

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

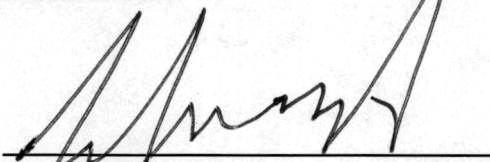
MAY 25th 2025
Date

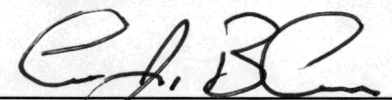
Honorable Dan Patrick
President of the Senate

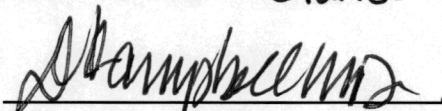
Honorable Dustin Burrows
Speaker of the House of Representatives

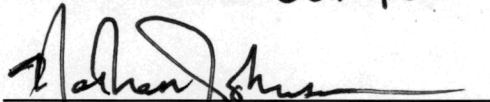
Sirs:

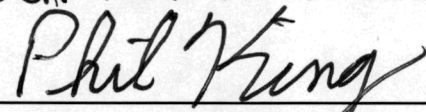
We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on SB 21 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

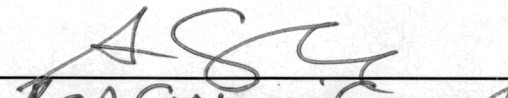

Sen. Charles Schwertner (Chair)

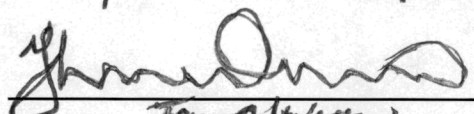

Sen. César Blanco

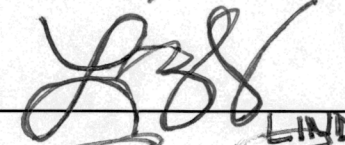

Sen. Donna Campbell

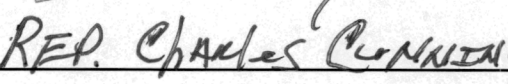

Sen. Nathan Johnson

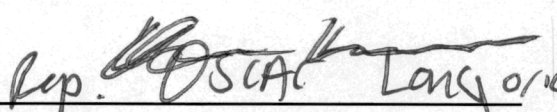

On the part of the Senate
Sen. Phil King


Rep. Giovanni Caputo


Tom O'Hanlon


LINDA GARCIA


REP. CHARLES CUNNINGHAM


Rep. OSCAR Longoria

On the part of the House

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

S.B. No. 21

A BILL TO BE ENTITLED

AN ACT

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.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. This Act may be cited as the Texas Strategic Bitcoin Reserve and Investment 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) "Airdrop" means a gratuitous distribution of cryptocurrency to persons who hold cryptocurrency, generally made in a broad, equitable, and nondiscretionary manner.

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

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

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

(B) is protected from unauthorized access; and

(C) is isolated from any Internet network

1 connections.

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

5 (5) "Fork" means a change to the consensus mechanism
6 of a distributed ledger that creates a separate ledger, which may
7 result in a new cryptocurrency that shares a common transaction
8 history with the previous cryptocurrency up to the point of the
9 change.

10 (6) "Qualified custodian" means a state or federally
11 chartered financial institution or other entity regulated by this
12 state that has custody of a virtual currency.

13 (7) "Reserve" means the Texas Strategic Bitcoin
14 Reserve established under this subchapter.

15 (8) "Virtual currency" has the meaning assigned by
16 Section 12.001, Business & Commerce Code.

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

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

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

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

27 Sec. 403.703. ESTABLISHMENT AND ADMINISTRATION OF RESERVE.

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

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

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

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

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

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

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

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

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

27 (1) investing in bitcoin or other cryptocurrency; and

1 (2) administering and managing the reserve.

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

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

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

13 Sec. 403.704. MARKET CAPITALIZATION REQUIREMENT. Bitcoin
14 or other cryptocurrency purchased using money in the reserve must
15 have an average market capitalization of at least \$500 billion over
16 the most recent 24-month period.

17 Sec. 403.705. THIRD-PARTY CONTRACTS AND PERMISSIBLE
18 TRANSACTIONS; AUDITS. (a) The comptroller may contract with one or
19 more third-party entities for the administration or management of
20 the reserve, including contracting with:

21 (1) a qualified custodian who employs secure custodial
22 technologies, including cold storage; and

23 (2) a qualified liquidity provider to facilitate the
24 purchase and management of assets in the reserve.

