

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Banking and Insurance

BILL: SB 1038

INTRODUCER: Senator Gruters

SUBJECT: Florida Strategic Cryptocurrency Reserve

DATE: January 27, 2026

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Moody	Knudson	BI	Pre-meeting
2.			AEG	
3.			AP	

I. Summary:

SB 1038, together with SB 1040, creates the Florida Strategic Cryptocurrency Reserve that is administered and managed by the Chief Financial Officer (CFO). The bill authorizes the CFO to:

- Purchase a cryptocurrency if it has an average market capitalization of at least \$500 billion during the preceding 24-month period.
- Contract with third-party entities to administer and manage the reserve.
- Invest in derivative instruments of cryptocurrency in specified circumstances.
- Liquidate assets of the reserve and temporarily transfer the resulting moneys to State Treasury in certain circumstances.

The bill restricts the purposes for which moneys in the reserve may be used to authorized investment activities, temporary transfers of money to the State Treasury necessary to comply with specific appropriations or orders of the Governor, and the reasonable costs to administer and manage the reserve. Moneys temporarily transferred to the State Treasury must be returned with interest earned on the moneys within a specified time.

The bill creates the Florida Strategic Cryptocurrency Reserve Advisory Committee (the “Committee”) to advise the CFO in the administration and management of the reserve, including issues related to valuation of assets, investment policies, and custody and security practices. The bill specifies the composition of the committee and compensation restrictions.

The bill requires the CFO to submit report biennial reports to the President of the Senate and Speaker of the House of Representatives that contain specified information.

The CFO is required to liquidate the assets of the reserve when the reserve terminates and transfer the resulting moneys to the General Revenue Fund. The CFO is required to adopt rules as necessary to administer the reserve created in the act.

The bill has an indeterminate fiscal impact on state government. See Section V. Fiscal Impact Statement.

The bill is effective July 1, 2026, but only if SB 1040 or similar legislation takes effect, if such legislation is adopted in the same legislative session or an extension thereof and becomes a law.

II. Present Situation:

Chief Financial Officer

The Chief Financial Officer (CFO) serves as the chief fiscal officer of the state, responsible for settling and approving all accounts against the state and keeping all state funds and securities.¹ The Legislature may, by law, prescribe additional powers and duties for the CFO.

Qualified Public Depositories

Unless a specific exemption applies, state and local governments must deposit public funds in a bank or savings association that has been designated as a qualified public depository (QPD) under the Florida Security for Public Deposits Act.² As of November 2025, Florida had 129 authorized QPDs.³

To be designated as a QPD by the CFO, a bank, savings bank, or savings association must:

- Have authority to accept deposits because it has been chartered and regulated by the state or federal government;
- Have its principal place of business in Florida, or a branch office in Florida;
- Have deposit insurance pursuant to the Federal Deposit Insurance Act⁴ or the National Credit Union Share Insurance Fund;⁵
- Have procedures and practices for accurate identification, classification, reporting, and collateralization of public deposits;
- Make determinations about the provision of services or the denial of services based on an analysis of risk factors unique to each customer;
- Does not engage in the unsafe and unsound practice of denying, canceling, suspending, or terminating its services to a person on specified grounds; and
- Meet all the requirements of ch. 280, F.S., relating to security for public deposits.⁶

¹ Section 4(c), Art. IV, Florida Constitution; Section 17.001, F.S.

² Sections 280.01 and 280.03(1)(b), F.S. Certain public deposits, including those that are fully collateralized under other laws and moneys contributions to the state retirement system that are held in the System Trust Fund, are exempt pursuant to s. 280.03(3), F.S.

³Florida Department of Financial Services, Division of the Treasury, *Public Deposits Program Data*, Jan. 16, 2026, available at: [List of Active QPDs.xlsx \(myfloridacfo.com\)](#) (last visited Jan. 16, 2026).

⁴ 12 U.S.C. ss. 1811 et. seq.

⁵ 12 U.S.C. ss. 1783 et. seq.

⁶ Section 280.02(26), F.S.

