

# HB0348S01 compared with HB0348

~~{deleted text}~~ shows text that was in HB0348 but was deleted in HB0348S01.

inserted text shows text that was not in HB0348 but was inserted into HB0348S01.

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~~{SPECIE LEGAL TENDER}~~ Representative Ken Ivory proposes the following substitute bill:

## PRECIOUS METALS AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: ~~{}~~ Ken Ivory

Senate Sponsor: ~~{}~~ \_\_\_\_\_

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### LONG TITLE

#### General Description:

This bill modifies provisions related to ~~{specie legal tender}~~ precious metals.

#### Highlighted Provisions:

This bill:

▶ defines terms;

▶ exempts a portion of funds in certain budget reserve ~~{funds}~~ accounts from the State Money Management Act;

~~{~~ → expands the definition of "specie legal tender" to include gold or silver coin or bullion not issued by the United States;

→ clarifies that specie legal tender may be used for the issuance or repayment of debt obligations;

→ requires the state treasurer to create a framework allowing for the use of electronic

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- ~~→ currencies backed by specie legal tender within the state;~~
- ~~→ clarifies that any electronic currency approved for use by the state treasurer is legal tender in the state;~~
- ~~→ establishes standards and requirements regarding the administration and utilization of electronic currencies approved for use by the state treasurer;~~
- ~~→ allows the state treasurer to consult with public or private entities and impose fees in creating the framework for electronic currencies;~~
- ~~→ requires the state treasurer to report annually to the Legislature regarding the framework for electronic currencies;~~
- ‡ ▶ authorizes the state treasurer to invest a portion of the funds in certain budget reserve ~~{funds}~~accounts in ~~{specie legal tender; and~~
- ~~→ makes technical and conforming changes. }precious metals; and~~  
▶ requires the state treasurer to conduct a study related to precious metals.

### Money Appropriated in this Bill:

None

### Other Special Clauses:

None

### Utah Code Sections Affected:

AMENDS:

~~51-7-2~~, as last amended by Laws of Utah 2023, Chapters 139, 242 and 328

~~{ 59-1-1501.1, as enacted by Laws of Utah 2012, Chapter 399~~

~~59-1-1502, as last amended by Laws of Utah 2012, Chapter 399~~

‡ENACTS:

~~{59-1-1502.1}~~67-4-19, Utah Code Annotated 1953

~~{ 59-1-1502.2, 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. Exemptions from chapter.**

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

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(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; ~~and~~

(o) the Utah fund of funds created in Section 63N-6-401[:]; and

(p) 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;

~~(q) ii) the funds in~~ the General Fund Budget Reserve Account, created in Section 63J-1-312;

~~(r) iii) the funds in~~ the Income Tax Fund Budget Reserve Account, created in Section 63J-1-313; and

~~(s) iv) the funds in~~ the Medicaid Growth Reduction and Budget Stabilization Account, created in Section 63J-1-315.

(2) Except for the funds of the Utah State Retirement Board and the Utah Educational

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Savings Plan, the funds described in Subsection (1) are not exempt from Subsections 51-7-14(2) and (3).

Section 2. Section ~~{59-1-1501.1}~~67-4-19 is ~~{amended}~~enacted to read:

~~{~~ **59-1-1501.1. Definitions.**

~~{~~ **67-4-19. Investments of public funds in precious metals by state treasurer -- Precious metals study and report to Legislature.**

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

(2) (a) Subject to Subsection ~~{59-1-1502(3), as}~~ As used in this part~~{,}~~:

~~—— (1) "Approved currency" means an electronic currency approved by the state treasurer for use as a valid form of payment within the state in accordance with the framework created under Section 59-2-1502.1.~~

~~—— (2) "Electronic currency" means the electronic representation of specie legal tender directly allocated to and held for the benefit of any person holding the electronic currency.~~

~~—— (3) (a) ["specie"] "Specie legal tender" means gold or silver coin [that is issued by the United States] or bullion.~~

~~—— (b) "Specie legal tender" includes:~~

~~—— (i) gold or silver coin that is issued by the United States; and~~

~~—— (ii) any other form of gold or silver coin or bullion not described in Subsection~~

~~(3)(b)(i):~~

~~—— Section 3. Section 59-1-1502 is amended to read:~~

~~—— **59-1-1502. Specie legal tender is legal tender in the state -- Person may not compel another person to tender or accept specie legal tender -- Use of specie legal tender for issuance or repayment of debt obligations.**~~

~~—— (1) Specie legal tender is legal tender in the state.~~

~~—— (2) Except as expressly provided by contract, a person may not compel any other person to tender or accept specie legal tender.~~

~~—— (3) Nothing precludes the use of specie legal tender for the issuance or repayment of any bond, surety, or other debt obligation authorized or required by law, if permitted by the resolution or agreement securing the bond, surety, or other debt obligation.~~

~~—— [(3) Gold or silver coin or bullion, other than gold or silver coin that is issued by the~~

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~~United States, is considered to be specie legal tender and is legal tender in the state if:]~~

~~—— [(a) a court of competent jurisdiction issues a final, unappealable judgment or order determining that the state may recognize the gold or silver coin or bullion, other than gold or silver coin that is issued by the United States, as legal tender in the state; or]~~

~~—— [(b) Congress enacts legislation that:]~~

~~—— [(i) expressly provides that the gold or silver coin or bullion, other than gold or silver coin that is issued by the United States, is legal tender in the state; or]~~

