

BILL ANALYSIS

Senate Research Center

H.B. 1056
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 2015, the 84th Texas Legislature passed H.B. 483, establishing the Texas Bullion Depository—the first state-administered precious metals depository in the nation. Despite its significance, the depository remains underutilized. At the same time, inflation has eroded the value of the U.S. dollar, with 2022 seeing the sharpest decline in purchasing power since 1980. This has disproportionately impacted low-income Texans, many of whom seek stable alternatives like gold and silver. However, there are currently few practical ways for Texans to use precious metals in everyday transactions.

H.B. 1056 empowers the Comptroller of Public Accounts of the State of Texas (comptroller) to leverage existing technology to make the Texas Bullion Depository more accessible and functional for citizens. Specifically, it authorizes the creation of a transactional currency backed by physical gold and silver held in the depository. The bill directs the comptroller to establish mechanisms for conducting transactions with this currency and provide options for redemption in either U.S. dollars or physical bullion. This system would give Texans a practical hedge against inflation while enabling commerce through a secure, gold-backed currency. The state would charge a service fee to cover administrative costs and potentially generate a financial return.

H.B. 1056 amends current law relating to the issuance of gold and silver specie and the establishment of a currency based on gold and silver 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 2116.102, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 2116, Government Code, by adding Subchapter D, as follows:

SUBCHAPTER D. GOLD AND SILVER CURRENCY

Sec. 2116.101. DEFINITIONS. Defines "gold and silver currency" and "pooled depository account."

Sec. 2116.102. RULES. Authorizes the Comptroller of Public Accounts of the State of Texas (comptroller) to adopt rules as necessary or convenient to implement this subchapter, including rules to ensure the security of gold or silver specie or bullion, gold and silver currency, transactions, and related data, prevent fraud, and prohibit transactions involving foreign countries or entities known to engage in illegal or terroristic activities.

Sec. 2116.103. ESTABLISHMENT. (a) Requires the comptroller, as authorized by Section 10, Article I, United States Constitution, to the extent the comptroller determines practicable, and subject to Subsection (a-1), to:

- (1) establish and provide for the issuance of gold and silver specie; and

(2) establish and issue a currency based on gold and silver that represents a particular fraction of a troy ounce of gold or silver, as applicable, held in trust as provided by this subchapter.

(a-1) Provides that authority to implement this subchapter is contingent on a ruling by a federal court of competent jurisdiction subsequent to the enactment of this subchapter, by final and unappealable order, that is within state authority to issue specie and issue currency as described in this subchapter. Requires that no court of the state of Texas be deemed to be a court of competent jurisdiction for purposes of this subsection. Provides that, for the purpose of this subsection, the Supreme Court of the United States, the United States Court of Appeals for the Fifth Circuit, and United States district courts with jurisdiction in the state of Texas are federal courts of competent jurisdiction.

(b) Authorizes the comptroller to contract with a private vendor to establish the gold and silver currency under Subsection (a)(2) or perform other duties under this subchapter. Requires the comptroller, to the extent consistent with state and federal law, in contracting with a private vendor under this subsection, to give preference to a vendor whose principal place of business is in this state. Authorizes the contract to provide for the vendor to pay the initial costs associated with establishing the currency and be reimbursed from fees collected under this subchapter.

(c) Requires the comptroller, in establishing gold and silver specie under Subsection (a)(1), to authorize the depository as this state's exclusive issuer and ensure that the holder of the specie is authorized to use the specie as legal tender in payment of debt and readily transfer the specie to another person.

(d) Requires the comptroller, in establishing the gold and silver currency under Subsection (a)(2), to provide a means to ensure that a person who holds the currency is authorized to use the currency as legal tender in payment of debt and by electronic means readily transfer or assign the currency to another person.

Sec. 2116.104. POOLED DEPOSITORY ACCOUNT. (a) Requires the comptroller, serving as trustee, or another person the comptroller appoints to serve as trustee, to hold in trust on behalf of gold and silver currency holders all gold and silver specie and bullion owned or purchased for the purposes of issuing the currency. Requires the trustee to maintain enough gold and silver specie or bullion to provide for the redemption of all units of the currency issued but not redeemed.

