Out-of-state municipal bonds, **including certificates of participation and**  
37 **leasehold revenue bonds**, provided such bonds are rated in the highest category by at least one  
38 nationally recognized statistical rating agency;
- 39 (16) (a) Mortgage securities that are individual loans that include negotiable promissory  
40 notes and the first lien deeds of trust securing payment of such notes on one to four family real  
41 estate, on commercial real estate, or on farm real estate located in Missouri or states adjacent to  
42 Missouri, provided such loans:
- 43 a. Are underwritten to conform to standards established by the state treasurer, which are  
44 substantially similar to standards established by the Federal Home Loan Bank of Des Moines,  
45 Iowa, and any of its successors in interest that provide funding for financial institutions in  
46 Missouri;
- 47 b. Are offered by a financial institution in which a senior executive officer certifies under  
48 penalty of perjury that such loans are compliant with the requirements of the Federal Home Loan  
49 Bank of Des Moines, Iowa, when such loans are pledged by such bank;
- 50 c. Are offered by a financial institution that is well capitalized; and
- 51 d. Are not construction loans, are not more than ninety days delinquent, have not been  
52 classified as substandard, doubtful, or subject to loss, are one hundred percent owned by the  
53 financial institution, are otherwise unencumbered and are not being temporarily warehoused in  
54 the financial institution for sale to a third party. Any disqualified mortgage securities shall be  
55 removed as collateral within ninety days of disqualification or the state treasurer may disqualify  
56 such collateral as collateral for state funds;
- 57 (b) The state treasurer may promulgate regulations and provide such other forms or  
58 agreements to ensure the state maintains a first priority position on the deeds of trust and

59 otherwise protect and preserve state funds. Any rule or portion of a rule, as that term is defined  
60 in section 536.010, RSMo, that is created under the authority delegated in this section shall  
61 become effective only if it complies with and is subject to all of the provisions of chapter 536,  
62 RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are  
63 nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536,  
64 RSMo, to review, to delay the effective date, or to disapprove and annul a rule are subsequently  
65 held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted  
66 after August 28, 2005, shall be invalid and void;

67 (c) A status report on all such mortgage securities shall be provided to the state treasurer  
68 on a calendar monthly basis in the manner and format prescribed by the state treasurer by the  
69 financial institutions pledging such mortgage securities and also shall certify their compliance  
70 with subsection 2 for such mortgage securities;

71 (d) In the alternative to paragraph (a) of this subdivision, a financial institution may  
72 provide a blanket lien on all loans secured by one to four family real estate, all loans secured by  
73 commercial real estate, all loans secured by farm real estate, or any combination of these  
74 categories, provided the financial institution secures such blanket liens with real estate located  
75 in Missouri and states adjacent to Missouri and otherwise complies with paragraphs (b) and (c)  
76 of this subdivision;

77 (e) The provisions of paragraphs (a) to (d) of this subdivision are not authorized for any  
78 Missouri political subdivision, notwithstanding the provisions of chapter 110, RSMo, to the  
79 contrary;

80 (f) As used in this subdivision, the term "unencumbered" shall mean mortgage securities  
81 pledged for state funds as provided in subsection 1 of this section, and not subject to any other  
82 express claims by any third parties, including but not limited to a blanket lien on the bank assets  
83 by the Federal Home Loan Bank, a depositary arrangement when securities are loaned and  
84 repurchased daily or otherwise, or the depositary has pledged its stock and assets for a loan to  
85 purchase another depositary or otherwise; and

86 (g) As used in this subdivision, the term "well capitalized" shall mean a banking  
87 institution that according to its most recent report of condition and income or thrift financial  
88 report, publicly available as applicable, qualifies as well capitalized under the uniform capital  
89 requirements established by the federal banking regulators or as determined by state banking  
90 regulators under substantially similar requirements;

91 (17) Any investment that the state treasurer may invest in as provided in article IV,  
92 section 15 of the Missouri Constitution, and subject to the state treasurer's written investment  
93 policy in section 30.260, that is not otherwise provided for in this section, provided the banking

94 institution or eligible lending institution as defined in subdivision [(7)] **(10)** of section 30.750  
95 is well capitalized, as defined in subdivision (16) of this subsection. The provisions of this  
96 subdivision are not authorized for political subdivisions, notwithstanding the provisions of  
97 chapter 110, RSMo, to the contrary.

