

James A. Dunnigan proposes the following substitute bill:

Insurance Funds Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: James A. Dunnigan

Senate Sponsor: Evan J. Vickers

LONG TITLE

General Description:

This bill amends provisions related to insurance funds.

Highlighted Provisions:

This bill:

- defines terms;
- clarifies the circumstances under which a public agency insurance mutual or a reserve fund is exempt from the Insurance Code;
- exempts a public agency insurance mutual and a reserve fund from the State Money Management Act;
- authorizes a public agency insurance mutual or reserve fund to create one or more captive insurance companies;
- establishes requirements for the state treasurer handling a public agency insurance mutual's or reserve fund's investments; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

- 11-13-103**, as last amended by Laws of Utah 2023, Chapter 16
- 11-13-502**, as last amended by Laws of Utah 2016, Chapter 382
- 31A-1-103**, as last amended by Laws of Utah 2024, Chapter 120
- 51-7-2**, as last amended by Laws of Utah 2024, Chapters 418, 492 and 510
- 51-7-11**, as last amended by Laws of Utah 2019, Chapter 56

29 ENACTS:

30 **11-13-533**, Utah Code Annotated 1953

31

32 *Be it enacted by the Legislature of the state of Utah:*

33 Section 1. Section **11-13-103** is amended to read:

34 **11-13-103 . Definitions.**

35 As used in this chapter:

36 (1)(a) "Additional project capacity" means electric generating capacity provided by a
37 generating unit that first produces electricity on or after May 6, 2002, and that is
38 constructed or installed at or adjacent to the site of a project that first produced
39 electricity before May 6, 2002, regardless of whether:

40 (i) the owners of the new generating unit are the same as or different from the owner
41 of the project; and

42 (ii) the purchasers of electricity from the new generating unit are the same as or
43 different from the purchasers of electricity from the project.

44 (b) "Additional project capacity" does not mean or include replacement project capacity.

45 (2) "Board" means the Permanent Community Impact Fund Board created by Section
46 35A-8-304, and its successors.

47 (3) "Candidate" means one or more of:

48 (a) the state;

49 (b) a county, municipality, school district, special district, special service district, or
50 other political subdivision of the state; and

51 (c) a prosecution district.

52 (4) "Commercial project entity" means a project entity, defined in Subsection (18), that:

53 (a) has no taxing authority; and

54 (b) is not supported in whole or in part by and does not expend or disburse tax revenues.

55 (5) "Direct impacts" means an increase in the need for public facilities or services that is
56 attributable to the project or facilities providing additional project capacity, except
57 impacts resulting from the construction or operation of a facility that is:

58 (a) owned by an owner other than the owner of the project or of the facilities providing
59 additional project capacity; and

60 (b) used to furnish fuel, construction, or operation materials for use in the project.

61 (6) "Electric interlocal entity" means an interlocal entity described in Subsection
62 11-13-203(3).

- 63 (7) "Energy services interlocal entity" means an interlocal entity that is described in
64 Subsection 11-13-203(4).
- 65 (8)(a) "Estimated electric requirements," when used with respect to a qualified energy
66 services interlocal entity, includes any of the following that meets the requirements of
67 Subsection (8)(b):
- 68 (i) generation capacity;
 - 69 (ii) generation output; or
 - 70 (iii) an electric energy production facility.
- 71 (b) An item listed in Subsection (8)(a) is included in "estimated electric requirements" if
72 it is needed by the qualified energy services interlocal entity to perform the qualified
73 energy services interlocal entity's contractual or legal obligations to any of its
74 members.
- 75 (9)(a) "Facilities providing replacement project capacity" means facilities that have
76 been, are being, or are proposed to be constructed, reconstructed, converted,
77 repowered, acquired, leased, used, or installed to provide replacement project
78 capacity.
- 79 (b) "Facilities providing replacement project capacity" includes facilities that have been,
80 are being, or are proposed to be constructed, reconstructed, converted, repowered,
81 acquired, leased, used, or installed:
- 82 (i) to support and facilitate the construction, reconstruction, conversion, repowering,
83 installation, financing, operation, management, or use of replacement project
84 capacity; or
 - 85 (ii) for the distribution of power generated from existing capacity or replacement
86 project capacity to facilities located on real property in which the project entity
87 that owns the project has an ownership, leasehold, right-of-way, or permitted
88 interest.
- 89 (10) "Governing authority" means a governing board or joint administrator.
- 90 (11)(a) "Governing board" means the body established in reliance on the authority
91 provided under Subsection 11-13-206(1)(b) to govern an interlocal entity.
- 92 (b) "Governing board" includes a board of directors described in an agreement, as
93 amended, that creates a project entity.
- 94 (c) "Governing board" does not include a board as defined in Subsection (2).
- 95 (12) "Interlocal entity" means:
- 96 (a) a Utah interlocal entity, an electric interlocal entity, or an energy services interlocal

