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State Sovereignty Fund
2025 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Joseph Elison
Senate Sponsor:

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LONG TITLE

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General Description:

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This bill creates the State Sovereignty Fund.

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Highlighted Provisions:

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This bill:

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▸ defines terms;

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▸ establishes the State Sovereignty Fund;

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▸ provides for the funding, investment, and distribution of the State Sovereignty Fund; and

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▸ makes technical and conforming changes.

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Money Appropriated in this Bill:

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This bill appropriates \$139,984,700 in restricted fund and account transfers for fiscal year

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2025, all of which is from the various sources as detailed in this bill.

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Other Special Clauses:

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This bill provides a special effective date.

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Utah Code Sections Affected:

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AMENDS:

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51-7-2 (Effective upon governor's approval), as last amended by Laws of Utah 2024,

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Chapters 418, 492 and 510

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63J-1-312 (Effective upon governor's approval), as last amended by Laws of Utah 2022,

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Chapter 456

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63J-1-313 (Effective upon governor's approval), as last amended by Laws of Utah 2022,

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Chapter 456

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67-4-19 (Effective upon governor's approval), as enacted by Laws of Utah 2024, Chapter

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492

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ENACTS:

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51-13-101 (Effective upon governor's approval), Utah Code Annotated 1953

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51-13-201 (Effective upon governor's approval), Utah Code Annotated 1953

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51-13-202 (Effective upon governor's approval), Utah Code Annotated 1953

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

Section 1. Section **51-7-2** is amended to read:

51-7-2 (Effective upon governor's approval). Exemptions from chapter.

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

- (a) funds invested in accordance with the participating employees' designation or direction pursuant to a public employees' deferred compensation plan established and operated in compliance with Section 457 of the Internal Revenue Code of 1986, as amended;
- (b) funds of the Utah State Retirement Board;
- (c) funds of the Utah Housing Corporation;
- (d) endowment funds of higher education institutions, including funds of the Higher Education Student Success Endowment, created in Section 53B-7-802;
- (e) permanent and other land grant trust funds established pursuant to the Utah Enabling Act and the Utah Constitution;
- (f) the State Post-Retirement Benefits Trust Fund;
- (g) the funds of the Utah Educational Savings Plan;
- (h) funds of the permanent state trust fund created by and operated under Utah Constitution, Article XXII, Section 4;
- (i) the funds in the Navajo Trust Fund;
- (j) the funds in the Radioactive Waste Perpetual Care and Maintenance Account;
- (k) the funds in the Employers' Reinsurance Fund;
- (l) the funds in the Uninsured Employers' Fund;
- (m) the Utah State Developmental Center Long-Term Sustainability Fund, created in Section 26B-1-331;
- (n) the funds in the Risk Management Fund created in Section 63A-4-201;
- (o) the Utah fund of funds created in Section 63N-6-401;
- (p) the funds deposited into the Utah Homes Investment Program from the Transportation Infrastructure General Fund Support Subfund created in Section 72-2-134; and
- ~~[(q) subject to Subsection 67-4-19(2), the portion of the funds in the following accounts invested by the state treasurer in precious metals:]~~
- ~~[(i) the State Disaster Recovery Restricted Account, created in Section 53-2a-603;]~~
- ~~[(ii) the General Fund Budget Reserve Account, created in Section 63J-1-312;]~~

65 ~~[(iii) the Income Tax Fund Budget Reserve Account, created in Section 63J-1-313;~~
 66 ~~and]~~

67 ~~[(iv) the Medicaid Growth Reduction and Budget Stabilization Account, created in~~
 68 ~~Section 63J-1-315.]~~

69 (q) the State Sovereignty Fund created in Section 51-13-201.

70 (2) Except for the funds of the Utah State Retirement Board and the Utah Educational
 71 Savings Plan, the funds described in Subsection (1) are not exempt from Subsections
 72 51-7-14(2) and (3).

73 (3) Notwithstanding Title 52, Chapter 4, Open and Public Meetings Act, a public body that
 74 administers a fund described in Subsection (1) may hold a closed meeting to discuss the
 75 sale or purchase of identifiable securities, investment funds, or investment contracts.

