

BILL ANALYSIS

H.B. 1056
By: Dorazio
State Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill author has informed the committee that the Texas Bullion Depository has been largely underutilized, that many Texans choose to purchase gold and silver but have few options for them to use gold and silver in everyday life, and that there is an opportunity to put the depository to work as a means to serve Texas citizens and see a financial return to the state. The bill author has further informed the committee that the dollar lost more value in 2022 than in any year since 1980, hurting all Texans but especially those with the lowest incomes. H.B. 1056 seeks to address this issue by authorizing the comptroller of public accounts to establish and provide for the issuance of gold and silver specie, and to establish and issue a currency based on gold and silver that represents a fraction of a troy ounce of gold or silver.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the comptroller of public accounts in SECTION 1 of this bill.

ANALYSIS

H.B. 1056 amends the Government Code to require the comptroller of public accounts, as authorized by federal law and to the extent the comptroller determines practicable, to establish and provide for the issuance of gold and silver specie and 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 the bill. The bill authorizes the comptroller to contract with a private vendor to establish the currency or perform other duties under the bill and requires the comptroller, to the extent consistent with state and federal law, to give preference to a private vendor whose principal place of business is in Texas. Such a contract may provide for the vendor to pay the initial costs associated with establishing the currency and be reimbursed from fees collected under the bill's provisions. The bill defines "gold and silver currency" as the representation of gold and silver specie and bullion held in the pooled depository account as established under the bill's provisions.

H.B. 1056 requires the comptroller, in establishing gold and silver specie, to authorize the Texas Bullion Depository as the state's exclusive issuer and to ensure that the holder of the specie may use the specie as legal tender in payment of debt and readily transfer the specie to another person. The bill requires the comptroller, in establishing gold and silver currency, to provide a means to ensure that a person who holds the currency may use the currency as legal tender in payment of debt and by electronic means readily transfer or assign the currency to another person.

H.B. 1056 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. The bill 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. The bill requires the trustee to establish a pooled depository account in the Texas Bullion 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.

H.B. 1056 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 the bill's provisions and an industry standard merchant fee for use. The bill requires the comptroller to deposit the net fee proceeds after costs to the credit of the general revenue fund.

H.B. 1056 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 by the comptroller under the bill's provisions, does the following:

- 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
- 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.

The bill requires the comptroller, upon receiving the appropriate payment, to take the following actions:

- 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;
- deposit for the person the purchased gold or silver specie or bullion into the pooled depository account; and
- issue to the person a gold and silver currency account with the Texas Bullion 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 money received from the person would buy on the date the payment is received.

H.B. 1056 requires the comptroller, upon receiving a person's designation, to do the following:

- 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 Texas Bullion 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.

H.B. 1056 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 U.S. dollars or for an equal fractional number of troy ounces of gold or silver specie or bullion from the pooled depository account. The bill requires the comptroller, on receipt of a person's request for redemption for U.S. dollars, to do the following:

- 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
- provide to the person an amount of U.S. dollars equal to the amount received from the sale of the gold and silver specie or bullion, less the amount of any fee charged under the bill's provisions.

The bill requires the comptroller, on receipt of a person's request for redemption for troy ounces of gold or silver specie or bullion, 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 the bill's provisions, deliver the gold or silver specie or bullion to the requestor as requested.

H.B. 1056 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. The value of a unit of gold and silver currency at the time of a transaction must 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 Texas Bullion Depository.

H.B. 1056 establishes that money received for the purchase of gold and silver currency, gold or silver specie or bullion purchased or deposited in the pooled depository account, and money received from the sale of gold or silver specie or bullion in that account in response to a request for redemption 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.

H.B. 1056 authorizes the comptroller to adopt rules as necessary or convenient to implement the bill's provisions, including rules to ensure the security of gold or silver specie or bullion, gold and silver currency, transactions, and related data and rules to prevent fraud and prohibit transactions involving foreign countries or entities known to engage in illegal or terroristic activities.

EFFECTIVE DATE

September 1, 2025.