97 entity; or

98 (b) a separate legal or administrative entity created under Section 11-13-205.

99 (13) "Joint administrator" means an administrator or joint board described in Section
100 11-13-207 to administer a joint or cooperative undertaking.

101 (14) "Joint or cooperative undertaking" means an undertaking described in Section
102 11-13-207 that is not conducted by an interlocal entity.

103 (15) "Member" means a public agency that, with another public agency, creates an
104 interlocal entity under Section 11-13-203.

105 (16) "Out-of-state public agency" means a public agency as defined in Subsection (19)(c),
106 (d), or (e).

107 (17)(a) "Project":

108 (i) means an electric generation and transmission facility owned by a Utah interlocal
109 entity or an electric interlocal entity; and

110 (ii) includes fuel facilities, fuel production facilities, fuel transportation facilities,
111 energy storage facilities, or water facilities that are:

112 (A) owned by that Utah interlocal entity or electric interlocal entity; and

113 (B) required for the generation and transmission facility.

114 (b) "Project" includes a project entity's ownership interest in:

115 (i) facilities that provide additional project capacity;

116 (ii) facilities providing replacement project capacity;

117 (iii) additional generating, transmission, fuel, fuel transportation, water, or other
118 facilities added to a project; and

119 (iv) a Utah interlocal energy hub, as defined in Section 11-13-602.

120 (18) "Project entity" means a Utah interlocal entity or an electric interlocal entity that owns
121 a project as defined in this section.

122 (19) "Public agency" means:

123 (a) a city, town, county, school district, special district, special service district, an
124 interlocal entity, or other political subdivision of the state;

125 (b) the state or any department, division, or agency of the state;

126 (c) any agency of the United States;

127 (d) any political subdivision or agency of another state or the District of Columbia
128 including any interlocal cooperation or joint powers agency formed under the
129 authority of the law of the other state or the District of Columbia; or

130 (e) any Indian tribe, band, nation, or other organized group or community which is

131 recognized as eligible for the special programs and services provided by the United
132 States to Indians because of their status as Indians.

133 (20) "Public agency insurance mutual" means the same as that term is defined in Subsection
134 31A-1-103(7).

135 [~~(20)~~] (21) "Qualified energy services interlocal entity" means an energy services interlocal
136 entity that at the time that the energy services interlocal entity acquires its interest in
137 facilities providing additional project capacity has at least five members that are Utah
138 public agencies.

139 [~~(21)~~] (22) "Replacement project capacity" means electric generating capacity or
140 transmission capacity that:

141 (a) replaces all or a portion of the existing electric generating or transmission capacity of
142 a project; and

143 (b) is provided by a facility that is on, adjacent to, in proximity to, or interconnected
144 with the site of a project, regardless of whether:

145 (i) the capacity replacing existing capacity is less than or exceeds the generating or
146 transmission capacity of the project existing before installation of the capacity
147 replacing existing capacity;

148 (ii) the capacity replacing existing capacity is owned by the project entity that is the
149 owner of the project, a segment established by the project entity, or a person with
150 whom the project entity or a segment established by the project entity has
151 contracted; or

152 (iii) the facility that provides the capacity replacing existing capacity is constructed,
153 reconstructed, converted, repowered, acquired, leased, used, or installed before or
154 after any actual or anticipated reduction or modification to existing capacity of the
155 project.

156 (23) "Reserve fund" means the same as that term is defined in Subsection 31A-1-103(7).

