

# HOUSE . . . . . No. 5255

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## The Commonwealth of Massachusetts

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HOUSE OF REPRESENTATIVES, March 18, 2026.

The committee on Revenue, to whom was referred the petition (accompanied by bill, House, No. 3279) of Christopher J. Worrell relative to taxation and investment in digital financial assets, reports recommending that the accompanying bill (House, No. 5255) ought to pass.

For the committee,

ADRIAN C. MADARO.

**HOUSE . . . . . No. 5255**

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**The Commonwealth of Massachusetts**

**In the One Hundred and Ninety-Fourth General Court  
(2025-2026)**

An Act allowing for fiscal resilience through authorization of strategic investment in stable digital financial assets.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1           SECTION 1. The General Laws are hereby amended by inserting after chapter 64N the  
2 following new chapter:-

3           CHAPTER 64O. Taxation and Investment in Digital Financial Assets

4           Section 1. Intent

5           (a) It shall be the intent of the General Court to authorize the state treasurer and public  
6 pension funds to:

7           (i) permit the inclusion of bitcoin and other stable digital financial assets to serve as  
8 stores of value and provide a hedge against inflation, thereby protecting the purchasing power of  
9 state funds;

10           (ii) ensure that the investment strategies employed by the state treasurer and public  
11 pension funds are aligned with the goal of enhancing the economic security and financial  
12 resilience of the commonwealth; and

13 (ii) allow flexibility in investment decisions to respond to changing economic conditions  
14 and emerging opportunities that may offer better protection or returns on state funds.

## 15 Section 2. Definitions

16 As used in this chapter, the following terms shall have the following meanings unless the  
17 context clearly requires otherwise:

18 "Bitcoin", the decentralized digital currency launched in 2009, a digital asset which is  
19 the basis of the Bitcoin exchange traded product which is regulated by the federal securities and  
20 exchange commission.

21 "Digital financial asset", any digital representation of value that is recorded on a  
22 cryptographically secured distributed ledger of virtual currency, cryptocurrencies, natively  
23 electronic assets including stablecoins and non-fungible tokens or other exclusively digital assets  
24 that confer economic, proprietary or access rights or powers that are not cash; provided,  
25 however, that for the purposes of taxation pursuant to sections 58 to 65C, inclusive, digital assets  
26 shall be considered a cash equivalent.

27 "Exchange-traded product", any financial instrument that is approved by the federal  
28 securities and exchange commission, the federal commodities future trading commission, or the  
29 division of banks that is traded on a United States regulated exchange and derives its value from  
30 an underlying pool of assets, such as stocks, bonds, commodities or indexes.

31 "Private key", a unique element of cryptographic data used for signing transactions on a  
32 blockchain, which is known to the owner of the private key.

33 “Qualified custodian”, any federal or state-chartered bank, trust company or special  
34 purpose depository institution or a company regulated by the state which custodies digital assets  
35 for an approved exchange-traded product.

36 “Secure custody solution”, a technological product or blended product and service which  
37 has the following characteristics:

38 (1) The cryptographic private keys that secure digital assets are exclusively known by  
39 and accessible by a government entity;

40 (2) the cryptographic private keys that secure digital assets are exclusively contained  
41 within an encrypted environment and accessible exclusively via end-to-end encrypted channels;

42 (3) The cryptographic private keys that secure digital assets are never contained by,  
43 accessible by, or controllable via a smartphone;

44 (4) Any hardware that contains the cryptographic private keys that secure digital assets is  
45 maintained in at least 2 geographically diversified and specially designated secure data centers;

46 (5) The secure custody solution enforces a multi-party governance structure for  
47 authorizing transactions, enforces user access controls and logs all user-initiated actions;

48 (6) The provider of the secure custody solution has implemented a disaster recovery  
49 protocol that ensures customer access to assets in the event the provider becomes unavailable;  
50 and

51 (7) The secure custody solution undergoes regular code audits and penetration testing  
52 from audit firms; provided, however, that any identified vulnerabilities shall be promptly  
53 remedied.

54 Section 4. Application and investment

55 (a) The state treasurer may invest public funds in Bitcoin from the following funds:

56 (1) The General Fund;

57 (2) The Commonwealth Stabilization Fund established pursuant to section 2H of chapter  
58 29;

59 (3) The State Retiree Benefits Trust Fund established pursuant to section 24 of chapter  
60 32A; or

61 (4) Any other state fund deemed appropriate as requested by the state treasurer and  
62 approved by the General Court.

63 (b) The amount of public funds that the state treasurer may invest in Bitcoin shall not  
64 exceed 10 per cent of the total amount of public funds in the applicable account.

65 (c) Any digital assets acquired by any of the funds listed in subsection (b) shall be held:

66 (i) directly by the state treasurer through the use of a secure custody solution; (ii) on behalf of the  
67 state by a qualified custodian; or (iii) in the form of an exchange-traded product issued by a  
68 registered investment company.

69 SECTION 2. Section 1 shall take effect upon enactment.