

**House File 325 - Introduced**

HOUSE FILE 325

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(COMPANION TO SF 112 BY ALONS)

**A BILL FOR**

1 An Act relating to the establishment of a transactional currency  
2 based on gold and silver held in a bullion depository approved  
3 by the treasurer of state, and providing fees.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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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 the  
9 Texas bullion depository, provided that agreements and standards  
10 reasonably acceptable to the treasurer of state govern the use of  
11 the bullion depository with respect to deposits from the state of  
12 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 for  
19 the reception, authentication, storage, and security of bullion.

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

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

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

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

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

1 metals in retail or wholesale transactions.

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

8 Sec. 2. NEW SECTION. **12L.2 Rules.**

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

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

14 2. Prevent fraud.

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

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

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

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

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

34 4. In establishing specie, the treasurer of state shall  
35 exclusively authorize an approved bullion depository as the

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

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

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

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

15 Sec. 5. NEW SECTION. **12L.5 Purchase and issuance.**

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

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

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

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

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

35 b. Deposit the specie or bullion into the pooled depository

1 account for the purchaser.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 Sec. 10. NEW SECTION. **12L.10 Fees.**

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

30 EXPLANATION

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

33 This bill requires the treasurer of state to issue specie  
34 and establish a transactional currency that are usable as legal  
35 tender and readily transferable. The bill permits the treasurer

1 of state to contract with a private vendor to perform the  
2 treasurer of state's duties and requires the treasurer of state  
3 to exclusively authorize an approved bullion depository as the  
4 state's issuer of specie.

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

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

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

31 The bill requires the treasurer of state to determine the  
32 value of a unit of transactional currency whenever transactional  
33 currency is issued or redeemed and requires that the value of  
34 a unit of transactional currency be equal to the appropriate  
35 fraction of a troy ounce of gold or silver at the time of that

1 transaction as published by the approved bullion depository.

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

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

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