

FLORIDA HOUSE OF REPRESENTATIVES

BILL ANALYSIS

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BILL #: [HB 487](#)

TITLE: Investments of Public Funds in Bitcoin

SPONSOR(S): Barnaby

COMPANION BILL: [SB 550](#) (Gruters)

LINKED BILLS: None

RELATED BILLS: None

Committee References

[Insurance & Banking](#)

18 Y, 0 N



[Government Operations](#)



[Ways & Means](#)



[Commerce](#)

SUMMARY

Effect of the Bill:

The bill authorizes the Chief Financial Officer (CFO) to invest in Bitcoin with monies from several funds and authorizes trustees of the State Board of Administration to invest Retirement System Trust Fund money in Bitcoin. The bill caps Bitcoin investments at 10% of the total funds in any account and establishes requirements for holding Bitcoin.

The bill authorizes the CFO and other approved parties to loan acquired Bitcoin to generate additional returns, if doing so does not increase financial risk.

The bill also:

- Creates a mechanism for handling taxes or fees paid to the state in Bitcoin.
- Exempts Bitcoin investments from certain security requirements that apply to public deposits.

Fiscal or Economic Impact:

Indeterminate fiscal impact.

[JUMP TO](#)

[SUMMARY](#)

[ANALYSIS](#)

[RELEVANT INFORMATION](#)

[BILL HISTORY](#)

ANALYSIS

EFFECT OF THE BILL:

Authorization for Bitcoin Investment

The bill authorizes the [Chief Financial Officer \(CFO\)](#) to invest public funds in [Bitcoin](#).¹ Investments are allowed from several funds, including: (Section [1](#) and Section [2](#) and Section [3](#)).

- The General Revenue Fund.
- The Budget Stabilization Fund.
- Trust funds and agency funds of state agencies and the judicial branch.
- Funds of constitutional or statutory boards and associations (upon request).
- Other state funds deemed appropriate by the Legislature.

The bill also authorizes the Trustees of the [State Board of Administration \(SBA\)](#) to invest [Florida Retirement System Trust Fund](#) money in Bitcoin. (Section [4](#)).

¹ The bill defines Bitcoin as the decentralized digital currency launched in 2009, including the digital asset underlying Bitcoin ETPs regulated by the SEC.

Investment Limits and Holding Requirements

For both the CFO and the SBA, the bill caps Bitcoin investments at 10% of the total funds in any account. Under the bill, Bitcoin must be held in one of three ways:

- Directly by the CFO or SBA through a secure custody solution;²
- On behalf of the state or SBA by a qualified custodian; or
- As an exchange-traded product³ (ETP) issued by an investment company registered with the Securities and Exchange Commission. (Sections [1](#) and [4](#)).

Additional Bitcoin Functions

The bill authorizes the CFO and other approved parties to loan acquired Bitcoin to generate additional returns (if doing so “does not increase financial risk”). The CFO is required to establish rules governing such loans. (Section [1](#)).

The bill also creates a mechanism for handling taxes or fees paid to the state in Bitcoin, requiring (Section [1](#)):

- Transfer of Bitcoin payments to the General Revenue Fund; and
- Reimbursement from the General Revenue Fund to the designated fund in U.S. currency.

Security Requirement Exemptions (Section [5](#)).

The bill exempts Bitcoin investments from certain security requirements that apply to public deposits under ch. 280, F.S.

The date the bill is effective is July 1, 2025.

RULEMAKING:

The bill grants rulemaking authority to the CFO to implement provisions of the bill governing loans of Bitcoin, which are allowed by the bill to generate additional returns if such transactions do not increase financial risk.

Lawmaking is a legislative power; however, the Legislature may delegate a portion of such power to executive branch agencies to create rules that have the force of law. To exercise this delegated power, an agency must have a grant of rulemaking authority and a law to implement.

FISCAL OR ECONOMIC IMPACT:

STATE GOVERNMENT:

Indeterminate. To the extent there is a fiscal impact, such impact is limited by the bill’s ten percent caps on investment in Bitcoin.

PRIVATE SECTOR:

Private investment companies holding Bitcoin, and private enterprises in the business of facilitating transactions in Bitcoin, may benefit from increased state adoption of Bitcoin.

² The bill defines a secure custody solution as a technological custody system with specific security requirements, including:

- Private keys exclusively known to and accessible by the government entity.
- Keys stored in encrypted environments, never on smartphones.
- Hardware stored in geographically diverse secure data centers.
- Multiparty governance structure for transaction and authorization.
- Disaster recovery protocols.
- Regular security audits.

³ The bill defines exchange-traded products as SEC/CFTC/DFS-approved financial instruments traded on national exchanges.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Digital Currency

Digital currency is a virtual representation of a value, stored in electronic form, that is not available in physical form but which can be used as a medium of exchange, a unit of account, or a store of value.⁴ Digital currencies can be issued in two ways: centralized (that is, issued by a central bank or sovereign nation as a digital representation of a certain denomination of currency) and decentralized (that is, not issued by a central bank or sovereign nation).⁵ Most digital currencies are privately issued and thus are decentralized digital currencies.