98         2. Securities deposited shall be in an amount valued at market equal at least to one  
99 hundred percent of the aggregate amount on time deposit as well as on demand deposit with the  
100 particular financial institution less the amount, if any, which is insured either by the Federal  
101 Deposit Insurance Corporation or by the National Credit Unions Share Insurance Fund.  
102 Furthermore, for a well-capitalized banking institution, securities authorized in this section that  
103 are:

104         (1) Mortgage securities on loans secured on one to four family real estate appraised to  
105 reflect the market value at the time of the loan and deposited as collateral shall not exceed one  
106 hundred twenty-five percent of the aggregate amount of time deposits and demand deposits;

107         (2) Mortgage securities on loans secured on commercial real estate or on farm real estate  
108 appraised to reflect the market value at the time of the loan and deposited as collateral shall not  
109 exceed the collateral requirements of the Federal Home Loan Bank of Des Moines, Iowa;

110         (3) [Other securities] **United States Treasury securities and United States Federal**  
111 **Agency debentures issued by Fannie Mae, Freddie Mac, the Federal Home Loan Bank, or**  
112 **the Federal Farm Credit Bank** valued at market and deposited as collateral shall not exceed  
113 one hundred five percent of the aggregate amount of time deposits and demand deposits. **All**  
114 **other securities, except as noted elsewhere in this section valued at market and deposited**  
115 **as collateral shall not exceed one hundred fifteen percent of the aggregated amount of the**  
116 **time deposits and demand deposits; and**

117         (4) Securities that are surety bonds and letters of credit authorized as collateral need only  
118 collateralize one hundred percent of the aggregate amount of time deposits and demand deposits.

119         3. The securities or book entry receipts shall be delivered to the state treasurer and  
120 receipted for by the state treasurer and retained by the treasurer or by financial institutions that  
121 the governor, state auditor and treasurer agree upon. The state treasurer shall from time to time  
122 inspect the securities and book entry receipts and see that they are actually held by the state  
123 treasury or by the financial institutions selected as the state depositories. The governor and the  
124 state auditor may inspect or request an accounting of the securities or book entry receipts, and  
125 if in any case, or at any time, the securities are not satisfactory security for deposits made as  
126 provided by law, they may require additional security to be given that is satisfactory to them.

127         4. Any securities deposited pursuant to this section may from time to time be withdrawn  
128 and other securities described in the list provided for in subsection 1 of this section may be



129 substituted in lieu of the withdrawn securities with the consent of the treasurer; but a sufficient  
130 amount of securities to secure the deposits shall always be held by the treasury or in the selected  
131 depositaries.

132 5. If a financial institution of deposit fails to pay a deposit, or any part thereof, pursuant  
133 to the terms of its contract with the state treasurer, the state treasurer shall forthwith convert the  
134 securities into money and disburse the same according to law.

135 6. Any financial institution making deposits of bonds with the state treasurer pursuant  
136 to the provisions of this chapter may cause the bonds to be endorsed or stamped as it deems  
137 proper, so as to show that they are deposited as collateral and are not transferable except upon  
138 the conditions of this chapter or upon the release by the state treasurer.

