



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 619** HLS 26RS 30
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 31, 2026	11:01 AM	Author: WRIGHT
Dept./Agy.: Treasury		Analyst: Darynn Hoppe
Subject: Investment of Monies into Gold and Digital Assets		

TREASURY DEPARTMENT OR INCREASE GF EX See Note Page 1 of 2

Authorizes the state treasurer to invest monies deposited into the Budget Stabilization Fund in certain metals and certain digital assets

Present law establishes the Budget Stabilization Fund and provides for the investment and use of monies in the fund.

Proposed law retains current law and authorizes the state treasurer to invest an aggregate no greater than five percent of the fund's balance into precious metals and digital assets. Proposed legislation defines digital assets as "an asset that exists only in digital form and that confers economic, proprietary, or access rights. The term shall include but not be limited to virtual currency, cryptocurrency, and other natively electronic assets." Precious metals are defined as "gold, silver or platinum, whether in coin, bullion, or a tangible form."

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						
REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW					
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law authorizes, but does not require, the treasurer to invest up to 5% of the Budget Stabilization Fund balance into precious metals and digital assets having a market capitalization exceeding \$750 B averaged over the previous calendar year. As of 3/26/2026, the only digital asset that meets this criteria is Bitcoin (BTC). Proposed law also permits the treasurer to enter into any contracts necessary for the administration and implementation of this bill. For the purpose of this fiscal note an investment of \$100 M is assumed by Treasury (see NOTE on page 2), and is expected to increase SGF expenditures by approximately \$2.25 M in FY 27 through FY 31

The Department of the Treasury anticipates significant costs to implement the provisions of this bill. The treasury reports that at least one new T.O. position would be required to undertake and oversee the administration and investment of funds invested into gold and digital assets. The treasury notes that an individual with the specialized knowledge and skill set for this position would likely command a salary above what is typically offered for a civil service employee. An estimate of these costs can be found in the table below.

Positions (Including Salaries + Related Benefits)

	FY 27	FY 28	FY 29	FY 30	FY 31
Program Specialist(1)	\$290,000	\$301,600	\$313,664	\$326,210	\$339,259

NOTE: THE LFO cannot corroborate that the provisions of proposed law would require the resources identified by the Treasury, but acknowledges that a workload increase will be necessitated for implementation. To the extent that workload may be greater or less than estimates provided by the Treasury, costs may be higher or lower than the estimates provided.

The below table contains Treasury's expenditure estimates (detailed on page 2). Other indeterminable costs such as liquidity and auditing are unable to be determined, and are not included, but are also anticipated to further increase SGF expenditures.

Expenditure	FY 27	FY 28	FY 29	FY 30	FY 31
Safekeeping	\$ 405,000	\$ 405,000	\$ 405,000	\$ 405,000	\$ 405,000
Transaction Fees	\$ 1,550,000	\$ 1,550,000	\$ 1,550,000	\$ 1,550,000	\$ 1,550,000
Personal Services	\$ 290,000	\$ 301,600	\$ 313,664	\$ 326,210	\$ 339,259
Total Cost	\$ 2,245,000	\$ 2,256,600	\$ 2,268,664	\$ 2,281,210	\$ 2,294,259

Continued on Page 2 Below

REVENUE EXPLANATION

Proposed law will have an unknown impact on revenues generated within the Budget Stabilization Fund. Digital assets and precious metals are speculative investments. All investments carry risk. The LFO is unable to specify whether returns from any investment in certain metals and digital assets would vary materially from other current investment options utilized by the Treasury. Additionally, realized gains from investments in certain metals may be diminished by expenses.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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CONTINUED EXPLANATION from page one:

Precious metals and digital assets do not provide for the ability to generate excess revenue compared to securities lending. The state general fund is assumed to supply the financial means to cover the cost of investing in these assets. NOTE: For illustrative purposes, the Treasury has assumed an initial \$100 M investment, \$50 M into digital assets, and \$50 M into precious metals. At the end of FY 26, the Budget Stabilization Fund is projected to have a balance of approximately \$1.2 B, which would result in approximately \$62.5 M being available for investment.

