



900 SW JACKSON ST., STE 201
TOPEKA KS 66612-1235

Steven Johnson
KANSAS STATE TREASURER

PHONE: 785-296-3171
FAX: 785-296-7950

**NEUTRAL TESTIMONY ON SENATE BILL 352
Concerning Unclaimed Property and the Bitcoin and Digital Assets Reserve Fund
Presented to the Senate Committee on Financial Institutions and Insurance
By John Hedges, Deputy General Counsel
On behalf of the Office of the Kansas State Treasurer**

January 26, 2026

Chair Dietrich and Members of the Committee:

Senate Bill 352 would establish a Bitcoin and Digital Asset Reserve Fund in the state treasury, to be funded from proceeds from digital assets owned by Kansans but remitted to the state under existing unclaimed property laws. The bill would also amend the state's unclaimed property laws to establish specific procedures for the reporting, remittance, and management of unclaimed digital assets.

As administrator of Kansas's unclaimed property program, the Treasurer appreciates that the bill explicitly recognizes digital assets as being subject to the state's existing unclaimed property laws. This recognition could benefit Kansans by promoting efficiency in unclaimed property administration, helping lost digital assets to be returned to their rightful owners.

However, the State Treasurer's Office has many questions about the bill. Primary among them is the potential cost of administering unclaimed digital assets in their native form as required by the bill. Agency staffing needs and other expenses will depend on the availability of qualified custodians and the scope of vendor contracts, and the range of annual costs for custodian vendors varies widely. Even with a perfectly-drafted bill, a robust and time-consuming procurement process would be required to determine the total administrative cost to the state, and appropriate mechanisms for paying those costs. Given the many variables among potential vendors and the many unknowns in the bill, actual costs are likely to be significantly higher than the minimums noted in the fiscal note.

In addition, the agency would seek clarifications in the bill on several operational matters, among them the definition of "digital assets," requirements for the qualified custodian, and the period for which the Treasurer must (or may) hold digital assets in their native form before liquidation. The bill may benefit from additional amendments to general aspects of existing unclaimed property law that may not appropriately apply to digital assets; and the bill's mail-based standards for the presumption of abandonment may be impractical for digital assets. The bill does not address risks involved in staking, or provide guidance for the investment and management of the Bitcoin and Digital Asset Reserve Fund.

In addition to the concerns raised above, it is also likely there are unknowns that we have not contemplated. All of these unknowns increase potential costs and risk to the State of Kansas and, ultimately, to the rightful owners of unclaimed property.

The agency appreciates the Committee's interest in strengthening the state's finances and in reinforcing the state's unclaimed property laws. The State Treasurer's Office would look forward to working with this Committee to clarify the bill's intent on the points noted above, and to find efficient and practical solutions to the problems the Committee intends to address. Thank you for your consideration.

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