

**House File 2228 - Introduced**

HOUSE FILE 2228

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**A BILL FOR**

1 An Act relating to the establishment of a transactional  
2 currency based on gold and silver held in a bullion  
3 depository approved by the treasurer of state, and providing  
4 fees.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 12L.1 Definitions.

2 For purposes of this chapter:

3 1. "*Approved bullion depository*" means any of the following:

4 a. A bullion depository located in this state, controlled by  
5 the state, and operating pursuant to regulations and safeguards  
6 reasonably acceptable to the treasurer of state.

7 b. The Texas bullion depository or such other depository  
8 within the United States similar in mission and operation to  
9 the Texas bullion depository, provided that agreements and  
10 standards reasonably acceptable to the treasurer of state  
11 govern the use of the bullion depository with respect to  
12 deposits from the state of Iowa or its designees.

13 2. "*Bullion*" means precious metals that are formed into  
14 uniform shapes and quantities such as ingots, bars, or plates,  
15 with uniform content and purity, as are suitable for or  
16 customarily used in the purchase, sale, storage, transfer, and  
17 delivery of bulk or wholesale transactions in precious metals.

18 3. "*Bullion depository*" means a secured physical vault  
19 for the reception, authentication, storage, and security of  
20 bullion.

21 4. "*Depository account*" means the rights, interests, and  
22 entitlements established in favor of a depositor with respect  
23 to a deposit in accordance with this chapter and rules adopted  
24 under this chapter.

25 5. "*Depository account holder*" means the original depositor  
26 of a depository account or a successor or assignee of the  
27 depositor.

28 6. "*Pooled depository account*" means the account established  
29 under section 12L.4.

30 7. "*Precious metal*" means gold or silver that bears a high  
31 value-to-weight ratio relative to common industrial metals and  
32 that customarily is formed into bullion or specie.

33 8. "*Specie*" means a precious metal stamped into coins of  
34 uniform shape, size, design, content, and purity, suitable for  
35 or customarily used as currency, a medium of exchange, or the

1 medium for purchase, sale, storage, transfer, or delivery of  
2 precious metals in retail or wholesale transactions.

3 9. "*Transactional currency*" means a representation of actual  
4 specie and bullion held in a depository account by a depository  
5 account holder and which may be transferred by electronic  
6 instruction. The representation must reflect the exact  
7 fractional troy ounce measurement of physical specie or bullion  
8 in the pooled depository account as provided by this chapter.

9 Sec. 2. NEW SECTION. 12L.2 Rules.

10 The treasurer of state may adopt rules pursuant to chapter  
11 17A to implement this chapter, including rules to do all of the  
12 following:

13 1. Ensure the security of the specie, bullion,  
14 transactional currency, transactions, and related data.

15 2. Prevent fraud.

16 3. Prevent the release of data related to depository  
17 accounts or depository account holders other than by order of a  
18 court with proper jurisdiction.

19 Sec. 3. NEW SECTION. 12L.3 Establishment of specie and  
20 transactional currency.

21 1. As authorized by Article I, section 10, of the  
22 Constitution of the United States, the treasurer of state  
23 shall issue specie and establish a transactional currency as  
24 determined practicable.

25 2. The treasurer of state may preferentially contract with a  
26 private vendor that has its principal place of business in this  
27 state to establish the transactional currency or perform other  
28 duties under this chapter.

29 3. In establishing the transactional currency, the  
30 treasurer of state shall establish a means to ensure that a  
31 person or state who holds the transactional currency may use  
32 the currency as legal tender in payment of debt and readily  
33 transfer or assign the transactional currency to any other  
34 person or state by electronic means.

35 4. In establishing specie, the treasurer of state shall

1 exclusively authorize an approved bullion depository as the  
2 state's issuer and ensure that the holder of the specie may  
3 use the specie as legal tender in payment of debt and that the  
4 specie is readily transferable to any other person or state.

5 Sec. 4. NEW SECTION. 12L.4 Bullion depository account.

6 1. The treasurer of state, or the treasurer's designee,  
7 serving as trustee, shall hold in trust on behalf of the  
8 transactional currency holders all specie and bullion owned or  
9 purchased for such purposes. The trustee shall maintain enough  
10 specie or bullion to provide for the redemption of all units of  
11 the transactional currency issued but not redeemed.

12 2. The trustee shall establish an account in the approved  
13 bullion depository to hold in trust as trustee on the behalf of  
14 the transactional currency holders all specie and bullion owned  
15 and allocated or purchased for such purposes.

16 Sec. 5. NEW SECTION. 12L.5 Purchase and issuance.

17 1. The treasurer of state shall issue transactional  
18 currency to a person or a state of the United States to which  
19 any of the following apply:

20 a. The person or state has made payment to the treasurer of  
21 state for the purpose of a purchase of specie or bullion to be  
22 represented by transactional currency and paid any fee charged  
23 under section 12L.10.

24 b. The person or state designated specie or bullion held on  
25 account in the approved bullion depository for the purpose of  
26 being represented by transactional currency and paid any fee  
27 charged under section 12L.10.

28 2. Upon receiving payment under subsection 1, paragraph "a",  
29 or an account holder's designation and payment under subsection  
30 1, paragraph "b", the treasurer of state shall do all of the  
31 following:

32 a. Using the money received, buy specie or bullion in the  
33 number of troy ounces of precious metal equal to the number  
34 of units of the transactional currency to be issued to the  
35 purchaser under subsection 1.

1     *b.* Deposit the specie or bullion into the pooled depository  
2 account for the purchaser.

3     *c.* Issue to the purchaser a depository account with or add  
4 to an existing depository account a number of units of the  
5 transactional currency equal to the amount of specie or bullion  
6 that the purchase money received from the account holder would  
7 buy at the market price on that date as published by the  
8 approved bullion depository.

