Senate Engrossed

bullion depository; establishment

State of Arizona
Senate
Fifty-seventh Legislature
First Regular Session
2025

SENATE BILL 1096

AN ACT

AMENDING TITLE 6, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 18; RELATING TO FINANCIAL INSTITUTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 6, Arizona Revised Statutes, is amended by adding chapter 18, to read:

CHAPTER 18

ARIZONA BULLION DEPOSITORY

ARTICLE 1. GENERAL PROVISIONS

6-1801. Definitions

IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1. "BULLION" MEANS PRECIOUS METALS THAT ARE LIMITED TO GOLD AND SILVER AND THAT ARE FORMED INTO UNIFORM SHAPES AND QUANTITIES SUCH AS INGOTS, BARS OR PLATES THAT HAVE UNIFORM CONTENT AND PURITY AND THAT ARE SUITABLE FOR OR CUSTOMARILY USED IN THE PURCHASE, SALE, STORAGE, TRANSFER AND DELIVERY OF BULK OR WHOLESALE TRANSACTIONS IN PRECIOUS METALS.

2. "DEPOSIT" MEANS THE ESTABLISHMENT OF AN EXECUTORY OBLIGATION OF THE DEPOSITORY TO DELIVER TO THE ORDER OF THE PERSON ESTABLISHING WITH THE DEPOSITORY THE OBLIGATION, ON DEMAND, OF A QUANTITY OF A SPECIFIED PRECIOUS METAL, IN BULLION, SPECIE OR A COMBINATION OF BULLION AND SPECIE, EQUAL TO THE QUANTITY OF THE SAME PRECIOUS METAL DELIVERED BY OR ON BEHALF OF THE DEPOSITOR INTO THE CUSTODY OF:

(a) THE DEPOSITORY.

(b) A DEPOSITORY AGENT.

3. "DEPOSITOR" MEANS A PERSON WHO MAKES A DEPOSIT.

4. "DEPOSITORY" MEANS THE ARIZONA BULLION DEPOSITORY ESTABLISHED BY SECTION 6-1802.

5. "DEPOSITORY ACCOUNT" MEANS THE RIGHTS, INTERESTS AND ENTITLEMENTS OF A DEPOSITOR WITH RESPECT TO A DEPOSIT IN ACCORDANCE WITH THIS CHAPTER AND RULES ADOPTED UNDER THIS CHAPTER.

6. "DEPOSITORY ACCOUNT HOLDER" MEANS THE ORIGINAL DEPOSITOR OR A SUCCESSOR OR ASSIGNEE OF THE DEPOSITOR RESPECTING THE DEPOSITORY ACCOUNT.

7. "DEPOSITORY AGENT" MEANS A FINANCIAL INSTITUTION THAT HAS ENTERED INTO AN AGREEMENT WITH THE DEPOSITORY TO PROVIDE A RETAIL LOCATION AND THAT PROVIDES DEPOSITORY SERVICES TO THE GENERAL PUBLIC ON BEHALF OF THE DEPOSITORY.

8. "POOLED DEPOSITORY ACCOUNT" MEANS THE ACCOUNT IN THE DEPOSITORY.

9. "PRECIOUS METAL" MEANS PRECIOUS METALS THAT ARE LIMITED TO GOLD AND SILVER AND THAT:

(a) BEAR A HIGH VALUE-TO-WEIGHT RATIO RELATIVE TO COMMON INDUSTRIAL METALS.

(b) ARE FORMED INTO BULLION OR SPECIE.

10. "SPECIE" MEANS A PRECIOUS METAL THAT IS LIMITED TO GOLD AND SILVER AND THAT IS STAMPED INTO COINS OF UNIFORM SHAPE, SIZE, DESIGN, CONTENT AND PURITY THAT ARE SUITABLE FOR OR CUSTOMARILY USED AS CURRENCY, AS A MEDIUM OF EXCHANGE OR AS THE MEDIUM FOR PURCHASE, SALE, STORAGE, TRANSFER OR DELIVERY OF PRECIOUS METALS IN RETAIL OR WHOLESALE TRANSACTIONS.

11. "TRANSACTIONAL CURRENCY" MEANS A REPRESENTATION OF ACTUAL PRECIOUS METALS, SPECIE AND BULLION HELD IN A DEPOSITORY ACCOUNT BY A DEPOSITORY ACCOUNT HOLDER THAT MAY BE TRANSFERRED BY ELECTRONIC INSTRUCTION AND THAT REFLECTS THE EXACT UNIT OF PHYSICAL PRECIOUS METALS, SPECIE OR BULLION IN THE POOLED DEPOSITORY ACCOUNT IN ITS FRACTIONAL TROY OUNCE MEASUREMENT.

6-1802. Arizona bullion depository; administration; state monies; rulemaking

A. THE ARIZONA BULLION DEPOSITORY IS ESTABLISHED. THE DEPARTMENT SHALL ADMINISTER THE DEPOSITORY THROUGH THE ADMINISTRATOR. THE DEPOSITORY SERVES AS THE CUSTODIAN, GUARDIAN AND ADMINISTRATOR OF CERTAIN BULLION AND SPECIE THAT MAY BE TRANSFERRED TO OR OTHERWISE ACQUIRED BY THIS STATE OR AN AGENCY, A POLITICAL SUBDIVISION OR ANOTHER INSTRUMENTALITY OF THIS STATE. THE DEPOSITORY SHALL PROVIDE A SECURE LOCATION FOR STORING BULLION.

B. THE DEPARTMENT MAY CONTRACT WITH A THIRD PARTY TO ADMINISTER THE DAILY OPERATIONS OF THE DEPOSITORY AND IMPLEMENT THE DEPOSITORY SECURITY, STORAGE, TRANSACTIONAL AND ADMINISTRATIVE PROCEDURES IN ACCORDANCE WITH THIS CHAPTER AND RULES.

C. THIS STATE, INCLUDING STATE AGENCIES AND COUNTIES, MUNICIPALITIES AND OTHER GOVERNMENTAL ENTITIES, MAY USE THE DEPOSITORY TO STORE BULLION. THE STATE TREASURER MAY DEPOSIT A PORTION OF STATE MONIES IN THE DEPOSITORY IN THE FORM OF BULLION, AND THAT BULLION DEPOSIT IS CONSIDERED PART OF THIS STATE'S FINANCIAL RESERVES. THE DEPARTMENT SHALL ADOPT RULES FOR THIS STATE'S USE OF THE DEPOSITORY.

D. THE DEPARTMENT SHALL ADOPT RULES AS NECESSARY TO EFFECTUATE THIS CHAPTER.

6-1803. Depository administrator; power and duties

A. THE DIRECTOR SHALL HIRE AN ADMINISTRATOR OF THE DEPOSITORY WHO SERVES AT THE DISCRETION OF THE DIRECTOR.

B. THE DEPOSITORY IS MANAGED UNDER THE DIRECTION OF THE ADMINISTRATOR.

C. THE ADMINISTRATOR SHALL:

1. MANAGE, SUPERVISE AND DIRECT THE OPERATIONS AND AFFAIRS OF THE DEPOSITORY AND DEPOSITORY AGENTS.

2. LIAISE WITH THE DEPARTMENT TO ENSURE THAT EACH TRANSACTION WITH THE DEPOSITORY THAT INVOLVES STATE MONIES, AN AGENCY, A POLITICAL SUBDIVISION OR ANOTHER INSTRUMENTALITY OF THIS STATE OR A PRIVATE PERSON IS PLANNED, ADMINISTERED AND EXECUTED IN A MANNER TO ACHIEVE THE PURPOSES OF THIS CHAPTER.

3. ENSURE THAT THE DEPOSITORY HAS CURRENT AND EFFICIENT SAFETY PROTOCOLS TO PREVENT THEFT, FRAUD OR UNAUTHORIZED ACCESS TO OR REMOVAL OF BULLION.

D. THE ADMINISTRATOR MAY:

1. APPOINT OR EMPLOY, SUBJECT TO THE APPROVAL OF THE DIRECTOR, A DEPUTY ADMINISTRATOR OR OTHER SUBORDINATE OFFICERS OR EMPLOYEES AS NECESSARY AND APPROPRIATE TO PROPERLY EFFECTUATE THE ADMINISTRATION OF THE DEPOSITORY.

2. EMPLOY SECURITY OFFICERS TO PROVIDE SECURITY SERVICES FOR THE DEPOSITORY AS NECESSARY.

6-1804. Deposits and depository accounts; standards; audits; conflicts of interest; reports

A. THE DEPOSITORY MAY RECEIVE A DEPOSIT OF BULLION OR SPECIE, OR BOTH, IN ACCORDANCE WITH RULES ADOPTED BY THE DIRECTOR AS APPROPRIATE TO DO BOTH OF THE FOLLOWING:

1. ENSURE COMPLIANCE WITH THE LAW.

2. PROTECT THE INTERESTS OF:

(a) THE DEPOSITORY.