157 [~~(22)~~] (24) "Transportation reinvestment zone" means an area created by two or more public
158 agencies by interlocal agreement to capture increased property or sales tax revenue
159 generated by a transportation infrastructure project as described in Section 11-13-227.

160 [~~(23)~~] (25) "Utah interlocal entity":

161 (a) means an interlocal entity described in Subsection 11-13-203(2); and

162 (b) includes a separate legal or administrative entity created under Laws of Utah 1977,
163 Chapter 47, Section 3, as amended.

164 [~~(24)~~] (26) "Utah public agency" means a public agency under Subsection (19)(a) or (b).

165 Section 2. Section **11-13-502** is amended to read:

166 **11-13-502 . Application -- Conflicts with federal law -- Other applicable law.**

167 (1) This part does not apply to a taxed interlocal entity as defined in Section 11-13-602.

168 (2) Except as provided in Subsection (1), and notwithstanding any other provision of law,
169 this part governs an interlocal entity's fiscal procedures but only to the extent that the
170 provision does not conflict with or cause an interlocal entity to be noncompliant with
171 federal law.

172 (3) ~~Except as provided in Subsection (4), an~~ interlocal entity is subject to Title 51,
173 Chapter 7, State Money Management Act.

174 (4) A public agency insurance mutual or a reserve fund is not subject to Title 51, Chapter 7,
175 State Money Management Act.

176 Section 3. Section **11-13-533** is enacted to read:

177 **11-13-533 . Public agency insurance mutuals and reserve funds -- Investment**
178 **standard for public agency insurance mutuals and reserve funds.**

179 (1) A public agency insurance mutual or reserve fund may form one or more captive
180 insurance companies in accordance with Title 31A, Chapter 37, Captive Insurance
181 Companies Act.

182 Section 4. Section **31A-1-103** is amended to read:

183 **31A-1-103 . Scope and applicability of title.**

184 (1) This title does not apply to:

185 (a) a retainer contract made by an attorney-at-law:

186 (i) with an individual client; and

187 (ii) under which fees are based on estimates of the nature and amount of services to
188 be provided to the specific client;

189 (b) a contract similar to a contract described in Subsection (1)(a) made with a group of
190 clients involved in the same or closely related legal matters;

191 (c) an arrangement for providing benefits that do not exceed a limited amount of
192 consultations, advice on simple legal matters, either alone or in combination with
193 referral services, or the promise of fee discounts for handling other legal matters;

194 (d) limited legal assistance on an informal basis involving neither an express contractual
195 obligation nor reasonable expectations, in the context of an employment,
196 membership, educational, or similar relationship;

197 (e) legal assistance by employee organizations to their members in matters relating to
198 employment;

- 199 (f) death, accident, health, or disability benefits provided to~~[a person]~~ an individual by
200 an organization or ~~[its]~~ the organization's affiliate if:
- 201 (i) the organization is tax exempt under Section 501(c)(3) of the Internal Revenue
202 Code and has had ~~[its]~~ the organization's principal place of business in Utah for at
203 least five years;
- 204 (ii) the ~~[person]~~ individual is not an employee of the organization; and
- 205 (iii)(A) substantially all the ~~[person's]~~ individual's time in the organization is spent
206 providing voluntary services:
- 207 (I) in furtherance of the organization's purposes;
- 208 (II) for a designated period of time; and
- 209 (III) for which no compensation, other than expenses, is paid; or
- 210 (B) the time since the service under Subsection (1)(f)(iii)(A) was completed is no
211 more than 18 months; or
- 212 (g) a prepaid contract of limited duration that provides for scheduled maintenance only.
- 213 (2)(a) This title restricts otherwise legitimate business activity.
- 214 (b) What this title does not prohibit is permitted unless contrary to other provisions of
215 Utah law.
- 216 (3) Except as otherwise expressly provided, this title does not apply to:
- 217 (a) those activities of an insurer where state jurisdiction is preempted by Section 514 of
218 the federal Employee Retirement Income Security Act of 1974, as amended;
- 219 (b) ocean marine insurance;
- 220 (c) death, accident, health, or disability benefits provided by an organization that:
- 221 (i) has as the organization's principal purpose to achieve charitable, educational,
222 social, or religious objectives rather than to provide death, accident, health, or
223 disability benefits;
- 224 (ii) does not incur a legal obligation to pay a specified amount;
- 225 (iii) does not create reasonable expectations of receiving a specified amount on the
226 part of an insured person; and
- 227 (iv) is not a health care sharing ministry that provides that a participant make a
228 contribution to pay another participant's qualified expenses with no assumption of
229 risk or promise to pay.
- 230 (d) other business specified in rules adopted by the commissioner on a finding that:
- 231 (i) the transaction of the business in this state does not require regulation for the
232 protection of the interests of the residents of this state; or

