

By: Schwertner

S.B. No. 778

A BILL TO BE ENTITLED

AN ACT

relating to the establishment and administration of the Texas Strategic Bitcoin Reserve; making an appropriation.

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 V to read as follows:

SUBCHAPTER V. TEXAS STRATEGIC BITCOIN RESERVE

Sec. 403.701. DEFINITIONS. In this subchapter:

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

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

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

(B) is protected from unauthorized access; and

(C) is isolated from any Internet 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) "Reserve" means the Texas Strategic Bitcoin Reserve established under this subchapter.

1 (5) "Virtual currency" has the meaning assigned by
2 Section 12.001, Business & Commerce Code.

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

5 (1) bitcoin is a valuable digital asset with strategic
6 potential for enhancing this state's financial resilience;

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

10 (3) the establishment of a strategic bitcoin reserve
11 aligns with this state's commitment to fostering innovation in
12 digital assets and providing enhanced financial security to
13 residents of this state.

14 Sec. 403.703. PURPOSE. The reserve is established to
15 allow:

16 (1) this state to own and hold bitcoin as a financial
17 asset; and

18 (2) persons, including residents of this state, to
19 donate bitcoin to the state for deposit in the reserve to promote
20 the shared ownership of and community investment in this state's
21 financial future.

22 Sec. 403.704. ESTABLISHMENT AND ADMINISTRATION OF RESERVE.

23 (a) The Texas Strategic Bitcoin Reserve is a special fund outside
24 the general revenue fund in the state treasury. The comptroller has
25 custody of and shall administer the reserve for the purpose of
26 holding bitcoin as a financial asset.

27 (b) The comptroller shall maintain custody of all bitcoin

1 held in the reserve.

2 (c) The reserve is a strategic asset of this state and may
3 not be used for purposes other than those authorized by this
4 subchapter.

5 Sec. 403.705. CERTAIN TRANSACTIONS PROHIBITED. The
6 comptroller may not enter into a transaction to acquire bitcoin to
7 be held in the reserve with a foreign country, an entity or
8 individual located outside of this state, or an entity or
9 individual known to engage in illegal activity.

10 Sec. 403.706. MANAGEMENT AND SECURITY; AUDITS. (a) The
11 comptroller is responsible for implementing secure storage,
12 management, and reporting systems for all bitcoin held in the
13 reserve.

14 (b) The comptroller shall adopt and implement policies and
15 procedures to ensure the security of bitcoin held in the reserve,
16 including policies and procedures requiring the use of secure
17 custodial technologies such as cold storage and best practices in
18 digital asset management.

19 (c) The comptroller may conduct regular audits of the
20 reserve to ensure transparency in the operation and security of the
21 bitcoin in the reserve.

22 Sec. 403.707. THIRD-PARTY CONTRACTS. The comptroller may
23 contract with a qualified, independent third-party entity based in
24 the United States to assist in the establishment, creation,
25 maintenance, operation, or administration of the reserve.

26 Sec. 403.708. TRANSFER, SALE, OR CONVERSION OF BITCOIN IN
27 RESERVE. (a) Bitcoin in the reserve may be transferred, sold, or

1 converted only in the manner authorized by this section.

2 (b) During a regular or special session of the legislature,
3 the legislature may, by adoption of a concurrent resolution
4 approved by a two-thirds vote of the members of each house of the
5 legislature, direct the comptroller to transfer, sell, or convert
6 bitcoin in the reserve and deposit the proceeds realized from the
7 transfer, sale, or conversion to the credit of a fund or account in
8 the state treasury as specified by the legislature in the
9 resolution.

10 (c) During any period in which the legislature is not
11 meeting in regular or special session, the governor or Legislative
12 Budget Board may by order direct the comptroller to transfer, sell,
13 or convert bitcoin in the reserve, provided that the governor or
14 board first finds that an emergency exists. The order adopted by
15 the governor or board must clearly state the nature of the
16 emergency.

17 (d) The comptroller shall deposit all proceeds realized
18 from the transfer, sale, or conversion of bitcoin under Subsection
19 (c) to the credit of the general revenue fund.

20 Sec. 403.709. VOLUNTARY DONATION OF BITCOIN TO RESERVE;
21 RECOGNITION PROGRAM. (a) Except as otherwise provided by this
22 subchapter, the comptroller may accept a gift, grant, or other
23 donation of bitcoin to the reserve from any public or private
24 source.

25 (b) The comptroller by rule shall adopt and implement a
26 process for the donation of bitcoin to the reserve and establish
27 eligibility requirements for potential donors. The rules adopted

1 by the comptroller must establish a process by which the
2 comptroller may return bitcoin donated to the reserve by a person
3 determined to be ineligible to make a donation of bitcoin under this
4 subchapter before the bitcoin is deposited in the reserve.

