

1 AN ACT

2 relating to the establishment and administration of the Texas
3 Strategic Bitcoin Reserve for the purpose of investing in
4 cryptocurrency and the investment authority of the comptroller of
5 public accounts over the reserve and certain other state funds.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 SECTION 1. This Act may be cited as the Texas Strategic
8 Bitcoin Reserve and Investment Act.

9 SECTION 2. Chapter 403, Government Code, is amended by
10 adding Subchapter V to read as follows:

11 SUBCHAPTER V. TEXAS STRATEGIC BITCOIN RESERVE

12 Sec. 403.701. DEFINITIONS. In this subchapter:

13 (1) "Airdrop" means a gratuitous distribution of
14 cryptocurrency to persons who hold cryptocurrency, generally made
15 in a broad, equitable, and nondiscretionary manner.

16 (2) "Bitcoin" means a type of decentralized
17 cryptocurrency created by a peer-to-peer network that operates
18 independently of any central authority or bank.

19 (3) "Cold storage" means a method of storing private
20 keys required to engage in transactions involving cryptocurrency
21 that:

22 (A) has a nexus to a secure physical location;

23 (B) is protected from unauthorized access; and

24 (C) is isolated from any Internet network

1 connections.

2 (4) "Cryptocurrency" means a type of virtual currency
3 that utilizes cryptography to secure transactions that are
4 digitally recorded on a distributed ledger, such as a blockchain.

5 (5) "Fork" means a change to the consensus mechanism
6 of a distributed ledger that creates a separate ledger, which may
7 result in a new cryptocurrency that shares a common transaction
8 history with the previous cryptocurrency up to the point of the
9 change.

10 (6) "Qualified custodian" means a state or federally
11 chartered financial institution or other entity regulated by this
12 state that has custody of a virtual currency.

13 (7) "Reserve" means the Texas Strategic Bitcoin
14 Reserve established under this subchapter.

15 (8) "Virtual currency" has the meaning assigned by
16 Section 12.001, Business & Commerce Code.

17 Sec. 403.702. LEGISLATIVE FINDINGS; PURPOSE. The
18 legislature finds that:

19 (1) bitcoin and other cryptocurrencies are assets with
20 strategic potential for enhancing this state's financial
21 resilience;

22 (2) bitcoin and other cryptocurrencies can serve as a
23 hedge against inflation and economic volatility; and

24 (3) the establishment of a strategic bitcoin reserve
25 serves the public purpose of providing enhanced financial security
26 to residents of this state.

27 Sec. 403.703. ESTABLISHMENT AND ADMINISTRATION OF RESERVE.

1 (a) The Texas Strategic Bitcoin Reserve is established as a special
2 fund outside the state treasury. The comptroller has custody of and
3 shall administer and manage the reserve. The reserve consists of:

4 (1) money transferred or deposited to the credit of
5 the reserve by legislative appropriation;

6 (2) revenue that the legislature by general law
7 dedicates for deposit to the credit of the reserve;

8 (3) subject to Section 403.704, bitcoin and other
9 cryptocurrency purchased using money in or received by the reserve,
10 including any cryptocurrency:

11 (A) derived from the fork of a distributed
12 ledger; or

13 (B) distributed pursuant to an airdrop to the
14 state's cryptocurrency addresses; and

15 (4) investment earnings and interest or rewards earned
16 on assets in the reserve.

17 (b) In its administration and management of the reserve, the
18 comptroller may acquire, exchange, sell, supervise, manage, or
19 retain any kind of investment that a prudent investor exercising
20 reasonable care, skill, and caution would acquire, exchange, sell,
21 supervise, manage, or retain in light of the purposes, terms,
22 distribution requirements, and other circumstances then prevailing
23 for the reserve, taking into consideration the investment of all
24 the assets of the reserve rather than a single investment.

25 (c) The legislature may appropriate funds for deposit to the
26 credit of the reserve for the purposes of:

27 (1) investing in bitcoin or other cryptocurrency; and

1 (2) administering and managing the reserve.

2 (d) The comptroller may spend bitcoin or other
3 cryptocurrency in the reserve or use the net proceeds from the sale
4 of bitcoin or other cryptocurrency in the reserve to pay the
5 reasonable costs associated with administering and managing the
6 reserve.

7 (e) Money in the reserve may be invested with the state
8 treasury pool.

9 (f) Except as provided by Section 403.706, the comptroller
10 may not transfer money in the reserve to the state treasury unless
11 authorized by the legislature in the General Appropriations Act or
12 another law.

13 Sec. 403.704. MARKET CAPITALIZATION REQUIREMENT. Bitcoin
14 or other cryptocurrency purchased using money in the reserve must
15 have an average market capitalization of at least \$500 billion over
16 the most recent 24-month period.

17 Sec. 403.705. THIRD-PARTY CONTRACTS AND PERMISSIBLE
18 TRANSACTIONS; AUDITS. (a) The comptroller may contract with one or
19 more third-party entities for the administration or management of
20 the reserve, including contracting with:

21 (1) a qualified custodian who employs secure custodial
22 technologies, including cold storage; and

23 (2) a qualified liquidity provider to facilitate the
24 purchase and management of assets in the reserve.

