

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 51
(Delegate Taveras)
Economic Matters

Strategic Digital Asset Reserve Act of Maryland

This bill establishes the Maryland Digital Asset Reserve Fund as a special, nonlapsing fund administered by the State Treasurer that is not subject to reversion requirements under § 7-302 of the State Finance and Procurement Article. The fund may only be used to invest in cryptocurrency. The State Treasurer must hold the fund separately, as specified, and the Comptroller must account for the fund. The purpose of the fund is to retain money seized and forfeited to the State from specified gambling violations under § 13-104 of the Criminal Procedure Article and to serve as a reserve asset for the State through investment in cryptocurrency.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State finances, as discussed below.

Local Effect: The bill does not affect local government operations or finances.

Small Business Effect: None.

Analysis

Bill Summary: “Cryptocurrency” is a decentralized digital asset that utilizes a blockchain ledger that is secured by cryptographic technology and has a market capitalization of at least \$500 billion.

In addition to money seized and forfeited to the State, the fund also consists of (1) money appropriated in the State budget to the fund; (2) interest earnings; and (3) any other money from any other source accepted for the benefit of the fund.

The State Treasurer must invest money of the fund in the same manner as other State money is invested. Any interest earnings of the fund must be credited to the fund. Expenditures from the fund may only be made in accordance with the State budget. Cryptocurrency acquired as an investment must be held by (1) the State Treasurer through a secure platform that is created to store, manage, and safeguard digital assets for institutions or (2) a qualified custodian as determined by the State Treasurer.

Current Law:

Forfeiture of Money Seized by the State from Gambling Violations

Section 13-102 of the Criminal Procedure Article specifies that money is *prima facie* contraband if a law enforcement officer in the State seizes the money in connection with an arrest for (1) unlawfully playing or operating a bookmaking scheme; (2) unlawfully betting on a horse race, athletic event, lottery, or game; or (3) using an unlawful gaming table or gaming device.

If money from these gambling violations is seized by a State authority (which specifically does not include the Police Department of Baltimore City), all rights in, title to, and interest in the money seized must immediately vest in and to the State and the State Treasurer has financial authority of the seized funds.

If money is seized by a county or municipal police or sheriff's department, the money seized must immediately vest in and to the respective local government and the local treasurer or director of finance has financial authority of the seized funds.

Pending final disposition, the financial authority must account for and deposit seized money in an interest-bearing bank account or invest the seized money in accordance with Title 17 of the Local Government Article (*i.e.*, State investment policy).

State Investment Policy

Chapters 143 and 144 of 2024 repealed provisions relating to the type of asset classes that the State Treasurer may invest and reinvest specified unexpended or surplus funds in and required the State Treasurer to adopt regulations that specify the asset classes in which the State Treasurer may invest or reinvest funds according to the State investment policy. The Acts also specified that these investments must be made in accordance with the

limitations for the asset classes and thresholds established in regulations adopted by the State Treasurer.

Maryland regulations (COMAR 25.03.04) outline the types of securities and maximum thresholds for each of the securities that the State Treasurer is authorized to invest public money. The purpose of the State investment policy stated in these regulations is to ensure that public money is invested in a manner that will (1) provide the highest investment return with the maximum security while meeting the anticipated daily cash flow requirements of the State and each local government unit, and (2) conform to all State laws governing the investment of public money. Cryptocurrency is not a permitted investment in the State investment policy.

Title 17 of the Local Government Article requires local governments to invest public money in a manner consistent with the State investment policy established through regulations by the State Treasurer.

State Fiscal Effect: The bill requires money from illegal gambling activities that is seized and forfeited *to the State* to be invested by the State Treasurer in the Maryland Digital Asset Reserve Fund. The State Treasurer advises it would need to update its State investment policy and corollary regulations to include cryptocurrency as an authorized asset class for investments but could do so with existing budgeted resources. However, the State Treasurer further advises its current securities custodian would likely not be able to handle digital assets. Therefore, the State Treasurer could incur one-time costs of approximately \$10,000 to contract with an industry-specific custodian to hold digital currencies, as well as an additional annual fee of approximately 3% to 5% of assets under management.

The State Treasurer's estimates above are contingent on the Maryland Digital Asset Reserve Fund being funded. However, the Department of State Police advises it has *not* seized or forfeited any funds that qualify as illegal gambling proceeds or activities. Such activities are typically done at the federal level by the Internal Revenue Service and the Federal Bureau of Investigation, not the State. In addition, the Maryland State Lottery and Gaming Control Agency and the Alcohol, Tobacco, and Cannabis Commission do not engage in activities related to the enforcement of gambling violations or the management of seized funds from such cases. Finally, under current law, any illegal gambling proceeds seized by a local authority would vest in and to the respective local government, not the State. Therefore, the Department of Legislative Services (DLS) does not anticipate future funding from *State* seizures and forfeitures from illegal gambling activities.

In addition to money seized and forfeited to the State, the bill also authorizes the fund to consist of (1) money appropriated in the State budget to the fund; (2) interest earnings; and (3) any other money from any other source accepted for the benefit of the fund. However,

no funding is provided to the fund in the fiscal 2027 budget as introduced, and DLS is not aware of any other money from any other source that would be accepted for the benefit of the fund.

Additional Comments: As of January 2026, Bitcoin is the only digital asset having a market value of at least \$500 billion that meets the definition of cryptocurrency under the bill.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 1389 of 2025.

Designated Cross File: None.

Information Source(s): Maryland State Treasurer's Office; Department of State Police; Department of Legislative Services

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jg/aad

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