

**SPECIE LEGAL TENDER AMENDMENTS**

2017 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Ken Ivory**

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

---

---

**LONG TITLE**

**General Description:**

This bill modifies provisions relating to specie legal tender.

**Highlighted Provisions:**

This bill:

- ▶ provides definitions;
- ▶ authorizes the public treasurer to invest public funds in specie legal tender;
- ▶ grants the State Money Management Council rulemaking authority to make rules governing quality criteria for a commercial specie repository;
- ▶ requires the Federal Funds Commission to study certain issues relating to specie legal tender; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**51-7-3**, as last amended by Laws of Utah 2013, Chapters 204 and 388

**51-7-11**, as last amended by Laws of Utah 2015, Chapter 171

**51-7-17**, as last amended by Laws of Utah 2015, Chapter 164



28 **51-7-18**, as last amended by Laws of Utah 2004, Chapter 248

29 **63C-14-301**, as last amended by Laws of Utah 2015, Chapter 409

30

---

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

32 Section 1. Section **51-7-3** is amended to read:

33 **51-7-3. Definitions.**

34 As used in this chapter:

35 (1) "Agent" means "agent" as defined in Section **61-1-13**.

36 (2) "Certified dealer" means:

37 (a) a primary reporting dealer recognized by the Federal Reserve Bank of New York

38 who is certified by the director as having met the applicable criteria of council rule; or

39 (b) a broker dealer who:

40 (i) has and maintains an office and a resident registered principal in the state;

41 (ii) meets the capital requirements established by council rules;

42 (iii) meets the requirements for good standing established by council rule; and

43 (iv) is certified by the director as meeting quality criteria established by council rule.

44 (3) "Certified investment adviser" means a federal covered adviser, as defined in

45 Section **61-1-13**, or an investment adviser, as defined in Section **61-1-13**, who is certified by

46 the director as having met the applicable criteria of council rule.

47 (4) "Commercial specie repository" means an institution that holds or receives deposits

48 of specie legal tender that is located within the state.

49 [~~4~~] (5) "Commissioner" means the commissioner of financial institutions.

50 [~~5~~] (6) "Council" means the State Money Management Council created by Section

51 **51-7-16**.

52 [~~6~~] (7) "Covered bond" means a publicly placed debt security issued by a bank, other

53 regulated financial institution, or a subsidiary of either that is secured by a pool of loans that

54 remain on the balance sheet of the issuer or its subsidiary.

55 [~~7~~] (8) "Director" means the director of the Utah State Division of Securities of the

56 Department of Commerce.

57 [~~8~~] (9) (a) "Endowment funds" means gifts, devises, or bequests of property of any

58 kind donated to a higher education institution from any source.

59 (b) "Endowment funds" does not mean money used for the general operation of a  
60 higher education institution that is received by the higher education institution from:

- 61 (i) state appropriations;
- 62 (ii) federal contracts;
- 63 (iii) federal grants;
- 64 (iv) private research grants; and
- 65 (v) tuition and fees collected from students.

66 [~~(9)~~] (10) "First tier commercial paper" means commercial paper rated by at least two  
67 nationally recognized statistical rating organizations in the highest short-term rating category.

68 [~~(10)~~] (11) "Funds functioning as endowments" means funds, regardless of source,  
69 whose corpus is intended to be held in perpetuity by formal institutional designation according  
70 to the institution's policy for designating those funds.

71 [~~(11)~~] (12) "GASB" or "Governmental Accounting Standards Board" means the  
72 Governmental Accounting Standards Board that is responsible for accounting standards used  
73 by public entities.

74 [~~(12)~~] (13) "Hard put" means an unconditional sell-back provision or a redemption  
75 provision applicable at issue to a note or bond, allowing holders to sell their holdings back to  
76 the issuer or to an equal or higher-rated third party provider at specific intervals and specific  
77 prices determined at the time of issuance.

78 [~~(13)~~] (14) "Higher education institution" means the institutions specified in Section  
79 [53B-1-102](#).

80 [~~(14)~~] (15) "Investment adviser representative" is as defined in Section [61-1-13](#).

