

REVISED

STATEMENT OF PURPOSE

RS31163 / S1314

Since the year 2000, the M2 money supply has grown by 350 percent. In other words, it has more than quadrupled. A quadrupling of the money supply will eventually accelerate the rate of inflation.

By adding physical gold and silver to Idaho Code § 67-1210, the State Treasurer will be permitted to hold some portion of state funds in physical gold and silver to help secure state assets against the risk of inflation and financial turmoil and/or to achieve capital gains as measured in Federal Reserve Notes.

The new authority will be confined to holding gold and silver directly and in a manner that does not assume the counter party risks involved with other current state holdings, such as corporate bonds, treasury bills, and other debt instruments. This measure does not empower the State Treasurer to invest in paper forms of the metal like futures contracts, or other gold and silver derivatives. The authority is confined to physical gold and silver, directly owned by the state and stored in a secure depository or any bank or credit union with a class 1 vault and licensed by the Department of Finance.

FISCAL NOTE

This will have no direct impact on the General Fund as it grants a permission for the Treasurer to invest state idle moneys in precious metals. There may be some increase to the General Fund as investments may lead to larger returns and serve as a stronger hedge against inflation. There will be no fiscal impact on local entities because this is strictly limited to the only state Treasurer.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).