88R15622 KBB-D

By:  Hughes S.B. No. 2334

A BILL TO BE ENTITLED

AN ACT

relating to the establishment of a digital currency backed by gold; authorizing a fee.

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

SECTION 1.  Subtitle A, Title 4, Government Code, is amended by adding Chapter 404A to read as follows:

CHAPTER 404A. DIGITAL GOLD CURRENCY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 404A.0001.  DEFINITION. In this chapter "digital currency" means the digital gold currency established under this chapter.

Sec. 404A.0002.  RULES; CONTRACTING. (a) The comptroller may adopt rules as necessary or convenient to implement this chapter, including rules to:

(1)  ensure the security of the digital currency; and

(2)  prevent fraud.

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

(c)  In establishing the digital currency the comptroller shall 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) The comptroller serving as trustee or another person appointed by the comptroller who shall serve as trustee shall hold in trust on the behalf of the digital currency holders all gold purchased to back the digital currency. The trustee shall 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)  The trustee may establish an account in the Texas Bullion Depository to hold gold purchased to back the digital currency and may hold the gold otherwise as convenient for the administration of this chapter.

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

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

(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) A person who holds the digital currency may 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)  On receipt of a person's request for redemption, the comptroller, contractor, or trustee shall:

(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) A person who holds the digital currency may 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)  On receipt of a request for redemption, the comptroller shall:

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

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

(b)  The value of a unit of the digital currency at the time of a transaction must 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. 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. The comptroller may establish a fee for the issuance or redemption of the digital currency at any rate necessary to cover the costs of administering this chapter. The comptroller shall deposit the fee proceeds to the credit of an account established in the general revenue fund that may be used to pay the costs.

SECTION 2.  This Act takes effect September 1, 2023.