25 (b) For purposes of Subsection (a)(2), "qualified liquidity
26 provider" means an entity that:

27 (1) is licensed or regulated under applicable federal

1 or state law;

2 (2) maintains audited financial statements prepared
3 by a regulated auditor;

4 (3) has at least five years of experience trading in
5 the digital assets industry;

6 (4) maintains an office and has a registered principal
7 in this state; and

8 (5) has certified in a method prescribed by the
9 comptroller that the provider meets the requirements of
10 Subdivisions (1)-(4).

11 (c) If the comptroller determines it is in the best interest
12 of the reserve, the comptroller may use derivatives.

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

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

19 (b) The comptroller shall, as soon as practicable after the
20 date of a transfer under Subsection (a), return the transferred
21 money to the reserve along with the interest, if any, earned on the
22 money while held in the state treasury.

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

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

27 (1) the comptroller;

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

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

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

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

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

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

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

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

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

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

27 (2) an estimate of the monetary value of the bitcoin

1 and other cryptocurrency held in the reserve on the last day of the
2 preceding state fiscal biennium;

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

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

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

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

14 (a) This subchapter does not apply to:

15 (1) a public retirement system as defined by Section
16 802.001;

17 (2) state funds invested by the comptroller [~~as~~
18 ~~authorized by Section 404.024~~];

19 (3) an institution of higher education having total
20 endowments of at least \$150 million in book value on September 1,
21 2017;

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

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

26 (6) a deferred compensation plan that qualifies under
27 either Section 401(k) or 457 of the Internal Revenue Code of 1986

1 (26 U.S.C. Section 1 et seq.), as amended.

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

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

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

9 SECTION 5. This Act takes effect immediately if it receives
10 a vote of two-thirds of all the members elected to each house, as
11 provided by Section 39, Article III, Texas Constitution. If this
12 Act does not receive the vote necessary for immediate effect, this
13 Act takes effect September 1, 2025.

Senate Bill 21
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION	HOUSE VERSION (IE)	CONFERENCE
SECTION 1. Short title.	SECTION 1. Same as Senate version.	SECTION 1. Same as Senate version.
SECTION 2. Chapter 403, Government Code, is amended by adding Subchapter V to read as follows:	SECTION 2. Same as Senate version except as follows:	SECTION 2. Same as House version.
<u>SUBCHAPTER V. TEXAS STRATEGIC BITCOIN RESERVE</u>	SUBCHAPTER V. Same as Senate version.	SUBCHAPTER V. Same as Senate version.
<u>Sec. 403.701. DEFINITIONS.</u>	Sec. 403.701. Same as Senate version.	Sec. 403.701. Same as Senate version.
<u>Sec. 403.702. LEGISLATIVE FINDINGS; PURPOSE.</u>	Sec. 403.702. Same as Senate version.	Sec. 403.702. Same as Senate version.
<u>Sec. 403.703. ESTABLISHMENT AND ADMINISTRATION OF RESERVE.</u> (a) Establishes the Texas Strategic Bitcoin Reserve as a special fund outside the state treasury and that the comptroller of public accounts has custody of and duty to administer and manage the reserve. Establishes contents of the reserve.	Sec. 403.703. (a) Same as Senate version except also includes gifts, grants, and other donations among the contents of the reserve.	Sec. 403.703. (a) Same as Senate version.
(b) Relating to the comptroller's authority to administer and manage the reserve according to the prudent investor standard.	(b) Same as Senate version.	(b) Same as Senate version.
(c) Purposes for which the legislature may appropriate funds for deposit to the credit of the reserve.	(c) Same as Senate version.	(c) Same as Senate version.
(d) Provides for spending cryptocurrency in the reserve or using net proceeds from the sale of cryptocurrency in reserve to pay costs for administering and managing the reserve.	(d) Same as Senate version.	(d) Same as Senate version.

