A bill to be entitled

An act relating to the establishment and administration of a state cryptocurrency reserve; creating s. 215.987, F.S.; providing definitions; establishing the Florida Strategic Cryptocurrency Reserve Fund as a special fund assigned to the State Board of Administration; providing the objective of the reserve; providing for the custody, administration, and management of the reserve; providing sources of the reserve; authorizing the Legislature to appropriate funds for deposit to the credit of the reserve for specified purposes; authorizing the board to pay certain costs using the cryptocurrency in the reserve or the net proceed from the sale of cryptocurrency in the reserve; authorizing transfer of the reserve money to the State Treasury under certain circumstances; authorizing the board to dispose of certain cryptocurrency received by the reserve; providing requirements for cryptocurrency to be purchased for the reserve; authorizing contracts with third parties for the administration or management of the reserve; authorizing the board to use derivatives under certain circumstances; authorizing contracts with certified public accountants for independent audits; establishing the

Florida Strategic Cryptocurrency Reserve Fund Advisory Committee within the board; providing for committee membership; providing duties and terms of committee members; providing construction; requiring the board to adopt rules; amending s. 215.44, F.S.; requiring the board to provide to the Legislature certain information relating to the reserve; providing an effective date.

WHEREAS, cryptocurrencies are assets with strategic potential for enhancing this state's financial resilience and positioning this state for the future digital economy, and

WHEREAS, cryptocurrencies can serve as a hedge against inflation and economic volatility, and

WHEREAS, the establishment of a cryptocurrency reserve serves the public purpose of providing enhanced financial security to residents of this state, NOW, THEREFORE,

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 215.987, Florida Statutes, is created to read:

215.987 State cryptocurrency reserve fund.—

(1) DEFINITIONS.—As used in this section, the term:

(a) "Airdrop" means a gratuitous distribution of

cryptocurrency to users of a blockchain or protocol, generally made in a broad, equitable, and nondiscretionary manner.

(b) "Blockchain" means a mathematically secured, chronological, decentralized, distributed, and digital ledger or database that consists of records of transactions that cannot be altered retroactively.

(c) "Board" means the State Board of Administration.

(d) "Committee" means the Florida Strategic Cryptocurrency Reserve Fund Advisory Committee established in this section.

(e) "Cryptocurrency" means a virtual currency that is not issued by any central authority, is designed to function as a medium of exchange, and uses encryption technology to regulate the generation of units of currency, to verify fund transfers, and to prevent counterfeiting.

(f) "Distributed ledger" means technology in which data is shared across a network that creates a public digital ledger of verified transactions or information among network participants and cryptography is used to link the data to maintain the integrity of the public ledger and execute other functions.

(g) "Fork" means a change to the protocol of a distributed ledger system which creates a separate ledger, which may result in a new cryptocurrency that shares a common transaction history with the previous cryptocurrency up to the point of change.

(h) "Governmental entity" has the same meaning as in s. 215.986(1).

(i) "Private key" means a unique element of cryptographic data used for signing transactions on blockchain.

(j) "Qualified custodian" means a state or federally chartered financial institution or other entity regulated by this state which is authorized to have custody of virtual currencies on behalf of its clients.

(k) "Qualified liquidity provider" means an entity that meets all of the following requirements:

1. Is licensed or regulated under applicable federal or state law.

2. Maintains audited financial statements prepared by a regulated auditor.

3. Has at least 5 years of experience trading in the digital assets industry.

4. Maintains an office and has registered principal in this state.

5. Has certified in a manner prescribed by the board that the provider meets the requirements of subparagraphs 1.-4.

(l) "Reserve" means the Florida Strategic Cryptocurrency Reserve Fund established in this section.

(m) "Secure custody solution" means a technological product or blended product and service meeting all of the following criteria:

1. The cryptographic private keys are:

a. Exclusively known by and accessible to the governmental

entity or the qualified custodian.

b. Contained within an encrypted, hardware-secured environment and used only to sign and authorize cryptocurrency transactions through end-to-end encrypted channels.

c. Never stored on or accessible through a smartphone.

2. The hardware containing the cryptographic private keys is maintained in a secure data center. As used in this subparagraph, the term "secure data center" means a physical facility that maintains third-party certifications, uses certified cryptographic hardware, enforces physical and environmental security, and ensures logical isolation.

3. A multiparty governance structure for authorizing transactions is implemented, user access control is enforced, and all user-initiated actions are logged. A smartphone may be used, but only to authenticate authorized users of the secure custody solution, including through biometric authentication.

4. The provider of the technological product or blended product and service has implemented a disaster recovery protocol ensuring state access to assets if the provider becomes unavailable.

5. The technological product or blended product and service undergoes regular code audits and penetration testing, with identified vulnerabilities promptly addressed.

