

By: Capriglione

H.B. No. 1598

A BILL TO BE ENTITLED

AN ACT

relating to the establishment of a bitcoin reserve within the state treasury and the management of cryptocurrencies by governmental entities.

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

SECTION 1. This Act may be cited as the Texas Strategic Bitcoin Reserve Act.

SECTION 2. Chapter 403, Government Code, is amended by adding Subchapter U to read as follows:

SUBCHAPTER U. TEXAS STRATEGIC BITCOIN RESERVE

Sec. 403.701. DEFINITIONS. In this subchapter:

(1) "Bitcoin" means the decentralized digital asset created by a peer-to-peer network, which operates with no central authority or banks.

(2) "Cold storage" means a method of storing private keys required to transact in Bitcoin, with a nexus to a secure physical location, protected from unauthorized access and isolated from any network connections.

(3) "Cryptocurrency" means a type of virtual currency that utilizes cryptography to secure transactions that are digitally recorded on a distributed ledger, such as a blockchain.

(4) "Custody" means the holding, safeguarding, and managing of Bitcoin assets by the state treasury.

(5) "Donor" means a Texas resident who gifts, grants,

1 donates, bequests, or devises Bitcoin to the Texas Strategic
2 Bitcoin Reserve.

3 Sec. 403.702. LEGISLATIVE FINDINGS. The legislature finds
4 that:

5 (1) the legislature recognizes Bitcoin as a valuable
6 digital asset with strategic potential for enhancing the state's
7 fiscal resilience;

8 (2) Bitcoin's decentralized nature and finite supply
9 provide unique qualities that can serve as a hedge against
10 inflation and economic volatility; and

11 (3) A strategic Bitcoin reserve aligns with Texas's
12 commitment to fostering innovation in digital assets and providing
13 Texans with enhanced financial security.

14 Sec. 403.703. PURPOSE. This fund allows the state to own
15 Bitcoin as a financial asset and for Texans to voluntarily donate
16 Bitcoin to promote a shared ownership and community investment in
17 Texas's financial future.

18 Sec. 403.704. ADMINISTRATION OF RESERVE. (a) The Texas
19 Strategic Bitcoin Reserve is a special fund in the state treasury
20 outside the general revenue fund in the custody of the comptroller
21 for the purpose of holding Bitcoin as a financial asset.

22 (b) The comptroller shall maintain custody of all Bitcoin
23 held in the Reserve and is responsible for implementing secure
24 storage, management, and reporting systems for these assets.

25 (c) The Reserve is designated as a strategic asset for the
26 State of Texas and may not be used for purposes other than those
27 outlined in this subchapter.

1 (d) The comptroller may accept gifts, grants, and donations
2 of Bitcoin from certain Texas residents or a governmental entity as
3 defined by Section 2252.001, Government Code.

4 (e) The comptroller shall store all Bitcoin for a duration
5 of at least five years from the date that the Bitcoin enters the
6 state's custody. After this mandatory period, the Bitcoin may be
7 transferred, sold, appropriated, or converted to another
8 cryptocurrency as directed by the comptroller.

9 Sec. 403.705. MANAGEMENT AND SECURITY. (a) The
10 comptroller shall develop policies and protocols to ensure the
11 secure storage and protection of Bitcoin held in the Reserve,
12 including the use of secure custodial technologies, cold storage,
13 and best practices in digital asset management.

14 (b) The comptroller shall prohibit transactions involving
15 foreign countries, entities or individuals outside of Texas, or
16 entities or individuals known to engage in illegal activities.

17 (c) The comptroller may contract with a qualified,
18 independent, United States-based third-party cryptocurrency entity
19 to assist in the creation, maintenance, operation, or
20 administration of the Reserve's security.

21 (d) The comptroller may conduct regular audits of the
22 Reserve to ensure transparency and security.

23 Sec. 403.706. BIENNIAL REPORTS. (a) The comptroller shall
24 prepare a biennial report including:

- 25 (1) the total amount of Bitcoin held in the reserve;
26 (2) details of the equivalent value of the reserve in
27 dollars;

1 (3) the growth of the account since the previous
2 report;

3 (4) any transactions or expenditures related to the
4 Reserve since the previous report;

5 (6) any security threats experienced since the
6 previous report; and

7 (5) the amount of Bitcoin that, after the mandatory
8 five-year holding period, is eligible to be converted or
9 transferred.

