

57 Section 2. Section 51-7b-101 is enacted to read:

58 **CHAPTER 7b. INVESTMENT OF PERMANENT STATE TRUST FUND MONEY**

59 **Part 1. General Provisions**

60 **51-7b-101. Title.**

61 This chapter is known as "Investment of Permanent State Trust Fund Money."

62 Section 3. Section 51-7b-102 is enacted to read:

63 **51-7b-102. Definition.**

64 As used in this chapter, "permanent state trust fund" means the permanent state trust
65 fund created by and operated under Utah Constitution Article XXII, Section 4.

66 Section 4. Section 51-7b-201 is enacted to read:

67 **Part 2. State Treasurer Investment Duties**

68 **51-7b-201. Investment of money in the permanent state trust fund.**

69 (1) The state treasurer shall:

70 (a) invest money in the permanent state trust fund with the primary goal of providing
71 for the stability, income, and growth of the permanent state trust fund's principal;

72 (b) in making investment decisions, consider:

73 (i) general economic conditions;

74 (ii) the possible effect of inflation and deflation;

75 (iii) the role that each investment or course of action plays within the overall
76 permanent state trust fund portfolio;

77 (iv) the expected total return from income and the appreciation of capital; and

78 (v) needs for liquidity, regularity of income, and preservation or appreciation of capital;

79 and

80 (c) diversify the investments of the permanent state trust fund, unless the state treasurer
81 reasonably determines that the purposes of the permanent state trust fund are better served
82 without diversifying.

83 (2) Nothing in this section requires a specific outcome in investing.

84 (3) The state treasurer may deduct any administrative costs incurred in managing
85 permanent state trust fund assets from earnings before ~~H~~→ [distributing] transferring ←~~H~~ them
86a ~~H~~→ to the General Fund ←~~H~~ .

86 (4) (a) The state treasurer may ~~H~~→ [employ] contract with ←~~H~~ professional asset
87 managers to assist in the
investment of assets of the permanent state trust fund.

88 **(b) The treasurer may provide compensation to asset managers only from** ~~H~~→ **[earnings]**
88a **assets** ←~~H~~
89 **generated by the permanent state trust fund's investments.**

90 Section 5. Section **51-7b-202** is enacted to read:

91 **51-7b-202. Prudent investor standard -- Determining whether standard met.**

92 **(1) The state treasurer shall invest and manage the permanent state trust fund assets as**
93 **a prudent investor would, by:**

94 **(a) considering the purposes, terms, distribution requirements, and other circumstances**
95 **of the permanent state trust fund; and**

96 **(b) exercising reasonable care, skill, and caution in order to meet the standard of care**
97 **of a prudent investor.**

98 **(2) In determining whether the state treasurer has met the standard of care of a prudent**
99 **investor, a finder of fact shall:**

100 **(a) consider the state treasurer's investment decision or action in light of the facts and**
101 **circumstances existing at the time of the decision or action, and not by hindsight; and**

102 **(b) evaluate the state treasurer's investment and management decisions respecting**
103 **individual assets:**

104 **(i) not in isolation, but in the context of the permanent state trust fund portfolio as a**
105 **whole; and**

106 **(ii) as a part of an overall investment strategy that has risk and return objectives**
107 **reasonably suited to the permanent state trust fund.**

108 Section 6. Section **51-9-202** is amended to read:

109 **51-9-202. Permanent state trust fund.**

110 (1) Until July 1, 2003, 50% of all funds of every kind that are received by the state that
111 are related to the settlement agreement that the state entered into with leading tobacco
112 manufacturers on November 23, 1998, shall be deposited into the permanent state trust fund
113 created by and operated under Utah Constitution Article XXII, Section 4.

114 (2) On and after July 1, 2003 and until July 1, 2004 20% of the funds of any kind
115 received by the state that are related to the settlement agreement that the state entered into with
116 leading tobacco manufacturers shall be deposited into the permanent state trust fund created by
117 and operated under Utah Constitution Article XXII, Section 4.

118 (3) On and after July 1, 2004 and until July 1, 2005, 30% of all funds of any kind