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Bitcoin-Backed Muni Bond Fails to Get New Hampshire Sign Off.

Takeaways by Bloomberg AI

- New Hampshire's executive council voted down a proposal to bring the first Bitcoin-backed bond to the municipal market.
- Councilors expressed concern that the bonds wouldn't deliver concrete benefits to New Hampshire and questioned the authority's role in facilitating a transaction that didn't create "brick and mortar" infrastructure.
- The proposal involved selling $100 million of taxable municipal bonds, which would have been entirely backed by Bitcoin collateral, with no public funds or taxpayer dollars involved in the deal.

New Hampshire's executive council voted down a proposal to bring the first Bitcoin-backed bond to the municipal market.

The bond sale, managed by Jefferies through private placement, failed to win approval on Wednesday from the council that would have allowed a conduit issuer to sell the bonds. The New Hampshire Business Finance Authority's proposal to sell $100 million of taxable municipal bonds failed to pass, according to results posted on the council's website.

Councilors expressed concern that the bonds wouldn't deliver concrete benefits to New Hampshire and weighed if the authority should have a role in facilitating a transaction that didn't create "brick and mortar" infrastructure.

"This is facilitating a private loan, essentially" Councilor Karen Liot Hill said before she voted no. "We are being asked as a state to lend a kind of legitimacy to a financial transaction which is an emerging asset class that's been shown to be very volatile."

James Key-Wallace, executive director of the conduit, told the council during the hearing that digital assets are gaining traction in traditional markets and that the deal could make New Hampshire a destination for other companies that want to leverage cryptocurrencies for cheaper borrowing.

"Whether you like Bitcoin or not, it's get on board or get left behind for a lot of financial institutions," he said. "Some state is going to be at the center of that, and we want New Hampshire to be at the front of the pack."

In an emailed statement, Key-Wallace said some members of the council needed more time to review the proposal, and that he is "committed to bringing forward any information the executive council may need and would be happy to re-present the item for approval."

A spokesperson for Jefferies didn't immediately respond to emailed requests for comment.

The Deal

The Business Finance Authority was proposing selling $100 million of taxable municipal bonds, according to documents submitted to the governor and council. Bitcoin mining and data center company CleanSpark would borrow the proceeds and deposit $175 million of Bitcoin collateral into a trust, from which bond payments will be paid. If the value of the Bitcoin ever dropped below $140 million, the fund would be liquidated and bondholders would be paid in full, per the documents. No public funds or taxpayer dollars would have been involved in the deal, and the bonds would have been entirely backed by the Bitcoin collateral.

The conduit would have been entitled to receive a portion of Bitcoin's appreciation if the collateral grew in value over the course of the bond's lifetime. Bitcoin's price is down about 50% from its peak in October 2025.

Moody's Investors Service gave the security a Ba2 rating in April, the second-highest level of speculative grade.

Governor Kelly Ayotte expressed her approval when the conduit approved the deal's structure last year and said she wanted her state to capture the benefits from crypto investments.

"We want the upside here to grow jobs, housing and childcare," she said before the vote on Wednesday. "Our state thrives when we are innovative, especially if we can do so in a way that protects taxpayers."

Bloomberg Crypto

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