QPDs must secure public deposits with a pledge of eligible collateral, to protect the deposit against losses that could occur in the event of insolvency or default.⁷ The amount of collateral required is based on statutory guidelines and the QPD's overall financial condition.⁸

Public deposits include, but are not limited to, time deposit accounts, demand deposit accounts, and nonnegotiable certificates of deposits; they do not include moneys in deposit notes, securities, mutual funds, and similar investments.⁹

Investments

The CFO oversees the state's accounting, auditing, and investment functions.¹⁰ 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 State Board of Administration (SBA).¹¹ Funds that are not needed to meet the disbursement needs of the state must be placed in qualified public depositories (QPD) that will pay rates established by the CFO at levels not less than the prevailing rate for United States Treasury securities with a corresponding maturity.¹² If money is available for investment and QPDs are unwilling to accept such money and pay the established rates, then the money must be invested in a specified list of assets, such as:

- Direct United States Treasury Obligations;
- Obligations of the Federal Farm Credit Banks, Federal Home Loan Bank, Federal National Mortgage Association;
- Money market mutual funds;
- Convertible debt obligations of any corporations domiciled within the United States;
- Securities;
- Derivatives of investment instruments authorized in current law; and
- Certain futures and options on futures.¹³

Digital Currency

Digital currency, also known as virtual 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. Digital currency includes all forms of money in digital format and can be either centralized (such as electronic money issued by banks) or

⁷ Sections 280.04 and 280.041(6), F.S.

⁸ Section 280.04, F.S., and Rule 69C-2.024, F.A.C.

⁹ Section 280.02(23), F.S.

¹⁰ See Florida Department of Financial Services, *About the Agency*, [About the Florida Department of Financial Services | MyFloridaCFO](#) (last visited Jan. 17, 2026).

¹¹ Section 17.61, F.S.

¹² Section 17.57(2), F.S.

¹³ *Id.*

decentralized.¹⁴ Cryptocurrencies, such as Bitcoin,¹⁵ are a subset of digital currencies¹⁶ that typically operate on a decentralized system.¹⁷

Most people buy and sell cryptocurrency through exchanges, such as Coinbase or Crypto.com.¹⁸ Cryptocurrency can also be received by airdrop which is when a blockchain, usually a startup, distributes a small amount of free coins or tokens directly to wallet addresses as a promotional strategy to increase awareness and use of the cryptocurrency.¹⁹

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.²⁰ Decentralized digital currency transactions are recorded on a virtual public ledger called the "blockchain,"²¹ which is maintained by digital currency "miners." Miners receive digital currency in exchange for verifying each transaction and adding it to the blockchain.²²

Bitcoin is a decentralized digital currency created in 2009.²³ It is global and limited to 21 million units total.²⁴ 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.²⁵ Bitcoin's market capitalization reached over \$1 trillion for the first time in December 2021,²⁶ and has had an average market capitalization over \$500 billion during

¹⁴ Tamplin, T., *Digital Currency vs. Cryptocurrency*, *Finance Strategists*, Sept. 3, 2023, available at: [Digital Currency vs Cryptocurrency | Differences, Implications](#) (last visited Jan. 26, 2026) (hereinafter cited as "Digital Currency vs. Cryptocurrency Article").

¹⁵ Bitcoin is a decentralized digital currency created in 2009. It is global and limited to 21 million units total. 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. 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 Jan. 18, 2026).

¹⁶ 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 Jan. 17, 2026).

¹⁷ Digital Currency vs. Cryptocurrency Article.

¹⁸ Hooson, M., *How to Buy Cryptocurrency*, *Forbes*, Dec. 17, 2025, available at: [How To Buy Cryptocurrency – Forbes Advisor](#) (last visited Jan. 20, 2026).

¹⁹ The Investopedia Team, *Guide to Cryptocurrency Airdrops: How They Work and What to Expect*, Investopedia, Aug. 10, 2025, available at: [Guide to Cryptocurrency Airdrops: How They Work and What to Expect](#) (last visited Jan. 20, 2026).

²⁰ 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 Jan. 17, 2026).

²¹ Digital Currency vs. Cryptocurrency Article.

²² *Id.*

²³ 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 Jan. 18, 2026).

