

Senate Bill 178

By: Senators Dolezal of the 27th, Beach of the 21st, Dixon of the 45th and Esteves of the 35th

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 3 of Chapter 17 of Title 50 of the Official Code of Georgia Annotated,  
2 relating to state depositories, so as to provide for the State Depository Board to allow the  
3 state treasurer to invest in Bitcoin; to provide for a limit on such investment; to provide for  
4 requirements for the safe handling of such assets; to provide for the loaning of such assets;  
5 to provide for definitions; to provide for related matters; to repeal conflicting laws; and for  
6 other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Article 3 of Chapter 17 of Title 50 of the Official Code of Georgia Annotated, relating to  
10 state depositories, is amended by revising subsection (b) of Code Section 50-17-63, relating  
11 to deposit of demand funds, investment of funds, reports, remittance of interest earned, motor  
12 fuel tax revenues, as follows:

13 "(b) All departments, boards, bureaus, and other agencies of the state shall report to the  
14 board, on such forms and at such times as the board may prescribe, such information as the  
15 board may reasonably require concerning deposits and withdrawals pursuant to this Code

16 section and shall enable the board to determine compliance with this Code section. Interest  
17 earned on state funds withdrawn from the state treasury on approved budgets shall be  
18 remitted to the Office of the State Treasurer by each department, board, bureau, or agency  
19 and placed in the general fund. The board may permit the state treasurer to invest in any  
20 one or more of the following: bankers' acceptances; commercial paper; bonds, bills,  
21 certificates of indebtedness, notes, or other obligations of the United States and its  
22 subsidiary corporations and instrumentalities or entities sanctioned or authorized by the  
23 United States government including, but not limited to, obligations or securities issued or  
24 guaranteed by Banks for Cooperatives regulated by the Farm Credit Administration, the  
25 Commodity Credit Corporation, Farm Credit Banks regulated by the Farm Credit  
26 Administration, Federal Assets Financing Trusts, the Federal Financing Bank, Federal  
27 Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National  
28 Mortgage Association, the Financial Assistance Corporation chartered by the Farm Credit  
29 Administration, the Government National Mortgage Association, the Import-Export Bank,  
30 Production Credit Associations regulated by the Farm Credit Administration, the  
31 Resolution Trust Corporation, and the Tennessee Valley Authority; obligations of  
32 corporations organized under the laws of this state or any other state but only if the  
33 corporation has a market capitalization equivalent to \$100 million; provided, however, that  
34 such obligation shall be listed as investment grade by a nationally recognized rating  
35 agency; the shares of any mutual fund the investments of which are limited to securities of  
36 the type described in this subsection and distributions from which are treated for federal  
37 income tax purposes in the same manner as the interest on said obligations, provided that  
38 at the time of investment such obligations, or the obligations held by any such unit  
39 investment trust or the obligations held or to be acquired by any such mutual fund, are  
40 limited to obligations which are rated within one of the top two rating categories of any  
41 nationally recognized rating service or any rating service recognized by the commissioner  
42 of banking and finance, and no others, or to securities lending transactions involving

43 securities of the type described in this subsection; bonds, notes, warrants, and other  
44 securities not in default which are the direct obligations of the government of any foreign  
45 country which the International Monetary Fund lists as an industrialized country and for  
46 which the full faith and credit of such government has been pledged for the payment of  
47 principal and interest, provided that such securities are listed as investment grade by a  
48 nationally recognized rating agency; Bitcoin, as such term is defined in Code Section  
49 50-17-68; or obligations issued, assumed, or guaranteed by the International Bank for  
50 Reconstruction and Development or the International Financial Corporation, provided that  
51 such securities are listed as investment grade by a nationally recognized rating agency;  
52 provided, however, that interest earned on the investment of motor fuel tax revenues shall  
53 be defined as motor fuel tax revenues and shall be appropriated in conformity with and  
54 pursuant to Article III, Section IX, Paragraph VI(b) of the Constitution of Georgia. The  
55 board may also permit the state treasurer to lend any of the securities of the type identified  
56 in this subsection subject to the limitations of subsection (b) of Code Section 50-5A-7 and  
57 this chapter."

58 **SECTION 2.**

59 Said article is further amended by adding a new Code section to read as follows:

60 "50-17-68.

61 (a) As used in this Code section, the term:

62 (1) 'Bitcoin' means the decentralized digital currency hosted on the public blockchain by  
63 the same name.

64 (2) 'Exchange traded product' means any financial instrument that is approved by the  
65 Securities and Exchange Commission or the Commodity Futures Trading Commission  
66 that is traded on a federally regulated exchange and derives its value from an underlying  
67 pool of assets, such as stocks, bonds, commodities, or indexes.

68 (3) 'Private key' means a unique element of cryptographic data used for signing  
69 transactions on a blockchain.

70 (4) 'Qualified custodian' means any federal or state chartered bank, trust company, or  
71 special purpose depository institution or a company regulated by the state which holds  
72 digital assets for an approved exchange traded product.

73 (5) 'Secure custody solution' means a technological product or blended product and  
74 service which has all of the following characteristics:

75 (A) The private keys that secure digital assets are exclusively known by and accessible  
76 by the government entity;

77 (B) The private keys that secure digital assets are exclusively contained within an  
78 encrypted environment and accessible only via end-to-end encrypted channels;

79 (C) The private keys that secure digital assets are never contained in, accessible by, or  
80 controllable via a smartphone;

81 (D) Any hardware that contains the private keys that secure digital assets is maintained  
82 in at least two geographically diversified secure data centers;

83 (E) The secure custody solution enforces a multiparty governance structure for  
84 authorizing transactions, enforces user access controls, and logs all user initiated  
85 actions;

86 (F) The provider of the secure custody solution has implemented a disaster recovery  
87 protocol that ensures customer access to assets in the event the provider becomes  
88 unavailable; and

89 (G) The secure custody solution undergoes regular code audits and penetration testing  
90 from audit firms.

91 (b) The board shall not permit the state treasurer to invest more than 5 percent of any fund  
92 into Bitcoin.

93 (c) Any digital assets acquired pursuant to this chapter shall be held:

94 (1) Directly through the use of a secure custody solution;

95 (2) On behalf of the state by a qualified custodian; or

96 (3) In the form of an exchange traded product issued by a registered investment  
97 company.

98 (d) The board may permit the state treasurer to loan digital assets, so long as such loan  
99 does not increase the financial risk to the state."

100 **SECTION 3.**

101 All laws and parts of laws in conflict with this Act are repealed.