

By Senator Gruters

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1 A bill to be entitled
2 An act relating to investments of public funds in
3 Bitcoin; creating s. 17.573, F.S.; defining terms;
4 authorizing the Chief Financial Officer to make
5 investments in Bitcoin and other digital assets for a
6 certain purpose; requiring the Chief Financial Officer
7 to ensure his or her investment strategies align with
8 a certain goal; requiring the Chief Financial Officer
9 to maintain flexibility in certain investment
10 decisions; authorizing the Chief Financial Officer to
11 invest money in Bitcoin from certain public funds;
12 providing limits to such investments; providing
13 requirements for holding acquired Bitcoin; authorizing
14 the Chief Financial Officer and other parties to loan
15 Bitcoin under specified circumstances; requiring the
16 Chief Financial Officer to adopt rules governing such
17 loans; requiring taxes and fees paid in Bitcoin to be
18 transferred to the General Revenue Fund; requiring the
19 General Revenue Fund to reimburse designated funds in
20 United States currency for such payments; amending ss.
21 17.57 and 17.61, F.S.; conforming provisions to
22 changes made by the act; amending s. 121.151, F.S.;
23 authorizing the Trustees of the State Board of
24 Administration to invest and reinvest available funds
25 of the System Trust Fund in Bitcoin; providing
26 requirements for such investments; defining terms;
27 amending s. 280.03, F.S.; providing that investments
28 of public funds in Bitcoin are exempt from certain
29 security requirements; providing an effective date.

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WHEREAS, inflation has eroded the purchasing power of assets held in state funds managed by the Chief Financial Officer, and this erosion diminishes the value of the state's reserves, affecting the financial stability and economic security of this state, its taxpayers, and its residents, and

WHEREAS, 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 Florida's financial resources against the impacts of inflation and other economic uncertainties, and

WHEREAS, throughout its history, Bitcoin has greatly risen in value and 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 departments, and

WHEREAS, Bitcoin is viewed as a hedge against inflation by sovereign nations and prominent investment advisors, including BlackRock, Fidelity, and Franklin Templeton, and

WHEREAS, the state should have access to tools such as Bitcoin to protect against inflation, NOW, THEREFORE,

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

Section 1. Section 17.573, Florida Statutes, is created to read:

17.573 Investments in Bitcoin.-

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

(a) "Bitcoin" means the decentralized digital currency

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59 launched in 2009, which allows online payments to be sent
60 directly from one party to another without going through a
61 financial institution. The term includes the digital assets
62 underlying Bitcoin exchange-traded products regulated by the
63 Securities and Exchange Commission.

64 (b) "Exchange-traded product" means a financial instrument
65 approved by the Securities and Exchange Commission, the
66 Commodity Futures Trading Commission, or the Department of
67 Financial Services which is traded on a national stock exchange
68 and derives its value from an underlying pool of assets,
69 including stocks, bonds, commodities, and indexes.

70 (c) "Private key" means a unique element of cryptographic
71 data used for signing transactions on a blockchain, known only
72 to the owner.

73 (d) "Qualified custodian" means a federal bank, a Florida
74 state-chartered bank, a trust company, a special-purpose
75 depository institution, or a company regulated by the state
76 which provides custody services for Bitcoin as part of an
77 approved exchange-traded product.

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

81 1. The cryptographic private keys are:

82 a. Exclusively known by and accessible to the governmental
83 entity.

84 b. Contained within an encrypted environment and accessible
85 only through end-to-end encrypted channels.

86 c. Never stored on or accessible through a smartphone.

87 2. The hardware containing the cryptographic private keys

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88 is maintained in at least two geographically diverse, secure
89 data centers.

90 3. A multiparty governance structure for authorizing
91 transactions is implemented, user access control is enforced,
92 and all user-initiated actions are logged.

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

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

99 (2) The Chief Financial Officer:

100 (a) May include Bitcoin and other digital assets to serve
101 as stores of value and provide a hedge against inflation,
102 thereby protecting the purchasing power of state funds.

103 (b) Must ensure that the investment strategies he or she
104 employs align with the goal of enhancing this state's economic
105 security and financial resilience.

106 (c) Must maintain flexibility in investment decisions to
107 respond to changing economic conditions and emerging
108 opportunities that may offer better protection or returns on
109 state funds.

110 (3) (a) 1. The Chief Financial Officer may invest money in
111 Bitcoin from the following funds:

112 a. The General Revenue Fund.

