

The Strategic Bitcoin Reserve Act of 2025

Section 1. Legislative Findings

The State Legislature finds the following:

1. That inflation has eroded the purchasing power of the assets held in state funds managed by the state treasurer as well as state retirement funds. This erosion diminishes the value of the state's reserves, affecting the financial stability and economic security of the state, its taxpayers, and its residents.
2. Although the state does not have direct control over the national money supply or the policies that influence inflation, it has a responsibility to safeguard the state's financial resources against the impacts of inflation and other economic uncertainties.
3. Throughout its 16 year history Bitcoin has greatly risen in value to the point that it has a market cap over 1 trillion dollars.
4. Bitcoin is becoming more widely accepted as an international medium of exchange and countries around the world including the United States hold Bitcoin within their Treasury Department.
5. Bitcoin is seen as an asset which can hedge against inflation by both sovereign nations and investment advisors such as Blackrock, Fidelity, and Franklin Templeton
6. The state of insert state here should have access to tools such as Bitcoin to protect against inflation.

Section 2. Legislative Intent

It is the intent of the Legislature to authorize the state treasurer and pension funds to:

1. Permit the inclusion of Bitcoin and potentially other digital assets to serve as stores of value and provide a hedge against inflation, thereby protecting the purchasing power of state funds.
2. Ensure that the investment strategies employed by the state treasurer and pension funds are aligned with the goal of enhancing the economic security and financial resilience of the state.
3. Maintain Flexibility in Investments: Allow flexibility in investment decisions to respond to changing economic conditions and emerging opportunities that may offer better protection or returns on state funds.

Section 3 Definitions

As used in this Chapter, the following terms have the following meanings.

(1) "Exchange-Traded Product (ETP) means any financial instrument that is approved by the Securities and Exchange Commission, the Commodities Future Trading Commission, or the State of Department of Banking and Securities that is traded on an American regulated exchange and derives its value from an underlying pool of assets, such as stocks, bonds, commodities, or indexes.

(2) "Bitcoin" refers to the decentralized digital currency launched in 2009, based on Satoshi Nakamoto's whitepaper titled "*Bitcoin: A Peer-to-Peer Electronic Cash System.*" Bitcoin also refers to the digital asset which is the basis of the Bitcoin exchange traded product which is regulated by the Securities and Exchange Commission.

(3) "Digital asset" means virtual currency, cryptocurrencies, natively electronic assets, including stablecoins and non-fungible tokens (NFTs), and other digital-only assets that confer economic, proprietary, or access rights or powers.

(4) Private key means "a unique element of cryptographic data, used for signing transactions on a blockchain, and is known to the owner of the private key."

(5) "Secure Custody Solution" means a technological product or blended product and service which has all of the following characteristics:

- A. The cryptographic private keys that secure digital assets are exclusively known by and accessible by the government entity.
- B. The cryptographic private keys that secure digital assets are exclusively contained within an encrypted environment and accessible only via end-to-end encrypted channels
- C. The cryptographic private keys that secure digital assets are never contained by, accessible by, or controllable via a smartphone
- D. Any hardware that contains the cryptographic private keys that secure digital assets is maintained in at least two geographically diversified specially designated secure data centers
- E. The secure custody solution enforces a multi-party governance structure for authorizing transactions, enforces user access controls, and logs all user-initiated actions

- F. The provider of the secure custody solution has implemented a disaster recovery protocol that ensures customer access to assets in the event the provider becomes unavailable.
- G. The secure custody solution undergoes regular code audits and penetration testing from audit firms, and any identified vulnerabilities should be promptly remedied.

(6) "Qualified Custodian" means any federal or state-chartered bank, trust company, or special purpose depository institution or a company regulated by the state which custodies digital assets for an approved Exchange Traded Products.

Section 4

1. The State of Treasurer may invest public funds in Bitcoin from the following funds:
 - A. The State General Fund
 - B. The Budget Stabilization Reserve Fund
 - C. The State Investment Fund
 - D. Any other state fund deemed appropriate by the legislature [1]
2. The amount of public funds that the state treasurer may invest in Bitcoin may not exceed 10% of the total amount of public funds in that account.
3. Any digital assets acquired by any of the funds listed in Section 4.1 shall be held
 - A. Directly by the state treasurer through the use of a Secure Custody Solution,
 - B. On behalf of the state by a Qualified Custodian, or
 - C. In the form of an exchange traded product issued by a registered investment company.
4. If a digital asset can be loaned without increasing the financial risk of the state, the Treasurer shall be allowed to loan the digital asset to bring further return to the state through rules established by the Treasurer.

Section 5

All taxes or fees paid to the state in Bitcoin shall be transferred to the state's general fund. The states general fund shall reimburse whatever fund the qualifying digital asset was designated to with United States currency.

Section 6

1. Any state retirement fund may invest in Exchange Traded Products that have been duly registered by either the Securities and Exchange Commission or the Commodity Future Trading Commission or the State Securities Office.