²⁴ *Id.*

²⁵ *Id.*

²⁶ Torpey, K., *Bitcoin Market Cap Tops \$1 Trillion Again – That's Almost Twice That of Telsa*, Feb. 24, 2024, available at: [Bitcoin Market Cap Tops \\$1 Trillion Again—That's Almost Twice That Of Tesla](#) (last visited Jan. 18, 2026).

the preceding 24-months.²⁷ Ethereum is the second largest cryptocurrency and has reached a \$500 billion market capitalization on some instances.²⁸

Federal Law

On March 6, 2025, President Trump signed an executive order (the “Executive Order”) that established a Strategic Bitcoin Reserve which is capitalized with all Bitcoin held by the Department of Treasury that was finally forfeited as part of criminal or civil asset forfeiture proceedings or in satisfaction of any civil money penalty imposed by any executive department or agency and is not needed for other specified reasons. The Strategic Bitcoin Reserve consists of approximately 207,189 Bitcoin with an estimated value of \$19.72 billion.²⁹

The Executive Order also established an office known as the “United States Digital Asset Stockpile” (the “Stockpile”) to administer and maintain control of custodial accounts that are capitalized with all digital assets owned by the Department of Treasury, other than Bitcoin that were finally forfeited as part of criminal or civil asset forfeiture proceedings and that are not needed to satisfy certain requirements.³⁰ The Stockpile consists of cryptocurrencies (such as Ethereum or Solana), stablecoin, non-fungible tokens, and potentially other tokenized assets.³¹

State Reserves

Florida does not currently have a virtual currency or cryptocurrency reserve. Texas,³² New Hampshire,³³ and Arizona³⁴ have adopted laws creating a reserve for Bitcoin or digital assets, or both. Several states have pending legislation creating a digital asset or cryptocurrency reserve or authorizing public funds to be invested in such assets.³⁵

Florida Law

A money services business that receives virtual currency for the purpose of acting as an intermediary to transmit virtual currency from one person to another location or person is regulated as a money transmitter in this state.³⁶ Virtual currency is defined in ch. 560, F.S.,

²⁷ Blockchain.com, *Charts: Market Capitalization*, available at: [Blockchain.com | Charts - Market Capitalization \(USD\)](https://www.blockchain.com/charts-market-capitalization-usd) (last visited Jan. 18, 2026).

²⁸ Jafar, B., *Ethereum Crosses \$500 Billion Market Cap*, Finance Magnets, Oct. 21, 2021, available at: [Ethereum Crosses \\$500 Billion Market Cap | Finance Magnates](https://www.finance-magnets.com/news/ethereum-crosses-500-billion-market-cap/); Munene, K., *Ethereum Becomes Fastest Major Asset to Reach \$500 Billion Market Cap*, MoneyCheck, Aug. 25, 2025, available at: [Ethereum Becomes Fastest Major Asset To Reach \\$500 Billion Market Cap](https://www.moneycheck.com/news/ethereum-becomes-fastest-major-asset-to-reach-500-billion-market-cap/); Adejumo, O., *Ethereum Becomes Fastest Asset to Reach \$500B with Holders’ Gain Doubling*, CryptoSlate, Aug. 25, 2025, available at: [Ethereum breaks \\$500B market cap, doubling investors gains](https://www.cryptoslate.com/news/ethereum-breaks-500b-market-cap-doubling-investors-gains/); Wadington, M., *The Maturation of Digital Assets*, Fidelity, Oct. 9, 2025, available at: [The Maturation of Digital Assets](https://www.fidelity.com/insights/perspectives/the-maturation-of-digital-assets) (all sites last visited Jan. 18, 2026).

²⁹ BitBO, *USA Bitcoin Reserve Tracker*, available at: [US Bitcoin Reserve](https://www.bitbo.com/usa-bitcoin-reserve-tracker/) (last visited Jan. 17, 2026).

³⁰ Authenticated U.S. Government Information GPO, *Executive Order 14233-Establishment of the Strategic Bitcoin Reserve and United States Digital Asset Stockpile*, March 6, 2025, available at: [DCPD-202500335.pdf](https://www.govinfo.gov/records/EO-14233) (last visited Jan. 17, 2026).

³¹ DigitalFinanceNews.com, *Managing the U.S. Digital Asset Stockpile: Operational Complexities, Accounting Challenges, and Regulatory Implications*, July 1, 2025, available at: [Managing the U.S. Digital Asset Stockpile: Operational Complexities, Accounting Challenges, and Regulatory Implications – Digital Finance News](https://www.digital-finance-news.com/news/managing-the-u-s-digital-asset-stockpile-operational-complexities-accounting-challenges-and-regulatory-implications/) (last visited Jan. 18, 2026).