30.750. As used in sections 30.750 to 30.767, the following terms mean:

2 (1) "Eligible agribusiness", a person engaged in the processing or adding of value to  
3 agricultural products produced in Missouri;

4 (2) **"Eligible alternative energy consumer", an individual who wishes to borrow**  
5 **moneys for the purchase, installation, or construction of facilities or equipment related to**  
6 **the production of fuel or power primarily for their own use from energy sources other than**  
7 **fossil fuels, including but not limited to solar, hydroelectric, wind, and qualified biomass;**

8 (3) "Eligible alternative energy operation", a business enterprise engaged in the  
9 production [and sale] of fuel or power from energy sources other than fossil fuels, including but  
10 not limited to solar, hydroelectric, wind, and qualified biomass. Such business enterprise shall  
11 conform to the characteristics of paragraphs (a), (b), and (d) of subdivision [(5)] (6) of this  
12 section;

13 [(3)] (4) "Eligible beginning farmer",

14 (a) For any beginning farmer who seeks to participate in the linked deposit program  
15 alone, a farmer who:

16 a. Is a Missouri resident;

17 b. Wishes to borrow for a farm operation located in Missouri;

18 c. Is at least eighteen years old; and

19 d. In the preceding five years has not owned, either directly or indirectly, farm land  
20 greater than fifty percent of the average size farm in the county where the proposed farm  
21 operation is located or farm land with an appraised value greater than four hundred fifty thousand  
22 dollars. A farmer who qualifies as an eligible farmer under this provision may utilize the  
23 proceeds of a linked deposit loan to purchase agricultural land, farm buildings, new and used  
24 farm equipment, livestock and working capital;

25 (b) For any beginning farmer who is participating in both the linked deposit program and  
26 the beginning farmer loan program administered by the Missouri agriculture and small business  
27 development authority, a farmer who:

28 a. Qualifies under the definition of a beginning farmer utilized for eligibility for federal  
29 tax-exempt financing, including the limitations on the use of loan proceeds; and

30 b. Meets all other requirements established by the Missouri agriculture and small  
31 business development authority;

32 [(4)] (5) "Eligible facility borrower", a borrower qualified under section 30.860 to apply  
33 for a reduced-rate loan under sections 30.750 to 30.767;

34 [(5)] (6) "Eligible farming operation", any person engaged in farming in an authorized  
35 farm corporation, family farm, or family farm corporation as defined in section 350.010, RSMo,  
36 that has all of the following characteristics:

37 (a) Is headquartered in this state;

38 (b) Maintains offices, operating facilities, or farming operations and transacts business  
39 in this state;

40 (c) Employs less than ten employees;

41 (d) Is organized for profit;

42 [(e) Possesses not more than sixty percent equity, where "percent equity" is defined as  
43 total assets minus total liabilities divided by total assets, except that an otherwise eligible  
44 farming operation applying for a loan for the purpose of installing or improving a waste  
45 management practice in order to comply with environmental protection regulations shall be  
46 exempt from this eligibility requirement;]

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

50 [(6)] (8) "Eligible higher education institution", any approved public or private  
51 institution as defined in section 173.205, RSMo;

52 [(7)] (9) "Eligible job enhancement business", a new, existing, or expanding firm  
53 operating in Missouri, or as a condition of accepting the linked deposit, will locate a facility or  
54 office in Missouri associated with said linked deposit, which employs ten or more employees in  
55 Missouri on a yearly average and which, as nearly as possible, is able to establish or retain at  
56 least one job in Missouri for each fifty thousand dollars received from a linked deposit loan  
57 except when the applicant can demonstrate significant costs for equipment, capital outlay,  
58 or capital improvements associated with the physical expansion, renovation, or  
59 modernization of a facility or equipment. In such cases, the maximum amount of the

60 **linked deposit shall not exceed fifty thousand dollars per job created or retained plus the**  
61 **initial cost of the physical expansion, renovation or capital outlay;**

62 [(8)] (10) "Eligible lending institution", a financial institution that is eligible to make  
63 commercial or agricultural or student loans or discount or purchase such loans, is a public  
64 depository of state funds or obtains its funds through the issuance of obligations, either directly  
65 or through a related entity, eligible for the placement of state funds under the provisions of  
66 section 15, article IV, Constitution of Missouri, and agrees to participate in the linked deposit  
67 program;