76 (4) A paper, electronic, or other depiction or record of information relating to investment
 77 activities of a fund described in Subsection (1) is not subject to Title 63G, Chapter 2,
 78 Government Records Access and Management Act.

79 Section 2. Section **51-13-101** is enacted to read:

80 **CHAPTER 13. STATE SOVEREIGNTY FUND**

81 **Part 1. General Provisions**

82 **51-13-101 (Effective upon governor's approval). Definitions.**

83 As used in this chapter:

84 (1) "Division" means the Division of Finance created in Section 63A-3-101.

85 (2) "Excess revenue collections" means any amount of General Fund or Income Tax Fund
 86 revenue that, in any fiscal year, exceeds the estimated revenue for that fiscal year last
 87 adopted by the Executive Appropriations Committee by more than two standard
 88 deviations on a 20-year mean.

89 (3) "Fund" means the State Sovereignty Fund created in Section 51-13-201.

90 (4) "General Fund Budget Reserve Account" means the General Fund Budget Reserve
 91 Account created in Section 63J-1-312.

92 (5) "Income Tax Fund Budget Reserve Account" means the Income Tax Fund Budget
 93 Reserve Account created in Section 63J-1-313.

94 (6) "Precious metal" means the same as that term is defined in Section 61-1-13.

95 (7)(a) "Principal" means money deposited into the State Sovereignty Fund in accordance
 96 with Section 51-13-201.

97 (b) "Principal" does not include earnings like interest, dividends, or asset appreciation

98 credited to the State Sovereignty Fund.

99 (8) "Reserve account surplus" means an amount described in Subsection 63J-1-312(3)(a)(ii)
 100 (B) or 63J-1-313(3)(a)(ii)(B).

101 Section 3. Section **51-13-201** is enacted to read:

102 **Part 2. Establishment of State Sovereignty Fund**

103 **51-13-201 (Effective upon governor's approval). State Sovereignty Fund --**

104 **Creation -- Distribution.**

105 (1) There is created the State Sovereignty Fund which consists of:

106 (a) any reserve account surplus;

107 (b) one-half of any General Fund savings from a decrease in the Federal Medical
 108 Assistance Percentages;

109 (c) if the federal government offers an enhanced Federal Medical Assistance Percentage,
 110 25% of the resulting state fund savings;

111 (d) any excess revenue collections;

112 (e) interest, dividends, appreciation, or other earnings attributable to the fund;

113 (f) additional money appropriated by the Legislature; and

114 (g) any precious metals transferred to the fund or purchased by the state using fund
 115 money.

116 (2)(a) The division shall deposit into the fund any amounts described in Subsections (1)

117 (a) through (f).

118 (b) The division and the state treasurer shall transfer into the fund any gold held in the
 119 General Fund Budget Reserve Account or the Income Tax Fund Budget Reserve
 120 Account as of July 1, 2025.

121 (3) The division shall separately track principal deposits into the fund from the General
 122 Fund and Income Tax Fund, including earnings on the deposits.

123 (4) In accordance with Section 51-13-203, the state treasurer shall invest the money in the
 124 fund for the benefit of the people of the state in perpetuity.

125 (5) The Legislature may not appropriate money from the fund before fiscal year 2075-76.

126 (6)(a) Beginning fiscal year 2075-76, the Legislature may appropriate up to 50% of the
 127 annual earnings from the investment of the fund to offset reduced federal funding or
 128 to provide state tax relief.

129 (b) After any appropriations under Subsection (6)(a), the division shall deposit any
 130 remaining earnings into the fund for investment.

131 (7) The Legislature may appropriate principal from the fund only by affirmative vote of

132 two-thirds of all members elected of each chamber of the Legislature.

133 Section 4. Section **51-13-202** is enacted to read:

134 **51-13-202 (Effective upon governor's approval). State Sovereignty Fund --**
135 **Investment.**

136 (1) The state treasurer shall:

137 (a) invest money in the fund with the following goals, in order of priority:

138 (i) providing for growth of the principal; and

139 (ii) fund stability;

140 (b) invest and manage fund assets as a prudent investor would by:

141 (i) considering the purpose, terms, distribution requirements, and other circumstances
142 of the fund; and

143 (ii) exercising reasonable care, skill, and caution in order to meet the standard of care
144 of a prudent investor; and

145 (c) deposit the interest or other revenue earned from the investment of the fund in
146 accordance with Section 51-12-102.

