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SPECIE LEGAL TENDER AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ken Ivory

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies provisions related to specie legal tender.

Highlighted Provisions:

This bill:

- ▶ exempts certain budget reserve funds 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 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 certain budget reserve funds in specie legal



28 tender; and

29 ▶ makes technical and conforming changes.

30 **Money Appropriated in this Bill:**

31 None

32 **Other Special Clauses:**

33 None

34 **Utah Code Sections Affected:**

35 AMENDS:

36 **51-7-2**, as last amended by Laws of Utah 2023, Chapters 139, 242 and 328

37 **59-1-1501.1**, as enacted by Laws of Utah 2012, Chapter 399

38 **59-1-1502**, as last amended by Laws of Utah 2012, Chapter 399

39 ENACTS:

40 **59-1-1502.1**, Utah Code Annotated 1953

41 **59-1-1502.2**, Utah Code Annotated 1953



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

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

45 **51-7-2. Exemptions from chapter.**

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

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

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

52 (c) funds of the Utah Housing Corporation;

53 (d) endowment funds of higher education institutions, including funds of the Higher
54 Education Student Success Endowment, created in Section **53B-7-802**;

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

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

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

- 59 (h) funds of the permanent state trust fund created by and operated under Utah
 60 Constitution, Article XXII, Section 4;
- 61 (i) the funds in the Navajo Trust Fund;
- 62 (j) the funds in the Radioactive Waste Perpetual Care and Maintenance Account;
- 63 (k) the funds in the Employers' Reinsurance Fund;
- 64 (l) the funds in the Uninsured Employers' Fund;
- 65 (m) the Utah State Developmental Center Long-Term Sustainability Fund, created in
 66 Section [26B-1-331](#);
- 67 (n) the funds in the Risk Management Fund created in Section [63A-4-201](#); [~~and~~]
- 68 (o) the Utah fund of funds created in Section [63N-6-401](#)[~~;~~];
- 69 (p) the funds in the State Disaster Recovery Restricted Account, created in Section
 70 [53-2a-603](#);
- 71 (q) the funds in the General Fund Budget Reserve Account, created in Section
 72 [63J-1-312](#);
- 73 (r) the funds in the Income Tax Fund Budget Reserve Account, created in Section
 74 [63J-1-313](#); and
- 75 (s) the funds in the Medicaid Growth Reduction and Budget Stabilization Account,
 76 created in Section [63J-1-315](#).
- 77 (2) Except for the funds of the Utah State Retirement Board and the Utah Educational
 78 Savings Plan, the funds described in Subsection (1) are not exempt from Subsections
 79 [51-7-14](#)(2) and (3).
- 80 Section 2. Section **59-1-1501.1** is amended to read:
- 81 **59-1-1501.1. Definitions.**
- 82 [~~Subject to Subsection [59-1-1502](#)(3), as~~] As used in this part[~~;~~];
- 83 (1) "Approved currency" means an electronic currency approved by the state treasurer
 84 for use as a valid form of payment within the state in accordance with the framework created
 85 under Section [59-2-1502.1](#).
- 86 (2) "Electronic currency" means the electronic representation of specie legal tender
 87 directly allocated to and held for the benefit of any person holding the electronic currency.
- 88 (3) (a) [~~"specie"~~] "Specie legal tender" means gold or silver coin [that is issued by the
 89 United States] or bullion.

90 (b) "Specie legal tender" includes:

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

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

93 (3)(b)(i).

94 Section 3. Section **59-1-1502** is amended to read:

95 **59-1-1502. Specie legal tender is legal tender in the state -- Person may not**
 96 **compel another person to tender or accept specie legal tender -- Use of specie legal tender**
 97 **for issuance or repayment of debt obligations.**

98 (1) Specie legal tender is legal tender in the state.

