

SECOND REGULAR SESSION

SENATE BILL NO. 815

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR CARTER.

3732S.01I

KRISTINA MARTIN, Secretary

AN ACT

To repeal sections 30.260, 30.950, and 105.688, RSMo, and to enact in lieu thereof six new sections relating to restricting corporate and public entities from making financial decisions that are not based on pecuniary factors.

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

Section A. Sections 30.260, 30.950, and 105.688, RSMo,
2 are repealed and six new sections enacted in lieu thereof, to
3 be known as sections 30.260, 30.950, 34.715, 105.688, 108.1100,
4 and 314.300, to read as follows:

30.260. 1. The state treasurer shall prepare,
2 maintain and adhere to a written investment policy which
3 shall include an asset allocation plan which limits the
4 total amount of state moneys which may be invested in any
5 particular investment authorized by Section 15, Article IV
6 of the Missouri Constitution. Such asset allocation plan
7 shall also set diversification limits, as applicable, which
8 shall include a restriction limiting the total amount of
9 time deposits of state moneys, not including linked
10 deposits, placed with any one single banking institution to
11 be no greater than fifteen percent of all time deposits of
12 state moneys authorized under the asset allocation plan.
13 The state treasurer shall present a copy of such policy to
14 the governor, commissioner of administration, state auditor
15 and general assembly at the commencement of each regular

EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

16 session of the general assembly or at any time the written
17 investment policy is amended.

18 2. (1) **The written investment policy shall include**
19 **provisions requiring the investment of state, United States,**
20 **or nonstate funds in particular investments based solely on**
21 **pecuniary factors.**

22 (2) **For purposes of this subsection, the term**
23 **"pecuniary factor" means a factor that is expected to have a**
24 **material effect on the risk or return of an investment based**
25 **on appropriate investment horizons consistent with**
26 **applicable investment objectives and funding policy.**
27 **"Pecuniary factor" does not include the consideration of the**
28 **furtherance of any social, political, or ideological**
29 **interests.**

30 3. The state treasurer shall determine by the exercise
31 of the treasurer's best judgment the amount of state moneys
32 that are not needed for current operating expenses of the
33 state government and shall keep on demand deposit in banking
34 institutions in this state selected by the treasurer and
35 approved by the governor and state auditor the amount of
36 state moneys which the treasurer has so determined are
37 needed for current operating expenses of the state
38 government and disburse the same as authorized by law.

39 [3.] 4. Within the parameters of the state treasurer's
40 written investment policy, the state treasurer shall place
41 the state moneys which the treasurer has determined are not
42 needed for current operations of the state government on
43 time deposit drawing interest in banking institutions in
44 this state selected by the treasurer and approved by the
45 governor and the state auditor, or place them outright or,
46 if applicable, by repurchase agreement in obligations
47 described in Section 15, Article IV, Constitution of

48 Missouri, as the treasurer in the exercise of the
49 treasurer's best judgment determines to be in the best
50 overall interest of the people of the state of Missouri,
51 giving due consideration to:

52 (1) The preservation of such state moneys;
53 (2) The benefits to the economy and welfare of the
54 people of Missouri when such state money is invested in
55 banking institutions in this state that, in turn, provide
56 additional loans and investments in the Missouri economy and
57 generate state taxes from such initial investments and the
58 loans and investments created by the banking institutions,
59 compared to the removal or withholding from banking
60 institutions in the state of all or some such state moneys
61 and investing same in obligations authorized in Section 15,
62 Article IV of the Missouri Constitution;

63 (3) The liquidity needs of the state;

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

66 (5) All other factors which to the treasurer as a
67 prudent state treasurer seem to be relevant to the general
68 public welfare in the light of the circumstances at the time
69 prevailing. The state treasurer may also place state moneys
70 which are determined not needed for current operations of
71 the state government in linked deposits as provided in
72 sections 30.750 to 30.765.

