

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 25, 2025

TO: Honorable Joan Huffman, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1056 by Dorazio (relating to the recognition of gold and silver specie as legal tender and the establishment of a transactional currency based on gold and silver; authorizing a fee.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1056, Committee Report 2nd House, Substituted: a negative impact of (\$5,538,000) through the biennium ending August 31, 2027. Additionally, there would be an indeterminate revenue gain dependent on fees established by the Comptroller.

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>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
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>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<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

To the extent authorized by the United States Constitution, gold and silver specie that meet the requirements of the bill would be considered legal tender in this state. A person or entity would not be required to offer or accept gold and silver specie, recognized as legal tender by this bill, as payment of a debt or for other purpose.

The Comptroller could establish or authorize one or more electronic systems to allow depositors, or vendors on behalf of depositors, to make and receive payments that are backed by bullion held in the Texas Bullion Depository. The Comptroller

could contract with a private vendor to implement the subchapter.

The Comptroller would adopt certain rules as necessary or convenient to implement the bill, including establishing fees that are reasonable and necessary to administer the subchapter.

Methodology

According to the Comptroller, six additional full-time equivalent (6.0 FTEs) positions would be required to implement the bill. The 6.0 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 transactional 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 Specialists VI to monitor purchase of metals by clients and then transfer exact exchange to transactional currency. Personnel costs for the 6.0 FTEs is estimated to be \$769,000 in each fiscal year.

Additionally, the Comptroller estimates an annual cost of \$1,000,000 for outside counsel services due to a lack of in-house expertise in ongoing legal compliance issues associated with establishing a transactional currency.

The Comptroller would likely need to acquire and maintain reserves of gold and silver to support the program's operation. The amount of such reserves is unknown, and would be dependent on customer demand.

While there would be no fiscal implications due to the use of the electronic system that allows for making and receiving payments backed by bullion held in the Texas Bullion Depository, the amount of the fee that could be collected by the Comptroller is unknown. Therefore, any revenue implications cannot be determined at this time.

Technology

The Comptroller estimates an annual IT cost of \$1,000,000 for a third-party vendor to establish the electronic systems described by the bill. This estimate assumes that the vendor would utilize the ability to recoup their cost from fees.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, LCO, CSmi