113 b. The Budget Stabilization Fund.

114 c. All the trust funds and all agency funds of each state
115 agency and of the judicial branch, as those terms are defined in
116 s. 216.011.

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117 d. Funds of any board, association, or entity created by
118 the State Constitution or by law, upon request of such board,
119 association, or entity.

120 e. Any other state fund deemed appropriate by the
121 Legislature.

122 2. The amount of public funds that the Chief Financial
123 Officer may invest in Bitcoin may not exceed 10 percent of the
124 total funds in any account.

125 (b)1. The Bitcoin acquired under paragraph (a) must be
126 held:

127 a. Directly by the Chief Financial Officer through the use
128 of a secure custody solution;

129 b. On behalf of the state by a qualified custodian; or

130 c. In the form of an exchange-traded product issued by an
131 investment company registered with the Securities and Exchange
132 Commission under the Investment Company Act of 1940, as amended.

133 2. The Chief Financial Officer, and other parties with the
134 permission of the Chief Financial Officer, may loan the Bitcoin
135 in state funds to generate additional returns for this state if
136 such loans do not increase financial risk. The Chief Financial
137 Officer shall adopt rules governing such loans.

138 (4) Taxes or fees paid to the state in Bitcoin must be
139 transferred to the General Revenue Fund. The General Revenue
140 Fund shall reimburse the designated fund for the value of the
141 Bitcoin payment in United States currency for such taxes or
142 fees.

143 Section 2. Paragraph (b) of subsection (1) and subsections
144 (2) and (7) of section 17.57, Florida Statutes, are amended to
145 read:

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146 17.57 Deposits and investments of state money.—

147 (1)

148 (b) The Chief Financial Officer, or other parties with the
149 permission of the Chief Financial Officer, shall:

150 1. Deposit the money of the state or any money in the State
151 Treasury in such qualified public depositories of the state as
152 will offer satisfactory collateral security for such deposits,
153 pursuant to chapter 280; or

154 2. Invest the money of the state or any money in the State
155 Treasury in Bitcoin pursuant to s. 17.573 and deposit the
156 remainder of such money in the qualified public depositories
157 described in subparagraph 1.

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159 It is the duty of the Chief Financial Officer, consistent with
160 the cash requirements of the state, to keep such money fully
161 invested or deposited as provided herein in order that the state
162 may realize maximum earnings and benefits. Nothing in this
163 section precludes ~~shall preclude~~ credit unions designated as
164 public depositories from participation.

165 (2) (a) The Chief Financial Officer shall make funds
166 available to meet the disbursement needs of the state. Funds
167 which are not needed for this purpose must ~~shall~~ be:

168 1. Placed in qualified public depositories that will pay
169 rates established by the Chief Financial Officer at levels not
170 less than the prevailing rate for United States Treasury
171 securities with a corresponding maturity; or

172 2. Invested in Bitcoin pursuant to s. 17.573, and the
173 remainder of such funds placed in the qualified public
174 depositories described in subparagraph 1.

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175 (b) In the event money is available for interest-bearing
176 time deposits or savings accounts as provided herein and
177 qualified public depositories are unwilling to accept such money
178 and pay thereon the rates established above, the ~~then such~~ money
179 which qualified public depositories are unwilling to accept must
180 ~~shall~~ be invested in:

181 1.(a) Direct United States Treasury obligations.

182 2.(b) Obligations of the Federal Farm Credit Banks.

183 3.(e) Obligations of the Federal Home Loan Bank and its
184 district banks.

185 4.(d) Obligations of the Federal Home Loan Mortgage
186 Corporation, including participation certificates.

187 5.(e) Obligations guaranteed by the Government National
188 Mortgage Association.

189 6.(f) Obligations of the Federal National Mortgage
190 Association.

191 7.(g) Commercial paper of prime quality of the highest
192 letter and numerical rating as provided for by at least one
193 nationally recognized rating service.

194 8.(h) Time drafts or bills of exchange drawn on and
195 accepted by a commercial bank, otherwise known as "bankers
196 acceptances," which are accepted by a member bank of the Federal
197 Reserve System having total deposits of not less than \$400
198 million or which are accepted by a commercial bank which is not
199 a member of the Federal Reserve System with deposits of not less
200 than \$400 million and which is licensed by a state government or
201 the Federal Government, and whose senior debt issues are rated
202 in one of the two highest rating categories by a nationally
203 recognized rating service and which are held in custody by a

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204 domestic bank which is a member of the Federal Reserve System.

