

By: Schwertner

S.B. No. 21

A BILL TO BE ENTITLED

AN ACT

relating to the establishment and administration of the Texas Strategic Bitcoin Reserve for the purpose of investing in cryptocurrency and the investment authority of the comptroller of public accounts over the reserve and certain other state funds.

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

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

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

SUBCHAPTER V. TEXAS STRATEGIC BITCOIN RESERVE

Sec. 403.701. DEFINITIONS. In this subchapter:

(1) "Airdrop" means a gratuitous distribution of cryptocurrency to persons who hold cryptocurrency, generally made in a broad, equitable, and nondiscretionary manner.

(2) "Bitcoin" means a type of decentralized cryptocurrency created by a peer-to-peer network that operates independently of any central authority or bank.

(3) "Cold storage" means a method of storing private keys required to engage in transactions involving cryptocurrency that:

(A) has a nexus to a secure physical location;

(B) is protected from unauthorized access; and

(C) is isolated from any Internet network

1 connections.

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

5 (5) "Fork" means a change to the consensus mechanism  
6 of a distributed ledger that creates a separate ledger, which may  
7 result in a new cryptocurrency that shares a common transaction  
8 history with the previous cryptocurrency up to the point of the  
9 change.

10 (6) "Qualified custodian" means a state or federally  
11 chartered financial institution or other entity regulated by this  
12 state that has custody of a virtual currency.

13 (7) "Reserve" means the Texas Strategic Bitcoin  
14 Reserve established under this subchapter.

15 (8) "Virtual currency" has the meaning assigned by  
16 Section 12.001, Business & Commerce Code.

17 Sec. 403.702. LEGISLATIVE FINDINGS; PURPOSE. The  
18 legislature finds that:

19 (1) bitcoin and other cryptocurrencies are assets with  
20 strategic potential for enhancing this state's financial  
21 resilience;

22 (2) bitcoin and other cryptocurrencies can serve as a  
23 hedge against inflation and economic volatility; and

24 (3) the establishment of a strategic bitcoin reserve  
25 serves the public purpose of providing enhanced financial security  
26 to residents of this state and providing a mechanism to receive  
27 donations of bitcoin and other cryptocurrencies.

1       Sec. 403.703. ESTABLISHMENT AND ADMINISTRATION OF RESERVE.

2       (a) The Texas Strategic Bitcoin Reserve is established as a special  
3 fund outside the state treasury. The comptroller has custody of and  
4 shall administer and manage the reserve. The reserve consists of:

5               (1) money transferred or deposited to the credit of  
6 the reserve by legislative appropriation;

7               (2) revenue that the legislature by general law  
8 dedicates for deposit to the credit of the reserve;

9               (3) subject to Section 403.704, bitcoin and other  
10 cryptocurrency purchased using money in or received by the reserve,  
11 including any cryptocurrency:

12                       (A) derived from the fork of a distributed  
13 ledger; or

14                       (B) distributed pursuant to an airdrop to the  
15 state's cryptocurrency addresses;

16               (4) investment earnings and interest or rewards earned  
17 on assets in the reserve; and

18               (5) gifts, grants, and other donations to the reserve.

19       (b) In its administration and management of the reserve, the  
20 comptroller may acquire, exchange, sell, supervise, manage, or  
21 retain any kind of investment that a prudent investor exercising  
22 reasonable care, skill, and caution would acquire, exchange, sell,  
23 supervise, manage, or retain in light of the purposes, terms,  
24 distribution requirements, and other circumstances then prevailing  
25 for the reserve, taking into consideration the investment of all  
26 the assets of the reserve rather than a single investment.

27       (c) The legislature may appropriate funds for deposit to the

1 credit of the reserve for the purposes of:

2 (1) investing in bitcoin or other cryptocurrency; and

3 (2) administering and managing the reserve.

4 (d) The comptroller may spend bitcoin or other  
5 cryptocurrency in the reserve or use the net proceeds from the sale  
6 of bitcoin or other cryptocurrency in the reserve to pay the  
7 reasonable costs associated with administering and managing the  
8 reserve.

9 (e) Money in the reserve may be invested with the state  
10 treasury pool.

11 (f) Except as provided by Section 403.707, the comptroller  
12 may not transfer money in the reserve to the state treasury unless  
13 authorized by the legislature in the General Appropriations Act or  
14 another law.

15 Sec. 403.704. MARKET CAPITALIZATION REQUIREMENT. Bitcoin  
16 or other cryptocurrency purchased using money in the reserve or  
17 received by the reserve must have an average market capitalization  
18 of at least \$500 billion over the most recent 12-month period.

19 Sec. 403.705. THIRD-PARTY CONTRACTS; AUDITS. (a) The  
20 comptroller may contract with one or more third-party entities for  
21 the administration or management of the reserve, including  
22 contracting with a qualified custodian who employs secure custodial  
23 technologies, including cold storage.