147 (2)(a) The state treasurer may invest in precious metals the greater of:

148 (i) 3% of the fund's principal; or

149 (ii) \$140 million of the fund's principal.

150 (b) The state treasurer may deduct any administrative costs incurred by investing in
151 precious metals under this Subsection (2), including delivery and vaulting costs, from:

152 (i) earnings generated by the investments in the fund; or

153 (ii) if the earnings generated by the investments in the fund are insufficient, earnings
154 generated by investments in:

155 (A) the General Fund Budget Reserve Account; or

156 (B) the Income Tax Fund Budget Reserve Account.

157 Section 5. Section **63J-1-312** is amended to read:

158 **63J-1-312 (Effective upon governor's approval). Establishing a General Fund**
159 **Budget Reserve Account -- Providing for deposits and expenditures from the account --**
160 **Providing for interest generated by the account.**

161 (1) As used in this section:

162 (a) " Income Tax Fund budget deficit" means a situation where appropriations made by
163 the Legislature from the Income Tax Fund for a fiscal year exceed the estimated
164 revenues adopted by the Executive Appropriations Committee of the Legislature for
165 the Income Tax Fund in that fiscal year.

- 166 (b) "General Fund appropriations" means the sum of the spending authority for a fiscal
167 year that is:
- 168 (i) granted by the Legislature in all appropriation acts and bills; and
169 (ii) identified as coming from the General Fund.
- 170 (c) "General Fund budget deficit" means a situation where General Fund appropriations
171 made by the Legislature for a fiscal year exceed the estimated revenues adopted by
172 the Executive Appropriations Committee of the Legislature for the General Fund in
173 that fiscal year.
- 174 (d) "General Fund revenue surplus" means a situation where actual General Fund
175 revenues collected in a completed fiscal year exceed the estimated revenues for the
176 General Fund for that fiscal year that were adopted by the Executive Appropriations
177 Committee of the Legislature.
- 178 (e) "Operating deficit" means that, at the end of the fiscal year, the unassigned fund
179 balance in the General Fund is less than zero.
- 180 (2) There is created within the General Fund a restricted account to be known as the
181 General Fund Budget Reserve Account, which is designated to receive the legislative
182 appropriations and the surplus revenue required to be deposited into the account by this
183 section.
- 184 (3)(a)(i) Except as provided in Subsection (3)(a)(ii), at the end of any fiscal year in
185 which the Division of Finance, in consultation with the [~~Legislative Fiscal Analyst~~]
186 legislative fiscal analyst and in conjunction with the completion of the annual
187 audit by the state auditor, determines that there is a General Fund revenue surplus,
188 the Division of Finance shall transfer 25% of the General Fund revenue surplus to
189 the General Fund Budget Reserve Account.
- 190 (ii) If the transfer of 25% of the General Fund revenue surplus to the General Fund
191 Budget Reserve Account would cause the balance in the account to exceed 9% of
192 General Fund appropriations for the fiscal year in which the revenue surplus
193 occurred, the Division of Finance shall:
- 194 (A) transfer to the General Fund Budget Reserve Account only those funds
195 necessary to ensure that the balance in the account equals 9% of General Fund
196 appropriations for the fiscal year in which the General Fund revenue surplus
197 occurred[-] ; and
- 198 (B) transfer to the State Sovereignty Fund created in Section 51-13-201 the
199 remaining amount of the 25% of the General Fund revenue surplus described