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

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

104 ~~[(3) Gold or silver coin or bullion, other than gold or silver coin that is issued by the~~
 105 ~~United States, is considered to be specie legal tender and is legal tender in the state if:]~~

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

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

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

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

114 Section 4. Section **59-1-1502.1** is enacted to read:

115 **59-1-1502.1. State treasurer to create a framework for the use of electronic**
 116 **currencies within the state -- Rules -- Reporting.**

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

- 121 (2) An approved currency is legal tender in the state.
- 122 (3) The rules described in Subsection (1) shall:
- 123 (a) ensure an approved currency is:
- 124 (i) administered by a vendor selected in accordance with Title 63G, Chapter 6a, Utah
125 Procurement Code; and
- 126 (ii) backed by specie legal tender so that each unit of the approved currency represents
127 a fraction of specie legal tender by weight;
- 128 (b) ensure specie legal tender described in Subsection (3)(a)(ii) is:
- 129 (i) deposited into a secure vault located within the state and approved by the state
130 treasurer; and
- 131 (ii) directly allocated to and held for the benefit of any person holding the approved
132 currency;
- 133 (c) ensure a vault described in Subsection (3)(b)(i) is subject to:
- 134 (i) security and insurance requirements established by the state treasurer; and
- 135 (ii) audit and inspection requirements to confirm that any specie legal tender deposited
136 into the vault is properly secured and is of a quantity that corresponds to the number of units of
137 approved currency issued;
- 138 (d) ensure a holder of an approved currency is able to:
- 139 (i) purchase any number of available units of the approved currency from the
140 applicable vendor;
- 141 (ii) transfer the approved currency to another person through electronic means;
- 142 (iii) exchange the approved currency for other forms of legal tender at the appropriate
143 market rate;
- 144 (iv) redeem the approved currency for the corresponding amount of specie legal tender
145 from the applicable vendor, subject to any criteria or qualifications for redemption established
146 by the state treasurer; and
- 147 (v) in coordination with the commission, use the approved currency for the payment of
148 any tax or fee administered by the commission;
- 149 (e) establish standards and procedures for:
- 150 (i) qualifying an electronic currency as an approved currency;
- 151 (ii) selecting a vendor to administer an approved currency;

- 152 (iii) approving a vault for the deposit of specie legal tender;
153 (iv) detecting and preventing fraud in connection with an approved currency; and
154 (v) revoking the status of an electronic currency as an approved currency; and
155 (f) establish any other requirements to implement the provisions of this section.
156 (4) In creating the framework required by this section, the state treasurer may:
157 (a) consult with public or private entities with expertise in the regulation or
158 administration of electronic currencies; and
159 (b) establish and collect fees in accordance with Section [63J-1-504](#) to pay costs
160 associated with implementing the framework.
161 (5) The state treasurer shall submit to the Revenue and Taxation Interim Committee a
162 report on or before October 1 of each year regarding the status of the framework required by
163 this section, including:
164 (a) a description of the state treasurer's actions in creating the framework, including
165 any approved currencies; and
166 (b) any recommendations for statutory changes to improve the state treasurer's
167 effectiveness in implementing this section.
- 168 Section 5. Section **59-1-1502.2** is enacted to read:
- 169 **59-1-1502.2. Investments of public funds in specie legal tender by state treasurer.**
- 170 (1) Subject to the requirements of Subsections [51-7-14\(2\)](#) and (3), the state treasurer
171 may invest public funds in specie legal tender in the following accounts:
172 (a) the State Disaster Recovery Restricted Account, created in Section [53-2a-603](#);
173 (b) the General Fund Budget Reserve Account, created in Section [63J-1-312](#);
174 (c) the Income Tax Fund Budget Reserve Account, created in Section [63J-1-313](#); and
175 (d) the Medicaid Growth Reduction and Budget Stabilization Account, created in
176 Section [63J-1-315](#).
- 177 (2) (a) Except as provided in Subsection (2)(b), the amount of public funds in an
178 account described in Subsection (1) that the state treasurer may invest in specie legal tender
179 may not, at the time the investment is made, exceed 20% of the total amount of public funds in
180 that account.
- 181 (b) Notwithstanding Subsection (2)(a), the state treasurer may invest, in an account
182 described in Subsection (1), an amount of public funds in specie legal tender that exceeds the

183 amount authorized by Subsection (2)(a) if:

184 (i) the state treasurer submits the proposed investment to the Legislative Management
185 Committee for review and recommendations; and

186 (ii) the Legislative Management Committee recommends that the state treasurer make
187 the investment.

188 Section 6. **Effective date.**

189 This bill takes effect on May 1, 2024.