5 (c) All donations of bitcoin deposited to the reserve by the
6 comptroller:

7 (1) become property of this state; and

8 (2) shall be deposited and held in the reserve and,
9 except as otherwise provided by this subchapter, managed in the
10 same manner as any other asset in the state treasury.

11 (d) The comptroller may issue a certificate of
12 acknowledgment to a person that donates bitcoin to the reserve if
13 the person requests the certificate.

14 (e) The comptroller may establish a recognition program to
15 publicly honor significant contributions of bitcoin to the reserve.

16 Sec. 403.710. APPROPRIATIONS TO PURCHASE BITCOIN FOR
17 RESERVE. (a) The legislature may appropriate money to the
18 comptroller for the purpose of purchasing bitcoin for deposit in
19 the reserve.

20 (b) An appropriation to the comptroller for the purpose
21 described by Subsection (a) may be made as a dollar amount or as a
22 percentage of the unencumbered and unexpended balance of the
23 general revenue fund on the date the appropriation is made.

24 (c) An appropriation described by Subsection (a) may not
25 exceed one percent of the unencumbered and unexpended balance of
26 the general revenue fund for any biennial cycle.

27 Sec. 403.711. TEXAS STRATEGIC BITCOIN RESERVE ADVISORY

1 COMMITTEE. (a) In this section, "committee" means the Texas
2 Strategic Bitcoin Reserve advisory committee.

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

4 (1) the chair of the house committee on
5 appropriations;

6 (2) the chair of the senate committee on finance;

7 (3) the comptroller;

8 (4) one member of the senate appointed by the
9 lieutenant governor; and

10 (5) one member of the house of representatives
11 appointed by the speaker of the house of representatives.

12 (c) A member of the committee appointed under Subsection
13 (b)(4) or (5) serves at the will of the appointing authority.

14 (d) The lieutenant governor and speaker of the house of
15 representatives shall each designate one member of the committee as
16 a co-chair of the committee.

17 (e) The committee may hold public hearings, formal
18 meetings, and work sessions. Either co-chair of the committee may
19 call a public hearing, formal meeting, or work session of the
20 committee at any time. The committee may not take formal action at
21 a public hearing, formal meeting, or work session unless a quorum of
22 the committee is present.

23 (f) Except as otherwise provided by this subsection, a
24 member of the committee is not entitled to receive compensation for
25 service on the committee or reimbursement for expenses incurred in
26 the performance of official duties as a member of the committee.
27 Service on the committee by a member of the senate or house of

1 representatives is considered legislative service for which the
2 member is entitled to reimbursement and other benefits in the same
3 manner and to the same extent as for other legislative service.

4 (g) The committee:

5 (1) may provide comments and recommendations to the
6 comptroller for consideration in adopting rules regarding the use
7 of the reserve or on any other matter related to the reserve; and

8 (2) shall review the overall operation, function, and
9 structure of the reserve at least semiannually.

10 (h) The advisory committee may adopt rules, procedures, and
11 policies as needed to administer this section and perform its
12 duties under this section.

13 (i) Chapter 2110 does not apply to the size, composition, or
14 duration of the committee.

15 (j) The committee is subject to Chapter 325 (Texas Sunset
16 Act). Unless continued in existence as provided by that chapter,
17 the committee is abolished September 1, 2035.

18 Sec. 403.712. BIENNIAL REPORT. (a) The comptroller shall
19 prepare a biennial report that includes:

20 (1) the total amount of bitcoin held in the reserve;

21 (2) an estimate of the monetary value of the total
22 amount of bitcoin held in the reserve, expressed in dollars;

23 (3) the growth, if any, in the amount and estimated
24 monetary value of bitcoin in the reserve since the date the previous
25 report required under this section was published;

26 (4) all transactions and expenditures, if any, related
27 to the reserve made since the date the previous report required

1 under this section was published; and

2 (5) any security threats made against the reserve
3 since the date the previous report required under this section was
4 published.

5 (b) Not later than December 31 of each even-numbered year,
6 the comptroller shall electronically publish the report prepared
7 under Subsection (a) on the comptroller's Internet website and
8 notify each member of the legislature of the report's availability
9 on that website.

10 Sec. 403.713. RULES. The comptroller may adopt rules as
11 necessary to administer this subchapter, including rules related to
12 security protocols, reporting standards, and donation procedures
13 for the reserve.

14 SECTION 3. This Act takes effect immediately if it receives
15 a vote of two-thirds of all the members elected to each house, as
16 provided by Section 39, Article III, Texas Constitution. If this
17 Act does not receive the vote necessary for immediate effect, this
18 Act takes effect September 1, 2025.