



January 30, 2026

The Honorable Brenda Dietrich, Chairperson
Senate Committee on Financial Institutions and Insurance
300 SW 10th Avenue, Room 546-S
Topeka, Kansas 66612

Dear Senator Dietrich:

SUBJECT: Fiscal Note for SB 352 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 352 is respectfully submitted to your committee.

SB 352 provides definitions, procedures, and requirements for abandoned digital assets. The bill defines digital assets as virtual currencies, cryptocurrencies, or any other digital-only assets that confers economic, proprietary, or access rights or powers. The bill also includes definitions of “airdrop” (incentive-based rewards in a blockchain), “stake or staking” (committing digital assets to a blockchain network to participate in the blockchain network’s operations by validating transactions, proposing and attesting to blocks and securing the network), and “qualified custodian” (a company, federal or state bank, trust company, or a special purpose depository institution licensed in the state to sell digital assets and offer custody services to customers). The bill creates the Bitcoin and Digital Assets Reserve Fund that would be administered by the State Treasurer and would be subject to appropriation. The fund would consist of all airdrops, staking rewards, or interest from abandoned digital property. Bitcoin would not be allowed to be deposited in the State General Fund.

A digital asset would be considered abandoned three years after a written or electronic communication is returned to the owner as undeliverable by the U. S. Postal Service, email, or any other electronic messaging method. If unclaimed property reported to the State Treasurer is a digital asset, then the holder of the property is required to deliver the digital asset in its native form to the State Treasurer or its designated qualified custodian within 30 days after reporting that the property is abandoned. The bill permits the State Treasurer to direct the qualified custodian to stake to receive rewards or receive airdrops. If the digital property remains unclaimed after three years, the qualified custodian would transfer any airdrops or staking rewards to the Bitcoin and

Digital Assets Reserve Fund. If the holder only possesses a partial private key to the digital asset or is unable to move the digital asset, the holder would maintain the digital asset until the additional keys required to transfer that digital asset become available.

The State Treasurer would sell digital assets that are listed on an established digital asset exchange at prices prevailing on the exchange at the time of the sale. The State Treasurer would not sell a digital asset listed on an established digital asset exchange for less than the prevailing price that is listed on that exchange at the time of sale. The State Treasurer is authorized to sell a digital asset that is not listed on an established exchange by any commercially reasonable method. The bill would require that the State General Fund receive 10.0 percent of each deposit of digital assets to the Bitcoin and Digital Assets Reserve Fund

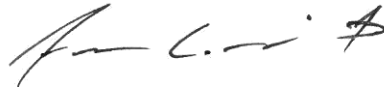
The State Treasurer indicates that SB 352 has the potential to increase unclaimed property receipts that are deposited in the Bitcoin and Digital Assets Reserve Fund and the State General Fund by unknown amounts. The State Treasurer does not have data on the amount of abandoned digital assets located in Kansas to estimate a precise fiscal effect on state revenues. With the three-year abandonment period, any receipts to the State General Fund would likely be delayed until FY 2031.

The State Treasurer indicates the bill would require at least \$282,000 in FY 2027 to implement the bill. The revenue source to implement the bill was not identified. The State Treasurer assumes that much of the administrative work to implement the bill would be performed by one or more third-party vendors. The State Treasurer estimates that ongoing annual fixed costs for vendor contracts could range from \$50,000 to \$250,000. Actual ongoing costs may be higher depending on various factors, including if multiple vendors were required to provide all required services (e.g., to provide custody plus recordkeeping/data management, and to hold all of the types of digital assets that would be remitted to the agency). Depending on the vendor or vendors selected, there would also be additional annual cost based on various factors (e.g., total assets under management and/or the number of transfers and other transactions, and the state's reporting and auditing requirements). The State Treasurer indicates that it is unclear who would be responsible for paying for transaction-based fees and other program costs, or the mechanism by which any fees and costs would be paid. The State Treasurer is unable to estimate these increased costs given uncertainty about the scope of vendor contracts that would be required and the number of digital asset properties that would be managed.

Even with a vendor performing much of the day-to-day administrative work, the bill would require the State Treasurer to hire additional employees to manage the vendor procurement process and continuing oversight; assist with the creation of rules and regulations, and standards; and to perform other administrative tasks. At minimum, this would require the hiring of 1.00 new FTE program director position with an estimated annual salaries and wages cost of \$118,000. Additional staff and consultants would likely be needed to fulfill administrative and legal requirements of the bill; however, these costs are unknown and a reliable timeline of when these expenses would occur is also unknown. Computer workstation setup, software licensing, phone and jack fees, postage and printing, office furniture, and the rental of additional office space would

likely be needed for each new employee with ongoing costs totaling at least \$14,000. Any fiscal effect associated with SB 352 is not reflected in *The FY 2027 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", followed by a stylized flourish or symbol.

Adam C. Proffitt
Director of the Budget

cc: John Hedges, Office of the State Treasurer