(b) DEPOSITORY ACCOUNT HOLDERS.

(c) THIS STATE AND THE AGENCIES, POLITICAL SUBDIVISIONS AND INSTRUMENTALITIES OF THIS STATE.

(d) THE PUBLIC.

B. THE DEPOSITORY SHALL:

1. RECORD THE AMOUNT OF PRECIOUS METALS A PERSON DEPOSITS, REGARDLESS OF FORM, IN UNITS OF PURE TROY OUNCES. THE RECORDS MUST SPECIFY THE TYPE AND QUANTITY OF EACH PRECIOUS METAL DEPOSITED.

2. ADJUST EACH DEPOSITORY ACCOUNT BALANCE TO REFLECT ADDITIONS TO OR WITHDRAWALS OR DELIVERIES FROM THE DEPOSITORY ACCOUNT.

C. THE DEPARTMENT SHALL CONTRACT WITH AN INDEPENDENT THIRD PARTY TO CONDUCT AUDITS AT LEAST TWO TIMES EACH CALENDAR YEAR TO VERIFY THE AMOUNT AND VALUE OF THE BULLION OR SPECIE, OR BOTH, STORED IN THE DEPOSITORY AND TO INSPECT THE SECURITY MEASURES AND SAFETY PROTOCOLS IN PLACE. THE THIRD PARTY MUST BE AN ESTABLISHED PROVIDER WITH A PROVEN RECORD OF PROVIDING AUDITING SERVICES TO DEPOSITORY INSTITUTIONS. THE PUBLIC MAY REQUEST, AT A MINIMUM, A SUMMARY OF TOTALS OF PREVIOUS PRECIOUS METAL AMOUNTS AND ANY DISCREPANCIES FOUND DURING AN AUDIT CONDUCTED PURSUANT TO THIS SUBSECTION. INFORMATION THAT WOULD JEOPARDIZE CONFIDENTIAL DEPOSITORY INFORMATION OR THE DEPOSITORY'S SECURITY PROTOCOLS IS NOT SUBJECT TO PUBLIC DISCLOSURE.

D. THE ADMINISTRATOR AND ANY EMPLOYEE, OFFICIAL OR THIRD PARTY THAT IS ASSOCIATED WITH THE OVERSIGHT OR OPERATION OF THE DEPOSITORY:

1. MAY NOT HAVE ANY FINANCIAL INTERESTS IN COMPANIES OR ENTITIES THAT PRODUCE, SELL OR MANAGE BULLION.

2. MUST DISCLOSE ANY POTENTIAL CONFLICT OF INTEREST TO THE DEPARTMENT IMMEDIATELY ON DISCOVERY.

E. ANY VIOLATION OF SUBSECTION D OF THIS SECTION MAY RESULT IN TERMINATION, FINES OR OTHER LEGAL PENALTIES AS DETERMINED BY THE DEPARTMENT.

F. THE ADMINISTRATOR SHALL PROVIDE QUARTERLY REPORTS TO THE DEPARTMENT DETAILING THE OPERATIONS, TRANSACTIONS AND FINANCIAL STATUS OF THE DEPOSITORY.

G. ON OR BEFORE JUNE 30 EACH YEAR, THE DEPARTMENT SHALL SUBMIT AN ANNUAL REPORT TO THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND PROVIDE A COPY OF THE REPORT TO THE SECRETARY OF STATE.

6-1805. Administration of transactional currency

A. THE DIRECTOR SHALL ISSUE SPECIE AND ESTABLISH A TRANSACTIONAL CURRENCY AS THE DIRECTOR DETERMINES TO BE PRACTICABLE.

B. THE DIRECTOR MAY CONTRACT WITH A PRIVATE VENDOR TO ESTABLISH THE TRANSACTIONAL CURRENCY OR PERFORM OTHER DUTIES UNDER THIS CHAPTER.

C. FOR TRANSACTIONAL CURRENCY, THE DIRECTOR SHALL ESTABLISH A MEANS TO ENSURE THAT:

1. A PERSON OR THIS STATE THAT HOLDS THE TRANSACTIONAL CURRENCY MAY USE THAT TRANSACTIONAL CURRENCY AS LEGAL TENDER TO PAY A DEBT OR MAY ASSIGN THE TRANSACTIONAL CURRENCY TO ANOTHER PERSON OR THIS STATE.

2. THE ELECTRONIC MEANS OF THE TRANSFER OF TRANSACTIONAL CURRENCY TO ANOTHER PERSON OR THIS STATE IS EXPEDIENT.

D. FOR SPECIE, THE DIRECTOR SHALL:

1. AUTHORIZE THE DEPOSITORY AS THIS STATE'S EXCLUSIVE ISSUER.

2. ENSURE THAT THE HOLDER OF SPECIE MAY USE THE SPECIE AS LEGAL TENDER TO PAY A DEBT.

3. ENSURE THE EXPEDIENT TRANSFER OF TRANSACTIONAL CURRENCY TO ANOTHER PERSON OR THIS STATE AND THAT SPECIE IS READILY TRANSFERABLE.

6-1806. Bullion depository account

THE DIRECTOR, WHO SERVES AS TRUSTEE, OR THE DIRECTOR'S DESIGNEE SHALL:

1. HOLD IN TRUST ON BEHALF OF THE TRANSACTIONAL CURRENCY HOLDERS ALL SPECIE AND BULLION OWNED OR PURCHASED FOR TRANSACTIONAL PURPOSES.

2. MAINTAIN ENOUGH SPECIE OR BULLION TO PROVIDE FOR THE REDEMPTION OF ALL UNITS OF THE TRANSACTIONAL CURRENCY ISSUED BUT NOT REDEEMED.

3. ESTABLISH A POOLED DEPOSITORY ACCOUNT IN THE DEPOSITORY TO HOLD IN TRUST AS TRUSTEE ON BEHALF OF THE TRANSACTIONAL CURRENCY HOLDERS ALL SPECIE AND BULLION OWNED, ALLOCATED OR PURCHASED.

6-1807. Purchase and issuance; fee

A. THE ADMINISTRATOR SHALL ISSUE THE TRANSACTIONAL CURRENCY TO A PERSON OR THIS STATE ON PAYMENT:

1. TO THE DEPOSITORY TO PURCHASE SPECIE OR BULLION, OR BOTH, AND ON PAYMENT OF AN APPLICABLE FEE.

2. TO DESIGNATE SPECIE OR BULLION, OR BOTH, HELD ON ACCOUNT AND ON PAYMENT OF AN APPLICABLE FEE.

B. WHEN PAYMENT UNDER THIS SECTION IS RECEIVED, THE DIRECTOR SHALL:

1. BUY SPECIE OR BULLION, OR BOTH, USING THE MONEY RECEIVED, IN THE NUMBER OF TROY OUNCES OF PRECIOUS METAL EQUAL TO THE NUMBER OF UNITS OF TRANSACTIONAL CURRENCY AND ISSUE THAT TRANSACTIONAL CURRENCY TO THE PURCHASER UNDER SUBSECTION A OF THIS SECTION.

2. DEPOSIT SUCH SPECIE OR BULLION INTO THE POOLED DEPOSITORY ACCOUNT FOR THE PURCHASER UNDER SUBSECTION A OF THIS SECTION.

3. ISSUE TO THE PURCHASER A DEPOSITORY ACCOUNT WITH OR ADD TO AN EXISTING DEPOSITORY ACCOUNT A NUMBER OF UNITS OF THE TRANSACTIONAL CURRENCY EQUAL TO THE AMOUNT OF SPECIE OR BULLION THAT THE PURCHASE MONIES RECEIVED FROM THE DEPOSITORY ACCOUNT HOLDER WOULD BUY AT THE MARKET PRICE ON THAT DATE AS PUBLISHED BY THE DEPOSITORY.

C. THE DEPARTMENT SHALL ESTABLISH THE FEE CHARGED PURSUANT TO SUBSECTION A OF THIS SECTION.

6-1808. Redemption of transactional currency for United States dollars; fee

A. A PERSON WHO HOLDS TRANSACTIONAL CURRENCY MAY PRESENT TO THE ADMINISTRATOR ANY NUMBER OF UNITS OF TRANSACTIONAL CURRENCY TO REDEEM FOR UNITED STATES DOLLARS.

B. ON RECEIPT OF A PERSON'S REQUEST FOR REDEMPTION, THE ADMINISTRATOR SHALL:

1. SELL FROM THE SPECIE OR BULLION HELD IN THE POOLED DEPOSITORY ACCOUNT A NUMBER OF TROY OUNCES OF SPECIE OR BULLION EQUAL TO THE NUMBER OF UNITED STATES DOLLARS OF THE TRANSACTIONAL CURRENCY THAT IS BEING REDEEMED.

2. PROVIDE TO THE PERSON AN AMOUNT OF UNITED STATES DOLLARS EQUAL TO THE AMOUNT RECEIVED FROM THE SALE OF SPECIE OR BULLION UNDER PARAGRAPH 1 OF THIS SUBSECTION, MINUS A FEE CHARGED.