Digital currencies are stored in digital wallets, typically software or apps installed by users on their computer or mobile device. Each digital wallet contains encrypted information that is used to send and receive the digital currency. Digital currency transactions are recorded in a virtual public ledger called the "blockchain," which is maintained by digital currency "miners." Miners receive digital currency in exchange for verifying each transaction and adding it to the blockchain.⁶

Bitcoin

Bitcoin is a decentralized digital currency created in 2009.⁷ It is global and limited to 21 million units total.⁸ Like other decentralized digital currencies, it is not issued or backed by a government or central bank, and users can store Bitcoin online through exchanges or more securely using private keys.⁹

Bitcoin is generally treated as property by the Internal Revenue Service¹⁰ and as a commodity by the Commodities Futures Trading Commission.¹¹ Historically, it has not been deemed a security subject to federal regulation by the U.S. Securities and Exchange Commission.¹²

Chief Financial Officer (CFO) Investment Functions

Florida's CFO oversees the state's accounting, auditing, and investment functions.¹³ Under current law, the CFO is responsible for investing general revenue funds, trust funds, agency funds of each state agency and the judicial branch, and may upon request invest funds of any board, association, or entity created by the State Constitution or by law, except for funds required to be invested by the SBA.¹⁴

⁴ Westlaw, *Definition of virtual currency*,

<https://1.next.westlaw.com/Document/11c0f4fc4505011e89bf199c0ee06c731/View/FullText.html?ppcid=d154a21215fa49b2b97bc6db2c6392a5&originationContext=knowHow&transitionType=KnowHowItem&contextData=%28sc.Default%29> (last visited April 19, 2023).

⁵ Yang, Zhou, *A study on the influence mechanism of CBDC on monetary policy: An analysis based on e-CNY*, <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0268471> (last visited April 19, 2023); Westlaw, *Definition of central bank digital currency*, [https://1.next.westlaw.com/w-032-2803?VR=3.0&RS=cblt1.0&lrTS=20230323210728711&transitionType=Default&contextData=\(sc.Default\)&firstPage=true&bhc p=1](https://1.next.westlaw.com/w-032-2803?VR=3.0&RS=cblt1.0&lrTS=20230323210728711&transitionType=Default&contextData=(sc.Default)&firstPage=true&bhc p=1) (last visited April 19, 2023).

⁶ NCSL, *Cryptocurrency, Digital or Virtual Currency and Digital Assets 2025 Legislation*, <https://www.ncsl.org/financial-services/cryptocurrency-digital-or-virtual-currency-and-digital-assets-2025-legislation> (last visited April 8, 2025)

⁷ Samara Cohen et al., *Bitcoin: A Unique Diversifier*, BlackRock, <https://www.blackrock.com/us/financial-professionals/literature/whitepaper/bitcoin-a-unique-diversifier.pdf> (last visited March 17, 2025).

⁸ *Id.* See also NCSL, *supra* note 6.

⁹ *Id.*

¹⁰ Internal Revenue Service, *Digital assets*, <https://www.irs.gov/filing/digital-assets>, (last visited March 17, 2025) ("For U.S. tax purposes, digital assets are considered property, not currency. ... Examples of digital assets ... include ... Bitcoin ...").

¹¹ U.S. Commodity Futures Trading Commission, *Bitcoin Basics*, https://www.cftc.gov/sites/default/files/idc/groups/public/%40customerprotection/documents/file/oceo_bitcoinbasics0218.pdf (last visited March 17, 2025) ("[V]irtual currencies, such as Bitcoin, have been determined to be commodities under the Commodity Exchange Act (CEA).").

¹² See Ankush Khardori, *Can Gary Gensler Survive Crypto Winter? D.C.'s top financial cop on Bankman-Fried blowback*. (Feb. 23, 2023), <https://nymag.com/intelligencer/2023/02/gary-gensler-on-meeting-with-sbf-and-his-crypto-crackdown.html>,

¹³ See Florida Department of Financial Services, *About the Agency*, <https://myfloridacfo.com/about/meet-the-cfo> (last visited April 8, 2025).

¹⁴ S. 17.61.F.S.

[State Board of Administration \(SBA\)](#)

The SBA is composed of the Governor as chair, the CFO, and the Attorney General.¹⁵ The SBA is directed by statute to invest all funds in the System Trust Fund, and all other funds under the Board’s scope, to the fullest extent that is consistent with the cash requirements, trust agreement, and investment objectives of the fund.

[Florida Retirement System Trust Fund](#)

The Florida Retirement System (FRS) Trust Fund contains the pension funds for Florida’s public employees.¹⁶ The fund is one of the largest public pension funds in the United States.¹⁷ The fund manages over \$200 billion in assets and provides retirement benefits for more than 600,000 active employees and over 400,000 retirees and beneficiaries.¹⁸ These include state employees, county government employees, public school teachers, university and community college faculty and staff, and employees of cities and special districts that have elected to join the system.

The SBA is responsible for managing the FRS Trust Fund's investments.¹⁹ The SBA employs professional investment managers who work to maximize returns while managing risk appropriately for a pension fund.²⁰

Under Florida law, the SBA must invest the trust fund's assets according to specific guidelines, particularly those in ss. 215.44-215.53, F.S. These laws typically establish investment criteria focused on security, diversification, and reasonable returns.

BILL HISTORY				
COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Insurance & Banking Subcommittee	18 Y, 0 N	4/10/2025	Hamon	Schenk
Government Operations Subcommittee				
Ways & Means Committee				
Commerce Committee				

¹⁵ S. [215.44, F.S.](#)

¹⁶ FRS Pension Plan, Florida State Board of Administration, <https://www.sbafla.com/funds/frs-pension-plan/> (last visited March 17, 2025).

¹⁷ *Id.*

¹⁸ Department of Management Services – Division of Retirement, https://www.dms.myflorida.com/workforce_operations/retirement (last visited March 17, 2025).

¹⁹ See Florida State Board of Administration, *SBA 2023-2024 Investment Report* at 12, <https://www.sbafla.com/media/zxxprkng/2023-2024-air-draft3625-final-updated.pdf> (last visited March 17, 2025).

²⁰ See *id.* at 21.