

HB 1803 -- STATE TREASURER'S AUTHORITY TO INVEST

SPONSOR: Thompson

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Financial Institutions by a vote of 13 to 0. Vote "Do Pass" by the Standing Committee on Rules- Administrative Oversight by a vote of 8 to 0.

This bill raises the aggregate amount that the State Treasurer may invest in linked deposits, so that the total amount deposited at any one time does not exceed \$1.2 billion. Currently, the cap is \$800 million. The bill specifies that the aggregate deposits will 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.

PROPONENTS: Supporters say that the linked deposit loan program has been around for years and has been popular recently because of the increase in loan interest rates. It was maxed out as of the summer of 2023, so a change to the cap is necessary. There is no risk to the state; the Treasurer places a CD with the bank that gives the loan, which reduces the interest to the bank and to the applicant.

Testifying in person for the bill were Representative Thompson; Missouri Independent Bankers Association; FCS Financial; Next Missouri; Missouri Farm Bureau; Missouri Chamber of Commerce and Industry; Missouri Bankers Association; and Vivek Malek, Missouri State Treasurer's Office.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say the discount can't be above 3%, and we're currently at 2 5/10%. There is a rigorous process for approval of loan applicants.

Testifying in person on the bill was David B. Saucier, 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.