68 [(9)] (11) "Eligible livestock operation", any person engaged in production of livestock  
69 or poultry in an authorized farm corporation, family farm, or family farm corporation as defined  
70 in section 350.010, RSMo;

71 [(10)] (12) "Eligible locally owned business", any person seeking to establish a new firm,  
72 partnership, cooperative company, or corporation that shall retain at least fifty-one percent  
73 ownership by residents in a county in which the business is headquartered, that consists of the  
74 following characteristics:

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

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

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

80 [(11)] (13) "Eligible marketing enterprise", a business enterprise operating in this state  
81 which is in the process of marketing its goods, products or services within or outside of this state  
82 or overseas, which marketing is designed to increase manufacturing, transportation, mining,  
83 communications, or other enterprises in this state, which has proposed its marketing plan and  
84 strategy to the department of economic development and which plan and strategy has been  
85 approved by the department for purposes of eligibility pursuant to sections 30.750 to 30.767.  
86 Such business enterprise shall conform to the characteristics of paragraphs (a), (b) and (d) of  
87 subdivision [(5)] (6) of this section and also employ less than twenty-five employees;

88 [(12)] (14) "Eligible multitenant development enterprise", a new enterprise that develops  
89 multitenant space for targeted industries as determined by the department of economic  
90 development and approved by the department for the purposes of eligibility pursuant to sections  
91 30.750 to 30.767;

92 [(13)] (15) "Eligible residential property developer", an individual who purchases and  
93 develops a residential structure of either two or four units, if such residential property developer  
94 uses and agrees to continue to use, for at least the five years immediately following the date of

95 issuance of the linked deposit loan, one of the units as his principal residence or if such person's  
96 principal residence is located within one-half mile from the developed structure and such person  
97 agrees to maintain the principal residence within one-half mile of the developed structure for at  
98 least the five years immediately following the date of issuance of the linked deposit loan;

99 [(14)] **(16)** "Eligible residential property owner", a person, firm or corporation who  
100 purchases, develops or rehabilitates a multifamily residential structure;

101 [(15)] **(17)** "Eligible small business", a person engaged in an activity with the purpose  
102 of obtaining, directly or indirectly, a gain, benefit or advantage and which conforms to the  
103 characteristics of paragraphs (a), (b) and (d) of subdivision [(5)] **(6)** of this section, and also  
104 employs less than [twenty-five] **one hundred** employees;

105 [(16)] **(18)** "Eligible student borrower", any person attending, or the parent of a  
106 dependent undergraduate attending, an eligible higher education institution in Missouri who may  
107 or may not qualify for need-based student financial aid calculated by the federal analysis called  
108 Congressional Methodology Formula pursuant to 20 U.S.C. 1078, as amended (the Higher  
109 Education Amendments of 1986);

110 [(17)] **(19)** "Eligible water supply system", a water system which serves fewer than fifty  
111 thousand persons and which is owned and operated by:

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

113 (b) A municipality or other political subdivision; or

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

117 [(18)] **(20)** "Farming", using or cultivating land for the production of agricultural crops,  
118 livestock or livestock products, forest products, poultry or poultry products, milk or dairy  
119 products, or fruit or other horticultural products;

120 [(19)] **(21)** "Linked deposit", a certificate of deposit, or in the case of production credit  
121 associations, the subscription or purchase outright of obligations described in section 15, article  
122 IV, Constitution of Missouri, placed by the state treasurer with an eligible lending institution at  
123 rates otherwise provided by law in section 30.758, provided the institution agrees to lend the  
124 value of such deposit, according to the deposit agreement provided in sections 30.750 to 30.767,  
125 to **eligible multitenant development enterprises**, eligible small businesses, eligible alternative  
126 energy operations, **eligible alternative energy consumers**, eligible locally owned businesses,  
127 farming operations, eligible job enhancement businesses, eligible marketing enterprises, eligible  
128 residential property developers, eligible residential property owners, **eligible governmental**  
129 **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;