- 233 (ii) it would be impracticable to require compliance with this title;
- 234 (e) except as provided in Subsection (4), a transaction independently procured through
235 negotiations under Section 31A-15-104;
- 236 (f) self-insurance;
- 237 (g) reinsurance;
- 238 (h) subject to Subsection (5), an employee or labor union group insurance policy
239 covering risks in this state or an employee or labor union blanket insurance policy
240 covering risks in this state, if:
- 241 (i) the policyholder exists primarily for purposes other than to procure insurance;
- 242 (ii) the policyholder:
- 243 (A) is not a resident of this state;
- 244 (B) is not a domestic corporation; or
- 245 (C) does not have the policyholder's principal office in this state;
- 246 (iii) no more than 25% of the certificate holders or insureds are residents of this state;
- 247 (iv) on request of the commissioner, the insurer files with the department a copy of
248 the policy and a copy of each form or certificate; and
- 249 (v)(A) the insurer agrees to pay premium taxes on the Utah portion of the insurer's
250 business, as if the insurer were authorized to do business in this state; and
- 251 (B) the insurer provides the commissioner with the security the commissioner
252 considers necessary for the payment of premium taxes under Title 59, Chapter
253 9, Taxation of Admitted Insurers;
- 254 (i) to the extent provided in Subsection (6):
- 255 (i) a manufacturer's or seller's warranty; and
- 256 (ii) a manufacturer's or seller's service contract;
- 257 (j) except to the extent provided in Subsection (7), a public agency insurance mutual;
- 258 (k) except as provided in Chapter 6b, Guaranteed Asset Protection Waiver Act, a
259 guaranteed asset protection waiver; or
- 260 (l) a health care sharing ministry, if the health care sharing ministry:
- 261 (i) provides to each participant upon enrollment and annually thereafter a written
262 statement of nationwide data from the preceding calendar year that lists the total
263 dollar amount of contributions provided to participants toward qualified expenses;
264 and
- 265 (ii) includes a written disclaimer, titled "Notice", on or with each application and all
266 guideline materials that states:

- 267 (A) the health care sharing ministry is not an insurance company;
- 268 (B) nothing the health care sharing ministry offers or provides is an insurance
- 269 policy, including the health care sharing ministry's guidelines or plan of
- 270 operations;
- 271 (C) participation in the health care sharing ministry is entirely voluntary and no
- 272 participant is compelled by law to contribute to another participant's expenses;
- 273 (D) participation in the health care sharing ministry or subscription to any of the
- 274 health care sharing ministry's services is not insurance; and
- 275 (E) each participant is always personally responsible for the participant's expenses
- 276 regardless of whether the participant receives payment for the expenses
- 277 through the health care sharing ministry or whether this health care sharing
- 278 ministry continues to operate.
- 279 (4) A transaction described in Subsection (3)(e) is subject to taxation under Section
- 280 31A-3-301.
- 281 (5)(a) After a hearing, the commissioner may order an insurer of certain group insurance
- 282 policies or blanket insurance policies to transfer the Utah portion of the business
- 283 otherwise exempted under Subsection (3)(h) to an authorized insurer if the contracts
- 284 have been written by an unauthorized insurer.
- 285 (b) If the commissioner finds that the conditions required for the exemption of a group
- 286 or blanket insurer are not satisfied or that adequate protection to residents of this state
- 287 is not provided, the commissioner may require:
- 288 (i) the insurer to be authorized to do business in this state; or
- 289 (ii) that any of the insurer's transactions be subject to this title.
- 290 (c) Subsection (3)(h) does not apply to a blanket insurance policy offering accident and
- 291 health insurance.
- 292 (6)(a) As used in Subsection (3)(i) and this Subsection (6):
- 293 (i) [~~"manufacturer's-~~] "Manufacturer's or seller's service contract" means a service
- 294 contract:
- 295 (A) made available by:
- 296 (I) a manufacturer of a product;
- 297 (II) a seller of a product; or
- 298 (III) an affiliate of a manufacturer or seller of a product;
- 299 (B) made available:
- 300 (I) on one or more specific products; or

