HOUSE BILL NO. HB0201

State funds-investment in Bitcoin.

Sponsored by: Representative(s) Wasserburger, Brown, G,
              Filer, Lucas and Singh and Senator(s) Smith,
              D

A BILL

for

1   AN ACT relating to public funds; authorizing the investment

2   of state funds and permanent funds in Bitcoin; specifying

3   requirements for the investment in Bitcoin; requiring

4   rulemaking; requiring reports; providing definitions; and

5   providing for an effective date.

6

7   *Be It Enacted by the Legislature of the State of Wyoming:*

8

9   **Section 1.** W.S. 9-4-722 is created to read:

10

11   **9-4-722. Investment of state funds in Bitcoin.**

12

13   (a) As used in this section:

14

1   (i) "Bitcoin" means the decentralized digital

2   currency launched in 2009, based on Satoshi Nakamoto's

3   paper titled Bitcoin: A Peer-to-Peer Electronic Cash

4   System. "Bitcoin" also includes the digital asset that is

5   the basis of the Bitcoin exchange-traded product that is

6   regulated by the United States securities and exchange

7   commission;

8

9   (ii) "Exchange-traded product" means any

10   financial instrument that:

11

12   (A) Is approved by the United States

13   securities and exchange commission, the federal commodity

14   futures trading commission or the division of banking;

15

16   (B) Is traded on an exchange regulated

17   under state or federal law; and

18

19   (C) Derives its value from an underlying

20   pool of assets, including stocks, bonds, commodities or

21   indexes.

22

1   (iii) "Private key" means as defined by W.S.

2   34-29-101(a)(v);

3

4   (iv) "Qualified custodian" means any special

5   purpose depository institution, a state chartered trust

6   company or a company regulated under state or federal law

7   that custodies digital assets for an approved

8   exchange-traded product;

9

10   (v) "Secure custody solution" means a

11   technological product or blended product or service that

12   has all of the following:

13

14   (A) The cryptographic private keys that

15   secure digital assets are:

16

17   (I) Exclusively known and accessible

18   by the state treasurer;

19

20   (II) Exclusively contained within an

21   encrypted environment and accessible only through

22   end-to-end encrypted channels;

23

1   (III) Never contained by, accessible

2   by or controllable with a mobile or cellular phone.

3

4   (B) Any   hardware   that   contains   the

5   cryptographic private keys that secure digital assets is

6   maintained in at least two (2) geographically diversified

7   and specially designated secure data centers;

8

9   (C) A multi-party governance structure is

10 enforced for authorizing transactions and for user access

11 and all user-initiated actions are logged;

12

13   (D) The   implementation   of   a   disaster

14 recovery protocol that ensures customer access to assets if

15 the provider becomes unavailable;

16

17   (E) The completion of regular code audits

18 and   penetration   testing   from   audit   firms   and   the

19 remediation of any identified vulnerabilities.

20

21   (b) The   state   treasurer   may   invest   the   following

22 funds in Bitcoin:

23

1   (i) The general fund, provided that no more than

2   three percent (3%) of the general fund shall be invested in

3   Bitcoin at any one (1) time;

4

5   (ii) The permanent Wyoming mineral trust fund,

6   subject to subsection (c) of this section;

7

8   (iii) The permanent land fund, subject to

9   subsection (c) of this section.

10

11   (c) The state treasurer may invest the permanent

12   Wyoming mineral trust fund and the permanent land fund in

13   Bitcoin, provided that investments under this subsection

14   shall not exceed three percent (3%) of each fund.

15

16   (d) The state treasurer shall acquire and hold

17   Bitcoin invested under this section using one (1) or more

18   of the following methods:

19

20   (i) Directly by the state treasurer through the

21   use of a secure custody solution;

22

23   (ii) Through a qualified custodian;

1

2   (iii) Through ownership or holding of an

3   exchange-traded product issued by an investment company or

4   manager registered under the federal Investment Advisor's

5   Act of 1940, as amended.

6

7   (e) If at any time the total market value of

8   investments in Bitcoin under this section exceeds the

9   percentage limits established in subsections (b) and (c) of

10   this section due to market appreciation, the state

11   treasurer shall not be required to sell or otherwise reduce

12   the investments to comply with the limits of this section.

13   The state treasurer shall not make any additional deposits

14   or investments in Bitcoin until the percentage of Bitcoin

15   holdings is within the limits specified in this section.

16   If the value of investments under this section are at or

17   fall below the limits specified in this section, the state

18   treasurer may resume the investment of funds in Bitcoin in

19   accordance with this section.

20

21   (f) The state treasurer shall promulgate all rules

22   necessary to implement this act.

23

1   (g) Not later than October 1 of each year, the state

2   treasurer   shall   report   to   the   joint   appropriations

3   committee and the select committee on capital financing and

4   investments on:

5

6   (i) The amount and performance of investments in

7   Bitcoin under this section;

8

9   (ii) The custody and security arrangements taken

10 for investments made under this section, including actions

11 taken to comply with secure custody requirements;

12

13   (iii) The cost basis and current market value of

14 the Bitcoin held under this section;

15

16   (iv) The amount of payments received by the

17 state in Bitcoin and the amounts of Bitcoin converted and

18 reimbursed under this section.

19

20   **Section 2.** W.S. 9-4-714(a)(viii) is amended to read:

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22   **9-4-714. Definitions.**

23

1   (a) As used in this act:

2

3   (viii) "This act" means W.S. 9-4-714 through

4 9-4-721 9-4-722.

5

6   **Section 3.** The state treasurer shall promulgate all

7 rules necessary to implement this act.

8

9   **Section 4.** This act is effective immediately upon

10 completion of all acts necessary for a bill to become law

11 as provided by Article 4, Section 8 of the Wyoming

12 Constitution.

13

14   (END)