(b) Requires the trustee to establish a pooled depository account in the depository to hold in trust as trustee on behalf of gold and silver currency holders all gold and silver specie and bullion owned and allocated or purchased for purposes of issuing the currency.

Sec. 2116.105. ISSUANCE OF GOLD AND SILVER CURRENCY. (a) Authorizes the comptroller to issue to a person the appropriate number of units and fractional units of gold and silver currency when the person, together with any fee charged under Section 2116.110:

(1) makes the appropriate payment to the comptroller for the comptroller to purchase gold or silver specie or bullion for the pooled depository account to be represented by the currency; or

(2) designates gold or silver specie or bullion held in a depository account to be transferred to the pooled depository account for the purpose of being represented by the currency.

(b) Requires the comptroller, on receiving payment under Subsection (a)(1), to:

(1) using the money received, purchase gold or silver specie or bullion in the number of fractional troy ounces equal to the number of units or fractional units of gold and silver currency to be issued to the person under Subsection (a);

(2) deposit for the person the gold or silver specie or bullion purchased under Subdivision (1) into the pooled depository account; and

(3) issue to the person a gold and silver currency account with the depository, or, if applicable, add to an existing gold and silver currency account held by the person with the depository, the number of units or fractional units of gold and silver currency equal to the amount of specie or bullion that the money received from the person would buy on the date the payment is received.

(c) Requires the comptroller, on receiving a person's designation under Subsection (a)(2), to withdraw from the person's depository account the amount of gold or silver specie or bullion designated and deposit the specie or bullion for the person to the pooled depository account and issue to the person a gold and silver currency account with the depository, or, if applicable, add to an existing gold and silver currency account held by the person with the depository, the number of units or fractional units of gold and silver currency equal to the amount of gold or silver specie or bullion that the pooled depository account received from the person on that date.

Sec. 2116.106. REDEMPTION OF GOLD AND SILVER CURRENCY FOR UNITED STATES DOLLARS. (a) Authorizes a person who holds gold and silver currency to present to the comptroller any number of units or fractional units of the currency to redeem for United States dollars.

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

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

(2) provide to the person an amount of United States dollars equal to the amount received from the sale of the gold and silver specie or bullion under Subdivision (1), less the amount of any fee charged under Section 2116.110.

Sec. 2116.107. REDEMPTION OF GOLD AND SILVER CURRENCY FOR SPECIE OR BULLION. (a) Authorizes a person who holds gold and silver currency to present to the comptroller any number of units or fractional units of the currency to redeem for an equal fractional number of troy ounces of gold or silver specie or bullion from the pooled depository account.

(b) Requires the comptroller, on receipt of a request for redemption, to withdraw the equivalent fractional number of troy ounces of gold or silver specie or bullion from the pooled depository account and, on the payment of a fee charged under Section 2116.110, deliver the gold or silver specie or bullion to the requestor as requested.

Sec. 2116.108. VALUE OF GOLD AND SILVER CURRENCY. (a) Requires the comptroller, at the time of each transaction involving the issuance or redemption of gold and silver currency, to determine the value of a unit of the currency.

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

gold or silver, respectively, at the time of that transaction as published by the depository.

Sec. 2116.109. CERTAIN MONEY AND DEPOSITS HELD IN TRUST AND NOT SUBJECT TO LEGISLATIVE APPROPRIATION. Provides that money received under Section 2116.105(a), gold or silver specie or bullion purchased or deposited in the pooled depository account as provided by Section 2116.105(b) or (c), and money received from the sale of gold or silver specie or bullion in the pooled depository account in response to a request for redemption under Section 2116.106 is held by the comptroller as trustee outside the state treasury on the behalf of persons who hold gold and silver currency and is not available for legislative appropriation.

Sec. 2116.110. FEE. Authorizes the comptroller to establish a fee for the issuance or redemption of gold and silver currency to cover the comptroller's costs in administering this subchapter and an industry standard merchant fee for use. Prohibits the fee established by the comptroller from exceeding the industry standard merchant fee. Requires the comptroller to determine the amount of the industry standard merchant fee based on a review of customary industry practices. Requires the comptroller to deposit the net fee proceeds after costs to the credit of the general revenue fund.

SECTION 2. Effective date: September 1, 2025.