73 [4.] 5. Except for state moneys deposited in linked
74 deposits as provided in sections 30.750 to 30.860, the rate
75 of interest payable by all banking institutions on time
76 deposits of state moneys shall be set under subdivisions (1)
77 to (5) of this subsection and subsections [6 and 7] 7 and 8
78 of this section. The rate shall never exceed the maximum
79 rate of interest which by federal law or regulation a bank

80 which is a member of the Federal Reserve System may from
81 time to time pay on a time deposit of the same size and
82 maturity. The rate of interest payable by all banking
83 institutions on time deposits of state moneys is as follows:

84 (1) Beginning January 1, 2010, the rate of interest
85 payable by a banking institution on up to seven million
86 dollars of time deposits of state moneys shall be the same
87 as the average rate paid during the week next preceding the
88 week in which the deposit was made for United States of
89 America treasury securities maturing and becoming payable
90 closest to the time of termination of the deposit, as
91 determined by the state treasurer, adjusted to the nearest
92 one-tenth of a percent. In the case of a banking
93 institution that holds more than seven million dollars of
94 time deposits of state moneys, the rate of interest payable
95 on deposits in excess of seven million dollars of time
96 deposits of state moneys shall be set at the market rate as
97 determined in subsection 6 of this section;

98 (2) Beginning January 1, 2011, the rate of interest
99 payable by a banking institution on up to five million
100 dollars of time deposits of state moneys shall be the same
101 as the average rate paid during the week next preceding the
102 week in which the deposit was made for United States of
103 America treasury securities maturing and becoming payable
104 closest to the time of termination of the deposit, as
105 determined by the state treasurer, adjusted to the nearest
106 one-tenth of a percent. In the case of a banking
107 institution that holds more than five million dollars of
108 time deposits of state moneys, the rate of interest payable
109 on deposits in excess of five million dollars of time
110 deposits of state moneys shall be set at the market rate as
111 determined in subsection 6 of this section;

112 (3) Beginning January 1, 2012, the rate of interest
113 payable by a banking institution on up to three million
114 dollars of time deposits of state moneys shall be the same
115 as the average rate paid during the week next preceding the
116 week in which the deposit was made for United States of
117 America treasury securities maturing and becoming payable
118 closest to the time of termination of the deposit, as
119 determined by the state treasurer, adjusted to the nearest
120 one-tenth of a percent. In the case of a banking
121 institution that holds more than three million dollars of
122 time deposits of state moneys, the rate of interest payable
123 on deposits in excess of three million dollars of time
124 deposits of state moneys shall be set at the market rate as
125 determined in subsection [6] 7 of this section;

126 (4) Beginning January 1, 2013, the rate of interest
127 payable by a banking institution on up to one million
128 dollars of time deposits of state moneys shall be the same
129 as the average rate paid during the week next preceding the
130 week in which the deposit was made for United States of
131 America treasury securities maturing and becoming payable
132 closest to the time of termination of the deposit, as
133 determined by the state treasurer, adjusted to the nearest
134 one-tenth of a percent. In the case of a banking
135 institution that holds more than one million dollars of time
136 deposits of state moneys, the rate of interest payable on
137 deposits in excess of one million dollars of time deposits
138 of state moneys shall be set at the market rate as
139 determined in subsection [6] 7 of this section;

140 (5) Beginning January 1, 2014, the rate of interest
141 payable by a banking institution on all time deposits of
142 state moneys shall be set at the market rate as determined
143 in subsection [6] 7 of this section.

144 [5.] 6. Notwithstanding subdivisions (1) to (5) of
145 subsection [4] 5 of this section, for any new time deposits
146 of state moneys placed after January 1, 2010, with a term
147 longer than eighteen months, the rate of interest payable by
148 a banking institution shall be set at the market rate as
149 determined in subsection [6] 7 of this section.

150 [6.] 7. Market rate shall be determined no less
151 frequently than once a month by the director of investments
152 in the office of state treasurer. The process for
153 determining a market rate shall include due consideration of
154 prevailing rates offered for certificates of deposit by well-
155 capitalized Missouri financial institutions, the advance
156 rate established by the Federal Home Loan Bank of Des Moines
157 for member institutions and the costs of collateralization,
158 as well as an evaluation of the credit risk associated with
159 other authorized securities under Section 15, Article IV, of
160 the Missouri Constitution, or any other calculation
161 determined by the state treasurer based on current market
162 investment indicators. Banking institutions may also offer
163 a higher rate than the market rate for any time deposit
164 placed with the state treasurer in excess of the total
165 amount of state moneys set at the United States of America
166 treasury securities maturing and becoming payable closest to
167 the time of termination of the deposit indicated in
168 subdivisions (1) to (5) of subsection [4] 5 of this section.