- 301 (II) on products that are components of a system; and
 302 (C) under which the person described in Subsection (6)(a)(i)(A) is liable for
 303 services to be provided under the service contract including, if the
 304 manufacturer's or seller's service contract designates, providing parts and labor[;] .
- 305 (ii) [~~"manufacturer's-~~] "Manufacturer's or seller's warranty" means the guaranty of:
 306 (A)(I) the manufacturer of a product;
 307 (II) a seller of a product; or
 308 (III) an affiliate of a manufacturer or seller of a product;
 309 (B)(I) on one or more specific products; or
 310 (II) on products that are components of a system; and
 311 (C) under which the person described in Subsection (6)(a)(ii)(A) is liable for
 312 services to be provided under the warranty, including, if the manufacturer's or
 313 seller's warranty designates, providing parts and labor[; ~~and~~] .
- 314 (iii) [~~"service~~] "Service contract" means the same as that term is defined in Section
 315 31A-6a-101.
- 316 (b) A manufacturer's or seller's warranty may be designated as:
 317 (i) a warranty;
 318 (ii) a guaranty; or
 319 (iii) a term similar to a term described in Subsection (6)(b)(i) or (ii).
- 320 (c) This title does not apply to:
 321 (i) a manufacturer's or seller's warranty;
 322 (ii) a manufacturer's or seller's service contract paid for with consideration that is in
 323 addition to the consideration paid for the product itself; and
 324 (iii) a service contract that is not a manufacturer's or seller's warranty or
 325 manufacturer's or seller's service contract if:
 326 (A) the service contract is paid for with consideration that is in addition to the
 327 consideration paid for the product itself;
 328 (B) the service contract is for the repair or maintenance of goods;
 329 (C) the purchase price of the product is \$3,700 or less;
 330 (D) the product is not a motor vehicle; and
 331 (E) the product is not the subject of a home warranty service contract.
- 332 (d) This title does not apply to a manufacturer's or seller's warranty or service contract
 333 paid for with consideration that is in addition to the consideration paid for the product
 334 itself regardless of whether the manufacturer's or seller's warranty or service contract

335 is sold:

336 (i) at the time of the purchase of the product; or

337 (ii) at a time other than the time of the purchase of the product.

338 (7)(a) For purposes of this Subsection (7)[;] :

339 (i) [~~"public-~~] "Public agency insurance mutual" means an entity[-] :

340 (A) formed by two or more political subdivisions or public agencies of the state[;]

341 [(+)] under Title 11, Chapter 13, Interlocal Cooperation Act; and

342 [(ii) for the purpose of providing for the political subdivisions or public agencies:]

343 [(A) subject to Subsection (7)(b), insurance coverage; or]

344 [(B) risk management.]

345 (B) that issues an insurance policy, subject to Subsection (7)(b), or provides risk

346 management, to a political subdivision or public agency in the state under Title

347 11, Chapter 13, Interlocal Cooperation Act.

348 (ii) "Reserve fund" means a fund established:

349 (A) to fund a loss to a political subdivision's assets; and

350 (B) by one or more political subdivisions for a purpose identified in Section

351 63G-7-703.

352 (b) [~~Notwithstanding Subsection (7)(a)(ii)(A), a-~~] A public agency insurance mutual or

353 reserve fund may not provide health insurance unless the public agency insurance

354 mutual provides the health insurance using:

355 (i) a third party administrator licensed under Chapter 25, Third Party Administrators;

356 (ii) an admitted insurer; or

357 (iii) a program authorized by Title 49, Chapter 20, Public Employees' Benefit and

358 Insurance Program Act.

359 (c) [~~Except for this Subsection (7), a-~~] A public agency insurance mutual is exempt from

360 this title except as provided in the provisions in Sections 31A-3-301 and 31A-3-303

361 describing the surplus lines tax that is applicable to a policyholder.

