

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 6415

BILL NUMBER: HB 1042

NOTE PREPARED: Dec 2, 2025

BILL AMENDED:

SUBJECT: Regulation and Investment of Cryptocurrency.

FIRST AUTHOR: Rep. Pierce K

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill provides that the administrator or manager of the following shall offer a cryptocurrency exchange traded fund as a regular investment program:

- (1) The legislators' defined contribution plan.
- (2) The Hoosier START plan.
- (3) The public employees' retirement fund hybrid plan.
- (4) The public employees' retirement fund My Choice plan.
- (5) The teachers' retirement fund hybrid plan (including the teachers' pre-1996 account).
- (6) The teachers' retirement fund My Choice plan.
- (7) The 529 education savings plan.

It provides that the assets of the following may be invested in cryptocurrency exchange traded funds:

- (1) The legislators' defined benefit plan.
- (2) The state excise police, gaming agent, gaming control officer, and conservation enforcement officers' retirement plan.
- (3) The special death benefit fund.
- (4) The public employees' retirement fund hybrid plan.
- (5) The pension relief fund.
- (6) The teachers' retirement fund hybrid plan (including the teachers' pre-1996 account).
- (7) The judges' retirement system.
- (8) The prosecuting attorneys retirement fund.
- (9) The 1977 police officers' and firefighters' pension and disability fund.

It provides that the Treasurer of State may invest the assets of the following in stablecoin cryptocurrency exchange traded funds:

- (1) The trust Indiana investment pool.
- (2) The next generation trust fund.
- (3) The state police benefit system.

It establishes the blockchain and digital assets task force and provides that the task force shall:

- (1) evaluate governmental use cases, consumer protection, tax administration, and investment governance for digital assets; and
- (2) develop, and submit to the Governor and the Legislative Council, recommended legislation for introduction in the 2027 legislative session establishing not more than two state or local blockchain pilot projects for the purpose of testing blockchain implementation in Indiana.

It prohibits a public agency, county, municipality, or township from adopting or enforcing a rule, ordinance, or other regulation that does any of the following:

- (1) Prohibits, restricts, or impairs an individual's ability to: (A) accept digital assets as a method of payment for legal goods and services; or (B) take custody of digital assets using specified technologies.
- (2) Prohibits, restricts, or impairs the ability of an individual or business to engage in specified activities pertaining to blockchains.
- (3) Imposes taxes or fees on: (A) use or acceptance of digital assets as a method of payment for legal goods and services; or (B) taking or maintaining custody of digital assets using a self-hosted wallet or hardware wallet; that are not applicable to comparable financial transactions that do not involve digital assets.
- (4) Prohibits a digital asset mining business from operating in an area zoned for industrial use, or subjects a digital asset mining business located in an area zoned for industrial use to noise restrictions that are not applicable to other businesses operating in an area zoned for industrial use.
- (5) Prohibits private digital asset mining in a private residence located in an area that is zoned for residential use, or subjects private digital asset mining in a residence located in an area zoned for residential use to noise restrictions that do not apply to other residences in an area zoned for residential use.

It provides that development or use of software for noncustodial transfer of digital assets does not constitute money transmission for purposes of statutes regarding licensure of money transmitters. It provides that a court may compel a person to disclose a digital asset private key only if no other admissible information is sufficient to provide access to the digital asset.

Effective Date: July 1, 2026.

Explanation of State Expenditures: *Blockchain and Digital Assets Task Force:* The bill establishes the Blockchain and Digital Assets Task Force. It requires that during the 2026 legislative interim, the task force shall study certain topics and recommend legislation establishing up to two state or local blockchain pilot projects. The bill also requires the task force to evaluate the DFI's report and submit a report on the results of the pilot projects to the Governor and Legislative Council by November 1, 2028.

The bill does not provide membership or funding information for the task force. It is assumed that expenses for the task force, including per diem and travel expenses, will be paid out of appropriations to the Legislative Council.

Department of Financial Institutions (DFI): The bill requires the DFI to administer a blockchain pilot project established as a result of the bill. It requires the DFI to prepare a report on the results of the pilot project. The DFI would see an increase in workload and potentially additional expenditure. [The DFI is funded through its own dedicated fund, the Financial Institutions Fund, which was appropriated \$12.5 M in FY 2026 and FY 2027.]

Cryptocurrency Options for Individual Investment: The bill would allow individuals with Hoosier Start, the 529 Education Savings Plan, and the defined contribution retirement accounts administered by INPRS to invest in a cryptocurrency fund. For these accounts, individual account holders choose which funds to invest in, pay the administrative fees of the funds and the investments, and bear the risk of investment loss.

The bill would increase workload for the INPRS board, the board of directors for the Indiana Education Savings Authority, and the deferred compensation committee for Hoosier Start. The bill requires these respective boards and committee to offer a cryptocurrency exchange traded fund for participants to invest in. They would be required to adopt requirements and rules for the cryptocurrency exchange traded fund and determine appropriate administrative fees to charge to plan participants.

Retirement Fund Investment in Cryptocurrency Exchange Traded Funds: Although these responsibilities fall within the routine functions of the agency, these provisions could also require additional expenditure in updating software and generating expertise in these products.

Investment in Stablecoin Funds: The bill allows the Treasurer of State to invest certain state funds in cryptocurrency exchange traded funds consisting of stablecoins. Any fees associated with the investments will come from the respective funds. Stablecoins are designed to maintain a stable value.

State Agencies: The bill prohibits a public agency from certain actions related to digital assets. This will not have any fiscal impact. The bill defines public agency as a board, commission, department, division, bureau, committee, agency, office, instrumentality, authority, or other entity exercising any part of the executive, including the administrative, power of the state.

Explanation of State Revenues: *Retirement Fund Investment in Cryptocurrency Exchange Traded Funds:* Allowing certain state fiscal officers to invest in digital assets will change the risk and return profile of the underlying investments. The bill would have an indeterminable impact on investment returns for the funds that invest in digital assets. The fiscal impact will depend on whether the investment managers choose to invest in digital assets and the future returns on those investments.

Explanation of Local Expenditures: The bill prohibits local units from certain actions related to digital assets. This will not have any fiscal impact.

Explanation of Local Revenues: If INPRS chooses to invest locally-funded defined benefit funds in cryptocurrency exchange traded funds, the funds could experience investment gains or losses from the investments. These funds include the locally funded portion of PERF, TRF '96, and the '77 Fund.

State Agencies Affected: Indiana Public Retirement System, Treasurer of State, State Comptroller, Indiana State Police, Indiana Finance Authority, Indiana Education Savings Authority, Department of Financial Institutions.

Local Agencies Affected: All local units.

Information Sources: Congressional Research Service. (2021, November 10). Stablecoins: Background and Policy Issues. <https://www.congress.gov/crs-product/IF11968>; Congressional Research Service. (2025, July 18). Stablecoin Legislation: An Overview of S. 1582, GENIUS Act of 2025. https://www.congress.gov/crs_external_products/IN/PDF/IN12553/IN12553.5.pdf.

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