

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1461
103RD GENERAL ASSEMBLY

2983H.02C

JOSEPH ENGLER, Chief Clerk

AN ACT

To amend chapter 640, RSMo, by adding thereto one new section relating to the soil erosion control fund.

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

Section A. Chapter 640, RSMo, is amended by adding thereto one new section, to be
2 known as section 640.900, to read as follows:

**640.900. 1. (1) There is hereby created in the state treasury the "Soil Erosion
2 Control Fund", which shall consist of moneys appropriated by the general assembly; all
3 gifts, grants, and bequests from any federal or private source; and all repayment of loan
4 moneys from eligible homeowners' associations. The state treasurer shall be custodian
5 of the fund. In accordance with sections 30.170 and 30.180, the state treasurer may
6 approve disbursements. The fund shall be a dedicated fund and, upon appropriation,
7 moneys in this fund shall be used solely as provided in this section.**

8 **(2) Notwithstanding the provisions of section 33.080 to the contrary, any moneys
9 remaining in the fund at the end of the biennium shall not revert to the credit of the
10 general revenue fund.**

11 **(3) The state treasurer shall invest moneys in the fund in the same manner as
12 other funds are invested. Any interest and moneys earned on such investments shall be
13 credited to the fund.**

14 **2. The fund shall be used to better equip neighborhoods and communities to
15 reduce sedimentation and erosion of creeks, streams, and waterways and to protect
16 ecological integrity and environmental services provided by natural drainage channels
17 that run in close proximity to residential areas. The following types of projects are
18 eligible for loan funds:**

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.

- 19 **(1) Daylighting waterways;**
20 **(2) Adding or restoring natural flood and catchment capacity to existing**
21 **waterways;**
22 **(3) Restoring or rehabilitating natural culverts or culverts that use natural**
23 **infrastructure;**
24 **(4) Bank stabilization using natural means such as vegetation, trees, or built**
25 **implements as long as such implements do not compromise the natural functionality of**
26 **the creek, stream, or waterway; and**
27 **(5) Any other project deemed eligible by the department.**
28 **3. The following projects shall not be eligible for loans under this section:**
29 **(1) Lining drainage-ways with impermeable surfaces; and**
30 **(2) Deploying impermeable surfaces throughout a creek, stream, or waterway**
31 **that covers large swaths of natural area.**
32 **4. To be eligible for a loan under this section, a homeowners' association shall be**
33 **incorporated as a nonprofit organization under Missouri law.**
34 **5. The department of natural resources shall distribute moneys from the fund**
35 **according to rules and regulations promulgated under this section. The distribution**
36 **shall also be subject to the following:**
37 **(1) The interest amount on loans granted under this section shall not exceed the**
38 **federal funds rate or two percent, whichever is greater;**
39 **(2) The loan amount shall not exceed eighty percent of the total cost of a project**
40 **in a single fiscal year;**
41 **(3) The terms of the loan shall include a repayment schedule of not more than**
42 **ten years; and**
43 **(4) A homeowners' association shall:**
44 **(a) Pass an assessment to the homeowners before qualifying for a loan under this**
45 **section. The assessment shall be documented in the minutes of a homeowners'**
46 **association meeting, indicating the meeting was held with appropriate notice, a quorum**
47 **was present, and the vote for the assessment was favorable;**
48 **(b) As loan collateral, place liens or contingent liens upon all property where**
49 **improvements from the project abut or are wholly within the property.**
50 **6. The department shall establish an application form for homeowners'**
51 **associations to apply for loans under this section that shall, at a minimum, require**
52 **homeowners' associations to certify their compliance with the requirements of this**
53 **section and provide any other information the department deems necessary for its**
54 **decision to award funds.**

55 7. The director may promulgate all necessary rules and regulations for the
56 administration of this section. Any rule or portion of a rule, as that term is defined in
57 section 536.010, that is created under the authority delegated in this section shall
58 become effective only if it complies with and is subject to all of the provisions of chapter
59 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable
60 and if any of the powers vested with the general assembly pursuant to chapter 536 to
61 review, to delay the effective date, or to disapprove and annul a rule are subsequently
62 held unconstitutional, then the grant of rulemaking authority and any rule proposed or
63 adopted after August 28, 2025, shall be invalid and void.

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