169 [7.] 8. Within the parameters of the state treasurer's
170 written investment policy, the state treasurer may subscribe
171 for or purchase outright or by repurchase agreement
172 investments of the character described in subsection [3] 4
173 of this section which the treasurer, in the exercise of the
174 treasurer's best judgment, believes to be the best for
175 investment of state moneys at the time and in payment

176 therefor may withdraw moneys from any bank account, demand
177 or time, maintained by the treasurer without having any
178 supporting warrant of the commissioner of administration.
179 The state treasurer may bid on subscriptions for such
180 obligations in accordance with the treasurer's best
181 judgment. The state treasurer shall provide for the
182 safekeeping of all such obligations so acquired in the same
183 manner that securities pledged to secure the repayment of
184 state moneys deposited in banking institutions are kept by
185 the treasurer pursuant to law. The state treasurer may hold
186 any such obligation so acquired by the treasurer until its
187 maturity or prior thereto may sell the same outright or by
188 reverse repurchase agreement provided the state's security
189 interest in the underlying security is perfected or
190 temporarily exchange such obligation for cash or other
191 authorized securities of at least equal market value with no
192 maturity more than one year beyond the maturity of any of
193 the traded obligations, for a negotiated fee as the
194 treasurer, in the exercise of the treasurer's best judgment,
195 deems necessary or advisable for the best interest of the
196 people of the state of Missouri in the light of the
197 circumstances at the time prevailing. The state treasurer
198 may pay all costs and expenses reasonably incurred by the
199 treasurer in connection with the subscription, purchase,
200 sale, collection, safekeeping or delivery of all such
201 obligations at any time acquired by the treasurer.

202 [8.] 9. As used in this chapter, except as more
203 particularly specified in section 30.270, obligations of the
204 United States shall include securities of the United States
205 Treasury, and United States agencies or instrumentalities as
206 described in Section 15, Article IV, Constitution of

207 Missouri. The word "temporarily" as used in this section
208 shall mean no more than six months.

30.950. 1. As used in this section, the following
2 terms shall mean:

3 (1) "Derivative securities", a financial instrument,
4 contract or obligation which has a value or return based
5 upon or linked to another asset or index, or both, separate
6 from the financial instrument, contract or obligation itself;

7 (2) "Governing body", the board, body or persons in
8 which the powers of a political subdivision as a body
9 corporate, or otherwise, are vested;

10 (3) "Leveraging", using current assets as collateral
11 to purchase other assets;

12 (4) "Political subdivision", any agency or unit of
13 this state;

14 (5) "Speculation", contracting to sell securities not
15 yet acquired in order to purchase other securities for
16 purposes of speculating on developments or trends in the
17 market.

18 2. Every political subdivision of this state which is
19 responsible for the management and investment of public
20 funds and which has existing authority to invest such funds
21 in a manner other than in depositary accounts at financial
22 institutions in this state shall promulgate, formally adopt
23 and comply with a written investment policy containing, but
24 not be limited to, the following components:

25 (1) A commitment to the principles of safety,
26 liquidity and yield, in that order, when managing public
27 funds;

28 (2) A prohibition on the purchase of derivative
29 securities, either directly or through a repurchase
30 agreement;

31 (3) A prohibition on the use of leveraging whether
32 through a reverse repurchase agreement or otherwise;

33 (4) A prohibition on the use of public funds for
34 speculation;

35 (5) A requirement that on a regular basis the
36 investments of the political subdivision shall be revalued
37 to reflect prevailing market prices;

38 (6) A requirement that investments which are
39 downgraded below the minimum acceptable rating levels shall
40 be reviewed for possible sale within a reasonable time
41 period; [and]

42 (7) A requirement that the current status and
43 performance of the investments of the political subdivision
44 be reported regularly to the governing body of the political
45 subdivision; **and**

46 **(8) A requirement that the investment of funds in**
47 **particular investments shall be based solely on pecuniary**
48 **factors. For purposes of this subsection, the term**
49 **"pecuniary factor" means a factor that is expected to have a**
50 **material effect on the risk or return of an investment based**
51 **on appropriate investment horizons consistent with**
52 **applicable investment objectives and funding policy.**
53 **"Pecuniary factor" does not include the consideration of the**
54 **furtherance of any social, political, or ideological**
55 **interests.**

56 3. The state treasurer shall prepare a model form of
57 an investment policy reflecting the principles set forth
58 herein which shall be made available to political
59 subdivisions in the state. Any political subdivision which
60 formally adopts such a model investment policy shall be
61 deemed to be in compliance with the requirements of this
62 section.