81 [~~(15)~~] (16) (a) "Investment agreement" means any written agreement that has  
82 specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated  
83 interest rate.

84 (b) "Investment agreement" includes any agreement to supply investments on one or  
85 more future dates.

86 [~~(16)~~] (17) "Local government" means a county, municipality, school district, local  
87 district under Title 17B, Limited Purpose Local Government Entities - Local Districts, special  
88 service district under Title 17D, Chapter 1, Special Service District Act, or any other political  
89 subdivision of the state.

90            [~~(17)~~] (18) "Market value" means market value as defined in the Master Repurchase  
91 Agreement.

92            [~~(18)~~] (19) "Master Repurchase Agreement" means the current standard Master  
93 Repurchase Agreement approved by the Public Securities Association or by any successor  
94 organization.

95            [~~(19)~~] (20) "Maximum amount" means, with respect to qualified depositories, the total  
96 amount of:

97            (a) deposits in excess of the federal deposit insurance limit; and

98            (b) nonqualifying repurchase agreements.

99            [~~(20)~~] (21) "Money market mutual fund" means an open-end managed investment  
100 fund:

101            (a) that complies with the diversification, quality, and maturity requirements of Rule  
102 2a-7 or any successor rule of the Securities and Exchange Commission applicable to money  
103 market mutual funds; and

104            (b) that assesses no sales load on the purchase of shares and no contingent deferred  
105 sales charge or other similar charges, however designated.

106            [~~(21)~~] (22) "Nationally recognized statistical rating organization" means an  
107 organization that has been designated as a nationally recognized statistical rating organization  
108 by the Securities and Exchange Commission's Division of Market Regulation.

109            [~~(22)~~] (23) "Nonqualifying repurchase agreement" means a repurchase agreement  
110 evidencing indebtedness of a qualified depository arising from the transfer of obligations of the  
111 United States Treasury or other authorized investments to public treasurers that is:

112            (a) evidenced by a safekeeping receipt issued by the qualified depository;

113            (b) included in the depository's maximum amount of public funds; and

114            (c) valued and maintained at market value plus an appropriate margin collateral  
115 requirement based upon the term of the agreement and the type of securities acquired.

116            [~~(23)~~] (24) "Operating funds" means current balances and other funds that are to be  
117 disbursed for operation of the state government or any of its boards, commissions, institutions,  
118 departments, divisions, agencies, or other similar instrumentalities, or any county, city, school  
119 district, political subdivision, or other public body.

120            [~~(24)~~] (25) "Permanent funds" means funds whose principal may not be expended, the

121 earnings from which are to be used for purposes designated by law.

122 ~~[(25)]~~ (26) "Permitted depository" means any out-of-state financial institution that  
123 meets quality criteria established by rule of the council.

124 ~~[(26)]~~ (27) "Public funds" means money, funds, and accounts, regardless of the source  
125 from which the money, funds, and accounts are derived, that are owned, held, or administered  
126 by the state or any of its boards, commissions, institutions, departments, divisions, agencies,  
127 bureaus, laboratories, or other similar instrumentalities, or any county, city, school district,  
128 political subdivision, or other public body.

129 ~~[(27)]~~ (28) (a) "Public money" means "public funds."

130 (b) "Public money," as used in Article VII, Sec. 15, Utah Constitution, means the same  
131 as "state funds."

132 ~~[(28)]~~ (29) "Public treasurer" includes the state treasurer and the official of any state  
133 board, commission, institution, department, division, agency, or other similar instrumentality,  
134 or of any county, city, school district, political subdivision, or other public body who has the  
135 responsibility for the safekeeping and investment of any public funds.

136 ~~[(29)]~~ (30) "Qualified depository" means a Utah depository institution or an  
137 out-of-state depository institution, as those terms are defined in Section 7-1-103, that is  
138 authorized to conduct business in this state under Section 7-1-702 or Title 7, Chapter 19,  
139 Acquisition of Failing Depository Institutions or Holding Companies, whose deposits are  
140 insured by an agency of the federal government and that has been certified by the commissioner  
141 of financial institutions as having met the requirements established under this chapter and the  
142 rules of the council to be eligible to receive deposits of public funds.

143 ~~[(30)]~~ (31) "Qualifying repurchase agreement" means a repurchase agreement  
144 evidencing indebtedness of a financial institution or government securities dealer acting as  
145 principal arising from the transfer of obligations of the United States Treasury or other  
146 authorized investments to public treasurers only if purchased securities are:

147 (a) delivered to the public treasurer's safekeeping agent or custodian as contemplated  
148 by Section 7 of the Master Repurchase Agreement; and

149 (b) valued and maintained at market value plus an appropriate margin collateral  
150 requirement based upon the term of the agreement and the type of securities acquired.

151 ~~[(31)]~~ (32) "Reciprocal deposits" means deposits that are initially deposited into a

152 qualified depository and are then redeposited through a deposit account registry service:

153 (a) in one or more FDIC-insured depository institutions in amounts up to the relevant  
154 FDIC-insured deposit limit for a depositor in each depository institution; and

155 (b) in exchange for reciprocal FDIC-insured deposits made through the deposit account  
156 registry service to the qualified depository.

157 [~~32~~] (33) "Securities division" means Utah's Division of Securities created within the  
158 Department of Commerce by Section 13-1-2.

159 (34) "Specie legal tender" means the same as that term is defined in Section  
160 59-1-1501.1.

161 [~~33~~] (35) "State funds" means:

162 (a) public money raised by operation of law for the support and operation of the state  
163 government; and

164 (b) all other money, funds, and accounts, regardless of the source from which the  
165 money, funds, or accounts are derived, that are owned, held, or administered by the state or any  
166 of its boards, commissions, institutions, departments, divisions, agencies, bureaus, laboratories,  
167 or other similar instrumentalities.

168 Section 2. Section 51-7-11 is amended to read:

169 **51-7-11. Authorized deposits or investments of public funds.**

170 (1) (a) Except as provided in Subsections (1)(b) and (1)(c), a public treasurer shall  
171 conduct investment transactions through qualified depositories, certified dealers, or directly  
172 with issuers of the investment securities.

173 (b) A public treasurer may designate a certified investment adviser to make trades on  
174 behalf of the public treasurer.

175 (c) A public treasurer may make a deposit in accordance with Section 53B-7-601 in a  
176 foreign depository institution as defined in Section 7-1-103.

177 (2) The remaining term to maturity of the investment may not exceed the period of  
178 availability of the funds to be invested.

179 (3) Except as provided in Subsection (4), all public funds shall be deposited or invested  
180 in the following assets that meet the criteria of Section 51-7-17:

181 (a) negotiable or nonnegotiable deposits of qualified depositories;

182 (b) qualifying or nonqualifying repurchase agreements and reverse repurchase

- 183 agreements with qualified depositories using collateral consisting of:
- 184 (i) Government National Mortgage Association mortgage pools;
  - 185 (ii) Federal Home Loan Mortgage Corporation mortgage pools;
  - 186 (iii) Federal National Mortgage Corporation mortgage pools;
  - 187 (iv) Small Business Administration loan pools;
  - 188 (v) Federal Agriculture Mortgage Corporation pools; or
  - 189 (vi) other investments authorized by this section;
- 190 (c) qualifying repurchase agreements and reverse repurchase agreements with certified
- 191 dealers, permitted depositories, or qualified depositories using collateral consisting of:
- 192 (i) Government National Mortgage Association mortgage pools;
  - 193 (ii) Federal Home Loan Mortgage Corporation mortgage pools;
  - 194 (iii) Federal National Mortgage Corporation mortgage pools;
  - 195 (iv) Small Business Administration loan pools; or
  - 196 (v) other investments authorized by this section;
  - 197 (d) commercial paper that is classified as "first tier" by two nationally recognized
- 198 statistical rating organizations, which has a remaining term to maturity of:
- 199 (i) 270 days or fewer for paper issued under 15 U.S.C. Sec. 77c(a)(3); or
  - 200 (ii) 365 days or fewer for paper issued under 15 U.S.C. Sec. 77d(2);
  - 201 (e) bankers' acceptances that:
    - 202 (i) are eligible for discount at a Federal Reserve bank; and
    - 203 (ii) have a remaining term to maturity of 270 days or fewer;  - 204 (f) fixed rate negotiable deposits issued by a permitted depository that have a
- 205 remaining term to maturity of 365 days or fewer;
- 206 (g) obligations of the United States Treasury, including United States Treasury bills,
  - 207 United States Treasury notes, and United States Treasury bonds that, unless the funds invested
  - 208 are pledged or otherwise deposited in an irrevocable trust escrow account, have a remaining
  - 209 term to final maturity of:
    - 210 (i) five years or less; or
    - 211 (ii) if the funds are invested by an institution of higher education as defined in Section
    - 212 [53B-3-102](#), a city of the first class, or a county of the first class, 10 years or less;  - 213 (h) obligations other than mortgage pools and other mortgage derivative products that:

