

Week of April 20, 2009



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## Investing in Missouri

Regenerating our economy requires innovative solutions that make good use of existing resources. These solutions must start with one of the most fundamental economic activities—investment. This is why I, along with State Treasurer Clint Zweifel, have worked to develop legislation that reinvests \$1 billion in Missouri communities, helps create and retain jobs, and comes at no expense to taxpayers—all with the support of community banks and credit unions. My bill, [Senate Bill 542](#), was passed by the Senate last week and is currently in the House for consideration.

This economic boost would come through the expansion of the already-existing Missouri Linked Deposit Program, which is managed by the State Treasurer's office. This program allows the treasurer to place deposits with a community bank at a below-market rate. The bank then passes along this savings—typically 2 to 3 percent—to an eligible linked deposit loan applicant. Because only 30 percent of the money set aside for loans under the program is in use, SB 542 changes the law to increase eligibility for the Missouri Linked Deposit Program and streamline the application process.

By making these loans more accessible to business-owners and entrepreneurs—who have the ability to create jobs and boost the economy—we can help re-energize our communities from the ground up. Currently, the linked deposit program isn't being used to its full potential. If SB 542 is passed, we can put money already allotted to this program directly in the hands of more Missouri businesses and create a trickle-down effect that will have a wide-ranging, positive impact.

Expanding the Missouri Linked Deposit Program would allow job-creating large businesses to borrow more money for every job they create, along with giving a greater

number of small businesses the opportunity to take part in the program so they are able to successfully grow. Also, because agriculture is Missouri's top industry, the bill specifically targets Missouri farming operations by expanding the program to include more Missouri farmers.

As we take steps to move toward energy independence, the development of alternative energy sources will be crucially important. A linked deposit program would be created to make funds available for eligible alternative energy projects for the first time. Also, a program would be created to provide linked deposit loans to any political subdivision or public entity for capital improvements or significant public programs to help them invest in their local communities.

Another component of SB 542 gradually removes the restrictive cap on the rate of return the state can receive when it invests taxpayers' dollars in Missouri community banks. Current law ties state deposits to U.S. Treasury notes, which are at historically low levels. My bill allows the state, and in turn, taxpayers, to receive a rate of return similar to the rates offered by banks to an individual, business or any other government entity in Missouri.

Right now this cap is costing Missouri taxpayers an estimated \$10 to \$15 million each year. As one of only two states in the nation to cap investment returns, it is time to change the law to remove this artificial ceiling that is counterintuitive to economic growth.

Put together, all of these small changes will have a profound impact without an additional burden to hard-working Missourians—a win-win situation for everyone. These are just the kind of innovative solutions we need to make Missouri an even better place to call home.

As always, please feel free to contact me or my staff with any questions or concerns at any time. Because we are here to serve you, we look forward to hearing your comments and suggestions and trying to answer any questions you may have. You can reach us by phone at 866-277-0882 (toll-free) or 573-751-2272, or by fax at 573-526-7381.

*Senator David Pearce serves Bates, Cass, Johnson and Vernon counties in the 31<sup>st</sup> State Senate District.*

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