24 (b) The comptroller may contract with a certified public  
25 accountant to perform an independent audit of the reserve.

26 Sec. 403.706. VOLUNTARY DONATION OF BITCOIN OR OTHER  
27 CRYPTOCURRENCY TO RESERVE. (a) Subject to applicable law,

1 including Section 403.704, the comptroller may accept a gift,  
2 grant, or other donation of bitcoin or other cryptocurrency to the  
3 reserve from any public or private source.

4 (b) A donor may not limit or direct the investment or use of  
5 bitcoin or other cryptocurrency donated to the reserve.

6 (c) The comptroller may require information from a person  
7 who donates or offers to make a donation to the reserve and may  
8 reject or return a donation made to the reserve for any reason. The  
9 comptroller shall, subject to applicable law, return a donation  
10 rejected after it is deposited to the reserve, net of any costs  
11 related to the donation incurred by the comptroller during the  
12 period the donation was in the reserve.

13 Sec. 403.707. TEMPORARY TRANSFER FOR CASH MANAGEMENT. (a)  
14 The comptroller may liquidate the reserve's assets and temporarily  
15 transfer money from the reserve to the state treasury if necessary  
16 for the purposes described by Section 403.092.

17 (b) The comptroller shall, as soon as practicable after the  
18 date of a transfer under Subsection (a), return the transferred  
19 money to the reserve along with the interest, if any, earned on the  
20 money while held in the state treasury.

21 Sec. 403.708. TEXAS STRATEGIC BITCOIN RESERVE ADVISORY  
22 COMMITTEE. (a) In this section, "committee" means the Texas  
23 Strategic Bitcoin Reserve advisory committee.

24 (b) The committee is composed of the following five members:

25 (1) the comptroller;

26 (2) one member of the comptroller's investment  
27 advisory board established under Section 404.028, appointed by the

1 comptroller; and

2 (3) three members with expertise in cryptocurrency  
3 investments, appointed by the comptroller.

4 (c) The committee shall advise the comptroller regarding  
5 the administration and management of the reserve, including:

6 (1) recommendations for valuing assets in the reserve;  
7 and

8 (2) the establishment of prudent investment policies  
9 relating to the investment objectives of and asset allocation in  
10 the reserve.

11 (d) A member of the committee is not entitled to receive  
12 compensation for service on the committee or reimbursement for  
13 expenses incurred in the performance of official duties as a member  
14 of the committee.

15 (e) Members of the committee appointed by the comptroller  
16 serve at the will of the comptroller.

17 (f) Chapter 2110 does not apply to the committee.

18 Sec. 403.709. BIENNIAL REPORT. Not later than December 31  
19 of each even-numbered year, the comptroller shall publish on the  
20 comptroller's Internet website and submit to the legislature a  
21 report that includes:

22 (1) the amount of bitcoin and other cryptocurrency  
23 held in the reserve on the last day of the preceding state fiscal  
24 biennium;

25 (2) an estimate of the monetary value of the bitcoin  
26 and other cryptocurrency held in the reserve on the last day of the  
27 preceding state fiscal biennium;

1           (3) the changes, if any, in the amount and estimated  
2 monetary value of bitcoin and other cryptocurrency in the reserve  
3 during the period the cryptocurrency has been held in the reserve,  
4 disaggregated by cryptocurrency type; and

5           (4) a description of the actions taken by the  
6 comptroller to administer and manage the reserve during the  
7 preceding state fiscal biennium.

8           Sec. 403.710. RULES. The comptroller may adopt rules as  
9 necessary to administer this subchapter.

10           SECTION 3. Section 2256.004(a), Government Code, is amended  
11 to read as follows:

12           (a) This subchapter does not apply to:

13                   (1) a public retirement system as defined by Section  
14 802.001;

15                   (2) state funds invested by the comptroller [~~as~~  
16 ~~authorized by Section 404.024~~];

17                   (3) an institution of higher education having total  
18 endowments of at least \$150 million in book value on September 1,  
19 2017;

20                   (4) funds invested by the Veterans' Land Board as  
21 authorized by Chapter 161, 162, or 164, Natural Resources Code;

22                   (5) registry funds deposited with the county or  
23 district clerk under Chapter 117, Local Government Code; or

24                   (6) a deferred compensation plan that qualifies under  
25 either Section 401(k) or 457 of the Internal Revenue Code of 1986  
26 (26 U.S.C. Section 1 et seq.), as amended.

27           SECTION 4. As soon as possible after the effective date of

1 this Act, the comptroller of public accounts shall:

2           (1) adopt rules as necessary to implement this Act;

3 and

4           (2) appoint members to the Texas Strategic Bitcoin  
5 Reserve advisory committee as required by Section 403.708,  
6 Government Code, as added by this Act.

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