**BILL ANALYSIS**

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| Senate Research Center | S.B. 2334 |
| 88R15622 KBB-D | By: Hughes |
|  | Finance |
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|  | As Filed |

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

There has been great concern about out-of-control inflation of the United States dollar and the federal steps taken to adopt central bank digital currency (CBDC).

With this in mind, Texas must begin taking steps against such reckless and dangerous actions. S.B. 2334 would establish a Texas gold-backed digital currency and allow the Comptroller of Public Accounts of the State of Texas the necessary tools needed to oversee and implement such a digital currency.

As proposed, S.B. 2334 amends current law relating to the establishment of a digital currency backed by gold and authorizes a fee.

**RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Comptroller of Public Accounts of the State of Texas in SECTION 1 (Section 404A.0002, Government Code) of this bill.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subtitle A, Title 4, Government Code, by adding Chapter 404A, as follows:

CHAPTER 404A. DIGITAL GOLD CURRENCY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 404A.0001. DEFINITION. Defines "digital currency."

Sec. 404A.0002. RULES; CONTRACTING. (a) Authorizes the Comptroller of Public Accounts of the State of Texas (comptroller) to adopt rules as necessary or convenient to implement this chapter, including rules to ensure the security of the digital currency and to prevent fraud.

(b) Provides that the comptroller has all authority necessary to enter into contracts to administer this chapter and fulfill the purposes of this chapter.

SUBCHAPTER B. ESTABLISHMENT AND ADMINISTRATION OF DIGITAL GOLD CURRENCY

Sec. 404A.0051. ESTABLISHMENT. (a) Requires the comptroller to establish a digital currency that is backed by gold so that each unit of the digital currency issued represents a particular fraction of a troy ounce of gold held in trust as provided by this chapter.

(b) Authorizes the comptroller to contract with a private vendor to establish the digital currency or perform other duties under this chapter.

(c) Requires the comptroller, in establishing the digital currency, to establish a means to ensure that a person who holds the digital currency may readily transfer or assign the digital currency to any other person by electronic means.

Sec. 404A.0052. GOLD HELD IN TRUST. (a) Requires the comptroller serving as trustee or another person appointed by the comptroller who is required to serve as trustee to hold in trust on the behalf of the digital currency holders all gold purchased to back the digital currency. Requires the trustee to maintain enough gold to provide for the redemption in gold of all units of the digital currency that have been issued and are not yet redeemed for money or gold.

(b) Authorizes the trustee to establish an account in the Texas Bullion Depository to hold gold purchased to back the digital currency and to hold the gold otherwise as convenient for the administration of this chapter.

Sec. 404A.0053. PURCHASE AND ISSUANCE. (a) Authorizes a person to purchase from this state through the comptroller any number of units of the digital currency.

(b) Requires the comptroller, on receiving payment for a purchase of the digital currency together with any fee charged under Section 404A.0058, to:

(1) using the money received from the purchaser, buy a fractional number of troy ounces of gold equal to the number of units of the digital currency issued to the purchaser under Subdivision (2); and

(2) issue to the purchaser a number of units of the digital currency equal to the amount of gold that the comptroller purchases with the money received from the purchaser.

Sec. 404A.0054. REDEMPTION OF CURRENCY FOR MONEY. (a) Authorizes a person who holds the digital currency to present to the comptroller, or a person with whom the comptroller has contracted, or a person serving as trustee for purposes of this chapter any number of units of the digital currency to redeem for money.

(b) Requires the comptroller, contractor, or trustee, on receipt of a person's request for redemption, to:

(1) sell from the gold held in the pooled depository account a fractional number of troy ounces equal to the number of units of the digital currency being redeemed; and

(2) provide to the person an amount of money equal to the amount received from the sale of gold under Subdivision (1), less a fee charged under Section 404A.0058.

Sec. 404A.0055. REDEMPTION OF CURRENCY FOR GOLD. (a) Authorizes a person who holds the digital currency to present to the comptroller, or a person with whom the comptroller has contracted, or a person serving as trustee for purposes of this chapter any number of units of the digital currency to redeem for an equal fractional number of troy ounces of gold from the pooled depository account.

(b) Requires the comptroller, on receipt of a request for redemption, to:

(1) withdraw the requested number of troy ounces of gold from the gold held in trust; and

(2) on the payment of a fee charged under Section 404A.0058, deliver the gold to the requestor.

(c) Authorizes the comptroller, or a person with whom the comptroller has contracted, or a person serving as trustee for purposes of this chapter, to manage redemption of the digital currency for gold by the use of bars or coins of standard sizes and to pay fractional remainders in cash as is necessary to facilitate the transaction.

Sec. 404A.0056. VALUE OF DIGITAL CURRENCY. (a) Requires the comptroller, or a person with whom the comptroller has contracted, or a person serving as trustee for purposes of this chapter, at the time of each transaction involving the issuance or redemption of the digital currency, to determine the value of a unit of the digital currency.

(b) Requires that the value of a unit of the digital currency at the time of a transaction be equal to the value of the appropriate fraction of a troy ounce of gold at the time of that transaction.

Sec. 404A.0057. CERTAIN MONEY AND DEPOSITS HELD IN TRUST AND NOT SUBJECT TO LEGISLATIVE APPROPRIATION. Provides that money received from the purchase of the digital currency under Section 404A.0053(a), gold purchased and held under this chapter, and money received from the sale of gold in response to a request for redemption under Section 404A.0054 is:

(1) held in trust by the comptroller as trustee or a person appointed by the comptroller to serve as trustee for purposes of this chapter outside the state treasury on the behalf of persons who hold the digital currency; and

(2) not available for legislative appropriation.

Sec. 404A.0058. FEE. Authorizes the comptroller to establish a fee for the issuance or redemption of the digital currency at any rate necessary to cover the costs of administering this chapter. Requires the comptroller to deposit the fee proceeds to the credit of an account established in the general revenue fund that is authorized to be used to pay the costs.

SECTION 2. Effective date: September 1, 2023.