[(20)] **(22)** "Market rate", the interest rate [tied to federal government securities and] more specifically described in subsection [4] **6** of section 30.260;

[(21)] **(23)** "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;

[(22)] **(24)** "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;

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

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

30.753. 1. The state treasurer may invest in linked deposits; however, the total amount so deposited at any one time shall not exceed, in the aggregate, seven hundred twenty million dollars. No more than three hundred thirty million dollars of the aggregate deposit shall be used for linked deposits to eligible farming operations, eligible locally owned businesses, eligible agribusinesses, eligible beginning farmers, eligible livestock operations, and eligible facility borrowers, no more than one hundred ten million of the aggregate deposit shall be used for linked deposits to small businesses, no more than twenty million dollars shall be used for linked deposits to eligible multitenant development enterprises, and no more than twenty million dollars of the aggregate deposit shall be used for linked deposits to eligible residential property developers and eligible residential property owners, no more than two hundred twenty million dollars of the aggregate deposit shall be used for linked deposits to eligible job enhancement businesses and no more than twenty million dollars of the aggregate deposit shall be used for linked deposit loans to eligible water systems. Linked deposit loans may be made to eligible student borrowers [and] , eligible alternative energy operations, **eligible alternative energy consumers, and eligible governmental entities** from the aggregate deposit. If demand for a particular type of linked deposit exceeds the initial allocation, and funds initially allocated to

17 another type are available and not in demand, the state treasurer may commingle allocations  
18 among the types of linked deposits.

19 2. The minimum deposit to be made by the state treasurer to an eligible lending  
20 institution for eligible job enhancement business loans shall be ninety thousand dollars. Linked  
21 deposit loans for eligible job enhancement businesses may be made for the purposes of assisting  
22 with relocation expenses, working capital, interim construction, inventory, site development,  
23 machinery and equipment, or other expenses necessary to create or retain jobs in the recipient  
24 firm.

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

27           2. An eligible farming operation, small business or job enhancement business shall  
28 certify on its loan application that the reduced rate loan will be used exclusively for necessary  
29 production expenses or the expenses listed in subsection 2 of section 30.753 or the refinancing  
30 of an existing loan for production expenses or the expenses listed in subsection 2 of section  
31 30.753 of an eligible farming operation, small business or job enhancement business. Whoever  
32 knowingly makes a false statement concerning such application is guilty of a class A  
33 misdemeanor. An eligible water supply system shall certify on its loan application that the  
34 reduced rate loan shall be used exclusively to pay the costs of upgrading or repairing an existing  
35 water system, constructing a new water system, or making other capital improvements to a water  
36 system which are necessary to improve the service capacity of the system.

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

42           4. The eligible financial institution shall forward to the state treasurer a linked deposit  
43 loan package, in the form and manner as prescribed by the state treasurer. The package shall  
44 include such information as required by the state treasurer, including the amount of each loan  
45 requested. The institution shall certify that each applicant is an **eligible multitenant**  
46 **development enterprise**, eligible farming operation, eligible alternative energy operation,  
47 **eligible alternative energy consumer**, eligible locally owned business, eligible small business,  
48 eligible job enhancement business, eligible marketing enterprise, eligible residential property  
49 developer, eligible residential property owner, **eligible governmental entity**, eligible  
50 agribusiness, eligible beginning farmer, eligible livestock operation, eligible student borrower,  
51 eligible facility borrower, or eligible water supply system, and shall, for each **eligible**  
52 **multitenant development enterprise**, eligible farming operation, **eligible alternative energy**  
53 **operation, eligible alternative energy consumer, eligible** small business, eligible job  
54 enhancement business, eligible marketing enterprise, eligible residential property developer,  
55 eligible residential property owner, **eligible governmental entity**, eligible agribusiness, eligible  
56 beginning farmer, eligible livestock operation, eligible student borrower, eligible facility  
57 borrower, or eligible water supply system, certify the present borrowing rate applicable.