C. THE DEPARTMENT SHALL ESTABLISH THE FEE CHARGED PURSUANT TO SUBSECTION B, PARAGRAPH 2 OF THIS SECTION BY RULE.

6-1809. Redemption of transactional currency for specie or bullion; fee

A. A DEPOSITORY ACCOUNT HOLDER WHO HOLDS TRANSACTIONAL CURRENCY MAY PRESENT TO THE ADMINISTRATOR ANY NUMBER OF UNITS OF THE TRANSACTIONAL CURRENCY TO REDEEM FOR AN EQUAL NUMBER OF TROY OUNCES OF SPECIE OR BULLION FROM THE POOLED DEPOSITORY ACCOUNT.

B. ON RECEIPT OF A REQUEST FOR REDEMPTION, THE ADMINISTRATOR SHALL:

1. WITHDRAW THE EQUIVALENT NUMBER OF TROY OUNCES OF SPECIE OR BULLION FROM THE POOLED DEPOSITORY ACCOUNT.

2. DELIVER THE SPECIE OR BULLION AS REQUESTED TO THE REQUESTOR ON RECEIPT OF THE FEE.

C. THE DEPARTMENT SHALL ESTABLISH THE FEE CHARGED PURSUANT TO SUBSECTION B, PARAGRAPH 2 OF THIS SECTION.

6-1810. Value of transactional currency

A. AT THE TIME OF EACH TRANSACTION THAT ISSUES OR REDEEMS TRANSACTIONAL CURRENCY, THE DIRECTOR SHALL DETERMINE THE VALUE OF A UNIT OF THE TRANSACTIONAL CURRENCY AS PUBLISHED BY THE DEPOSITORY.

B. AT THE TIME OF EACH TRANSACTION, THE VALUE OF A UNIT OF TRANSACTIONAL CURRENCY MUST BE EQUAL TO THE VALUE OF THE APPROPRIATE FRACTION OF A TROY OUNCE OF PRECIOUS METAL AS PUBLISHED BY THE DEPOSITORY.

6-1811. Monies and deposits; pooled depository account; prohibition

SPECIE OR BULLION PURCHASED AND DEPOSITED IN THE POOLED DEPOSITORY ACCOUNT AS PROVIDED BY SECTION 6-1807, SUBSECTION B, PARAGRAPH 1 AND MONIES RECEIVED FROM THE SALE OF SPECIE OR BULLION IN THE POOLED DEPOSITORY ACCOUNT IN RESPONSE TO A REQUEST FOR REDEMPTION UNDER SECTION 6-1808 ARE BOTH:

1. HELD BY THE DIRECTOR AS TRUSTEE ON THE BEHALF OF PERSONS WHO HOLD THE TRANSACTIONAL CURRENCY.

2. NOT AVAILABLE FOR LEGISLATIVE APPROPRIATION.

6-1812. Enemies of United States; foreign nations; prohibition

FOREIGN NATIONS AND ENEMIES OF THE UNITED STATES ARE PROHIBITED FROM USING ANY SERVICE PROVIDED BY THE DEPOSITORY.

6-1813. Fees

A. NOT MORE THAN TEN PERCENT OF THE FEES ESTABLISHED BY THE DEPARTMENT PURSUANT TO THIS SECTION AND SECTIONS 6-1807, 6-1808 AND 6-1809 SHALL BE USED BY THE DEPARTMENT FOR ADMINISTERING THIS CHAPTER.

B. THE DEPARTMENT MAY ALSO CHARGE A STANDARD INDUSTRY MERCHANT FEE.

C. THE DIRECTOR SHALL DEPOSIT THE NET FEE PROCEEDS AFTER ADMINISTRATIVE COSTS IN THE STATE GENERAL FUND.

6-1814. Rules

THE DIRECTOR MAY ADOPT RULES AS NECESSARY OR CONVENIENT TO IMPLEMENT THIS CHAPTER TO:

1. ENSURE THE SECURITY OF THE SPECIE, BULLION, TRANSACTIONAL CURRENCY, TRANSACTIONS AND RELATED DATA.

2. PREVENT FRAUD.

3. PREVENT ANY RELEASE OF DEPOSITORY ACCOUNT OR DEPOSITORY ACCOUNT HOLDER-RELATED DATA SUBJECT TO ORDER OF A COURT WITH PROPER JURISDICTION.

4. ESTABLISH THE FEES NECESSARY TO EFFECTUATE THIS CHAPTER.