10 (b) Not later than December 31 of each even-numbered year,
11 the comptroller shall electronically publish the report on the
12 comptroller's Internet website and notify each member of the
13 legislature that the report is available on the website.

14 Sec. 403.707. VOLUNTARY DONATIONS OF BITCOIN BY TEXAS
15 RESIDENTS.

16 (a) The Texas Strategic Bitcoin Reserve may accept a gift,
17 grant, donation, bequest, or devise of Bitcoin from Texas
18 residents.

19 (b) The comptroller shall develop a straightforward
20 donation process to facilitate Bitcoin contributions from Texans.

21 (c) All Bitcoin donations shall be held in the Texas
22 Strategic Bitcoin Reserve and managed under the same protocols as
23 other assets in the treasury.

24 (d) Upon request, the comptroller may issue a certificate of
25 acknowledgment to individuals or organizations donating Bitcoin to
26 the Reserve.

27 (e) The treasury may also establish a recognition program to

1 publicly honor significant contributions made by Texans.

2 (f) The comptroller shall have the discretion to determine
3 the eligibility of donors. If the comptroller determines that a
4 donor is ineligible, the comptroller may establish a process to
5 return any Bitcoin transferred to the reserve to the ineligible
6 donor.

7 Sec. 403.708. RULEMAKING. The comptroller may adopt rules
8 as necessary to administer this subchapter, including but not
9 limited to security protocols, reporting standards, and donation
10 procedures.

11 Sec. 403.709. EXPIRATION. This subchapter expires
12 September 1, 2035.

13 SECTION 3. The heading to Section 403.023, Government Code,
14 is amended to read as follows:

15 Sec. 403.023. CREDIT, CHARGE, CRYPTOCURRENCY, AND DEBIT
16 CARDS.

17 SECTION 4. Section 403.023, Government Code, is amended to
18 read as follows:

19 (a) The comptroller may adopt rules relating to the
20 acceptance of credit, charge, certain cryptocurrencies, and debit
21 cards for the payment of fees, taxes, and other charges assessed by
22 state agencies. The rules may:

23 (1) authorize a state agency to accept credit, charge,
24 certain cryptocurrencies, or debit cards for a payment if the
25 comptroller determines the best interests of the state would be
26 promoted;

27 (2) authorize or require a person that uses a credit,

1 charge, or debit card to pay a processing fee to the state agency
2 that accepts the card for a payment; and

3 (3) authorize a particular state agency to accept
4 credit, charge, certain cryptocurrencies, or debit cards for a
5 payment without providing the same authorization to other state
6 agencies.

7 (b) The comptroller may adopt rules relating to the use of
8 credit or charge cards by state agencies to pay for purchases. The
9 rules may:

10 (1) authorize a state agency to use credit or charge
11 cards if the comptroller determines the best interests of the state
12 would be promoted;

13 (2) authorize a state agency to use credit or charge
14 cards to pay for purchases without providing the same authorization
15 to other state agencies; and

16 (3) authorize a state agency to use credit or charge
17 cards to pay for purchases that otherwise may be paid out of the
18 agency's petty cash accounts under Subchapter K.

19 (c) The comptroller may not adopt rules about a particular
20 state agency's acceptance of credit or charge cards for a payment if
21 the rules would affect a contract that the agency has entered into
22 that is in effect on September 1, 1993. The comptroller may not
23 adopt rules about a particular state agency's acceptance of charge
24 or debit cards for a payment if the rules would affect a contract
25 that the agency has entered into that is in effect on September 1,
26 1999.

27 (d) The comptroller may not adopt rules about a particular

1 state agency's acceptance or use of credit, charge, cryptocurrency,
2 or debit cards if another law specifically authorizes, requires,
3 prohibits, or otherwise regulates the acceptance or use.

4 (e) State agencies that accept cryptocurrencies shall first
5 convert the accepted cryptocurrencies to an equivalent value of
6 Bitcoin, if necessary, before depositing the Bitcoin to the credit
7 of the Texas Strategic Bitcoin Reserve.

8 (f) The comptroller shall establish rules to compensate
9 departments or agencies for the equivalent value of United States
10 dollars of the Bitcoin received.

11 SECTION 5. This Act takes effect immediately if it receives
12 a vote of two-thirds of all the members elected to each house, as
13 provided by Section 39, Article III, Texas Constitution. If this
14 Act does not receive the vote necessary for immediate effect, this
15 Act takes effect September 1, 2025.