³² Tex. Gov’t Code Ann ss. 403.701-403.709 (Subchapter V) (2025) (establishing Texas Strategic Bitcoin Reserve).

³³ N.H. Rev. Stat. Ann. (RSA) s. 6:8-d (2025) (establishing the Strategic Reserve).

³⁴ Ariz. Rev. Stat. Ann. s. 41-180 (2025) (establishing Bitcoin and Digital Assets Reserve Fund).

³⁵ See AZ S.B. 1042 (2026), IL H.B. 1844 (2025-2026), MD H.B. 51 (2026), MI H.B. 4087 (2025-2026), OH H.B. 18 (136th GA), OH S.B. 57 (136th GA), PA H.B. 2664 (2025), TN H.B. 1695 (2026), WV S.B. 143 (2026).

³⁶ Section 560.103(24), F.S.

relating to the regulation of money services businesses, as a medium of exchange in electronic or digital format that is not currency. The term does not include a medium of exchange in electronic or digital format that is:

- Issued by or on behalf of a publisher and used solely within an online game, game platform, or family of games sold by the same publisher or offered on the same game platform; or
- Used exclusively as part of a consumer affinity or rewards program and can be applied solely converted into or redeemed for currency or another medium of exchange.³⁷

The Florida Money Laundering Act defines “virtual currency” as a medium of exchange in electronic or digital format that is not a coin or currency of the United States or any other country.³⁸

III. Effect of Proposed Changes:

SB 1038, together with SB 1040, creates the Florida Strategic Cryptocurrency Reserve (the “Reserve”). The bill provides for the following:

- The administration and management of the reserve;
- The types of assets in which the CFO may invest;
- The purpose for which moneys may be invested;
- The establishment of an advisory committee, and topics for which such committee must advise; and
- Requirements for terminating the reserve.

Section 1 of the bill creates s. 215.594, F.S., and defines the following terms used in ss. 215.595 and 215.596, F.S., which is created in SB 1040 (2026):

- “Airdrop” means a gratuitous distribution of cryptocurrency to users of a blockchain or protocol, generally made in a broad, equitable, and nondiscretionary manner.
- “Cryptocurrency” means a type of virtual currency that uses cryptography to secure transactions that are digitally recorded on a distributed ledger, such as blockchain.
- “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.
- “Private key” means confidential cryptographic data that allows a person or entity to access, control, or authorize transactions involving cryptocurrency or virtual currency.
- “Qualified custodian” means a state financial institution or a federally chartered institution or other entity regulated by this state which is permitted to act as a custodian of virtual currencies on behalf of clients.
- “Qualified liquidity provider” means an entity that:
 - Is licensed or regulated under applicable federal or state law;
 - Maintains audited financial statements prepared by an independent certified public accountant;
 - Has at least 5 years of experience trading in the digital assets industry;
 - Maintains an office and has a registered principal in this state; and
 - Submits to the Chief Financial Officer a certification, in a form prescribed by the Chief Financial Officer, attesting that it meets the criteria in the definition of this term.

³⁷ Section 560.103(36), F.S.

³⁸ Section 896.101(2)(j), F.S.

- “Reserve” means the Florida Strategic Cryptocurrency Reserve established under this act.
- “Secure custody solution” means a technological product or a blended product and service that meets the following criteria:
 - The cryptographic private keys are:
 - Exclusively known by and accessible to the governmental entity;
 - Contained within an encrypted environment and accessible only through end-to-end encrypted channels; and
 - Not stored on, or accessible through, a smartphone.
 - The hardware containing the cryptographic private keys is maintained in at least two geographically diverse, secure data centers.
 - A multiparty governance structure for authorizing transactions is implemented, user access control is enforced, and all user-initiated actions are logged.
 - The provider implements a disaster recovery protocol ensuring state access to assets if the provider becomes unavailable.
 - The technological product or blended product and service undergoes regular code audits and penetration testing, with identified vulnerabilities promptly addressed.
- “Virtual currency” has the same meaning as in s. 896.101(1), F.S., which defines the term to mean, “a medium of exchange in electronic or digital format that is not a coin or currency of the United States or any other country.”