58           5. The eligible lending institution shall be responsible for determining if a student  
59 borrower is an eligible student borrower. A student borrower shall be eligible for an initial or  
60 renewal reduced-rate loan only if, at the time of the application for the loan, the student is a  
61 citizen or permanent resident of the United States, a resident of the state of Missouri as defined

62 by the coordinating board for higher education, is enrolled or has been accepted for enrollment  
63 in an eligible higher education institution, and establishes that the student has financial need.  
64 In considering which eligible student borrowers may receive reduced-rate loans, the eligible  
65 lending institution may give priority to those eligible student borrowers whose income, or whose  
66 family income, if the eligible student borrower is a dependent, is such that the eligible student  
67 borrower does not qualify for need-based student financial aid pursuant to 20 U.S.C. 1078, as  
68 amended (the Higher Education Amendments of 1986). The eligible lending institution shall  
69 require the eligible student borrower to document that the student has applied for and has  
70 obtained all need-based student financial aid for which the student is eligible prior to application  
71 for a reduced-rate loan pursuant to this section. In no case shall the combination of all financial  
72 aid awarded to any student in any particular enrollment period exceed the total cost of attendance  
73 at the institution in which the student is enrolled. No eligible lending institution shall charge any  
74 additional fees, including but not limited to an origination, service or insurance fee on any loan  
75 agreement under the provisions of sections 30.750 to 30.765.

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

86         7. Beginning August 28, 2005, in considering which eligible multitenant enterprise,  
87 eligible farming operation, eligible alternative energy operation, **eligible alternative energy**  
88 **consumer**, eligible locally owned business, eligible small business, eligible job enhancement  
89 business, eligible marketing enterprise, eligible residential property developer, eligible residential  
90 property owner, **eligible governmental entity**, eligible agribusiness, eligible beginning farmer,  
91 eligible livestock operation, eligible student borrower, eligible facility borrower, or eligible water  
92 supply system should receive reduced-rate loans, the eligible lending institution shall give  
93 priority to an eligible multitenant enterprise, eligible farming operation, eligible alternative  
94 energy operation, **eligible alternative energy consumer**, eligible locally owned business,  
95 eligible small business, eligible job enhancement business, eligible marketing enterprise, eligible  
96 residential property developer, eligible residential property owner, **eligible governmental entity**,



97 eligible agribusiness, eligible beginning farmer, eligible livestock operation, eligible student  
98 borrower, eligible facility borrower, or eligible water supply system that has not previously  
99 received a reduced-rate loan through the linked deposit program. However, nothing shall  
100 prohibit an eligible lending institution from making a reduced-rate loan to any entity that  
101 previously has received such a loan, if such entity otherwise qualifies for such a reduced-rate  
102 loan.

30.758. 1. The state treasurer may accept or reject a linked deposit loan package or any  
2 portion thereof.

3 2. The state treasurer shall make a good faith effort to ensure that the linked deposits are  
4 placed with eligible lending institutions to make linked deposit loans to minority- or  
5 female-owned eligible multitenant enterprises, eligible farming operations, eligible alternative  
6 energy operations, **eligible alternative energy consumers**, eligible locally owned businesses,  
7 eligible small businesses, eligible job enhancement businesses, eligible marketing enterprises,  
8 eligible residential property developers, eligible residential property owners, **eligible**  
9 **governmental entities**, eligible agribusinesses, eligible beginning farmers, eligible livestock  
10 operations, eligible student borrowers, eligible facility borrowers, or eligible water supply  
11 systems. Results of such effort shall be included in the linked deposit review committee's annual  
12 report to the governor.