- 200 in Subsection (3)(a)(i).
- 201 (iii) The Division of Finance shall calculate the amount to be transferred under this
- 202 Subsection (3)(a):
- 203 (A) after making the transfer of General Fund revenue surplus to the Medicaid
- 204 Growth Reduction and Budget Stabilization Account, as provided in Section
- 205 63J-1-315;
- 206 (B) before transferring from the General Fund revenue surplus any other year-end
- 207 contingency appropriations, year-end set-asides, or other year-end transfers
- 208 required by law; and
- 209 (C) excluding any direct legislative appropriation made to the General Fund
- 210 Budget Reserve Account for the fiscal year.
- 211 (b)(i) Except as provided in Subsection (3)(b)(ii), in addition to Subsection (3)(a)(i),
- 212 if a General Fund revenue surplus exists and if, within the last 10 years, the
- 213 Legislature has appropriated any money from the General Fund Budget Reserve
- 214 Account that has not been replaced by appropriation or as provided in this
- 215 Subsection (3)(b), the Division of Finance shall transfer up to 25% more of the
- 216 General Fund revenue surplus to the General Fund Budget Reserve Account to
- 217 replace the amounts appropriated, until direct legislative appropriations, if any,
- 218 and transfers from the General Fund revenue surplus under this Subsection (3)(b)
- 219 have replaced the appropriations from the account.
- 220 (ii) If the transfer under Subsection (3)(b)(i) would cause the balance in the account
- 221 to exceed 9% of General Fund appropriations for the fiscal year in which the
- 222 revenue surplus occurred, the Division of Finance shall transfer only those funds
- 223 necessary to ensure that the balance in the account equals 9% of General Fund
- 224 appropriations for the fiscal year in which the revenue surplus occurred.
- 225 (iii) The Division of Finance shall calculate the amount to be transferred under this
- 226 Subsection (3)(b):
- 227 (A) after making the transfer of General Fund revenue surplus to the Medicaid
- 228 Growth Reduction and Budget Stabilization Account, as provided in Section
- 229 63J-1-315;
- 230 (B) before transferring from the General Fund revenue surplus any other year-end
- 231 contingency appropriations, year-end set-asides, or other year-end transfers
- 232 required by law; and
- 233 (C) excluding any direct legislative appropriation made to the General Fund

- 234 Budget Reserve Account for the fiscal year.
- 235 (c) For appropriations made by the Legislature to the General Fund Budget Reserve
236 Account, the Division of Finance shall treat those appropriations, unless otherwise
237 specified in the appropriation, as replacement funds for appropriations made from the
238 account if funds were appropriated from the General Fund Budget Reserve Account
239 within the past 10 years and have not yet been replaced.
- 240 (4) [The] Except as provided in Subsection (6), the Legislature may appropriate money from
241 the General Fund Budget Reserve Account only to:
- 242 (a) resolve a General Fund budget deficit, for the fiscal year in which the General Fund
243 budget deficit occurs;
- 244 (b) pay some or all of state settlement agreements approved under Title 63G, Chapter
245 10, State Settlement Agreements Act;
- 246 (c) pay claims approved under Section 63G-9-304;
- 247 (d) pay retroactive tax refunds;
- 248 (e) resolve an Income Tax Fund budget deficit; or
- 249 (f) finance an existing federally funded program or activity when:
- 250 (i) the federal funds expected to fund the federal program or activity are not available
251 to fund the program or activity; and
- 252 (ii) the Legislature and governor concurrently determine that the program or activity
253 is essential.
- 254 (5) Interest generated from investments of money in the General Fund Budget Reserve
255 Account shall be deposited into the General Fund.
- 256 (6) For fiscal year 2024-25 only, the Legislature may appropriate one-time up to
257 \$54,356,200 from the General Fund Budget Reserve Account to the State Sovereignty
258 Fund created in Section 51-13-201.
- 259 Section 6. Section **63J-1-313** is amended to read:
- 260 **63J-1-313 (Effective upon governor's approval). Establishing an Income Tax**
261 **Fund Budget Reserve Account -- Providing for deposits and expenditures from the**
262 **account -- Providing for interest generated by the account.**
- 263 (1) As used in this section:
- 264 (a) " Income Tax Fund appropriations" means the sum of the spending authority for a
265 fiscal year that is:
- 266 (i) granted by the Legislature in all appropriation acts and bills; and
- 267 (ii) identified as coming from the Income Tax Fund.

