

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 25, 2025

TO: Honorable Ken King, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1056 by Dorazio (Relating to the issuance of gold and silver specie and the establishment of a currency based on gold and silver; authorizing a fee.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1056, As Introduced: a negative impact of (\$5,538,000) through the biennium ending August 31, 2027.

Fee revenue collected by the Comptroller for the issuance and redemption of the currency is unknown; therefore, the revenue implications of the bill cannot be determined.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2026	(\$2,769,000)
2027	(\$2,769,000)
2028	(\$2,769,000)
2029	(\$2,769,000)
2030	(\$2,769,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund 1	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$2,769,000)	6.0
2027	(\$2,769,000)	6.0
2028	(\$2,769,000)	6.0
2029	(\$2,769,000)	6.0
2030	(\$2,769,000)	6.0

Fiscal Analysis

The bill would require the Comptroller to establish and provide for the issuance of gold and silver specie, authorizing the Texas Bullion Depository as the state's exclusive issuer. The comptroller would ensure that specie holders can use the specie as legal tender in the payment of debt and readily transfer the specie to another person.

The bill would also require the Comptroller to establish and issue a currency based on gold and silver that can be used as legal tender in the payment of debt and can be transferred electronically.

The Comptroller would be authorized to contract with a private vendor to establish the gold and silver currency but would be required to give preference to vendors whose principal place of business is in Texas. The contract may provide for the vendor to pay initial costs, and be reimbursed from fees collected.

The bill would require the Comptroller to hold in trust, in a pooled depository account at the Texas Bullion Depository, all gold and silver specie and bullion owned or purchased for the purpose of issuing the currency. The Comptroller would issue the currency to a person who makes a payment or designates gold or silver specie or bullion already held at the Depository to be transferred to the pooled depository account. These amounts would not be available for legislative appropriation.

The bill would require the Comptroller to provide for the redemption of the currency in the form of United States Dollars, specie, or bullion. The Comptroller would determine the value of the currency at the time of each transaction based on the value of the appropriate fraction of a troy ounce of gold or silver.

The bill would authorize the Comptroller to establish a fee for the issuance or redemption of the currency at a rate necessary to cover administrative costs and would credit the fee to an account in the General Revenue Fund.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

It is assumed that the Comptroller would require 6.0 additional FTEs to implement the provisions of the bill. The additional FTEs include: 1.0 Cyber Security Analyst III for infrastructure support; 1.0 Security Officer III to safeguard increased physical metals that would be stored due to clients buying and selling more digital currency; 1.0 Attorney V to settle any disputes due to the price volatility that could result in customer gain and losses; 1.0 Information Technology Business Analyst IV to ensure seamless transition from development to implementation of live environment; and 2.0 Program Specialist VI to monitor purchase of metals by clients and then transfer exact exchange to digital currency. The cost for the 6.0 FTEs would be \$769,000 in each fiscal year. Additionally, the Comptroller would require \$1,000,000 annually for outside legal counsel for expertise in ongoing legal compliance issues associated with establishing a digital currency.

Technology

The Comptroller estimates \$1,000,000 would be required annually to contract with a vendor to establish the currency. This analysis assumes that the vendor would utilize the ability to recoup their costs from fees. If the Comptroller were unable to identify such a vendor, the agency would not be able to proceed with implementation.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, WP, LCO, CSmi, NV