362 (d) A public agency insurance mutual is considered to be a governmental entity and

363 political subdivision of the state with all of the rights, privileges, and immunities of a

364 governmental entity or political subdivision of the state including all the rights and

365 benefits of Title 63G, Chapter 7, Governmental Immunity Act of Utah.

366 Section 5. Section **51-7-2** is amended to read:

367 **51-7-2 . Exemptions from chapter.**

368 (1) Except as provided in Subsection (2), the following funds are exempt from this chapter:

- 369 (a) funds invested in accordance with the participating employees' designation or
 370 direction pursuant to a public employees' deferred compensation plan established and
 371 operated in compliance with Section 457 of the Internal Revenue Code of 1986, as
 372 amended;
- 373 (b) funds of the Utah State Retirement Board;
- 374 (c) funds of the Utah Housing Corporation;
- 375 (d) endowment funds of higher education institutions, including funds of the Higher
 376 Education Student Success Endowment, created in Section 53B-7-802;
- 377 (e) permanent and other land grant trust funds established pursuant to the Utah Enabling
 378 Act and the Utah Constitution;
- 379 (f) the State Post-Retirement Benefits Trust Fund;
- 380 (g) the funds of the Utah Educational Savings Plan;
- 381 (h) funds of the permanent state trust fund created by and operated under Utah
 382 Constitution, Article XXII, Section 4;
- 383 (i) the funds in the Navajo Trust Fund;
- 384 (j) the funds in the Radioactive Waste Perpetual Care and Maintenance Account;
- 385 (k) the funds in the Employers' Reinsurance Fund;
- 386 (l) the funds in the Uninsured Employers' Fund;
- 387 (m) the Utah State Developmental Center Long-Term Sustainability Fund, created in
 388 Section 26B-1-331;
- 389 (n) the funds in the Risk Management Fund created in Section 63A-4-201;
- 390 (o) the Utah fund of funds created in Section 63N-6-401;
- 391 (p) the funds deposited into the Utah Homes Investment Program from the
 392 Transportation Infrastructure General Fund Support Subfund created in Section
 393 72-2-134; [~~and~~]
- 394 (q) subject to Subsection 67-4-19(2), the portion of the funds in the following accounts
 395 invested by the state treasurer in precious metals:
- 396 (i) the State Disaster Recovery Restricted Account, created in Section 53-2a-603;
- 397 (ii) the General Fund Budget Reserve Account, created in Section 63J-1-312;
- 398 (iii) the Income Tax Fund Budget Reserve Account, created in Section 63J-1-313; and
- 399 (iv) the Medicaid Growth Reduction and Budget Stabilization Account, created in
 400 Section 63J-1-315[-] ; and
- 401 (r) except as provided in Section 11-13-533:
- 402 (i) the funds of a public agency insurance mutual as that term is defined in Section

- 403 31A-1-103; and
 404 (ii) the funds of a reserve fund as that term is defined in Section 31A-1-103.
 405 (2) Except for the funds of the Utah State Retirement Board and the Utah Educational
 406 Savings Plan, the funds described in Subsection (1) are not exempt from Subsections
 407 51-7-14(2) and (3).
 408 (3) Notwithstanding Title 52, Chapter 4, Open and Public Meetings Act, a public body that
 409 administers a fund described in Subsection (1) may hold a closed meeting to discuss the
 410 sale or purchase of identifiable securities, investment funds, or investment contracts.
 411 (4) A paper, electronic, or other depiction or record of information relating to investment
 412 activities of a fund described in Subsection (1) is not subject to Title 63G, Chapter 2,
 413 Government Records Access and Management Act.