63 4. Notwithstanding any other law to the contrary, any
64 political subdivision of the state which manages and invests
65 public funds, but does not promulgate, formally adopt and
66 comply with a written investment policy as described herein
67 shall have its investment authority limited to those
68 investments authorized by law as of January 1, 1997. Except
69 for those political subdivisions authorized by law to place
70 public funds in the investments authorized by Section 15,
71 Article IV of the Constitution of Missouri, and only then if
72 the political subdivision complies with the requirements of
73 this section, nothing in this section shall be deemed to
74 expand the investment authority of a political subdivision
75 beyond that currently permitted by law.

76 5. Any written investment policy promulgated and
77 adopted in accordance with this section shall be deemed a
78 public record.

**34.715. The state, any agency of the state, any
2 political subdivision of the state, or any instrumentality
3 thereof, when engaged in procuring or letting contracts for
4 any purpose shall ensure that bidders, offerors,
5 contractors, or subcontractors are not given preferential
6 treatment or discriminated against based on social,
7 political, or ideological interests. The public entity
8 procuring or letting the contract shall not ask for
9 documentation or any corroborating sources of information
10 relating to any social, political, or ideological
11 interests. Any solicitation for bids shall include a notice
12 to all potential contractors of the provisions of this
13 section.**

105.688. The assets of a system may be invested,
2 reinvested and managed by an investment fiduciary subject to
3 the terms, conditions and limitations provided in sections

4 105.687 to 105.689. An investment fiduciary shall discharge
5 his or her duties in the interest of the participants in the
6 system and their beneficiaries and shall:

7 (1) Act with the same care, skill, prudence, and
8 diligence under the circumstances then prevailing that a
9 prudent person acting in a similar capacity and familiar
10 with those matters would use in the conduct of a similar
11 enterprise with similar aims;

12 (2) Act with due regard for the management,
13 reputation, and stability of the issuer and the character of
14 the particular investments being considered;

15 (3) Make investments for the purposes of providing
16 benefits to participants and participants' beneficiaries,
17 and of defraying reasonable expenses of investing the assets
18 of the system;

19 (4) Give appropriate consideration to those facts and
20 circumstances that the investment fiduciary knows or should
21 know are relevant to the particular investment or investment
22 course of action involved, including the role of the
23 investment or investment course of action plays in that
24 portion of the system's investments for which the investment
25 fiduciary has responsibility. For purposes of this
26 subdivision, "appropriate consideration" shall include, but
27 is not necessarily limited to a determination by the
28 investment fiduciary that a particular investment or
29 investment course of action is reasonably designed, as part
30 of the investments of the system, to further the purposes of
31 the system, taking into consideration the risk of loss and
32 the opportunity for gain or other return associated with the
33 investment or investment course of action; and consideration
34 of the following factors as they relate to the investment or
35 investment course of action:

36 (a) The diversification of the investments of the
37 system;

38 (b) The liquidity and current return of the
39 investments of the system relative to the anticipated cash
40 flow requirements of the system; and

41 (c) The projected return of the investments of the
42 system relative to the funding objectives of the system;

43 (5) Give appropriate consideration to investments
44 which would enhance the general welfare of this state and
45 its citizens if those investments offer the safety and rate
46 of return comparable to other investments available to the
47 investment fiduciary at the time the investment decision is
48 made;

49 **(6) Make investments based solely on pecuniary**
50 **factors. For purposes of this subdivision, the term**
51 **"pecuniary factor" means a factor that is expected to have a**
52 **material effect on the risk or return of an investment based**
53 **on appropriate investment horizons consistent with**
54 **applicable investment objectives and funding policy.**
55 **"Pecuniary factor" does not include the consideration of the**
56 **furtherance of any social, political, or ideological**
57 **interests.**

108.1100. 1. For purposes of this section, the
2 following terms mean:

3 (1) "Bond", any note, general obligation bond, revenue
4 bond, special assessment bond, special obligation bond,
5 private activity bond, certificate of participation, or
6 other evidence of indebtedness or obligation, in either
7 temporary or definitive form;

8 (2) "Bond issuer", any entity granted the power to
9 issue a bond;

10 (3) "Environmental, social, and governance" or "ESG",
11 any policy that is intended to further, or is branded,
12 advertised, or otherwise publicly described as furthering
13 any of the following:

14 (a) International, domestic, or industry agreements
15 relating to environmental or social goals;

16 (b) Corporate governance structures based on social
17 characteristics; or

18 (c) Social or environmental goals;

19 (4) "ESG bond", any bond that has been designated or
20 labeled as a bond that will be used to finance a project
21 with an ESG purpose, including, but not limited to:

