
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2664 Session of
2024

INTRODUCED BY CABELL AND KAUFER, NOVEMBER 19, 2024

REFERRED TO COMMITTEE ON FINANCE, NOVEMBER 19, 2024

AN ACT

1 Providing for authorization for State Treasurer to invest in
2 Bitcoin or digital assets and for authorization for systems
3 to invest in exchange-traded products.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Bitcoin
8 Strategic Reserve Act.

9 Section 2. Declaration of purpose.

10 The General Assembly finds and declares as follows:

11 (1) Inflation has eroded the purchasing power of the
12 assets held in State funds managed by the State Treasurer as
13 well as State retirement funds.

14 (2) This erosion diminishes the value of the
15 Commonwealth's reserves, affecting the financial stability
16 and economic security of this Commonwealth and this
17 Commonwealth's taxpayers and residents.

18 (3) Although the Commonwealth does not have direct
19 control over the national money supply or the policies that

1 influence inflation, the Commonwealth has a duty to safeguard
2 this Commonwealth's financial resources against the impacts
3 of inflation and other economic uncertainties.

4 (4) Throughout its 16-year history, Bitcoin has greatly
5 risen in value to the point that it has a market cap of more
6 than \$1,000,000,000,000.

7 (5) Bitcoin is becoming more widely accepted as an
8 international medium of exchange in countries around the
9 world, including the United States.

10 (6) Bitcoin is a digital asset that can serve as a hedge
11 against inflation by a sovereign nation or an investment
12 advisor.

13 (7) The Commonwealth should have access to assets such
14 as Bitcoin to protect against inflation.

15 (8) The purpose of this act is to authorize the State
16 Treasurer, the State Employees' Retirement System, the Public
17 School Employees' Retirement System or any other State
18 retirement system to:

19 (i) permit the inclusion of Bitcoin to serve as an
20 asset of value and provide a hedge against inflation,
21 thus protecting the purchasing power of State funds;

22 (ii) ensure that the investment strategies employed
23 by the State Treasurer, the State Employees' Retirement
24 System, the Public School Employees' Retirement System or
25 any other State retirement system are aligned with the
26 goal of enhancing the economic security and financial
27 resilience of this Commonwealth; and

28 (iii) allow flexibility in investment decisions to
29 respond to changing economic conditions and emerging
30 opportunities that may offer better protection or returns

1 on State funds.

2 Section 3. Definitions.

3 The following words and phrases when used in this act shall
4 have the meanings given to them in this section unless the
5 context clearly indicates otherwise:

6 "Bitcoin." The decentralized digital currency launched in
7 2009, which is based on Satoshi Nakamoto's white paper, entitled
8 "Bitcoin: A Peer-to-Peer Electronic Cash System." The term
9 includes the digital asset that is the basis of the Bitcoin
10 exchange-traded product and regulated by the United States
11 Securities and Exchange Commission.

12 "Digital asset." A virtual currency, cryptocurrency or
13 natively electronic asset, including Bitcoin, a stablecoin, a
14 nonfungible token or other digital-only asset that confers
15 economic, proprietary or access rights or powers.

16 "Exchange-traded product." A financial instrument that is
17 approved by the United States Securities and Exchange
18 Commission, the Commodities Future Trading Commission or the
19 Department of Banking and Securities, is traded on a United
20 States regulated exchange and derives its value from an
21 underlying pool of assets, including stocks, bonds, commodities
22 or indexes.

23 "Private key." A unique element of cryptographic data that
24 is used for signing transactions on a blockchain and is known to
25 the owner of the unique element.

26 "Qualified custodian." A Federal or State chartered bank,
27 trust company or special purpose depository institution or a
28 company regulated by the Commonwealth that has custody of
29 Bitcoin or a digital asset for an approved exchange-traded
30 product.

1 "Secure custody solution." A technological product or a
2 blended product and service that meets all of the following
3 criteria:

4 (1) Has a cryptographic private key that secures a
5 digital asset, which is exclusively known by and accessible
6 by a government entity.

7 (2) Has a cryptographic private key that secures a
8 digital asset, which is exclusively contained within an
9 encrypted environment and accessible only via an end-to-end
10 encrypted channel.

11 (3) Has a cryptographic private key that secures a
12 digital asset, which is never contained by, accessible by or
13 controllable via a smartphone.

14 (4) Has hardware containing a cryptographic private key
15 that secures a digital asset and is maintained in at least
16 two geographically diversified specially designated secure
17 data centers.

18 (5) Enforces a multiparty governance structure for
19 authorizing a transaction and user access controls.

20 (6) Logs each user-initiated action.

21 (7) Undergoes regular code audits and penetration
22 testing from an auditing firm, which ensures that a
23 vulnerability identified by the auditing firm is promptly
24 remedied.

25 (8) Is provided by an entity that has implemented a
26 disaster recovery protocol to ensure customer access to the
27 digital assets if the entity becomes unavailable.

28 "State retirement fund." The State Employees' Retirement
29 Fund, the Public School Employees' Retirement Fund or any other
30 State retirement fund.

1 "System." The State Employees' Retirement System, the Public
2 School Employees' Retirement System or any other State
3 retirement system that administers a State retirement fund.

4 Section 4. Authorization for State Treasurer to invest in
5 Bitcoin or digital assets.

6 (a) Authorization.--The State Treasurer may invest in
7 Bitcoin or digital assets with money that is unexpended,
8 unencumbered or uncommitted and deposited in any of the
9 following funds:

10 (1) The General Fund.

11 (2) The Budget Stabilization Reserve Fund.

12 (3) Any other investment fund managed directly by the
13 State Treasurer.

14 (b) Limitations.--The amount of money that the State
15 Treasurer may invest in Bitcoin or digital assets from a fund
16 specified under subsection (a) during the course of a calendar
17 year may not exceed 10% of the total amount of money deposited
18 in the fund at the time of the investment.

19 (c) Conditions.--Bitcoin or digital assets acquired by a
20 fund specified under subsection (a) shall be held directly by
21 the State Treasurer through the use of a secure custody solution
22 on behalf of the Commonwealth by a qualified custodian or in the
23 form of an exchange-traded product issued by an investment
24 company registered in this Commonwealth.

25 (d) Loans.--If the State Treasurer can loan Bitcoin or
26 digital assets without increasing the financial risk to the
27 Commonwealth, the State Treasurer may loan Bitcoin or digital
28 assets to generate additional returns for the Commonwealth. The
29 State Treasurer shall promulgate regulations for the purpose of
30 this subsection.

1 Section 5. Authorization for systems to invest in exchange-
2 traded products.

3 A system may invest in an exchange-traded product with money
4 deposited in a State retirement fund that is unexpended,
5 unencumbered or uncommitted.

6 Section 6. Effective date.

7 This act shall take effect in 60 days.