414 Section 6. Section **51-7-11** is amended to read:

415 **51-7-11 . Authorized deposits or investments of public funds.**

- 416 (1)(a) Except as provided in Subsections (1)(b) through (1)(d), a public treasurer shall
 417 conduct investment transactions through qualified depositories, certified dealers, or
 418 directly with issuers of the investment securities.
 419 (b) A public treasurer may designate a certified investment adviser to make trades on
 420 behalf of the public treasurer.
 421 (c) A public treasurer may make a deposit in accordance with Section 53B-7-601 in a
 422 foreign depository institution as defined in Section 7-1-103.
 423 (d) The state treasurer is exempt from the requirement to conduct investment
 424 transactions through a certified dealer under Subsection (1)(a).
 425 (2) The remaining term to maturity of the investment may not exceed the period of
 426 availability of the funds to be invested.
 427 (3) Except as provided in Subsection (4), all public funds shall be deposited or invested in
 428 the following assets that meet the criteria of Section 51-7-17:
 429 (a) negotiable or nonnegotiable deposits of qualified depositories;
 430 (b) qualifying or nonqualifying repurchase agreements and reverse repurchase
 431 agreements with qualified depositories using collateral consisting of:
 432 (i) Government National Mortgage Association mortgage pools;
 433 (ii) Federal Home Loan Mortgage Corporation mortgage pools;
 434 (iii) Federal National Mortgage Corporation mortgage pools;
 435 (iv) Small Business Administration loan pools;
 436 (v) Federal Agriculture Mortgage Corporation pools; or

- 437 (vi) other investments authorized by this section;
- 438 (c) qualifying repurchase agreements and reverse repurchase agreements with certified
439 dealers, permitted depositories, or qualified depositories using collateral consisting of:
- 440 (i) Government National Mortgage Association mortgage pools;
- 441 (ii) Federal Home Loan Mortgage Corporation mortgage pools;
- 442 (iii) Federal National Mortgage Corporation mortgage pools;
- 443 (iv) Small Business Administration loan pools; or
- 444 (v) other investments authorized by this section;
- 445 (d) commercial paper that is classified as "first tier" by two nationally recognized
446 statistical rating organizations, which has a remaining term to maturity of:
- 447 (i) 270 days or fewer for paper issued under 15 U.S.C. Sec. 77c(a)(3); or
- 448 (ii) 365 days or fewer for paper issued under 15 U.S.C. Sec. 77d(2);
- 449 (e) bankers' acceptances that:
- 450 (i) are eligible for discount at a Federal Reserve bank; and
- 451 (ii) have a remaining term to maturity of 270 days or fewer;
- 452 (f) fixed rate negotiable deposits issued by a permitted depository that have a remaining
453 term to maturity of 365 days or fewer;
- 454 (g) obligations of the United States Treasury, including United States Treasury bills,
455 United States Treasury notes, and United States Treasury bonds that, unless the funds
456 invested are pledged or otherwise deposited in an irrevocable trust escrow account,
457 have a remaining term to final maturity of:
- 458 (i) five years or less; or
- 459 (ii) if the funds are invested by an institution of higher education as defined in
460 Section 53B-3-102, a city of the first class, or a county of the first class, 10 years
461 or less; ~~[or]~~
- 462 ~~[(iii) if the funds are invested by a public agency insurance mutual, as defined in~~
463 ~~Subsection 31A-1-103(7)(a), 20 years or less;]~~
- 464 (h) obligations other than mortgage pools and other mortgage derivative products that:
- 465 (i) are issued by, or fully guaranteed as to principal and interest by, the following
466 agencies or instrumentalities of the United States in which a market is made by a
467 primary reporting government securities dealer, unless the agency or
468 instrumentality has become private and is no longer considered to be a
469 government entity:
- 470 (A) Federal Farm Credit banks;