205 9.~~(i)~~ Corporate obligations or corporate master notes of
206 any corporation within the United States, if the long-term
207 obligations of such corporation are rated by at least two
208 nationally recognized rating services in any one of the four
209 highest classifications. However, if such obligations are rated
210 by only one nationally recognized rating service, ~~then~~ the
211 obligations must ~~shall~~ be rated in ~~any~~ one of the two highest
212 classifications.

213 10.~~(j)~~ Obligations of the Student Loan Marketing
214 Association.

215 11.~~(k)~~ Obligations of the Resolution Funding Corporation.

216 12.~~(l)~~ Mortgage-backed securities of the highest credit
217 quality.

218 13.~~(m)~~ Asset-backed securities rated by at least two
219 nationally recognized rating services in any one of the three
220 highest classifications. However, if such obligations are rated
221 by only one nationally recognized rating service, the
222 obligations must be rated in ~~any~~ one of the two highest
223 classifications.

224 14.~~(n)~~ Any obligations not previously listed which are
225 guaranteed as to principal and interest by the full faith and
226 credit of the United States Government or are obligations of
227 United States agencies or instrumentalities which are rated in
228 the highest category by a nationally recognized rating service.

229 15.~~(o)~~ Commingled no-load investment funds or no-load
230 mutual funds in which all securities held by the funds are
231 authorized in this subsection.

232 16.~~(p)~~ Money market mutual funds as defined and regulated

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233 by the Securities and Exchange Commission.

234 17.~~(g)~~ Obligations of state and local governments rated in
235 any of the four highest classifications by at least two
236 nationally recognized rating services. However, if such
237 obligations are rated by only one nationally recognized rating
238 service, ~~then~~ the obligations must ~~shall~~ be rated in ~~any~~ one of
239 the two highest classifications.

240 18.~~(r)~~ Covered put and call options on investment
241 instruments authorized in this subsection for the purpose of
242 hedging transactions by investment managers to mitigate risk or
243 to facilitate portfolio management.

244 19.~~(s)~~ Negotiable certificates of deposit issued by
245 financial institutions whose long-term debt is rated in one of
246 the three highest categories by at least two nationally
247 recognized rating services, the investment in which may ~~shall~~
248 not be prohibited by any provision of chapter 280.

249 20.~~(t)~~ Foreign bonds denominated in United States dollars
250 and registered with the Securities and Exchange Commission for
251 sale in the United States, if the long-term obligations of such
252 issuers are rated by at least two nationally recognized rating
253 services in any one of the four highest classifications.
254 However, if such obligations are rated by only one nationally
255 recognized rating service, the obligations must ~~shall~~ be rated
256 in ~~any~~ one of the two highest classifications.

257 21.~~(u)~~ Convertible debt obligations of any corporation
258 domiciled within the United States, if the convertible debt
259 issue is rated by at least two nationally recognized rating
260 services in any one of the four highest classifications.
261 However, if such obligations are rated by only one nationally

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262 recognized rating service, ~~then~~ the obligations must ~~shall~~ be
263 rated in ~~any~~ one of the two highest classifications.

264 22.(v) Securities not otherwise described in this
265 subsection. However, no ~~not~~ more than 3 percent of the funds
266 under the control of the Chief Financial Officer may ~~shall~~ be
267 invested in securities described in this paragraph.

268 23.(w) Derivatives of investment instruments authorized in
269 subparagraphs 1.-22 ~~paragraphs (a)-(v)~~.

270 24.(x) Futures and options on futures, provided the
271 instruments for such purpose are traded on a securities exchange
272 or board of trade regulated by the Securities and Exchange
273 Commission or the Commodity Futures Trading Commission.

274 25. Bitcoin pursuant to s. 17.573.

275
276 These investments may be in varying maturities and may be in
277 book-entry form. Investments made pursuant to this subsection
278 may be under repurchase agreement or reverse repurchase
279 agreement. The Chief Financial Officer may hire registered
280 investment advisers and other consultants to assist in
281 investment management and to pay fees directly from investment
282 earnings. Investment securities, proprietary investment services
283 related to contracts, performance evaluation services,
284 investment-related equipment or software used directly to assist
285 investment trading or investment accounting operations including
286 bond calculators, telerates, Bloombergs, special program
287 calculators, intercom systems, and software used in accounting,
288 communications, and trading, and advisory and consulting
289 contracts made under this section are exempt from the provisions
290 of chapter 287.

