

**Representative Joseph Elison** proposes the following substitute bill:

**STATE SOVEREIGNTY PERMANENT FUND**

2024 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Joseph Elison**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill creates the State Sovereignty Permanent Fund.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ creates the State Sovereignty Permanent Fund; and
- ▶ provides for the investment and distribution of the State Sovereignty Permanent

Fund.

**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

ENACTS:

**51-12-101**, Utah Code Annotated 1953

**51-12-102**, Utah Code Annotated 1953



26 [51-12-103](#), Utah Code Annotated 1953

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

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

30 **51-7-2. Exemptions from chapter.**

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

33 (a) funds invested in accordance with the participating employees' designation or  
34 direction pursuant to a public employees' deferred compensation plan established and operated  
35 in compliance with Section 457 of the Internal Revenue Code of 1986, as amended;

36 (b) funds of the Utah State Retirement Board;

37 (c) funds of the Utah Housing Corporation;

38 (d) endowment funds of higher education institutions, including funds of the Higher  
39 Education Student Success Endowment, created in Section [53B-7-802](#);

40 (e) permanent and other land grant trust funds established pursuant to the Utah  
41 Enabling Act and the Utah Constitution;

42 (f) the State Post-Retirement Benefits Trust Fund;

43 (g) the funds of the Utah Educational Savings Plan;

44 (h) funds of the permanent state trust fund created by and operated under Utah  
45 Constitution, Article XXII, Section 4;

46 (i) the funds in the Navajo Trust Fund;

47 (j) the funds in the Radioactive Waste Perpetual Care and Maintenance Account;

48 (k) the funds in the Employers' Reinsurance Fund;

49 (l) the funds in the Uninsured Employers' Fund;

50 (m) the Utah State Developmental Center Long-Term Sustainability Fund, created in  
51 Section [26B-1-331](#);

52 (n) the funds in the Risk Management Fund created in Section [63A-4-201](#); ~~[and]~~

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

54 (p) the State Sovereignty Permanent Fund created in Section [51-12-102](#).

55 (2) Except for the funds of the Utah State Retirement Board and the Utah Educational  
56 Savings Plan, the funds described in Subsection (1) are not exempt from Subsections

57 [51-7-14](#)(2) and (3).

58 Section 2. Section **51-12-101** is enacted to read:

59 **CHAPTER 12. STATE SOVEREIGNTY PERMANENT FUND**

60 **51-12-101. Definitions.**

61 As used in this chapter:

62 (1) "Division" means the Division of Finance created in Section [63A-3-101](#).

63 (2) (a) "Principal" means money deposited into the State Sovereignty Permanent Fund  
64 in accordance with Section [51-12-102](#).

65 (b) "Principal" does not include interest earned on any money in the State Sovereignty  
66 Permanent Fund.

67 (3) "Revenue growth" means the difference between, as determined by the Office of  
68 the Legislative Fiscal Analyst:

69 (a) the estimated amount of ongoing General Fund and Income Tax Fund revenue  
70 available for the Legislature to appropriate for the next fiscal year; and

71 (b) the amount of ongoing appropriations from the General Fund and the Income Tax  
72 Fund in the current fiscal year.

73 Section 3. Section **51-12-102** is enacted to read:

74 **51-12-102. State Sovereignty Permanent Fund -- Creation -- Distribution.**

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

76 (a) revenue growth appropriated in accordance with the formula described in  
77 Subsection (2);

78 (b) subject to Subsection (5), interest earned on any money in the State Sovereignty  
79 Permanent Fund; and

80 (c) additional money appropriated by the Legislature.

81 (2) Beginning on July 1, 2025, the Legislature shall annually appropriate revenue  
82 growth for the next fiscal year into the State Sovereignty Permanent Fund as follows:

83 (a) 1% of revenue growth in year one;

84 (b) in each of the following eight fiscal years, a percentage equal to the percentage  
85 deposited the immediately preceding fiscal year, plus an additional 1% of revenue growth; and

86 (c) 10% of revenue growth in year 10 and each fiscal year thereafter.

87 (3) The division shall track the amount of revenue growth appropriated to the State

88 Sovereignty Permanent Fund from the General Fund and Income Tax Fund, respectively.

89 (4) If there is insufficient revenue growth to comply with Subsection (2), the  
90 Legislature shall appropriate to the State Sovereignty Permanent Fund any revenue growth that  
91 remains available after any constitutional and statutory deposit requirements created before  
92 July 1, 2025, are fulfilled.

93 (5) The state treasurer shall:

94 (a) (i) hold all money described in Subsection (1); and

95 (ii) in accordance with Section [51-12-103](#), invest the money for the benefit of the  
96 people of the state in perpetuity; and

97 (b) distribute annually to the division the earnings from the investment of the State  
98 Sovereignty Permanent Fund as follows:

99 (i) before July 1, 2040, 100% into the State Sovereignty Permanent Fund; and

100 (ii) after July 1, 2040:

101 (A) 50% into the General Fund or Income Tax Fund; and

102 (B) 50% into the State Sovereignty Permanent Fund.

103 (6) The Legislature may appropriate all or a portion of the State Sovereignty Permanent  
104 Fund principal only by the affirmative vote of two-thirds of all the members elected to each  
105 chamber of the Legislature.

106 Section 4. Section **51-12-103** is enacted to read:

107 **51-12-103. State Sovereignty Permanent Fund -- Investment.**

108 (1) The state treasurer shall:

109 (a) invest money in the State Sovereignty Permanent Fund with the goals of, in order of  
110 priority:

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

112 (ii) fund stability;

113 (b) invest and manage the State Sovereignty Permanent Fund assets as a prudent  
114 investor would by:

115 (i) considering the purpose, terms, distribution requirements, and other circumstances  
116 of the State Sovereignty Permanent Fund; and

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

119 (c) deposit the interest or other revenue earned from the investment of the State  
120 Sovereignty Permanent Fund in accordance with Section 51-12-102.

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

122 (3) In determining whether the state treasurer has met the standard of care of a prudent  
123 investor under Subsection (1), the judge or finder of fact shall:

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

126 (b) evaluate the state treasurer's investment and management decisions respecting  
127 individual assets not in isolation, but in context of a whole portfolio that is part of an overall  
128 investment strategy that has risk and return objectives reasonably suited to the State

129 Sovereignty Permanent Fund.

130 (4) The state treasurer may:

131 (a) before distributing any earnings under Section 51-12-102, deduct from the earnings  
132 any administrative costs incurred in managing State Sovereignty Permanent Fund assets;

133 (b) employ professional asset managers to assist in the investment of State Sovereignty  
134 Permanent Fund assets; and

135 (c) provide compensation to asset managers only from earnings generated by the State  
136 Sovereignty Permanent Fund's investments.

137 **Section 5. Effective date.**

138 This bill takes effect on May 1, 2024.