- 471 (B) Federal Home Loan banks;
- 472 (C) Federal National Mortgage Association;
- 473 (D) Federal Home Loan Mortgage Corporation;
- 474 (E) Federal Agriculture Mortgage Corporation; and
- 475 (F) Tennessee Valley Authority; and
- 476 (ii) unless the funds invested are pledged or otherwise deposited in an irrevocable
- 477 trust escrow account, have a remaining term to final maturity of:
- 478 (A) five years or less; or
- 479 (B) if the funds are invested by an institution of higher education as defined in
- 480 Section 53B-3-102, a city of the first class, or a county of the first class, 10
- 481 years or less; ~~or~~
- 482 ~~[(C) if the funds are invested by a public agency insurance mutual, as defined in~~
- 483 ~~Subsection 31A-1-103(7)(a), 20 years or less;]~~
- 484 (i) fixed rate corporate obligations that:
- 485 (i) are rated "A" or higher or the equivalent of "A" or higher by two nationally
- 486 recognized statistical rating organizations;
- 487 (ii) are senior unsecured or secured obligations of the issuer, excluding covered
- 488 bonds;
- 489 (iii) are publicly traded; and
- 490 (iv) have a remaining term to final maturity of 15 months or less or are subject to a
- 491 hard put at par value or better, within 365 days;
- 492 (j) tax anticipation notes and general obligation bonds of the state or a county,
- 493 incorporated city or town, school district, or other political subdivision of the state,
- 494 including bonds offered on a when-issued basis without regard to the limitations
- 495 described in Subsection (7) that, unless the funds invested are pledged or otherwise
- 496 deposited in an irrevocable trust escrow account, have a remaining term to final
- 497 maturity of:
- 498 (i) five years or less; or
- 499 (ii) if the funds are invested by an institution of higher education as defined in
- 500 Section 53B-3-102, a city of the first class, or a county of the first class, 10 years
- 501 or less; ~~or~~
- 502 ~~[(iii) if the funds are invested by a public agency insurance mutual, as defined in~~
- 503 ~~Subsection 31A-1-103(7)(a), 20 years or less;]~~
- 504 (k) bonds, notes, or other evidence of indebtedness of a county, incorporated city or

- 505 town, school district, or other political subdivision of the state that are payable from
506 assessments or from revenues or earnings specifically pledged for payment of the
507 principal and interest on these obligations, including bonds offered on a when-issued
508 basis without regard to the limitations described in Subsection (7) that, unless the
509 funds invested are pledged or otherwise deposited in an irrevocable trust escrow
510 account, have a remaining term to final maturity of:
- 511 (i) five years or less;
 - 512 (ii) if the funds are invested by an institution of higher education as defined in
513 Section 53B-3-102, a city of the first class, or a county of the first class, 10 years
514 or less; or
 - 515 (iii) if the funds are invested by a public agency insurance mutual, as defined in
516 Subsection 31A-1-103(7)(a), 20 years or less;
- 517 (l) shares or certificates in a money market mutual fund;
- 518 (m) variable rate negotiable deposits that:
- 519 (i) are issued by a qualified depository or a permitted depository;
 - 520 (ii) are repriced at least semiannually; and
 - 521 (iii) have a remaining term to final maturity not to exceed three years;
- 522 (n) variable rate securities that:
- 523 (i)(A) are rated "A" or higher or the equivalent of "A" or higher by two nationally
524 recognized statistical rating organizations;
 - 525 (B) are senior unsecured or secured obligations of the issuer, excluding covered
526 bonds;
 - 527 (C) are publicly traded;
 - 528 (D) are repriced at least semiannually; and
 - 529 (E) have a remaining term to final maturity not to exceed three years or are subject
530 to a hard put at par value or better, within 365 days;
 - 531 (ii) are not mortgages, mortgage-backed securities, mortgage derivative products, or a
532 security making unscheduled periodic principal payments other than optional
533 redemptions;
- 534 (o) reciprocal deposits made in accordance with Subsection 51-7-17(4); and
- 535 (p) negotiable brokered certificates of deposit made in accordance with Subsection
536 51-7-17(4).
- 537 (4) The following public funds are exempt from the requirements of Subsection (3):
- 538 (a) a local government other post-employment benefits trust fund under Section

- 539 51-7-12.2; and
- 540 (b) a nonnegotiable deposit made in accordance with Section 53B-7-601 in a foreign
- 541 depository institution as defined in Section 7-1-103.
- 542 (5) If any of the deposits authorized by Subsection (3)(a) are negotiable or nonnegotiable
- 543 large time deposits issued in amounts of \$100,000 or more, the interest shall be
- 544 calculated on the basis of the actual number of days divided by 360 days.
- 545 (6) A public treasurer may maintain fully insured deposits in demand accounts in a
- 546 federally insured nonqualified depository only if a qualified depository is not reasonably
- 547 convenient to the entity's geographic location.
- 548 (7) Except as provided under Subsections (3)(j) and (k), the public treasurer shall ensure
- 549 that all purchases and sales of securities are settled within:
- 550 (a) 15 days of the trade date for outstanding issues; and
- 551 (b) 30 days for new issues.

552 Section 7. **Effective Date.**

553 This bill takes effect on May 7, 2025.