



# SCOTT FITZPATRICK

## MISSOURI STATE TREASURER

### FOR IMMEDIATE RELEASE

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### Treasurer Fitzpatrick Announces Reforms to Missouri FIRST Program

**Jefferson City, MO** – Missouri State Treasurer Scott Fitzpatrick today announced changes to Missouri FIRST, the State's linked deposit program. The enhanced requirements for participation are intended to increase the long-term viability of the program and ensure that Missouri's small business and agriculture communities can continue to benefit from these low-interest loans.

Over the past year, the program has more than doubled in size from \$200 million to more than \$600 million in linked deposit applications received. Statutorily, the program is capped at \$720 million of total deposits. If the program reaches the cap, State law dictates new applications must be prioritized over existing deposits which would be detrimental to current participants.

Upon taking Office January 14, Treasurer Fitzpatrick immediately began working with his Investment Division as well as State financial institutions to determine how to best slow the growth of the program without limiting its positive impact.

This collaborative approach yielded the following reforms which will be enacted for all outstanding applications:

- **Linked deposits will be no larger than \$1 million, per loan request.**
- **Linked deposits will no longer be approved for refinancing existing bank loans** helping focus available funds on new economic development projects, the original intent of the program.
- **Individual financial institution participation will be limited to 20% of the statutory cap** set in Section 30.753.1, RSMo.
- The Office is **working with legislators to raise the statutory cap to \$800 million.** Rep. Jack Bondon has filed HB 1029, which was heard in the Financial Institutions Committee hearing earlier today, and Sen. Justin Brown has filed SB 439.

Additionally, for applications received on or after March 1, 2019, linked deposits authorized by the State Treasurer's Office will carry a deposit rate discount to market rate of 55%, rather than the statutory maximum of 60%.

"Creating economic opportunity for all Missourians—from the agriculture community, to small business owners, to governmental entities large and small—is a priority for this Office," Treasurer

Fitzpatrick said. "As a business owner myself, I know that is vitally important to have access to resources that can make dreams a reality. I am grateful to Missouri's financial institutions for working with us to continue this valuable program while at the same time securing its sustainability for future entrepreneurs and farmers."

"The Missouri Banker's Association supports the linked deposit program and the changes the Treasurer's Office is enacting to make this worthwhile program viable," MBA President Max Cook said. "We appreciate Treasurer Fitzpatrick reaching out to the banking community for input--we know these decisions were necessary and not made lightly."

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