

Kansas SB 352 Testimony

Senate Committee on Financial Institutions and Insurance

Tuesday, January 27, 2026

Eric Baker, Director of Advocacy, Satoshi Action Fund

Good morning, Chairman Dietrich, Vice Chair Fagg, Ranking Member Miller and members of the Committee. My name is Eric Baker, Director of Advocacy for Satoshi Action Fund, a non-partisan/non-profit digital asset policy organization and I'm here to express support for Sen. Bowser's bill – SB 352, which would establish the bitcoin and digital assets reserve fund and provide definitions, procedures and requirements for abandoned digital assets.

Bitcoin, a decentralized virtual currency, has undergone tremendous growth over the last decade. It is now considered an international store of value and is approved for trade by various regulatory bodies including the Securities and Exchange Commission. Many large investment firms now recommend that a balanced portfolio include 2 to 3 percent holdings in Bitcoin.

The economic challenges of recent years underscore the need for Kansas to modernize its investment strategy. By adopting Senate Bill 352, Kansas can position itself as a leader in protecting the tax dollars it brings in from hard working Kansans. We do offer four potential amendments to strengthen the bill. Please see below.

Thank you for your time and consideration.

These amendments do four things:

1. Clarify fiduciary status
 - Unclaimed digital assets remain property of the owner.
 - Only revenue derived from custody is treated as state-usable funds.
2. Limit General Fund transfers
 - The 10 percent transfer applies only to staking rewards, airdrops, and interest.
 - No principal digital assets may ever be deposited into the General Fund.
3. Create an explicit Bitcoin acquisition authority
 - The Treasurer may use net digital-asset revenue to acquire Bitcoin.
 - Bitcoin acquired becomes a long-term reserve asset of the state.
4. Preserve legislative control
 - Spending authority remains subject to appropriation.
 - Custodial integrity of unclaimed property is preserved.

PROPOSED AMENDMENTS TO SB 352

Amendment 1

Clarification of General Fund Deposits

Amend Section 1(b) as follows:

(b) The state treasurer shall credit to the state general fund an amount equal to 10 percent of the net digital-asset revenue derived from staking rewards, airdrops, or interest earned on digital assets held pursuant to K.S.A. 58-3952(f), and amendments thereto.

No unclaimed digital asset, nor any principal amount of such digital asset held for the benefit of an owner, shall be deposited into the state general fund.

The state treasurer shall not deposit bitcoin in the state general fund.

Amendment 2

Mandatory Purchase of Bitcoin Using Digital-Asset Revenue

Amend Section 1 by adding the following subsection:

(d) The state treasurer shall use all digital-asset revenue held in the bitcoin and digital assets reserve fund, after the transfer required by subsection (b), to purchase bitcoin.

Bitcoin acquired pursuant to this subsection shall be held by the state treasurer as a reserve asset of the state and shall not be sold, transferred, or encumbered except as expressly authorized by law.

Amendment 3

Definition of Digital-Asset Revenue

Amend Section 1(c) by adding the following paragraph:

(4) "Digital-asset revenue" means staking rewards, airdrops, or interest earned on digital assets while such assets are held by the administrator or a qualified custodian pursuant to this act, excluding the principal digital asset held for the benefit of an owner.

Amendment 4

Fiduciary Custody of Unclaimed Digital Assets

Amend K.S.A. 58-3952(f) by adding the following sentence:

Digital assets delivered to the administrator or a qualified custodian pursuant to this subsection shall be held in a fiduciary capacity for the benefit of the owner and shall not be deemed property of the state.

Optional Amendment

If you want to eliminate any future discretion:

The state treasurer shall not use digital-asset revenue for any purpose other than those specified in subsections (b) and (d) of section 1, and amendments thereto.