- 268 (b) " Income Tax Fund budget deficit" means a situation where appropriations made by
269 the Legislature from the Income Tax Fund for a fiscal year exceed the estimated
270 revenues adopted by the Executive Appropriations Committee of the Legislature for
271 the Income Tax Fund in that fiscal year.
- 272 (c) " Income Tax Fund revenue surplus" means a situation where actual Income Tax
273 Fund revenues collected in a completed fiscal year exceed the estimated revenues for
274 the Income Tax Fund in that fiscal year that were adopted by the Executive
275 Appropriations Committee of the Legislature.
- 276 (d) "Operating deficit" means that, at the end of the fiscal year, the unassigned fund
277 balance in the Income Tax Fund is less than zero.
- 278 (2) There is created within the Income Tax Fund a restricted account to be known as the
279 Income Tax Fund Budget Reserve Account, which is designated to receive the
280 legislative appropriations and the surplus revenue required to be deposited into the
281 account by this section.
- 282 (3)(a)(i) Except as provided in Subsection (3)(a)(ii), at the end of any fiscal year in
283 which the Division of Finance, in consultation with the [~~Legislative Fiscal Analyst~~]
284 legislative fiscal analyst and in conjunction with the completion of the annual
285 audit by the state auditor, determines that there is an Income Tax Fund revenue
286 surplus, the Division of Finance shall transfer 25% of the Income Tax Fund
287 revenue surplus to the Income Tax Fund Budget Reserve Account.
- 288 (ii) If the transfer of 25% of the Income Tax Fund revenue surplus to the Income Tax
289 Fund Budget Reserve Account under Subsection (3)(a)(i) would cause the balance
290 in the account to exceed 11% of Income Tax Fund appropriations for the fiscal
291 year in which the Income Tax Fund revenue surplus occurred, the Division of
292 Finance shall:
- 293 (A) transfer to the Income Tax Fund Budget Reserve Account only those funds
294 necessary to ensure that the balance in the account equals 11% of the Income
295 Tax Fund appropriations for the fiscal year in which the Income Tax Fund
296 revenue surplus occurred[-] ; and
- 297 (B) transfer to the State Sovereignty Fund created in Section 51-13-201 the
298 remaining amount of the 25% of the Income Tax Fund revenue surplus
299 described in Subsection (3)(a)(i).
- 300 (iii) The Division of Finance shall calculate the amount to be transferred under this
301 Subsection (3)(a):

- 302 (A) before transferring from the Income Tax Fund revenue surplus any other
303 year-end contingency appropriations, year-end set-asides, or other year-end
304 transfers required by law; and
- 305 (B) excluding any direct legislative appropriation made to the Income Tax Fund
306 Budget Reserve Account for the fiscal year.
- 307 (b)(i) Except as provided in Subsection (3)(b)(ii), in addition to Subsection (3)(a)(i),
308 if an Income Tax Fund revenue surplus exists and if, within the last 10 years, the
309 Legislature has appropriated any money from the Income Tax Fund Budget
310 Reserve Account that has not been replaced by appropriation or as provided in this
311 Subsection (3)(b), the Division of Finance shall transfer up to 25% more of the
312 Income Tax Fund revenue surplus to the Income Tax Fund Budget Reserve
313 Account to replace the amounts appropriated, until direct legislative
314 appropriations, if any, and transfers from the Income Tax Fund revenue surplus
315 under this Subsection (3)(b) have replaced the appropriations from the account.
- 316 (ii) If the transfer under Subsection (3)(b)(i) would cause the balance in the account
317 to exceed 11% of Income Tax Fund appropriations for the fiscal year in which the
318 Income Tax Fund revenue surplus occurred, the Division of Finance shall transfer
319 only those funds necessary to ensure that the balance in the account equals 11% of
320 Income Tax Fund appropriations for the fiscal year in which the revenue surplus
321 occurred.
- 322 (iii) The Division of Finance shall calculate the amount to be transferred under this
323 Subsection (3)(b):
- 324 (A) before transferring from the Income Tax Fund revenue surplus any other
325 year-end contingency appropriations, year-end set-asides, or other year-end
326 transfers required by law; and
- 327 (B) excluding any direct legislative appropriation made to the Income Tax Fund
328 Budget Reserve Account for the fiscal year.
- 329 (c) For appropriations made by the Legislature to the Income Tax Fund Budget Reserve
330 Account, the Division of Finance shall treat those appropriations, unless specified
331 otherwise in the appropriation, as replacement funds for appropriations made from
332 the account if funds were appropriated from the account within the past 10 years and
333 have not yet been replaced.
- 334 (4) Notwithstanding Subsection (3), if, at the end of a fiscal year, the Division of Finance
335 determines that an operating deficit exists, the Division of Finance may reduce the

336 transfer to the Income Tax Fund Budget Reserve Account by the amount necessary to
337 eliminate the operating deficit.

