

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 21, 2025

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB21 by Schwertner (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.), **As Passed 2nd House**

The fiscal implications of the bill cannot be determined due to the indeterminate amount and value of qualifying cryptocurrency that could be deposited to the Texas Strategic Bitcoin Reserve. It is assumed that any administrative costs incurred by the Comptroller could be absorbed using proceeds from the reserve.

The bill would establish the Texas Strategic Bitcoin Reserve (reserve) as a special fund outside the treasury. The reserve would consist of money transferred or deposited by legislative appropriation, revenue dedicated by general law, bitcoin and other cryptocurrency purchased using money in the reserve, investment earnings and interest or rewards earned on assets in the reserve, and gifts, grants, and donations. Any cryptocurrency purchased using money in the reserve would be required to have an average market capitalization of \$500.0 billion over the most recent 24-month period.

The bill would authorize the Comptroller to acquire, exchange, sell, supervise, manage, or retain any kind of investment in its administration and management of the reserve. The Comptroller would be authorized to spend, or use proceeds from the sale of, bitcoin and other cryptocurrency in the reserve to pay reasonable administrative costs. The bill would allow money in the reserve to be invested with the state treasury pool and would prohibit the Comptroller, with certain exceptions, from transferring money in the reserve to the state treasury.

The bill would authorize the Comptroller to contract with a third party to administer the reserve, including a qualified custodian who uses secure custodial technologies, a liquidity provider to facilitate the purchase and management of assets in the reserve, and a certified public accountant to perform an independent audit. The Comptroller could use derivatives or engage in staking the qualifying digital assets.

The bill would authorize the Comptroller to liquidate the reserve's assets and temporarily transfer money in the reserve to the treasury, as necessary for cash management purposes, and require the return of this money to the reserve, as soon as practicable, along with any interest earned.

The bill would establish a five member Texas Strategic Bitcoin Reserve Advisory Committee to make recommendations for valuing assets in the reserve and to establish prudent investment policies.

The bill would require the Comptroller to publish a biennial report on it's internet website on the financial status of the reserve and submit the report to the Legislature by December 31 of each even numbered year.

The bill would amend Chapter 2256 of the Government Code to clarify that the chapter would not apply to state funds invested by the Comptroller, thus allowing bitcoin investment.

The fiscal impact of the bill cannot be estimated. It is unknown what appropriations would be made for the reserve and the amount and value of qualifying cryptocurrency that would be purchased. This analysis assumes that any administrative costs incurred by the Comptroller could be absorbed using proceeds from the reserve.

Note: 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.

Note: The bill would move funds outside the Treasury or otherwise create or establish a fund outside the Treasury. The Texas Constitution authorizes funds outside the Treasury to be expended without legislative appropriation, which may limit the Legislature's ability to make appropriation decisions concerning these funds in the future.

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

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, RStu, JPE, LCO, CSmi, NV, CMA