

Senate Ways and Means Committee

Sonja Caldwell 271-2117

HB 302, relative to enabling the state treasury to invest in precious metals and digital assets.

Hearing Date: April 23, 2025

Members of the Committee Present: Senators Lang, Murphy, Sullivan, Rosenwald and Fenton

Members of the Committee Absent : None

Bill Analysis: This bill enables the state treasurer to invest state funds into precious metals and digital assets.

Sponsors:

Rep. Ammon

Rep. Beaulier

Rep. Warden

Rep. Osborne

Rep. Sweeney

Rep. Alexander Jr.

Sen. Abbas

Sen. Avard

Sen. Murphy

Who supports the bill: Rep. Keith Ammon, Sen. Abbas, Curtis Howland, Adam Parker, James Gardner, Timothy Finney

Who opposes the bill: Rep. Tom Schamberg, Janet Lucas, Nathaniel Blair, Jillian Dubois, Larissa King, Armand Peters, Katie McLaughlin

Who is neutral on the bill: Ryan Hale (NH Bankers Assoc.)

Summary of testimony presented in support:

Rep. Ammon

- Rep. Ammon began by disclosing that he owns digital assets and precious metals.
- He explained that this bill is enabling in that it would allow the state treasurer to invest in assets that can counteract inflation. Currently, the state treasurer can only invest in very safe assets.
- The idea behind this bill is to provide more tools, not to second guess the treasurer's judgement.
- He noted that a few other states are considering legislation similar to this.
- The bill allows for the state treasurer to put some guidelines around safely securing digital assets or precious metals.

- Line 14 of page 1 defines what a qualified custodian is. There is also a definition for secure custody solution.
- The options for custody for digital assets and precious metals are on the second page of the bill. He stated that they are similar so the treasurer can use a secure custody solution or purchase through an exchange-traded product, which he thought was most likely.
- Fidelity is one our state's largest employers, and they have an exchange-traded product.
- Page 2, line 4 makes it clear the bill isn't about meme coins. It's for world class digital assets with a market capitalization of at least \$500 billion, averaged over the past year.
- Right now, only Bitcoin meets that mark but that could change in the future as other digital assets grow in liquidity. Ethereum is currently about \$250 billion. Bitcoin's market capitalization is \$1.7 trillion, which is about two-thirds of the whole digital asset market.
- Page 2, line 7 sets a 5% limit on how much the treasurer can invest.

Sen. Lang clarified that this bill is only enabling and allows the treasurer to invest up to 5% in these assets if she believes it is in the state's best interest, but it does not require it.

Rep. Ammon said by adding a small amount of digital assets to a portfolio and rebalancing regularly, you can increase returns over time. He said this is a brand-new asset class and the federal government even has a Bitcoin strategic reserve. He reiterated that these are world class assets, not game tokens.

Sen. Rosenwald asked how likely he thought it was that \$100 million of the state's cash and rainy-day fund might be invested in digital assets given that the treasurer's three guidelines are safety, liquidity, and return.

Rep. Ammon said he worked with the treasurer on this bill, and she provided input. She mentioned her colleagues around the country are talking about this too. He said with inflation being so high, the goal is to protect the value of taxpayer money and try to beat inflation.

Sen. Fenton asked if the \$500 billion requirement limits them to just Bitcoin and occasionally Ethereum.

Rep. Ammon said the average has to hold for a full year, not just a quick spike. He said without a threshold, it would look like the treasury is gambling on random tokens. This limit is meant to make it safer, and other assets could qualify in the future if they grow.

Sen. Rosenwald stated that there has been discussion about trying to get more of NH's public deposit investment pool invested in banks located in NH and the treasurer put out guidance that those banks had to be capitalized at \$2 billion. She asked Rep.

Ammon how he felt about the difference between the \$500 billion requirement for digital assets in this bill and the \$2 billion requirement for banks.

Rep. Ammon said the \$500 billion doesn't have anything to do with how much we would invest, rather it is just a threshold to decide which digital assets can be used. Both types of instruments are bare assets; you can physically take custody and no one else has custody. You can also trust a custodian. NH banks could potentially be qualified custodians someday too depending on federal clarity that is expected to come soon.

