

1-1 By: Schwertner, Parker S.B. No. 21
1-2 (In the Senate - Filed February 12, 2025;
1-3 February 13, 2025, read first time and referred to Committee on
1-4 Business & Commerce; March 4, 2025, reported adversely, with
1-5 favorable Committee Substitute by the following vote: Yeas 10,
1-6 Nays 0; March 4, 2025, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	Schwertner	X		
1-10	King	X		
1-11	Blanco	X		
1-12	Campbell	X		
1-13	Creighton	X		
1-14	Johnson	X		
1-15	Kolkhorst	X		
1-16	Menéndez	X		
1-17	Middleton	X		
1-18	Nichols		X	
1-19	Zaffirini	X		

1-20 COMMITTEE SUBSTITUTE FOR S.B. No. 21 By: Campbell

1-21 A BILL TO BE ENTITLED
1-22 AN ACT

1-23 relating to the establishment and administration of the Texas
1-24 Strategic Bitcoin Reserve for the purpose of investing in
1-25 cryptocurrency and the investment authority of the comptroller of
1-26 public accounts over the reserve and certain other state funds.

1-27 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-28 SECTION 1. This Act may be cited as the Texas Strategic
1-29 Bitcoin Reserve and Investment Act.

1-30 SECTION 2. Chapter 403, Government Code, is amended by
1-31 adding Subchapter V to read as follows:

1-32 SUBCHAPTER V. TEXAS STRATEGIC BITCOIN RESERVE

1-33 Sec. 403.701. DEFINITIONS. In this subchapter:

1-34 (1) "Airdrop" means a gratuitous distribution of
1-35 cryptocurrency to persons who hold cryptocurrency, generally made
1-36 in a broad, equitable, and nondiscretionary manner.

1-37 (2) "Bitcoin" means a type of decentralized
1-38 cryptocurrency created by a peer-to-peer network that operates
1-39 independently of any central authority or bank.

1-40 (3) "Cold storage" means a method of storing private
1-41 keys required to engage in transactions involving cryptocurrency
1-42 that:

1-43 (A) has a nexus to a secure physical location;
1-44 (B) is protected from unauthorized access; and
1-45 (C) is isolated from any Internet network
1-46 connections.

1-47 (4) "Cryptocurrency" means a type of virtual currency
1-48 that utilizes cryptography to secure transactions that are
1-49 digitally recorded on a distributed ledger, such as a blockchain.

1-50 (5) "Fork" means a change to the consensus mechanism
1-51 of a distributed ledger that creates a separate ledger, which may
1-52 result in a new cryptocurrency that shares a common transaction
1-53 history with the previous cryptocurrency up to the point of the
1-54 change.

1-55 (6) "Qualified custodian" means a state or federally
1-56 chartered financial institution or other entity regulated by this
1-57 state that has custody of a virtual currency.

1-58 (7) "Reserve" means the Texas Strategic Bitcoin
1-59 Reserve established under this subchapter.

1-60 (8) "Virtual currency" has the meaning assigned by

Section 12.001, Business & Commerce Code.

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

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

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

(3) the establishment of a strategic bitcoin reserve serves the public purpose of providing enhanced financial security to residents of this state.

Sec. 403.703. ESTABLISHMENT AND ADMINISTRATION OF RESERVE.

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

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

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

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

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

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

(4) investment earnings and interest or rewards earned on assets in the reserve.

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

(c) The legislature may appropriate funds for deposit to the credit of the reserve for the purposes of:

(1) investing in bitcoin or other cryptocurrency; and

(2) administering and managing the reserve.

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

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

(f) Except as provided by Section 403.706, the comptroller may not transfer money in the reserve to the state treasury unless authorized by the legislature in the General Appropriations Act or another law.

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

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

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

Sec. 403.706. TEMPORARY TRANSFER FOR CASH MANAGEMENT. (a) The comptroller may liquidate the reserve's assets and temporarily transfer money from the reserve to the state treasury if necessary for the purposes described by Section 403.092.

(b) The comptroller shall, as soon as practicable after the date of a transfer under Subsection (a), return the transferred money to the reserve along with the interest, if any, earned on the

money while held in the state treasury.

Sec. 403.707. TEXAS STRATEGIC BITCOIN RESERVE ADVISORY COMMITTEE. (a) In this section, "committee" means the Texas Strategic Bitcoin Reserve advisory committee.

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

(1) the comptroller;

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

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

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

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

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

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

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

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

Sec. 403.708. BIENNIAL REPORT. Not later than December 31 of each even-numbered year, the comptroller shall publish on the comptroller's Internet website and submit to the legislature a report that includes:

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

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

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

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

Sec. 403.709. RULES. The comptroller may adopt rules as necessary to administer this subchapter.

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

(a) This subchapter does not apply to:

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

(2) state funds invested by the comptroller ~~as authorized by Section 404.024~~;

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

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

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

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

SECTION 4. As soon as possible after the effective date of this Act, the comptroller of public accounts shall:

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

(2) appoint members to the Texas Strategic Bitcoin Reserve advisory committee as required by Section 403.707, Government Code, as added by this Act.

SECTION 5. This Act takes effect immediately if it receives

4-1 a vote of two-thirds of all the members elected to each house, as
4-2 provided by Section 39, Article III, Texas Constitution. If this
4-3 Act does not receive the vote necessary for immediate effect, this
4-4 Act takes effect September 1, 2025.

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