

By: _____

___H.B. No. ___

A BILL TO BE ENTITLED

AN ACT

relating to the establishment of a transactional currency based on gold and silver, authorizing a fee.

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

SECTION 1. Subtitle A, Title 4, Government Code, is amended by adding Chapter 404A to read as follows:

CHAPTER 404A. GOLD AND SILVER CURRENCY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 404A.0001. DEFINITIONS. In this chapter:

(1) "Bullion" means precious metals as defined within the Government Code Chapter 2116 limited to gold and silver only.

(2) "Transactional currency" means a representation of actual gold and silver, specie and bullion held in a Depository account by a Depository account holder as defined within the Government Code Chapter 2116 and which may be transferred by electronic instruction. Such representation shall reflect the exact unit(s) of physical specie or gold and silver bullion in the pooled depository account in its fractional troy ounce measurement as provided by this chapter.

(3) "Precious metal" means precious metal as defined within the Government Code Chapter 2116 limited to gold and silver.

(4) "Pooled depository account" means the account in the Texas Bullion Depository established under Section 404A.0052.

(5) "Specie" means a precious metal stamped into coins

as defined within the Government Code Chapter 2116.

Sec. 404A.0002. RULES. The comptroller may adopt rules as necessary or convenient to implement this chapter, including rules to:

(1) ensure the security of the specie, bullion, transactional currency, transactions and related data;

(2) prevent fraud; and

(3) prevent any release of account or account holder related data subject to order of a court with proper jurisdiction.

SUBCHAPTER B. ESTABLISHMENT AND ADMINISTRATION OF TRANSACTIONAL CURRENCY

Sec. 404A.0051. ESTABLISHMENT. (a) As authorized by the U.S. Const. Art. I, § 10, the comptroller shall issue specie and establish a transactional currency as determined practicable.

(b) The comptroller may preferentially contract with a private vendor having its principal place of business in Texas to establish the transactional currency or perform other duties under this chapter.

(c) In establishing the transactional currency, the comptroller shall establish a means to ensure that a person or State who holds the transactional currency may use such as legal tender in payment of debt, readily transfer or assign such transactional currency to any other person or State by electronic means.

(d) In establishing specie, the comptroller shall exclusively authorize the Texas Bullion Depository as the State's issuer and ensure that the holder of such specie may use such as legal tender in payment of debt, readily transferable to any other

person or State.

Sec. 404A.0052. BULLION DEPOSITORY ACCOUNT. (a) The comptroller serving as trustee or another person appointed, by the comptroller who shall serve as trustee shall hold in trust on behalf of the transactional currency holders all specie and bullion owned or purchased for such purposes. The trustee shall maintain enough specie or bullion to provide for the redemption of all units of the transactional currency issued but not redeemed.

(b) The trustee shall establish an account in the Texas Bullion Depository to hold in trust as trustee on the behalf of the transactional currency holders all specie and bullion owned and allocated or purchased for such purposes.

Sec. 404A.0053. PURCHASE AND ISSUANCE. (a) A person or any State of the United States, may be issued their transactional currency by the comptroller upon:

(1) Making payment to the comptroller for the purpose of a purchase of specie or bullion to be represented by transactional currency together with any fee charged under Section 404A.0058; or

(2) Designating specie or bullion held on account in the Texas Bullion Depository for the purpose of being represented by transactional currency together with payment of any fee charged under Section 404A.0058.

(b) Upon receiving payment under Sec. 404A.0053 (a) (1) or an account holder's designation and payment under Sec. 404A.0053 (a) (2), the comptroller shall:

(1) using the money received, buy specie or bullion in the number of troy ounces of precious metal equal to the number of units of the transactional currency to be issued to the purchaser

under Subdivision (a); and

(2) deposit such specie or bullion into the pooled depository account for purchaser under Subdivision(a); and

(3) issue to the purchaser an account with or add to an existing transactional currency account a number of units of the transactional currency equal to the amount of specie or bullion that the purchase money received from the account holder would buy at the market price on that date as published by the Texas Bullion Depository.

Sec. 404A.0054. REDEMPTION OF TRANSACTIONAL CURRENCY FOR US DOLLARS. (a) A person who holds transactional currency may present to the comptroller any number of units of the transactional currency to redeem for US dollars.

(b) On receipt of a person's request for redemption, the comptroller shall:

(1) sell from the specie or bullion held in the pooled depository account a number of troy ounces equal to the number of units of the transactional currency being redeemed; and

(2) provide to the person an amount of US dollars equal to the amount received from the sale of specie or bullion under Subdivision (1), less a fee charged under Section 404A.0058.

Sec. 404A.0055. REDEMPTION OF TRANSACTIONAL CURRENCY FOR SPECIE OR BULLION. (a) Subject to Sec. 404A.0051 an account holder who holds the transactional currency may present to the comptroller any number of units of the transactional currency to redeem for an equal number of troy ounces of specie or bullion from the pooled depository account.

(b) On receipt of a request for redemption, the comptroller

shall:

(1) withdraw the equivalent number of troy ounces of specie or bullion from the pooled depository account; and

(2) on the payment of a fee charged under Section 404A.0058, deliver the specie or bullion as requested to the requestor.

Sec. 404A.0056. VALUE OF TRANSACTIONAL CURRENCY. (a) At the time of each transaction involving the issuance or redemption of the transactional currency, the comptroller shall determine the value of a unit of the transactional currency as published by the Texas Bullion Depository.

(b) The value of a unit of the transactional currency at the time of a transaction must be equal to the value of the appropriate fraction of a troy ounce of gold or silver, respectively at the time of that transaction as published by the Texas Bullion Depository.

Sec. 404A.0057. CERTAIN MONEY AND DEPOSITS HELD IN TRUST AND NOT SUBJECT TO LEGISLATIVE APPROPRIATION. Money received under Section 404A.0053(a), specie or bullion purchased and deposited in the pooled depository account as provided by Section 404A.0053(b)(1), and money received from the sale of specie or bullion in the pooled depository account in response to a request for redemption under Section 404A.0054 is:

(1) held by the comptroller as trustee outside the state treasury on the behalf of persons who hold the transactional currency; and

(2) not available for legislative appropriation.

Sec. 404A.0058. FEE. The comptroller may establish a fee

for the issuance or redemption of the transactional currency to cover the comptroller's costs in administering this chapter and an industry standard merchant fee for use. The comptroller shall deposit the net fee proceeds after costs to the credit of an account established in the general revenue fund.

SECTION 2. This Act takes effect January 1, 2024.

[NOTE: Attorney Chris Byrd was instrumental in crafting this Model bill language for Texas. He was also an important part of our efforts and success with the 88th Legislature. Chris understands sound money like few attorneys in the country.]