Rep. Ammon explained that the original bill had a 10% threshold and that was amended down to 5%. He thinks 5% is the correct number.

Summary of testimony presented in opposition:

Rep. Tom Schamberg

- Rep. Schamberg said the minority members of the House Ways and Means committee felt the bill was unnecessary as the state treasurer already has the power to invest in precious metals.
- The treasurer has outside consultants that guide her on how our taxes and revenue are invested.
- He said the minority felt that the treasurer is more of an expert in how investments should be made.
- He said they also see this bill as a limiting factor with regard to the 5%.
- Present law allows her to do this.

Sen. Rosenwald asked if the treasurer currently has the authority to invest in Bitcoin.

Rep. Schamber responded that she has the authority to invest in whatever her consultants give her for advice.

Sen. Lang suggested the idea behind the 5% limit was to protect the state's investments from overinvesting in Bitcoin. It is meant to limit the risk but allow it to occur.

Rep. Schamberg did not agree. He stated that the treasurer presently does not have other established percentage limits on how she can invest the state's money. He reiterated that this is a limiting factor.

Sen. Rosenwald said that the treasurer told her that because of the safety, liquidity, and return, she could not invest the state's cash reserves or rainy day fund dollars, only smaller private funds. She asked if he knew how much in total those would be.

Rep. Schamber suggested she ask the financial expert.

**Neutral Information Presented:
Ryan Hale – NH Bankers Association**

- Mr. Hale stated that the Bankers Association had no position on the bill.
- The bill authorizes investment in digital assets.
- Mr. Hale said this sector is under review at the federal level. Congress is considering a regulatory framework for Stablecoins.
- Since legislation could be passed before the end of the year, Mr. Hale suggested the committee may wish to consider how best to align state investment policy with emerging federal standards. Doing so could avoid compliance challenges.
- He highlighted the role public deposits currently play in supporting the NH economy and cautioned that should this bill lead to reallocation of those funds, there may be an impact on the availability of capital in the state.
- He stated that their member banks serve as safe, well-regulated stewards of public funds and they meet rigorous capital and collateral standards.
- If the committee elects to move forward with expanding investment authority, he suggested considering collateralization requirements for a safeguard. This would help maintain protection of taxpayer dollars.
- With regard to Sen. Rosenwald's question about the role banks could play, he said a lot of it depends on the guidance that comes out at the federal level. There is a lot happening in digital assets. There are currently two bills in congress that specifically apply to Stablecoin.

Sen. Rosenwald said as she understands, Bitcoin is not backed by anything except what people think its worth on a particular day, but Stablecoin would be backed by US dollar.

Mr. Hale responded that's one form. Stablecoin is paid to an asset, which could be the US dollar.

Sen. Fenton said the bill defines secure custodian solution, but he's concerned about oversight and accountability with third party custodians.

Mr. Hale said it does list federal and state-chartered banks as a qualified custodian. They look to federal regulators for guidance. As far as other regulated entities, non-deposit trust companies have similar oversight.

Sen. Fenton asked who would monitor the performance of this and how losses would be reported or mitigated.

Sen. Lang pointed out this bill just gives the option to invest it doesn't require it, and the treasurer still has to watch over all investments.

Mr. Hale agreed, saying that's how they read the bill too.

Lauren Warner – Deputy Treasurer

Ms. Warner said Sen. Rosenwald was correct. Accounts that could qualify for this bill would be state trust-funded accounts that are required to remain in perpetuity. Long-term investments could potentially use this sort of investment vehicle. Money from the rainy day fund and traditional general funds could not be used.

Sen. Rosenwald asked how much money that was.

Ms. Warner stated she didn't know the total amount of the trust funds but will follow up with an answer.

Sen. Lang asked if she saw this bill as enabling rather than a mandate.

Ms. Warner said that was correct. They met with the prime sponsor. Due to the fact that it is enabling, the Treasury does not take a position on the bill.

Sen. Lang said the bill talks about qualified custodians. He said that Fidelity allows for Bitcoin and would qualify as a qualified custodian so this would fit within the current model we already have in the state if the treasurer chose to do it.

Ms. Warner said if the treasurer opted to invest in digital assets, she would work with their current investment advisor who would have contracts with certain digital currency providers that would be used as custodians. Fidelity could potentially be one of them.