22 (a) Green bonds, certified climate bonds, GreenStar
23 designated bonds, and other environmental bonds marketed as
24 promoting a generalized or global environmental objective;

25 (b) Social bonds marketed as promoting a social
26 objective;

27 (c) Sustainability bonds and sustainable development
28 goal bonds marketed as promoting both environmental and
29 social objectives;

30 (d) Bonds self-designated by the issuer as ESG-labeled
31 bonds and those designated as ESG-labeled bonds by a third-
32 party verifier;

33 (5) "Rating agency", any nationally recognized rating
34 service or nationally recognized statistical rating
35 organization;

36 (6) "Third-party verifier", any entity that contracts
37 with an issuer to conduct an external review and independent
38 assessment of proposed ESG bonds to ensure that such bonds
39 may be designated or labeled as ESG bonds or will be used to
40 finance a project that will comply with applicable ESG
41 standards.

42 2. A bond issuer shall not:

43 (1) Issue ESG bonds;

44 (2) Use moneys derived from the issuance of bonds to
45 pay for the services of a third-party verifier related to
46 the designation or labeling of bonds as ESG bonds,
47 including, but not limited to, certifying or verifying that
48 bonds may be designated or labeled as ESG bonds, rendering a
49 second-party opinion or producing a verifier's report as to
50 the compliance of proposed ESG bonds with applicable ESG
51 standards and metrics, complying with post-issuance
52 reporting obligations, or other services that are only
53 provided due to the designation or labeling of bonds as ESG
54 bonds; or

55 (3) Enter into a contract with any rating agency whose
56 ESG scores for such issuer will have a direct, negative
57 impact on the issuer's bond ratings.

58 3. This section shall not apply to any bonds issued
59 before August 28, 2024, or to any agreement entered into or
60 any contract executed before August 28, 2024.

314.300. 1. No person or entity shall be denied any
2 services from a financial institution or otherwise
3 discriminated against by such financial institution based
4 upon any of the following:

5 (1) The person or entity's political opinions, speech,
6 or affiliations;

7 (2) The person or entity's religious beliefs,
8 religious exercise, or religious affiliations;

9 (3) Any rating, scoring, analysis, tabulation, or
10 action that takes into consideration a social credit score
11 based on any of the following factors:

12 (a) The person or entity's political opinions, speech,
13 or affiliations;

- 14 (b) The person or entity's religious beliefs,
15 religious exercise, or religious affiliations;
- 16 (c) The person or entity's lawful ownership of a
17 firearm;
- 18 (d) The person or entity's engagement in the lawful
19 manufacture, distribution, sale, purchase, or use of
20 firearms or ammunition;
- 21 (e) The person or entity's engagement in the
22 exploration, production, utilization, transportation, sale,
23 or manufacture of fossil fuel-based energy, timber, mining,
24 or agriculture;
- 25 (f) The person or entity's support of the state or
26 federal government in combating illegal immigration, drug
27 trafficking, or human trafficking;
- 28 (g) The person or entity's engagement with,
29 facilitation of, employment by, support of, business
30 relationship with, representation of, or advocacy for any
31 person described in this subdivision; or
- 32 (h) The person or entity's failure to meet or commit
33 to meet, or expected failure to meet, any of the following
34 as long as such person is in compliance with applicable
35 state or federal law:
- 36 a. Environmental standards, including emissions
37 standards, benchmarks, requirements, or disclosures;
- 38 b. Social governance standards, benchmarks, or
39 requirements, including, but not limited to, environmental
40 or social justice;
- 41 c. Corporate board or company employment composition
42 standards, benchmarks, requirements, or disclosures based on
43 classifications protected pursuant to chapter 213;
- 44 d. Policies or procedures requiring or encouraging
45 employee participation in social justice programming,

46 including, but not limited to, diversity, equity, and
47 inclusion training.

48 2. Not later than August 28, 2025, and every twelve
49 months thereafter, the certified agent of each financial
50 institution shall submit an attestation to the division of
51 finance, under penalty of perjury, on a form prescribed by
52 the division of finance, whether the financial institution
53 has been in compliance with this section during the previous
54 twelve-month period.

55 3. For purposes of this section, the term "financial
56 institution" means any bank, bank holding company, sales
57 finance company, consumer finance company, credit union,
58 insurance company, lender as that term is defined in
59 subdivision (3) of section 367.100, savings and loan
60 association, savings and loan association holding company,
61 savings and loan association service corporation, company
62 operating under the mortgage brokerage laws of this state,
63 or any subsidiary of any of the foregoing.

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