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## St. Louis Business Journal

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# Missouri treasurer Clint Zweifel gets bankers to end rate cap

St. Louis Business Journal - by [Christopher Tritto](#)

Missouri Treasurer Clint Zweifel is a step closer to providing state taxpayers, small businesses and community banks with a needed shot in the arm.

Zweifel has secured backing for legislation that would reform both Missouri's linked-deposit program and the interest rate the state collects on general time deposits at community banks. If passed, the changes could make more money available for loans to Missouri businesses and generate better investment returns on taxpayer dollars.

State law currently caps the rate of return on general time deposits to match the U.S. Treasury yield, which has recently been as low as 0.2 percent. The old statute gave community banks access to cheap money but also encouraged the treasurer to make deposits outside Missouri to reap better rates of return.

Zweifel wants to remove that cap, which could earn taxpayers about \$10 million more a year, Zweifel said. It would also encourage the treasurer to deposit more money in community banks, providing them with greater liquidity.

The Missouri banking lobby supports a proposal that would phase out the rate cap over five years to allow banks time to adjust.

"We see the absolute benefit of having more money invested here at home," said Max Cook, president and chief executive of the Missouri Bankers Association. "It would be a bit of a stimulus in a local economy to have those deposits available."

About \$530 million in state funds are currently on time deposit in Missouri community banks, Cook said. He estimated an end to the rate cap would increase those deposits by as much as \$500 million.

In addition, the state bankers association supports Zweifel's efforts to increase the pool of applicants eligible to receive loans through the separate Missouri Linked Deposit Program. Through that program, the treasurer makes deposits with banks at below-market rates, and the banks pass along the typically 2 percent to 3 percent savings to eligible loan applicants to support small-business growth, job creation and farming operations. But only about 30 percent of the money set aside for such loans is in use.

Zweifel wants to streamline the application process and adjust restrictions on eligibility and loan amounts. He also wants to make alternative energy projects and local government programs eligible for linked-deposit loans.

Rep. Tim Flook (R-Liberty) and Sen. David Pearce (R-Warrensburg) are championing Zweifel's efforts in the General Assembly.

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