

BILL ANALYSIS

Senate Research Center

S.B. 207
By: Kolkhorst
Criminal Justice
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

A digital currency is a form of currency that is available only in digital or electronic form, and not in physical form. It is also called digital money, electronic money, electronic currency, or cyber cash. These include "cryptocurrencies," which utilize encryption techniques to regulate the generation of currency units and to verify transactions while allowing participants to remain anonymous.

Increasingly, criminals are using digital currencies in order to launder money. These new technologies allow criminals to conduct transactions anonymously while hiding the source of the funds. Most ransomware attacks use cryptocurrencies as the method of payment and have been seen as a payment method of last resort for criminal enterprises like Backpage.

Currently, the Penal Code defines "funds" to include many types of means of exchange but leaves out the emerging use of cryptocurrencies. Adding cryptocurrencies to the definition of funds would allow criminal transactions involving cryptocurrencies to be charged as money laundering and treated like all other transactions.

S.B. 207 adds the term "digital currency" to the existing money laundering statute alongside money orders, stock, and other negotiable instruments that law enforcement monitor. This will allow law enforcement to pursue these types of currencies in their efforts to combat money laundering.

Several other states, including Florida, Michigan, and Nebraska, have enacted similar laws. (Original Author's/Sponsor's Statement of Intent)

S.B. 207 amends current law relating to the offense of money laundering.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 34.01(2), Penal Code, to include a digital currency in the definition of "funds."

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2019.