214 (i) are issued by, or fully guaranteed as to principal and interest by, the following  
215 agencies or instrumentalities of the United States in which a market is made by a primary  
216 reporting government securities dealer, unless the agency or instrumentality has become private  
217 and is no longer considered to be a government entity:

- 218 (A) Federal Farm Credit banks;
- 219 (B) Federal Home Loan banks;
- 220 (C) Federal National Mortgage Association;
- 221 (D) Federal Home Loan Mortgage Corporation;
- 222 (E) Federal Agriculture Mortgage Corporation; and
- 223 (F) Tennessee Valley Authority; and

224 (ii) unless the funds invested are pledged or otherwise deposited in an irrevocable trust  
225 escrow account, have a remaining term to final maturity of:

- 226 (A) five years or less; or
- 227 (B) if the funds are invested by an institution of higher education as defined in Section  
228 [53B-3-102](#), a city of the first class, or a county of the first class, 10 years or less;

229 (i) fixed rate corporate obligations that:

- 230 (i) are rated "A" or higher or the equivalent of "A" or higher by two nationally  
231 recognized statistical rating organizations;
- 232 (ii) are senior unsecured or secured obligations of the issuer, excluding covered bonds;
- 233 (iii) are publicly traded; and
- 234 (iv) have a remaining term to final maturity of 15 months or less or are subject to a  
235 hard put at par value or better, within 365 days;

236 (j) tax anticipation notes and general obligation bonds of the state or a county,  
237 incorporated city or town, school district, or other political subdivision of the state, including  
238 bonds offered on a when-issued basis without regard to the limitations described in Subsection  
239 (7) that, unless the funds invested are pledged or otherwise deposited in an irrevocable trust  
240 escrow account, have a remaining term to final maturity of:

- 241 (i) five years or less; or
- 242 (ii) if the funds are invested by an institution of higher education as defined in Section  
243 [53B-3-102](#), a city of the first class, or a county of the first class, 10 years or less;

244 (k) bonds, notes, or other evidence of indebtedness of a county, incorporated city or



245 town, school district, or other political subdivision of the state that are payable from  
 246 assessments or from revenues or earnings specifically pledged for payment of the principal and  
 247 interest on these obligations, including bonds offered on a when-issued basis without regard to  
 248 the limitations described in Subsection (7) that, unless the funds invested are pledged or  
 249 otherwise deposited in an irrevocable trust escrow account, have a remaining term to final  
 250 maturity of:

- 251 (i) five years or less; or  
 252 (ii) if the funds are invested by an institution of higher education as defined in Section  
 253 [53B-3-102](#), a city of the first class, or a county of the first class, 10 years or less;
- 254 (l) shares or certificates in a money market mutual fund;  
 255 (m) variable rate negotiable deposits that:  
 256 (i) are issued by a qualified depository or a permitted depository;  
 257 (ii) are repriced at least semiannually; and  
 258 (iii) have a remaining term to final maturity not to exceed three years;  
 259 (n) variable rate securities that:  
 260 (i) (A) are rated "A" or higher or the equivalent of "A" or higher by two nationally  
 261 recognized statistical rating organizations;  
 262 (B) are senior unsecured or secured obligations of the issuer, excluding covered bonds;  
 263 (C) are publicly traded;  
 264 (D) are repriced at least semiannually; and  
 265 (E) have a remaining term to final maturity not to exceed three years or are subject to a  
 266 hard put at par value or better, within 365 days;  
 267 (ii) are not mortgages, mortgage-backed securities, mortgage derivative products, or a  
 268 security making unscheduled periodic principal payments other than optional redemptions;  
 269 [~~and~~]  
 270 (o) reciprocal deposits made in accordance with Subsection [51-7-17\(4\)](#)[~~;~~]; and  
 271 (p) specie legal tender held in a commercial specie repository.
- 272 (4) The following public funds are exempt from the requirements of Subsection (3):  
 273 (a) the Employers' Reinsurance Fund created in Section [34A-2-702](#);  
 274 (b) the Uninsured Employers' Fund created in Section [34A-2-704](#);  
 275 (c) a local government other post-employment benefits trust fund under Section

276 51-7-12.2; and

277 (d) a nonnegotiable deposit made in accordance with Section 53B-7-601 in a foreign  
278 depository institution as defined in Section 7-1-103.

279 (5) If any of the deposits authorized by Subsection (3)(a) are negotiable or  
280 nonnegotiable large time deposits issued in amounts of \$100,000 or more, the interest shall be  
281 calculated on the basis of the actual number of days divided by 360 days.

282 (6) A public treasurer may maintain fully insured deposits in demand accounts in a  
283 federally insured nonqualified depository only if a qualified depository is not reasonably  
284 convenient to the entity's geographic location.

285 (7) Except as provided under Subsections (3)(j) and (k), the public treasurer shall  
286 ensure that all purchases and sales of securities are settled within:

287 (a) 15 days of the trade date for outstanding issues; and

288 (b) 30 days for new issues.

289 Section 3. Section 51-7-17 is amended to read:

290 **51-7-17. Criteria for investments.**

291 (1) As used in this section:

292 (a) "Affiliate" means, in relation to a provider:

293 (i) an entity controlled, directly or indirectly, by the provider;

294 (ii) an entity that controls, directly or indirectly, the provider; or

295 (iii) an entity directly or indirectly under common control with the provider.

296 (b) "Control" means ownership of a majority of the voting power of the entity or  
297 provider.

298 (2) (a) A public treasurer shall consider and meet the following objectives when  
299 depositing and investing public funds:

300 (i) safety of principal;

301 (ii) protection of principal during periods of financial market volatility;

302 (iii) need for liquidity;

303 (iv) yield on investments;

304 (v) recognition of the different investment objectives of operating and permanent  
305 funds; and

306 (vi) maturity of investments, so that the maturity date of the investment does not

307 exceed the anticipated date of the expenditure of funds.

308 (b) A public treasurer shall invest the proceeds of general obligation bond issues, tax  
309 anticipation note issues, and funds pledged or otherwise dedicated to the payment of interest  
310 and principal of general obligation bonds and tax anticipation notes issued by the state or a  
311 political subdivision of the state in accordance with:

312 (i) Section 51-7-11; or

313 (ii) the terms of the borrowing instrument applicable to those issues and funds, if those  
314 terms are more restrictive than Section 51-7-11.

315 (c) A public treasurer shall invest the proceeds of bonds other than general obligation  
316 bonds and the proceeds of notes other than tax anticipation notes issued by the state or a  
317 political subdivision of the state, and all funds pledged or otherwise dedicated to the payment  
318 of interest and principal of those notes and bonds:

319 (i) in accordance with the terms of the borrowing instruments applicable to those bonds  
320 or notes; or

321 (ii) if none of those provisions are applicable, in accordance with Section 51-7-11.

322 (d) A public treasurer may invest proceeds of bonds, notes, or other money pledged or  
323 otherwise dedicated to the payment of debt service on the bonds or notes in investment  
324 agreements if:

325 (i) the investment is permitted by the terms of the borrowing instrument applicable to  
326 those bonds or notes or the borrowing instrument authorizes the investment as an investment  
327 permitted by the State Money Management Act;

328 (ii) either the provider of the investment agreement or an entity fully, unconditionally,  
329 and irrevocably guaranteeing the provider's obligations under the investment agreement has  
330 received a rating of:

331 (A) at least "AA-" from S&P or "Aa3" from Moody's for investment agreements  
332 having a term of more than one year; or

333 (B) at least "A-1+" from S&P or "P-1" from Moody's for investment agreements  
334 having a term of one year or less;

335 (iii) the investment agreement contains provisions approved by the public treasurer that  
336 provide that, in the event of a rating downgrade of the provider or its affiliate guarantor, as  
337 applicable, by either S&P or Moody's below the "A" category or its equivalent, or a rating

338 downgrade of a nonaffiliate guarantor by either S&P or Moody's below the "AA" category or  
339 its equivalent, the provider must, within 30 days after receipt of notice of the downgrade:

340 (A) collateralize the investment agreement with direct obligations of, or obligations  
341 guaranteed by, the United States of America having a market value at least equal to 105% of  
342 the amount of the money invested, valued at least quarterly, and deposit the collateral with a  
343 third-party custodian or trustee selected by the public treasurer; or

344 (B) terminate the agreement without penalty and repay all of the principal invested and  
345 the interest accrued on the investment to the date of termination; and

346 (iv) the public treasurer receives an enforceability opinion from the legal counsel of the  
347 investment agreement provider and, if there is a guarantee, an enforceability opinion from the  
348 legal counsel of the guarantor with respect to the guarantee.

349 (3) (a) As used in this Subsection (3), "interest rate contract" means interest rate  
350 exchange contracts, interest rate floor contracts, interest rate ceiling contracts, or other similar  
351 contracts authorized by resolution of the governing board or issuing authority, as applicable.

352 (b) A public treasurer may, with the approval of the state treasurer:

353 (i) enter into interest rate contracts that the governing board or issuing authority  
354 determines are necessary, convenient, or appropriate for the control or management of debt or  
355 for the cost of servicing debt; and

356 (ii) use its public funds to satisfy its payment obligations under those contracts.

357 (c) Those contracts:

358 (i) shall comply with the requirements established by council rules; and

359 (ii) may contain payment, security, default, termination, remedy, and other terms and  
360 conditions that the governing board or issuing authority considers appropriate.

361 (d) Neither interest rate contracts nor public funds used in connection with these  
362 interest rate contracts may be considered a deposit or investment.

363 (4) A public treasurer shall ensure that all public funds invested in deposit instruments  
364 are invested with qualified depositories within Utah, except:

365 (a) for deposits made in accordance with Section 53B-7-601 in a foreign depository  
366 institution as defined in Section 7-1-103;

367 (b) reciprocal deposits, subject to rules made by the council under Subsection  
368 51-7-18(2); [or]

369 (c) if national market rates on instruments of similar quality and term exceed those  
370 offered by qualified depositories, investments in out-of-state deposit instruments may be made  
371 only with institutions that meet quality criteria set forth by the rules of the council[?]; or

372 (d) specie legal tender held in a commercial specie repository that meets the quality  
373 criteria set forth by the rules of the council.

374 Section 4. Section **51-7-18** is amended to read:

375 **51-7-18. Duties of council.**

376 (1) The council shall:

377 (a) advise the state treasurer and other public treasurers about investment policies;

378 (b) cooperate with the commissioner of financial institutions by promoting measures  
379 and rules that will assist in strengthening the banking and credit structure of the state;

380 (c) at least annually, review the rules adopted under the authority of this chapter that  
381 relate to the deposit and investment of public funds;

382 (d) at least annually, distribute the rules and amendments to rules adopted under the  
383 authority of this chapter that relate to the deposit and investment of public funds to all public  
384 treasurers; and

385 (e) provide, at least semiannually, a list of certified dealers that meet criteria  
386 established by this chapter and council rules.