13 3. Upon acceptance of the linked deposit loan package or any portion thereof, the state  
14 treasurer may place linked deposits with the eligible lending institution as follows: when market  
15 rates are five percent or above, the state treasurer shall reduce the market rate by up to three  
16 percentage points to obtain the linked deposit rate; when market rates are less than five percent,  
17 the state treasurer shall reduce the market rate by up to sixty percent to obtain the linked deposit  
18 rate[, provided that the linked deposit rate is not below one percent]. All linked deposit rates are  
19 determined and calculated by the state treasurer. When necessary, the treasurer may place linked  
20 deposits prior to acceptance of a linked deposit loan package.

21 4. The eligible lending institution shall enter into a deposit agreement with the state  
22 treasurer, which shall include requirements necessary to carry out the purposes of sections 30.750  
23 to 30.767. The deposit agreement shall specify the length of time for which the lending  
24 institution will lend funds upon receiving a linked deposit, and the original deposit plus renewals  
25 shall not exceed five years, except as otherwise provided in this chapter. The agreement shall  
26 also include provisions for the linked deposit of a linked deposit for an eligible facility borrower,  
27 eligible multitenant enterprise, eligible farming operation, eligible alternative energy operation,  
28 **eligible alternative energy consumer**, eligible locally owned business, eligible small business,  
29 eligible marketing enterprise, eligible residential property developer, eligible residential property

30 owner, **eligible governmental entity**, eligible agribusiness, eligible beginning farmer, eligible  
31 livestock operation, eligible student borrower or job enhancement business. Interest shall be paid  
32 at the times determined by the state treasurer.

33 5. The period of time for which such linked deposit is placed with an eligible lending  
34 institution shall be neither longer nor shorter than the period of time for which the linked deposit  
35 is used to provide loans at reduced interest rates. The agreement shall further provide that the  
36 state shall receive market interest rates on any linked deposit or any portion thereof for any  
37 period of time for which there is no corresponding linked deposit loan outstanding to an eligible  
38 multitenant enterprise, eligible farming operation, eligible alternative energy operation, **eligible**  
39 **alternative energy consumer**, eligible locally owned business, eligible small business, eligible  
40 job enhancement business, eligible marketing enterprise, eligible residential property developer,  
41 eligible residential property owner, **eligible governmental entity**, eligible agribusiness, eligible  
42 beginning farmer, eligible livestock operation, eligible student borrower, eligible facility  
43 borrower, or eligible water supply system, except as otherwise provided in this subsection.  
44 Within thirty days after the annual anniversary date of the linked deposit, the eligible lending  
45 institution shall repay the state treasurer any linked deposit principal received from borrowers  
46 in the previous yearly period and thereafter repay such principal within thirty days of the yearly  
47 anniversary date calculated separately for each linked deposit loan, and repaid at the linked  
48 deposit rate. Such principal payment shall be accelerated when more than thirty percent of the  
49 linked deposit loan is repaid within a single monthly period. Any principal received and not  
50 repaid, up to the point of the thirty percent or more payment, shall be repaid within thirty days  
51 of that payment at the linked deposit rate. Finally, when the linked deposit is tied to a revolving  
52 line of credit agreement between the banking institution and its borrower, the full amount of the  
53 line of credit shall be excluded from the repayment provisions of this subsection.

30.760. 1. Upon the placement of a linked deposit with an eligible lending institution,  
2 such institution is required to lend such funds to each approved eligible multitenant enterprise,  
3 eligible farm operation, eligible alternative energy operation, **eligible alternative energy**  
4 **consumer**, eligible locally owned business, eligible small business, eligible job enhancement  
5 business, eligible marketing enterprise, eligible residential property developer, eligible residential  
6 property owner, **eligible governmental entity**, eligible agribusiness, eligible beginning farmer,  
7 eligible livestock operation, eligible student borrower, eligible facility borrower, or eligible water  
8 supply system listed in the linked deposit loan package required by section 30.756 and in  
9 accordance with the deposit agreement required by section 30.758. The loan shall be at a fixed  
10 rate of interest reduced by the amount established under subsection 3 of section 30.758 to each  
11 eligible multitenant enterprise, eligible farming operation, eligible alternative energy operation,