Digital Assets

Treasury reports safekeeping of BTC would require establishment of an account with a qualified custodian. Treasury estimates that costs to establish an account would amount to twelve (12) to thirty two (32) basis points (bp) per year, or \$60,000 to \$150,000 on a \$50 M Balance. Treasury also anticipates approximately \$5,000 in trading costs per year.

Additional challenges may arise in pursuing these investments. Establishing an account with a custodian would require a non-disclosure agreement with numerous levels of security architecture. It is unknown to what extent a custodian will agree to state procurement procedures, specifically with regard to insurance. Other contractual state requirements may impact the cost of custody services. Strong internal controls would need to be implemented to avoid erroneous transfers, and the risk of internal fraud. Once transferred digital assets are unable to be recovered. The Treasury notes that depending on the custodian, these controls could amount to providing biometric data of state personnel to authorize transactions.

There are other costs anticipated that are indeterminable until time of sale. The bid to ask spread for purchase of BTC varies, sometimes as low as 0.002% to 0.10% or up to \$50,000 depending on the transaction. BTC experiences considerable volatility with daily swings ranging from 3% to 10% on average. Investments into BTC may also increase additional risks of cyberattacks, phishing, and hacking. An annual audit would be required and would be an additional safekeeping cost of these assets.

Investments of monies out of the Budget Stabilization Fund in these assets could potentially reduce the amount available in the fund and the ability to utilize the money in the fund for reasons authorized by LA. Const. Art. 7, Section, 10.3, particularly if the monies were necessary to be available in the event of a federally declared disaster in the state, as authorized by La. Const. Art. 7, Section 10.3 (C)

Safekeeping Costs

Professional, insured storage providers of physical precious metals typically charge storage fees as a percentage of the value of the asset stored. This rate can range from 0.12% to 0.50% of the asset value annually on average. So asset appreciation will result in increased safekeeping costs. This results in yearly fees of \$60,000 to \$250,000, depending on storage provider.

Transaction Costs

Precious metals dealers typically charge an additional premium over the spot price. These premiums generally fall around 1% to 5% of the spot price, but will vary by dealer and fluctuate based on if the precious metals is held as bullion or specie. The resulting fee premiums on an initial purchase of \$50 M worth of precious metals is estimated to be in the range of \$500,000 to \$1.5 M.

Liquidity Costs

Precious metals has additional challenges with liquidity compared to traditional investments. Sellers may receive 95% to 98% of the spot price depending on the bar brand or mint, packaging conditions, market demand, and size of transaction. Buyers of precious metals often require verification of serial numbers on precious metals bars, confirmation of assay certificates, and inspection of packaging integrity prior to final sale. Buyers may also require that purchased precious metals be physically transferred to a vault or depository of their choosing, resulting in the precious metals needing to be reregistered at the chosen vault. All of these introduce indeterminable liquidation expenses to the state upon time of sale.

Other Costs

The Treasury also reports that additional indeterminable costs would be accrued to manage holdings of precious metals. The Treasury reports that an Auditor would need to conduct a review of holdings of precious metals, at least once per year. Additionally insurance costs would be accrued, especially resulting from transportation, fire, and theft.

Risk

While the price of precious metals may fluctuate, it doesn't generate income in the form of dividends or interest. In conjecture with liquidity costs mentioned above, investment of fund monies into precious metals could potentially reduce the ability to utilize the money for reasons authorized by LA. Const. Art. 7 Section 10.15 for appropriation during an emergency.

Treasury

The treasury estimates that safekeeping and transaction costs will total \$1.9 M annually, based upon an initial investment of \$100 M. The actual amount of costs for the purchase and sale of precious metals and digital assets will vary greatly depending on market conditions. The treasury is unable to report an estimate on other potential expenditures from liquidity, auditing, and insurance. These amounts will depend upon the terms of any agreements entered to for either purchase and sale, or holding of these assets.

In FY 25 the custody cost for investments held by the treasury totaled \$390,000 on \$14.4 B of assets. This totals to an effective custody cost of 0.0027%. The Treasury anticipates that physical storage of precious metals will cost forty five (45) to one hundred eighty five (185) times more than the traditional investments it holds.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
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