387 (2) The council may:

388 (a) recommend proposed changes in statutes governing the deposit and investment of  
389 public funds to the Legislature;

390 (b) make rules governing:

391 (i) the financial reporting requirements of qualified depositories in which public funds  
392 may be deposited;

393 (ii) the conditions and procedures for maintaining and revoking a financial institution's  
394 designation as a qualified depository;

395 (iii) the definition of depository capital;

396 (iv) the conditions for maintaining deposits at a permitted depository;

397 (v) the conditions and procedures for maintaining and revoking a primary reporting  
398 dealer's or a broker dealer's designation as a certified dealer;

399 (vi) certified investment advisers who deal with public treasurers, including

400 establishing standards and requirements for the use, qualification, and regulation of certified  
401 investment advisers;

402 (vii) the conditions and procedures for maintaining and revoking a federal covered  
403 adviser's or an investment adviser's designation as a certified investment adviser;

404 (viii) the conditions and procedures by which public treasurers may deposit and invest  
405 public funds;

406 (ix) quality criteria for corporate obligations;

407 (x) the conditions and procedures by which public entities may use interest rate

408 contracts authorized by Subsection 51-7-17(3); [and]

409 (xi) quality criteria for a commercial specie repository, in consultation with the state  
410 auditor; and

411 [~~(xi)~~] (xii) other rules necessary to carry out its functions, powers, duties, and  
412 responsibilities under this chapter.

413 (3) The council may not make rules requiring a qualified depository to pledge or  
414 deposit any of its assets in order to secure a deposit of public funds, except that public deposits  
415 in excess of the maximum amount shall be collateralized as provided in Subsections  
416 51-7-18.1(5)(b) and (6).

417 (4) Subject to legislative funding, the state treasurer shall supply qualified staff to the  
418 council.

419 (5) If any rule or act of the council would constitute an infringement upon the state  
420 treasurer's constitutional duties and powers to have custody of and invest public money, the  
421 conflicting rule or act is advisory and not mandatory.

422 Section 5. Section 63C-14-301 is amended to read:

423 **63C-14-301. Commission duties.**

424 (1) Until November 30, 2019, the commission shall:

425 (a) study and assess:

426 (i) the financial stability of the federal government;

427 (ii) the level of dependency that the state and local governments have on the receipt of  
428 federal funds;

429 (iii) the risk that the state and local governments in the state will experience a reduction  
430 in the amount or value of federal funds they receive, in both the near and distant future;

431 (iv) the likely and potential impact on the state and its citizens from a reduction in the  
432 amount or value of federal funds received by the state and by local governments in the state, in  
433 both the near and distant future; [~~and~~]

434 (v) the likely and potential national impact from a reduction in the amount or value of  
435 federal funds paid to the states, in both the near and distant future; [~~and~~]

436 (vi) the taxpayer reporting requirements for specie legal tender income and the  
437 remittance of taxes on specie legal tender income;

438 (vii) the collection of severance taxes in specie legal tender for taxes assessed under  
439 Section 59-5-202 on gold and silver production; and

440 (viii) the issuance of bonds denominated and payable in specie legal tender for the  
441 purpose of retiring existing government debt; and

442 (b) make recommendations to the governor and Legislature on methods to:

443 (i) avoid or minimize the risk of a reduction in the amount or value of federal funds by  
444 the state and by local governments in the state;

445 (ii) reduce the dependency of the state and of local governments in the state on federal  
446 funds; and

447 (iii) prepare for and respond to a reduction in the amount or value of federal funds by  
448 the state and by local governments in the state.

449 (2) After November 30, 2019, the commission shall study, assess, and provide  
450 recommendations on any federal issue that the governor, the Legislature through a joint  
451 resolution of the Legislature, or the Legislative Management Committee directs the  
452 commission to study, assess, and make recommendations on.

453 (3) On or before November 30 of each year, the commission shall report to the  
454 Government Operations Interim Committee of the Legislature on the commission's findings  
455 and recommendations.