12 **eligible alternative energy consumer**, eligible locally owned business, eligible small business,  
13 eligible job enhancement business, eligible marketing enterprise, eligible residential property  
14 developer, eligible residential property owner, **eligible governmental entity**, eligible  
15 agribusiness, eligible beginning farmer, eligible livestock operation, eligible student borrower,  
16 eligible facility borrower, or eligible water supply system as determined pursuant to rules and  
17 regulations promulgated by the state treasurer under the provisions of chapter 536, RSMo,  
18 including emergency rules issued pursuant to section 536.025, RSMo. In addition, the loan  
19 agreement shall specify that the eligible multitenant enterprise, eligible farming operation,  
20 eligible alternative energy operation, **eligible alternative energy consumer**, eligible locally  
21 owned business, eligible small business, eligible job enhancement business, eligible marketing  
22 enterprise, eligible residential property developer, eligible residential property owner, **eligible**  
23 **governmental entity**, eligible agribusiness, eligible beginning farmer, eligible livestock  
24 operation, eligible student borrower, eligible facility borrower, or eligible water supply system  
25 shall use the proceeds as required by sections 30.750 to 30.765, and that in the event the loan  
26 recipient does not use the proceeds in the manner prescribed by sections 30.750 to 30.765, the  
27 remaining proceeds shall be immediately returned to the lending institution and that any proceeds  
28 used by the loan recipient shall be repaid to the lending institution as soon as practicable. All  
29 records and documents pertaining to the programs established by sections 30.750 to 30.765 shall  
30 be segregated by the lending institution for ease of identification and examination. A  
31 certification of compliance with this section in the form and manner as prescribed by the state  
32 treasurer shall be required of the eligible lending institution. Any lender or lending officer of an  
33 eligible lending institution who knowingly violates the provisions of sections 30.750 to 30.765  
34 is guilty of a class A misdemeanor.

35         2. The state treasurer shall take any and all steps necessary to implement the linked  
36 deposit program and monitor compliance of eligible multitenant enterprises, eligible lending  
37 institutions, eligible farming operations, eligible alternative energy operations, **eligible**  
38 **alternative energy consumers**, eligible locally owned businesses, eligible small businesses,  
39 eligible job enhancement businesses, eligible marketing enterprises, eligible residential property  
40 developers, eligible residential property owners, **eligible governmental entities**, eligible  
41 agribusinesses, eligible beginning farmers, eligible livestock operations, eligible facility  
42 borrowers, or eligible water supply systems.

30.765. The state and the state treasurer are not liable to any eligible lending institution  
2 in any manner for payment of the principal or interest on the loan to an eligible multitenant  
3 enterprise, eligible farm operation, eligible alternative energy operation, **eligible alternative**  
4 **energy consumer**, eligible locally owned business, eligible small business, eligible job

5 enhancement business, eligible marketing enterprise, eligible residential property developer,  
6 eligible residential property owner, **eligible governmental entity**, eligible agribusiness, eligible  
7 beginning farmer, eligible livestock operation, eligible student borrower, eligible facility  
8 borrower, or eligible water supply system. Any delay in payments or default on the part of an  
9 eligible multitenant enterprise, eligible farming operation, eligible alternative energy operation,  
10 **eligible alternative energy consumer**, eligible locally owned business, eligible small business,  
11 eligible job enhancement business, eligible marketing enterprise, eligible residential property  
12 developer, eligible residential property owner, **eligible governmental entity**, eligible  
13 agribusiness, eligible beginning farmer, eligible livestock operation, eligible student borrower,  
14 eligible facility borrower, or eligible water supply system does not in any manner affect the  
15 deposit agreement between the eligible lending institution and the state treasurer.

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