~~—— [(ii) expressly allows the state to recognize the gold or silver coin or bullion, other than gold or silver coin that is issued by the United States, as legal tender in the state.]~~

~~—— Section 4. Section 59-1-1502.1 is enacted to read:~~

~~—— **59-1-1502.1. State treasurer to create a framework for the use of electronic currencies within the state -- Rules -- Reporting:**~~

~~—— (1) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, (2)(b), the state treasurer {shall, as soon as is practicable, make rules creating a framework that allows for the use of one or more electronic currencies as a valid form of payment within the state upon the state treasurer's approval:~~

~~—— (2) An approved currency is legal tender in the state.~~

~~—— (3) The rules described in Subsection (1) shall:~~

~~—— (a) ensure an approved currency is:~~

~~—— (i) administered by a vendor selected in accordance with Title 63G, Chapter 6a, Utah Procurement Code; and~~

~~—— (ii) backed by specie legal tender so that each unit of the approved currency represents a fraction of specie legal tender by weight;~~

~~—— (b) ensure specie legal tender described in Subsection (3)(a)(ii) is:~~

~~—— (i) deposited into a secure vault located within the state and approved by the state treasurer; and~~

~~—— (ii) directly allocated to and held for the benefit of any person holding the approved currency;~~

~~—— (c) ensure a vault described in Subsection (3)(b)(i) is subject to:~~

~~—— (i) security and insurance requirements established by the state treasurer; and~~

~~—— (ii) audit and inspection requirements to confirm that any specie legal tender deposited~~

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~~into the vault is properly secured and is of a quantity that corresponds to the number of units of approved currency issued;~~

~~—— (d) ensure a holder of an approved currency is able to:~~

~~—— (i) purchase any number of available units of the approved currency from the applicable vendor;~~

~~—— (ii) transfer the approved currency to another person through electronic means;~~

~~—— (iii) exchange the approved currency for other forms of legal tender at the appropriate market rate;~~

~~—— (iv) redeem the approved currency for the corresponding amount of specie legal tender from the applicable vendor, subject to any criteria or qualifications for redemption established by the state treasurer; and~~

~~—— (v) in coordination with the commission, use the approved currency for the payment of any tax or fee administered by the commission;~~

~~—— (c) establish standards and procedures for:~~

~~—— (i) qualifying an electronic currency as an approved currency;~~

~~—— (ii) selecting a vendor to administer an approved currency;~~

~~—— (iii) approving a vault for the deposit of specie legal tender;~~

~~—— (iv) detecting and preventing fraud in connection with an approved currency; and~~

~~—— (v) revoking the status of an electronic currency as an approved currency; and~~

~~—— (f) establish any other requirements to implement the provisions of this section:~~

~~—— (4) In creating the framework required by this section, the state treasurer may:~~

~~—— (a) consult with public or private entities with expertise in the regulation or administration of electronic currencies; and~~

~~—— (b) establish and collect fees in accordance with Section 63J-1-504 to pay costs associated with implementing the framework.~~

~~—— (5) The state treasurer shall submit to the Revenue and Taxation Interim Committee a report on or before October 1 of each year regarding the status of the framework required by this section, including:~~

~~—— (a) a description of the state treasurer's actions in creating the framework, including any approved currencies; and~~

~~—— (b) any recommendations for statutory changes to improve the state treasurer's~~

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~~effectiveness in implementing this section.~~

~~Section 5. Section 59-1-1502.2 is enacted to read:~~

~~59-1-1502.2. Investments of public funds in specie legal tender by state treasurer:~~

~~(1) Subject to the requirements of Subsections 51-7-14(2) and (3), the state treasurer may invest public funds in specie legal tender in the following accounts:~~

~~(a) may invest a portion of public funds in the following accounts in precious metals:~~

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

~~(b)ii) the General Fund Budget Reserve Account, created in Section 63J-1-312;~~

~~(c)iii) the Income Tax Fund Budget Reserve Account, created in Section 63J-1-313;~~

and

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

~~(2)b) (a)i) Except as provided in Subsection (2)(b), the~~ The amount of public funds that the state treasurer may invest in precious metals in an account described in Subsection ~~(1)2) that the state treasurer may invest in specie legal tender~~ (a) may not, at the time the investment is made, exceed ~~20%~~ 10% of the total amount of public funds in that account.

~~(b)ii) Notwithstanding Subsection~~ The requirements of Subsections 51-7-14(2) and (a)3) apply to the state ~~treasurer may invest,~~ treasurer's investments in precious metals under Subsection (2)(a).

~~(iii) Any public funds in an account described in~~ Subsection (1), an amount of public funds in specie legal tender that exceeds the amount authorized by Subsection (2)(a) ~~if:~~

~~(i) not invested by~~ the state treasurer ~~submits the proposed investment to the~~ Legislative Management Committee for review and recommendations; and

~~(ii) the Legislative Management Committee recommends that the~~ in precious metals under this Subsection (2) shall be invested as provided in Title 51, Chapter 7, State Money Management Act.

(3) The state treasurer make the investment.

~~Section 6) shall:~~

(a) conduct a study analyzing the role of precious metals in augmenting, stabilizing, and ensuring the economic security and prosperity of the state, the families and residents of the

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state, and businesses in the state; and

(b) submit to the Revenue and Taxation Interim Committee on or before the committee's 2024 October interim committee meeting any recommendations for legislation resulting from the outcome of the study conducted under Subsection (3)(a).

Section 3. **Effective date.**

This bill takes effect on May 1, 2024.