

HB 164:

Central Bank Digital Currency (CBDC) Prohibition

Rep. Tyler Clancy

Legislative Objective:

Preserve Utah's fiscal sovereignty and strengthen the work of Utah's decentralization leaders.

Issue Background:

A federally controlled Central Bank Digital Currency is an opportunity for a centralized power grab. A CBDC is directly controlled by the federal (or foreign) government and issued directly to consumers, giving the controller/issuer (in this case the government) the ability to see all consumer activity, purchasing habits, energy usage, and the power to have an "on, off switch" regarding consumer choices. This is a dangerous example of government overreach and would directly threaten the sovereignty of Utahns across the state.

In August of 2023, the Utah GOP passed a resolution to protect Utahns against Central Bank Digital Currency (CBDC). The resolution cited how CBDC would give " [The] *Federal Reserve broad powers of surveillance and control over individual financial activity, including direct taxation, monitoring of all transactions...*"

Affected Section of Utah Code:

70A-1a-201 - Also known as the Uniform Commercial Code...

59-1-1502. Specie legal tender is legal tender in the state...

CBDC as Defined in HB 164:

Central bank digital currency" means a digital currency, a digital medium of exchange, or a digital monetary unit of account issued by the United States Federal Reserve System, a federal agency, a foreign government, a foreign central bank, or a foreign reserve system, that:

- . (i) is made directly available to a consumer by such entities; or*
- . (ii) is processed or validated directly by such entities.*

Proposed Prohibition Language:

(ii) "Money" does not include a central bank digital currency.

HB 164 would not recognize a CBDC as money or currency in Utah. The intention is to use simple language to ensure clear legislative intent. This would not impact other forms of digital currency widely used such as Bitcoin, etc...