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291 (7) In addition to the deposits authorized under this
292 section and notwithstanding any other provisions of law, funds
293 that are not needed to meet the disbursement needs of the state
294 may be deposited, or invested under s. 17.573 and the remainder
295 of the funds which is not invested under s. 17.573 deposited, by
296 the Chief Financial Officer in accordance with the following
297 conditions for fund deposits:

298 (a) The funds are initially deposited in a qualified public
299 depository, as defined in s. 280.02, selected by the Chief
300 Financial Officer.

301 (b) The selected depository arranges for depositing the
302 funds in financial deposit instruments insured by:

303 1. The Federal Deposit Insurance Corporation in one or more
304 federally insured banks or savings and loan associations,
305 wherever located, for the account of the state.

306 2. For credit unions designated as qualified public
307 depositories, the National Credit Union Share Insurance Fund.

308 (c) The full amount of the principal and accrued interest
309 of each financial deposit instrument is insured by the Federal
310 Deposit Insurance Corporation or, for credit unions designated
311 as qualified public depositories, the National Credit Union
312 Share Insurance Fund.

313 (d) The selected depository acts as custodian for the state
314 with respect to each financial deposit instrument issued for its
315 account.

316 Section 3. Subsection (1) of section 17.61, Florida
317 Statutes, is amended to read:

318 17.61 Chief Financial Officer; powers and duties in the
319 investment of certain funds.—

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320 (1) The Chief Financial Officer shall invest all general
321 revenue funds and all the trust funds and all agency funds of
322 each state agency, and of the judicial branch, as defined in s.
323 216.011, and may, upon request, invest funds of any board,
324 association, or entity created by the State Constitution or by
325 law, except for the funds required to be invested pursuant to
326 ss. 215.44-215.53, by the procedure and in the authorized
327 securities or in Bitcoin prescribed in s. 17.57; for this
328 purpose, the Chief Financial Officer may open and maintain one
329 or more demand and safekeeping accounts in any bank or savings
330 association for the investment and reinvestment and the
331 purchase, sale, and exchange of funds and securities in the
332 accounts. Funds in such accounts used solely for investments and
333 reinvestments are ~~shall be~~ considered investment funds and not
334 funds on deposit, and such funds are ~~shall be~~ exempt from the
335 provisions of chapter 280. In addition, the securities or
336 investments purchased or held under the provisions of this
337 section and s. 17.57 may be loaned to securities dealers and
338 banks and may be registered by the Chief Financial Officer in
339 the name of a third-party nominee in order to facilitate such
340 loans, provided the loan is collateralized by cash or United
341 States government securities having a market value of at least
342 100 percent of the market value of the securities loaned. The
343 Chief Financial Officer shall keep a separate account,
344 designated by name and number, of each fund. Individual
345 transactions and totals of all investments, or the share
346 belonging to each fund, must ~~shall~~ be recorded in the accounts.

347 Section 4. Section 121.151, Florida Statutes, is amended to
348 read:

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349 121.151 Investments.—

350 (1) The Board of Administration, created by authority of
351 the State Constitution, shall invest and reinvest available
352 funds of the System Trust Fund in accordance with the provisions
353 of ss. 215.44-215.53.

354 (2) (a) The Board of Administration may also invest and
355 reinvest available funds of the System Trust Fund in Bitcoin.
356 The amount of funds that the board may invest and reinvest in
357 Bitcoin may not exceed 10 percent of the total funds.

358 (b) The Bitcoin acquired under paragraph (a) must be held:

359 1. Directly by the board through the use of a secure
360 custody solution;

361 2. On behalf of the board by a qualified custodian; or

362 3. In the form of an exchange-traded product issued by an
363 investment company registered with the Securities and Exchange
364 Commission under the Investment Company Act of 1940, as amended.

365 (c) As used in this subsection, the terms "Bitcoin,"
366 "exchange-traded product," "qualified custodian," and "secure
367 custody solution" have the same meanings as in s. 17.573(1).

368 Section 5. Paragraph (f) of subsection (3) of section
369 280.03, Florida Statutes, is amended to read:

370 280.03 Public deposits to be secured; prohibitions;
371 exemptions.—

372 (3) The following are exempt from the requirements of, and
373 protection under, this chapter:

374 (f) Public deposits and investments made in accordance with
375 s. 17.57(7), s. 17.573, or s. 218.415(23).

376 Section 6. This act shall take effect July 1, 2025.