Section 2 of the bill creates s. 215.595, F.S., and provides for the administration and management of the Reserve. The Chief Financial Officer (CFO) may acquire, exchange, sell, supervise, manage, or retain cryptocurrency, or derivative instruments authorized in SB 1040 (2026) if the CFO determines that the investment is in the best interest of the reserve, including cryptocurrency derived from the fork of a distributed ledger or distributed as an airdrop to the state’s cryptocurrency addresses.

The bill requires the CFO to exercise judgment and care that a prudent investor would exercise, considering the purposes, terms, distribution requirements, and other circumstances of the reserve, and considering the reserve as a whole rather than a single investment. The reasonable costs of administering and managing the reserve may be paid from cryptocurrency held in the reserve or from the net proceeds of the sale or exchange of the cryptocurrency.

The bill authorizes the CFO to purchase a cryptocurrency for the reserve only if the average market capitalization is at least \$500 billion during the preceding 24-month period. Currently, Bitcoin is the only virtual currency that meets this requirement.

The CFO is allowed to contract with third-party entities for the reserve’s administration or management, including the following entities:

- A technology provider of a secure custody solution.
- A certified public accountant, to perform an independent audit of the reserve.
- A qualified custodian who utilizes a secure custody solution.
- A qualified liquidity provider, to facilitate the purchase and sale of assets in the reserve.

Moneys in the reserve may be used only for:

- Investment activities authorized in the bill.

- Temporary cash-management purposes if required to comply with a specific appropriation by operation of law or order by the Governor.
 - The bill authorizes the CFO to liquidate assets of the reserve and temporarily transfer the resulting moneys to the State Treasury if required to comply with a specific appropriation by operation of law or order by the Governor. The temporarily transferred moneys with any interest earned while held in the State Treasury must be returned to the reserve as soon as practicable.
- Paying the reasonable costs of administering and managing the reserve.

The bill creates the Florida Strategic Cryptocurrency Reserve Advisory Committee to advise the CFO on the administration and management of the reserve. The committee consists of the following five members:

- The CFO, who serves as the chair; and
- Four members appointed by the CFO by October 1, 2026, including three members with expertise in cryptocurrency investments and one with expertise in digital asset security.

Members appointed by the CFO serve at the pleasure of the CFO. The committee is required to advise on matters relating to:

- The valuation of assets held in the reserve;
- Prudent investment policies, including investment objectives and asset allocation standards; and
- Prudent custody and security practices for the reserve.

Members of the committee serve without compensation but may be reimbursed for per diem and travel expenses as provided under current law.³⁹

Beginning December 31, 2026, and biennially thereafter, the CFO must submit a report to the President of the Senate and the Speaker of the House of Representatives which includes:

- The amount of cryptocurrency held in the reserve on the last day of the preceding state fiscal year.
- The estimated monetary value of the cryptocurrency held in the reserve on the last day of the preceding state fiscal year.
- A summary of any changes in the amount and estimated monetary value of cryptocurrency held in the reserve during the preceding state fiscal year, disaggregated by cryptocurrency type.
- A description of the actions taken by the CFO to administer and manage the reserve during the preceding state fiscal year.

The CFO must liquidate any remaining assets when the reserve terminates and transfer the resulting moneys to the General Revenue Fund. The CFO must also adopt rules as necessary to administer the provisions in the bill.

Section 3 of the bill provides an effective date of July 1, 2026, but only if SB 1040 or similar legislation takes effect, if such legislation is adopted in the same legislative session or an extension thereof and becomes a law.

³⁹ See s. 112.061, F.S. (providing computation of travel time for reimbursement, rates of per diem and subsistence allowance, transportation, and other expenses).

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The fiscal impact of the reserve on state government is indeterminate and will depend on the performance of the investments made in the reserve. The reasonable administrative and management costs of the reserve may be paid for using the moneys in the reserve.

VI. Technical Deficiencies:

The statutes created by the bill (s. 215.594, F.S., and s. 215.595, F.S.) fall within the State Bond Act, which consists of sections 215.57, F.S., through 215.83, F.S.⁴⁰

VII. Related Issues:

None.

⁴⁰ Section 215.57, F.S.

VIII. Statutes Affected:

This bill creates the following sections of the Florida Statutes: 215.594 and 215.595

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