25 (b) For purposes of Subsection (a)(2), "qualified liquidity
26 provider" means an entity that:

27 (1) is licensed or regulated under applicable federal

1 or state law;

2 (2) maintains audited financial statements prepared
3 by a regulated auditor;

4 (3) has at least five years of experience trading in
5 the digital assets industry;

6 (4) maintains an office and has a registered principal
7 in this state; and

8 (5) has certified in a method prescribed by the
9 comptroller that the provider meets the requirements of
10 Subdivisions (1)-(4).

11 (c) If the comptroller determines it is in the best interest
12 of the reserve, the comptroller may use derivatives.

13 (d) The comptroller may contract with a certified public
14 accountant to perform an independent audit of the reserve.

15 Sec. 403.706. TEMPORARY TRANSFER FOR CASH MANAGEMENT. (a)
16 The comptroller may liquidate the reserve's assets and temporarily
17 transfer money from the reserve to the state treasury if necessary
18 for the purposes described by Section 403.092.

19 (b) The comptroller shall, as soon as practicable after the
20 date of a transfer under Subsection (a), return the transferred
21 money to the reserve along with the interest, if any, earned on the
22 money while held in the state treasury.

23 Sec. 403.707. TEXAS STRATEGIC BITCOIN RESERVE ADVISORY
24 COMMITTEE. (a) In this section, "committee" means the Texas
25 Strategic Bitcoin Reserve advisory committee.

26 (b) The committee is composed of the following five members:

27 (1) the comptroller;

1 (2) one member of the comptroller's investment
2 advisory board established under Section 404.028, appointed by the
3 comptroller; and

4 (3) three members with expertise in cryptocurrency
5 investments, appointed by the comptroller.

6 (c) The committee shall advise the comptroller regarding
7 the administration and management of the reserve, including:

8 (1) recommendations for valuing assets in the reserve;
9 and

10 (2) the establishment of prudent investment policies
11 relating to the investment objectives of and asset allocation in
12 the reserve.

13 (d) A member of the committee is not entitled to receive
14 compensation for service on the committee or reimbursement for
15 expenses incurred in the performance of official duties as a member
16 of the committee.

17 (e) Members of the committee appointed by the comptroller
18 serve at the will of the comptroller.

19 (f) Chapter 2110 does not apply to the committee.

20 Sec. 403.708. BIENNIAL REPORT. Not later than December 31
21 of each even-numbered year, the comptroller shall publish on the
22 comptroller's Internet website and submit to the legislature a
23 report that includes:

24 (1) the amount of bitcoin and other cryptocurrency
25 held in the reserve on the last day of the preceding state fiscal
26 biennium;

27 (2) an estimate of the monetary value of the bitcoin

1 and other cryptocurrency held in the reserve on the last day of the
2 preceding state fiscal biennium;

3 (3) the changes, if any, in the amount and estimated
4 monetary value of bitcoin and other cryptocurrency in the reserve
5 during the period the cryptocurrency has been held in the reserve,
6 disaggregated by cryptocurrency type; and

7 (4) a description of the actions taken by the
8 comptroller to administer and manage the reserve during the
9 preceding state fiscal biennium.

10 Sec. 403.709. RULES. The comptroller may adopt rules as
11 necessary to administer this subchapter.

12 SECTION 3. Section 2256.004(a), Government Code, is amended
13 to read as follows:

14 (a) This subchapter does not apply to:

15 (1) a public retirement system as defined by Section
16 802.001;

17 (2) state funds invested by the comptroller [~~as~~
18 ~~authorized by Section 404.024~~];

19 (3) an institution of higher education having total
20 endowments of at least \$150 million in book value on September 1,
21 2017;

22 (4) funds invested by the Veterans' Land Board as
23 authorized by Chapter 161, 162, or 164, Natural Resources Code;

24 (5) registry funds deposited with the county or
25 district clerk under Chapter 117, Local Government Code; or

26 (6) a deferred compensation plan that qualifies under
27 either Section 401(k) or 457 of the Internal Revenue Code of 1986

1 (26 U.S.C. Section 1 et seq.), as amended.

2 SECTION 4. As soon as possible after the effective date of
3 this Act, the comptroller of public accounts shall:

4 (1) adopt rules as necessary to implement this Act;
5 and

6 (2) appoint members to the Texas Strategic Bitcoin
7 Reserve advisory committee as required by Section 403.707,
8 Government Code, as added by this Act.

9 SECTION 5. This Act takes effect immediately if it receives
10 a vote of two-thirds of all the members elected to each house, as
11 provided by Section 39, Article III, Texas Constitution. If this
12 Act does not receive the vote necessary for immediate effect, this
13 Act takes effect September 1, 2025.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 21 passed the Senate on March 6, 2025, by the following vote: Yeas 25, Nays 5; May 25, 2025, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 27, 2025, House granted request of the Senate; May 30, 2025, Senate adopted Conference Committee Report by the following vote: Yeas 23, Nays 8.

Secretary of the Senate

I hereby certify that S.B. No. 21 passed the House, with amendments, on May 21, 2025, by the following vote: Yeas 101, Nays 42, two present not voting; May 27, 2025, House granted request of the Senate for appointment of Conference Committee; May 29, 2025, House adopted Conference Committee Report by the following vote: Yeas 110, Nays 25, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor