SENATE DOCKET, NO. 422 FILED ON: 1/13/2025

SENATE . . . . . No. 1967

The Commonwealth of Massachusetts

PRESENTED BY:

Peter J. Durant

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to a bitcoin strategic reserve.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Peter J. Durant	*Worcester and Hampshire*

SENATE DOCKET, NO. 422 FILED ON: 1/13/2025

SENATE . . . . . No. 1967

By Mr. Durant, a petition (accompanied by bill, Senate, No. 1967) of Peter J. Durant for legislation relative to a bitcoin strategic reserve. Revenue.

The Commonwealth of Massachusetts

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

An Act relative to a bitcoin strategic reserve.

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

Chapter 29 of the General Laws, as appearing in the 2022 Official Edition, is hereby amended by inserting after section 71 the following section:-

Section 72. Definitions. (a) The following words and phrases when used in this act shall have the meaning given to them in this section unless the context clearly indicates otherwise:

“Bitcoin”, The decentralized digital currency launched in 2009, which is based on Satoshi Nakamoto's white paper, entitled "Bitcoin: A Peer-to-Peer Electronic Cash System." The term includes the digital asset that is the basis of the Bitcoin exchange-traded product and regulated by the United States Securities and Exchange Commission.

“Digital Asset”, A virtual currency, cryptocurrency or natively electronic asset, including Bitcoin, a stablecoin, a nonfungible token or other digital-only asset that confers economic, proprietary or access rights or powers.

"Exchange-traded product", A financial instrument that is approved by the United States Securities and Exchange Commission, the Commodities Future Trading Commission or the Department of Banking and Securities, is traded on a United States regulated exchange and derives its value from an underlying pool of assets, including stocks, bonds, commodities or indexes.

"Private key", A unique element of cryptographic data that is used for signing transactions on a blockchain and is known to the owner of the unique element.

'Qualified custodian", A Federal or State chartered bank, trust company or special purpose depository institution or a company regulated by the Commonwealth that has custody of Bitcoin or a digital asset for an approved exchange-traded product.

"Secure custody solution", A technological product or a blended product and service that meets all of the following criteria:

(1) Has a cryptographic private key that secures a digital asset, which is exclusively known by and accessible by a government entity.

(2) Has a cryptographic private key that secures a digital asset, which is exclusively contained within an encrypted environment and accessible only via an end-to-end encrypted channel.

(3) Has a cryptographic private key that secures a digital asset, which is never contained by, accessible by or controllable via a smartphone.

(4) Has hardware containing a cryptographic private key that secures a digital asset and is maintained in at least two geographically diversified specially designated secure data centers.

(5) Enforces a multiparty governance structure for authorizing a transaction and user access controls.

(6) Logs each user-initiated action.

(7) Undergoes regular code audits and penetration testing from an auditing firm, which ensures that a vulnerability identified by the auditing firm is promptly remedied.

(8) Is provided by an entity that has implemented a disaster recovery protocol to ensure customer access to the digital assets if the entity becomes unavailable.

(b) There shall be established and set up on the books of the commonwealth a separate fund known as the Commonwealth Bitcoin Strategic Reserve to be administered by the treasurer of the commonwealth.

(c) The State Treasurer may invest in Bitcoin or digital assets with money that is unexpended, unencumbered or uncommitted and deposited in any of the following funds:

The Commonwealth Bitcoin Strategic Reserve as established under this section.

(d) The amount of money that the State Treasurer may invest in Bitcoin or digital assets during the course of a fiscal year may not exceed 10% of the total amount of money being deposited in the Commonwealth Stabilization Fund, as allocated by the legislature. The treasurer may also deposit in the fund any bitcoin or other digital asset seized by the commonwealth.

(e) Bitcoin or digital assets acquired by the fund specified under subsection (b) shall be held directly by the State Treasurer through the use of a secure custody solution on behalf of the Commonwealth by a qualified custodian or in the form of an exchange-traded product issued by an investment company registered in this Commonwealth.

(f) If the treasurer can loan Bitcoin or other digital assets without increasing the financial risk to the commonwealth, the treasurer may loan Bitcoin or other digital assets to generate additional returns for the commonwealth. The treasurer shall promulgate regulations for the purpose of this subsection.