

- SUBJECT:** Authorizing creation of currency backed by gold and silver
- COMMITTEE:** State Affairs — committee substitute recommended
- VOTE:** 7 ayes — Hunter, Dean, Guillen, Metcalf, Raymond, Smithee, Spiller
6 nays — Hernandez, Anchía, Geren, Slawson, S. Thompson, Turner
- WITNESSES:** For — Tom Glass, Texas Constitutional Enforcement; Cindi Castilla, Texas Eagle Forum; Gregory Porter, Texas For Liberty; Chris Byrd; Ruth Forehand; Kevin Freeman; Lindsey Gremont; Eric Jackson; Katherine Novikov (*Registered, but did not testify*: Mike Carter; Liz Case Pickens; Marnie Freeman; Natalie Ibe; George Pond; Shann Turner)

Against — None

On — (*Registered, but did not testify*: Gilianne Carter, Texas Credit Union Association)
- BACKGROUND:** Some have suggested that the Texas Bullion Depository that providing the authority to create a new coin currency and a digital currency backed by gold and silver bullion would make the depository more accessible to Texans who chose to purchase silver and gold.
- DIGEST:** CSHB 4903 would require the comptroller, to the extent authorized by the U.S. Constitution, to establish and provide for the issuance of gold and silver specie and the creation and issuance of digital currency based on gold and silver. "Specie" would mean a precious metal stamped into coins.

The comptroller would be required to authorize the Texas Bullion Depository as the state's exclusive issuer of the gold and silver specie and would have to ensure that the specie could be used as legal tender to pay debt and be readily transferred to another person.

To develop the digital currency or perform other required duties, the comptroller could contract with a private vendor to establish the digital

currency but, to the extent allowable, would have to give preference to a vendor principally located in Texas. When establishing the digital currency, the comptroller would be required to provide a means to ensure that the person that held the digital currency could use it to pay debt and could readily transfer or assign the currency to another person by electronic means.

The comptroller, acting as the trustee, would be required to hold in trust on behalf of digital currency holders all gold and silver specie and bullion owned, allocated, or purchased for the purposes of issuing the digital currency. The trustee would be required to maintain enough gold and silver specie or bullion to provide for the redemption of all digital currency issued but not redeemed.

The bill would require that a pooled depository account be established by the trustee in the Texas Bullion Depository to physically hold all gold and silver specie and bullion owned, allocated, or purchased in support of the specie and digital currency.

The comptroller would be allowed to issue digital currency to a person if:

- the person made the appropriate payment to the comptroller for the comptroller to purchase gold or silver specie or bullion for the pooled depository account to be represented by the digital currency; or
- designated gold or silver specie or bullion held in the depository that would be transferred to the pooled depository account for the purpose of being represented by the digital currency.

A person who held digital currency could present to the comptroller any number of units or fractional units to redeem for either U.S. dollars or gold or silver specie or bullion. The bill would establish the required process by which the comptroller could receive a payment or a designation for purchasing digital currency as well as the process the comptroller would use to process the applicable redemption request.

The comptroller would be required to determine the value of a unit of digital currency at the time of each transaction involving the issuance or redemption of digital currency. The value of the unit of digital currency at the time of the transaction would be required to be equal to the value of the appropriate fraction of a troy ounce of gold or silver as applicable.

Gold or silver specie or bullion purchased or deposited in the pooled depository account and any transaction fees collected for the transaction of services related to digital currency would be held outside of the state treasury on behalf of persons who held digital currency and would not be subject to legislative appropriation.

The comptroller would be allowed to establish fees for the issuance or redemption of the digital currency to cover the costs of administering the opportunity and establish an industry standard merchant fee for use. The comptroller would be required to deposit any net fee proceeds after costs in the general revenue fund.

CSHB 4903 would authorize the comptroller to adopt rules as necessary or convenient to implement provisions in the bill.

The bill would take effect September 1, 2023.