Senate Bill 21
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION	HOUSE VERSION (IE)	CONFERENCE
(e) Authorizes the investment of money in the reserve with the state treasury pool.	(e) Same as Senate version.	(e) Same as Senate version.
(f) Prohibits the transfer of money in the reserve to the state treasury except as provided by the bill or authorized by the legislature in the General Appropriations Act or another law.	(f) Substantially the same as Senate version.	(f) Same as Senate version.
<u>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.</u>	<u>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 24-month period. [FA1]</u>	Sec. 403.704. Same as House version.
<u>Sec. 403.705. THIRD-PARTY CONTRACTS; AUDITS.</u>	<u>Sec. 403.705. THIRD-PARTY CONTRACTS AND PERMISSIBLE TRANSACTIONS; AUDITS.</u>	Sec. 403.705. Same as House version.
<u>(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.</u>	(a) Same as Senate version except also includes a qualified liquidity provider to facilitate the purchase and management of assets in the reserve among the entities with whom the comptroller may contract.	(a) Same as House version.
<i>No equivalent provision.</i>	(b) For purposes of Subsection (a)(2), "qualified liquidity provider" means an entity that: <u>(1) is licensed or regulated under applicable federal or state law;</u> <u>(2) maintains audited financial statements prepared by a regulated auditor;</u> <u>(3) has at least five years of experience trading in the digital assets industry;</u> <u>(4) maintains an office and has a registered principal in this state; and</u>	(b) Same as House version.

Senate Bill 21
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

HOUSE VERSION (IE)

CONFERENCE

(5) has certified in a method prescribed by the comptroller that the provider meets the requirements of Subdivisions (1)-(4).

No equivalent provision.

(c) If the comptroller determines it is in the best interest of the reserve, the comptroller may:
(1) use derivatives;
(2) engage in the staking of qualifying digital assets in the reserve, only if:
(A) the state treasury retains legal ownership of the digital asset; and
(B) the staking is conducted using a third-party solution; and
(3) loan digital assets in the reserve acquired as an investment.

(c) If the comptroller determines it is in the best interest of the reserve, the comptroller may use derivatives.

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

(d) Same as Senate version.

(d) Same as Senate version.

No equivalent provision.

Sec. 403.706. VOLUNTARY DONATION OF BITCOIN OR OTHER CRYPTOCURRENCY TO RESERVE. (a) Subject to applicable law, including Section 403.704, the comptroller may accept a gift, grant, or other donation of bitcoin or other cryptocurrency to the reserve only from a person domiciled in this state.
(b) A donor may not limit or direct the investment or use of bitcoin or other cryptocurrency donated to the reserve.
(c) The comptroller may require information from a person who donates or offers to make a donation to the reserve and may reject or return a donation made to the reserve for any reason. The comptroller shall, subject to applicable law,

Same as Senate version.

Senate Bill 21
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION	HOUSE VERSION (IE)	CONFERENCE
	<u>return a donation rejected after it is deposited to the reserve, net of any costs related to the donation incurred by the comptroller during the period the donation was in the reserve.</u> <u>(d) The comptroller may issue a certificate of acknowledgment to a donor that donates bitcoin or other cryptocurrency to the reserve if the donor requests the certificate.</u> <u>(e) The comptroller may establish a recognition program to publicly honor a donor who makes significant contributions of bitcoin or other cryptocurrency to the reserve.</u>	
<u>Sec. 403.706. TEMPORARY TRANSFER FOR CASH MANAGEMENT.</u>	Sec. 403.707. Same as Senate version.	Sec. 403.706. Same as Senate version.
<u>Sec. 403.707. TEXAS STRATEGIC BITCOIN RESERVE ADVISORY COMMITTEE.</u>	Sec. 403.708. Same as Senate version.	Sec. 403.707. Same as Senate version.
<u>Sec. 403.708. BIENNIAL REPORT.</u>	Sec. 403.709. Same as Senate version.	Sec. 403.708. Same as Senate version.
<u>Sec. 403.709. RULES.</u>	Sec. 403.710. Same as Senate version.	Sec. 403.709. Same as Senate version.
SECTION 3. Section 2256.004(a), Government Code, is amended.	SECTION 3. Same as Senate version.	SECTION 3. Same as Senate version.
SECTION 4. Transition provision.	SECTION 4. Substantially the same as Senate version.	SECTION 4. Same as Senate version.
SECTION 5. Effective date.	SECTION 5. Same as Senate version.	SECTION 5. Same as Senate version.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 27, 2025

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Dustin Burrows, Speaker of the House, House of Representatives

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.), **Conference Committee Report**

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, and investment earnings and interest or rewards earned on assets in the reserve. 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 if determined in the best interest of the reserve.

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 its 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, CMA, RStu, JPE, LCO, CSmi, NV