

Senate File 112 - Introduced

SENATE FILE 112

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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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