338 (5) [The] Except as provided in Subsection (7), the Legislature may appropriate money from
339 the Income Tax Fund Budget Reserve Account only to resolve an Income Tax Fund
340 budget deficit.

341 (6) Interest generated from investments of money in the Income Tax Fund Budget Reserve
342 Account shall be deposited into the Income Tax Fund.

343 (7) For fiscal year 2024-25 only, the Legislature may appropriate one-time \$85,628,500
344 from the Income Tax Fund Budget Reserve Account to the State Sovereignty Fund
345 created in Section 51-13-201.

346 Section 7. Section **67-4-19** is amended to read:

347 **67-4-19 (Effective upon governor's approval). Precious metals study and report**
348 **to Legislature.**

349 [(1) As used in this section, "precious metal" means the same as that term is defined in
350 Section 61-1-13.]

351 [(2)(a) Subject to Subsection (2)(b), the state treasurer may invest a portion of public
352 funds in the following accounts in precious metals:]

353 [(i) the State Disaster Recovery Restricted Account, created in Section 53-2a-603;]

354 [(ii) the General Fund Budget Reserve Account, created in Section 63J-1-312;]

355 [(iii) the Income Tax Fund Budget Reserve Account, created in Section 63J-1-313;
356 and]

357 [(iv) the Medicaid Growth Reduction and Budget Stabilization Account, created in
358 Section 63J-1-315.]

359 [(b)(i) The amount of public funds that the state treasurer may invest in precious
360 metals in an account described in Subsection (2)(a) may not, at the time the
361 investment is made, exceed 10% of the total amount of public funds in that
362 account.]

363 [(ii) The requirements of Subsections 51-7-14(2) and (3) apply to the state treasurer's
364 investments in precious metals under Subsection (2)(a).]

365 [(iii) Any public funds in an account described in Subsection (2)(a) not invested by
366 the state treasurer in precious metals under this Subsection (2) shall be invested as
367 provided in Title 51, Chapter 7, State Money Management Act.]

368 [(3)] The state treasurer shall:

369 [(a)] (1) conduct [a] an ongoing study analyzing the role of precious metals in augmenting,

370 stabilizing, and ensuring the economic security and prosperity of the state, the families
 371 and residents of the state, and businesses in the state; and
 372 ~~[(b)]~~ (2) submit to the Revenue and Taxation Interim Committee ~~[on or before the~~
 373 ~~committee's 2024]~~ annually at or before the October interim committee meeting any
 374 recommendations for legislation resulting from the outcome of the study conducted
 375 under Subsection ~~[(3)(a)]~~ (1).

376 Section 8. **FY 2025 Appropriations.**

377 The following sums of money are appropriated for the fiscal year beginning July 1,
 378 2024, and ending June 30, 2025. These are additions to amounts previously appropriated for
 379 fiscal year 2025.

380 Subsection 8(a). **Restricted Fund and Account Transfers**

381 The Legislature authorizes the State Division of Finance to transfer the following
 382 amounts between the following funds or accounts as indicated. Expenditures and outlays from
 383 the funds to which the money is transferred must be authorized by an appropriation.

384	ITEM 1	To State Sovereignty Fund	
385		From Income Tax Fund Restricted - Income Tax Fund	
386		Budget Reserve Account, One-time	85,628,500
387		From General Fund Restricted - General Fund Budget	
388		Reserve Account, One-time	54,356,200
389		Schedule of Programs:	
390		State Sovereignty Fund	139,984,700

391 Section 9. **Effective Date.**

392 This bill takes effect:

- 393 (1) except as provided in Subsection (2), May 7, 2025; or
 394 (2) if approved by two-thirds of all members elected to each house:
 395 (a) upon approval by the governor;
 396 (b) without the governor's signature, the day following the constitutional time limit of
 397 Utah Constitution, Article VII, Section 8; or
 398 (c) in the case of a veto, the date of veto override.