(2) ESTABLISHMENT; ADMINISTRATION.—

(a) The Florida Strategic Cryptocurrency Reserve Fund is

established as a special fund assigned to the board. The objective of the reserve is to grow the reserve as much as possible to ensure the long-term financial sovereignty of this state. The board has custody of and shall administer and manage the reserve. The reserve consists of:

1. Money transferred or deposited to the credit of the reserve by legislative appropriation.

2. Revenue that the Legislature by general law dedicates for deposit to the credit of the reserve.

3. Cryptocurrency purchased using money in or received by the reserve, including:

a. Cryptocurrency derived from the fork of a distributed ledger, the retention of which has been approved by the board; or

b. Cryptocurrency distributed pursuant to an airdrop to this state's cryptocurrency addresses, the retention of which has been approved by the board.

4. Investment earnings and interest or rewards earned on assets in the reserve.

(b) To administer and manage the reserve, the board may acquire, exchange, sell, supervise, manage, or retain authorized investments that a prudent investor exercising reasonable care, skill, and caution would acquire, exchange, sell, supervise, manage, or retain in light of the objective of the reserve, taking into consideration the investment of all the assets of

the reserve rather than a single investment.

(c) The Legislature may appropriate funds for deposit to the credit of the reserve for the purposes of:

1. Investing in cryptocurrency.

2. Administering and managing the reserve.

(d) The board may spend cryptocurrency in the reserve or use the net proceed from the sale of cryptocurrency in the reserve to pay the reasonable costs associated with administering and managing the reserve. Costs and fees of the board for investment services shall be deducted from the reserve.

(e) The board may transfer money in the reserve to the State Treasury only when authorized by the Legislature in the General Appropriations Act or other law.

(f) Cryptocurrency received by the reserve which is not compliant with applicable federal or state law may be disposed of by the board in accordance with applicable law.

(3) MARKET CAPITALIZATION REQUIREMENT.—To be eligible to be purchased for the reserve, a cryptocurrency must have an average market capitalization of at least $100 billion over the most recent 12-month period.

(4) THIRD-PARTY CONTRACTS AND PERMISSIBLE TRANSACTIONS; AUDITS.—

(a) The board may contract with one or more third-party entities for the administration or management of the reserve,

including:

1. A technology provider of a secure custody solution.

2. A qualified custodian that uses a secure custody solution.

3. A qualified liquidity provider to facilitate the purchase and sale of assets in the reserve.

(b) If the board determines it is in the best interest of the reserve, the board may use derivatives.

(c) The board may contract with a certified public accountant to perform an independent audit of the reserve.

(5) FLORIDA STRATEGIC CRYPTOCURRENCY RESERVE FUND ADVISORY COMMITTEE.—

(a) There is established the Florida Strategic Cryptocurrency Reserve Fund Advisory Committee within the board.

(b) The committee shall be composed of the following five members as a resource to the board of trustees of the board, subject to confirmation by the Senate, as follows:

1. The executive director of the board, who shall serve as chair.

2. Three members appointed by the board with expertise in cryptocurrency investments.

3. One member appointed by the board with expertise in digital asset security.

(c) The committee shall advise the board regarding the administration and management of the reserve, including:

1. Recommendations for valuing assets in the reserve.

2. The establishment of prudent investment policies relating to the investment objectives of and asset allocation in the reserve.

3. Recommendations for the establishment of prudent custody and security policies for the reserve.

(d) A member of the committee is not entitled to receive compensation for service on the committee.

(e) Appointed members shall serve for 4-year terms. A vacancy shall be filled for the remainder of the unexpired term in the same manner as the original appointment.

(6) NO PRIVATE CAUSE OF ACTION.—This section does not create a private cause of action related to compliance with the requirements of this section.

(7) RULEMAKING.—The board shall adopt rules as necessary to administer the Florida Strategic Cryptocurrency Reserve Fund.

Section 2. Paragraph (g) is added to subsection (5) of section 215.44, Florida Statutes, to read:

215.44 Board of Administration; powers and duties in relation to investment of trust funds.—

(5) On or before January 1 of each year, the board shall provide to the Legislature a report including the following items for each fund which, by law, has been entrusted to the board for investment:

(g) With respect to the Florida Strategic Cryptocurrency

Reserve Fund, the following information:

1. The amount of cryptocurrency held in the reserve on the last day of the preceding fiscal year.

2. An estimate of the monetary value of the cryptocurrency held in the reserve on the last day of the preceding fiscal year.

3. Any changes in the amount and estimated monetary value of cryptocurrency in the reserve during the period the cryptocurrency has been held in the reserve, disaggregated by the cryptocurrency type.

4. A description of the actions taken by the board to administer and manage the reserve during the preceding fiscal year.

Section 3. This act shall take effect January 1, 2027.