

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

200 W. Washington St., Suite 301
Indianapolis, IN 46204
(317) 233-0696
iga.in.gov

FISCAL IMPACT STATEMENT

LS 6171
BILL NUMBER: SB 180

NOTE PREPARED: Feb 1, 2024
BILL AMENDED: Feb 1, 2024

SUBJECT: Central Bank Digital Currency.

FIRST AUTHOR: Sen. Koch
FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill prohibits a governmental body (defined as the state or a state agency) from:

- (1) accepting payment made with a central bank digital currency (CBDC); or
- (2) requiring payment to be made with a central bank digital currency; for any service, tax, license, permit, fee, information, or other amount due the governmental body.

It prohibits an administrative branch governmental body (defined as an entity of the administrative branch of state government) from advocating for or supporting the testing, adoption, or implementation of a CBDC by the United States government.

It defines "central bank digital currency" for purposes of these provisions.

Effective Date: July 1, 2024.

Explanation of State Expenditures:

Explanation of State Revenues: (Revised) *Central Bank Digital Currency (CBDC)*: The bill prohibits the state or a state agency from accepting or requiring payment made with a CBDC. The bill also imposes certain prohibitions on administrative branch governmental bodies related to advocacy for CBDC. To the extent that currently state agencies do not accept or require the use of CBDC, it will not have any short term fiscal impact. The long term impact would depend on whether the state agencies would have adopted any available CBDC in the future.

The bill defines CBDC as a digital: (1) medium of exchange; (2) unit of account; or (3) store of value; that is currently issued or adopted, or that may be issued or adopted, by the United States Federal Reserve System, the United States government, a foreign government, a foreign reserve system, or a foreign sanctioned central bank and that is made directly available to consumers by the issuing or adopting entity. The term includes any digital medium of exchange, digital unit of account, or digital store of value that is processed or validated directly by the issuing or adopting entity.

In the U.S., Federal Reserve notes (i.e., physical currency) are the only type of central bank currency available to the public. The Federal Reserve is exploring the potential benefits and risks of CBDCs and studying how a CBDC could improve on an already safe and efficient U.S. domestic payments system. Like existing forms of currency, a CBDC would enable digital payments. Many major countries are currently in the exploratory stage of CBDC adoption.

Administrative Branch Governmental Body: The bill defines "administrative branch governmental body" as an agency, a board, a commission, a department, a bureau, or another entity of the administrative branch of state government. The term includes a body corporate and politic of the state created by state statute. The term does not include the following:

- (1) A state elected official's office.
- (2) A state educational institution.
- (3) The judicial or legislative department of state government.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: All state agencies.

Local Agencies Affected:

Information Sources: U.S. Federal Reserve, Central Bank Digital Currency, <https://www.federalreserve.gov/central-bank-digital-currency.htm>

Fiscal Analyst: Randhir Jha, 317-232-9556.