



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 610** HLS 26RS 1051
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 31, 2026 11:16 AM	Author: CREWS
Dept./Agy.: Treasury	
Subject: Investment of Monies into Gold	Analyst: Darynn Hoppe

FUNDS/FUNDING OR SEE FISC NOTE GF EX Page 1 of 2
 Authorizes the state treasurer to invest up to ten percent of available monies in the Revenue Stabilization Trust Fund in gold

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

Proposed law retains current law and authorizes the treasurer to invest an aggregate amount not exceeding ten percent of monies in the fund into gold bullion, gold specie, or both. Gold bullion is to be defined as, "gold formed into uniform shapes and quantities such as ingots, bars, or plates, with uniform content and purity as are suitable for or customarily used in the purchase, sale, storage, transfer and delivery of bulk or wholesale transactions in precious metals." Gold specie is to be defined as "gold stamped into coins of uniform shape, size, design, content and purity suitable for or customarily used as currency; as a medium of exchange; or as the medium for purchase, sale, storage, transfer, or delivery of previous metals in retail or wholesale transactions.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
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, an investment up to 10% of the aggregate monies in the Revenue Stabilization Trust Fund into gold bullion and specie. Proposed law also permits the treasurer to enter into any contracts necessary for the administration and implementation of this bill. For the purposes of this fiscal note, an initial investment of \$350 M is assumed by Treasury (see NOTE on page 2), and is expected to increase SGF expenditures by \$10.8 M in FY 27 through FY 31.

Gold differs from traditional investments, as gold introduces additional operating costs. These costs are typically broken into three categories, safekeeping costs, transaction costs, and liquidity costs, and could rise or fall instantaneously as gold is driven by market demand and based solely upon appreciation or depreciation. A more detailed breakdown of these costs can be found on page two below.

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. 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.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

Proposed law will have an unknown impact on revenues generated by investments in gold within the Revenue Stabilization Fund. Gold is a speculative investment, and all investments carry risk. The LFO is unable to specify whether returns from any investment into gold would vary materially from other current investment options utilized by Treasury. Additionally, any realized gains from investment into gold may be diminished by the expenses noted in the expenditure section.

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:

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EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Gold does 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, Treasury has assumed an initial \$350 M investment into gold. At the end of FY 26, the Revenue Stabilization Fund has a projected balance of approximately \$2.4 B, which would result in approximately \$240 M being available for investment.

Safekeeping Costs

Professional, insured storage providers of physical gold 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 \$420,000 to \$1.75 M, depending on storage provider.

Transaction Costs

Gold 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 gold is held as bullion or specie. The resulting fee premiums on an initial purchase of \$350 M worth of gold is estimated to be in the range of \$3 M to \$15 M.

Liquidity Costs

Gold 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 gold often require verification of serial numbers on gold bars, confirmation of assay certificates, and inspection of packaging integrity prior to final sale. Buyers may also require that purchased gold be physically transferred to a vault or depository of their choosing, resulting in the gold 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. The Treasury reports that an Auditor would need to conduct a review of holdings at least once per year. Additionally insurance costs would be accrued to provide coverage for transportation, fire, and theft.

Risk

While the price of gold 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 gold 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 \$10.5 M annually, based upon an initial investment of \$350 M. The actual amount of costs for the purchase and sale of gold 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 gold.

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 gold storage will cost forty five (45) to one hundred eighty five (185) times more than the traditional investments it holds.

The below table reflects the anticipated expenditure provided by Treasury. Other indeterminable costs such as liquidity and auditing are unable to be determined, and are not included, but are also anticipated to increase SGF expenditures.

Expenditure	FY 27	FY 28	FY 29	FY 30	FY 31
Safekeeping	\$ 9,000,000	\$ 9,000,000	\$ 9,000,000	\$ 9,000,000	\$ 9,000,000
Transaction Fees	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Personal Services	\$ 290,000	\$ 301,600	\$ 313,664	\$ 326,210	\$ 339,259
Total Cost	\$ 10,790,000	\$ 10,801,600	\$ 10,813,664	\$ 10,826,210	\$ 10,839,259

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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