

BILL ANALYSIS

S.B. 1498
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Criminal Jurisprudence
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill sponsor has informed the committee that civil asset forfeiture allows authorities to seize property such as cash, vehicles, real estate, and other assets connected to criminal activity, which helps to disrupt illegal enterprises, particularly those involved in drug trafficking, fraud, money laundering, and organized crime. The bill sponsor has also informed the committee that with the rise of digital assets like cryptocurrencies, non-fungible tokens, and stablecoins, financial transactions have become more complex, creating new challenges for law enforcement, since these assets, often decentralized and difficult to track, can be used to facilitate crimes such as fraud and money laundering and require specialized tools and procedures for identification, seizure, and management. S.B. 1498 seeks to help law enforcement combat financial crimes involving digital currencies and emerging technologies and prevent criminals from exploiting legal loopholes by establishing clear guidelines to ensure that digital assets can be effectively seized, stored, and forfeited under Texas law.

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

ANALYSIS

S.B. 1498 amends the Code of Criminal Procedure to revise certain definitions for purposes of provisions governing property subject to seizure and forfeiture as contraband, as follows:

- specifies "contraband" includes a digital currency, non-fungible token, or stablecoin involved in the commission of specified offenses, including with respect to the use or intended use of the property, the proceeds or an acquisition with proceeds gained from the commission of the applicable offense, and facilitation of applicable offenses;
- specifies "proceeds," with respect to digital currency gained from the commission of an applicable offense, includes any increase in value of the digital currency between the date of acquisition and the forfeiture of the digital currency; and
- specifies "depository account" includes a digital currency wallet, regardless of whether the wallet is connected to an exchange or network.

The bill defines "digital currency" as a digital representation of value recorded on a cryptographically secured distributed ledger, including blockchain, or similar technology.

S.B. 1498 authorizes the state's attorney, on receiving an affidavit that identifies the amount of the proceeds gained from the commission of an applicable offense and states probable cause that the proceeds are contraband subject to forfeiture and if the property is a digital currency, non-

fungible token, stablecoin, or wallet not connected to an exchange or network, to file for a judgment in the amount of the proceeds in a district court in the county in which the law enforcement agency that initiated the seizure of the property is located. Accordingly, the bill establishes that a forfeiture of contraband proceeding commences when the state's attorney files a notice of the seizure and intended forfeiture of such property in the name of the state with the clerk of the district court.

S.B. 1498 requires the law enforcement agency employing a peace officer, not later than 72 hours after the seizure of property that is a digital currency, non-fungible token, or stablecoin, to transfer the property to a wallet that is not connected to an exchange or network and only accessible by the law enforcement agency or the state's attorney.

S.B. 1498 authorizes a regulated financial institution, at the time a seizure warrant under applicable state law is served on the institution, to transfer any digital currency, non-fungible token, or stablecoin held by the institution to a secure wallet that is not connected to an exchange or network and in the possession of a law enforcement agency or the state's attorney.

S.B. 1498 applies only to property or proceeds seized on or after the bill's effective date. Property or proceeds seized before that date are governed by the law in effect on the date the property or proceeds were seized, and the former law is continued in effect for that purpose. For these purposes, property or proceeds were seized before the bill's effective date if any portion of the property or proceeds was seized before that date.

EFFECTIVE DATE

September 1, 2025.