9     Sec. 6. NEW SECTION. 12L.6 **Redemption of transactional**  
10 **currency for United States dollars.**

11     1. A person who holds transactional currency may present to  
12 the treasurer of state any number of units of the transactional  
13 currency to redeem for United States dollars.

14     2. On receipt of a person's request for redemption, the  
15 treasurer of state shall do all of the following:

16     *a.* Sell from the specie or bullion held in the pooled  
17 depository account a number of troy ounces equal to the number  
18 of units of the transactional currency being redeemed.

19     *b.* Provide to the person an amount of United States dollars  
20 equal to the amount received from the sale of specie or bullion  
21 under paragraph "a", less a fee charged under section 12L.10.

22     Sec. 7. NEW SECTION. 12L.7 **Redemption of transactional**  
23 **currency for specie or bullion.**

24     1. Subject to section 12L.3, an account holder who holds the  
25 transactional currency may present to the treasurer of state  
26 any number of units of the transactional currency to redeem for  
27 an equal number of troy ounces of specie or bullion from the  
28 pooled depository account.

29     2. On receipt of a request for redemption, the treasurer of  
30 state shall do all of the following:

31     *a.* Withdraw the equivalent number of troy ounces of specie  
32 or bullion from the pooled depository account.

33     *b.* On the payment of a fee charged under section 12L.10,  
34 deliver the specie or bullion as requested to the requestor.

35     Sec. 8. NEW SECTION. 12L.8 **Value of transactional currency.**

1 1. At the time of each transaction involving the issuance  
2 or redemption of the transactional currency, the treasurer of  
3 state shall determine the value of a unit of the transactional  
4 currency as published by the approved bullion depository.

5 2. The value of a unit of the transactional currency  
6 at the time of a transaction must be equal to the value of  
7 the appropriate fraction of a troy ounce of gold or silver,  
8 respectively, at the time of that transaction as published by  
9 the approved bullion depository.

10 Sec. 9. NEW SECTION. 12L.9 Money and deposits held in  
11 trust.

12 The treasurer of state as trustee shall hold outside  
13 the state treasury on the behalf of persons who hold the  
14 transactional currency money received under section 12L.5,  
15 subsection 1, specie or bullion purchased and deposited in  
16 the pooled depository account as provided by section 12L.5,  
17 subsection 2, paragraph "a", and money received from the sale of  
18 specie or bullion in the pooled depository account in response  
19 to a request for redemption under section 12L.6. Such money,  
20 specie, and bullion is not available for appropriation by the  
21 general assembly.

22 Sec. 10. NEW SECTION. 12L.10 Fees.

23 The treasurer of state may establish a fee for the issuance  
24 or redemption of the transactional currency to cover the  
25 treasurer of state's costs in administering this chapter and  
26 an industry standard merchant fee for use. Fees collected by  
27 the treasurer of state under this section shall be considered  
28 repayment receipts to be used for such purposes. Fees  
29 collected in excess of the amount necessary for such purposes  
30 shall be deposited in the general fund of the state.

31 EXPLANATION

32 The inclusion of this explanation does not constitute agreement with  
33 the explanation's substance by the members of the general assembly.

34 This bill requires the treasurer of state to issue specie  
35 and establish a transactional currency that are usable as

1 legal tender and readily transferable. The bill permits the  
2 treasurer of state to contract with a private vendor to perform  
3 the treasurer of state's duties and requires the treasurer of  
4 state to exclusively authorize an approved bullion depository  
5 as the state's issuer of specie.

6 The bill requires the treasurer of state to hold all specie  
7 and bullion owned or purchased for such purposes in trust for  
8 the transactional currency holders and to maintain enough  
9 specie or bullion to allow for the redemption of all units  
10 of the transactional currency issued. The bill requires the  
11 treasurer of state to create an account in the approved bullion  
12 depository for all the specie and bullion.

13 Once a person or state pays the treasurer of state for specie  
14 or bullion or designates specie or bullion held on account in  
15 the depository for being represented by transactional currency  
16 and pays a fee, the bill requires the treasurer of state to  
17 issue transactional currency to that person or state and to  
18 buy specie or bullion in the number of troy ounces of precious  
19 metal equal to the number of units of transactional currency  
20 issued to the purchaser, deposit the specie or bullion into  
21 the pooled depository account for the purchaser, and issue  
22 a depository account to the purchaser or update an existing  
23 depository account to reflect the purchase.

24 The bill allows a person with transactional currency to  
25 redeem the currency for United States dollars, specie, or  
26 bullion by presenting the currency to the treasurer of state.  
27 To redeem the currency for the person, the bill requires the  
28 treasurer of state to sell the equivalent amount of specie  
29 or bullion from the pooled depository account and provide  
30 the amount received from the sale in United States dollars  
31 to the person or to withdraw the specie or bullion from the  
32 depository.

33 The bill requires the treasurer of state to determine  
34 the value of a unit of transactional currency whenever  
35 transactional currency is issued or redeemed and requires that

1 the value of a unit of transactional currency be equal to the  
2 appropriate fraction of a troy ounce of gold or silver at the  
3 time of that transaction as published by the approved bullion  
4 depository.

5 The bill requires that specie and bullion purchased and  
6 deposited into the pooled depository account and money received  
7 in exchange for transactional currency or for the sale of  
8 specie or bullion in response to a request for redemption be  
9 held by the treasurer of state outside the state treasury and  
10 provides that it is not available for appropriation by the  
11 general assembly.

12 The bill allows the treasurer of state to set a fee for  
13 issuing or redeeming transactional currency. The treasurer  
14 of state retains the fees to administer the bill and cover  
15 costs of industry standard merchant fees, with any excess to be  
16 deposited in the general fund of the state.