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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

RELATING TO PUBLIC FINANCE -- THE RHODE ISLAND DIGITAL ASSET RETENTION  
ACT

Introduced By: Representative Stephen M. Casey

Date Introduced: February 28, 2025

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Declaration of purpose.

2 The general assembly finds and declares as follows:

3 (1) Inflation has eroded the purchasing power of the assets held in state funds managed by  
4 the state treasurer as well as state retirement funds.

5 (2) This erosion diminishes the value of Rhode Island's reserves, affecting the financial  
6 stability and economic security of the state and its taxpayers and residents.

7 (3) Although the state does not have direct control over the national money supply or the  
8 policies that influence inflation, the state has a duty to safeguard its financial resources against the  
9 impacts of inflation and other economic uncertainties.

10 (4) Throughout its sixteen (16) year history, Bitcoin has greatly risen in value, surpassing  
11 a market capitalization of two trillion dollars (\$2,000,000,000,000).

12 (5) Bitcoin is becoming more widely accepted as an international medium of exchange in  
13 countries around the world, including the United States.

14 (6) Bitcoin is a digital asset that can serve as a hedge against inflation by a sovereign nation  
15 or an investment advisor.

16 (7) Rhode Island should have access to assets such as Bitcoin to protect against inflation.

17 (8) The purpose of this act is to authorize the state treasurer, the Rhode Island employees'  
18 retirement system, the Rhode Island public school employees' retirement system, or any other state

1 retirement system to:

2 (i) Permit the inclusion of Bitcoin to serve as an asset of value and provide a hedge against  
3 inflation, thus protecting the purchasing power of state funds;

4 (ii) Ensure that the investment strategies employed by the state treasurer, the Rhode Island  
5 employees' retirement system, the Rhode Island public school employees' retirement system, or any  
6 other state retirement system are aligned with the goal of enhancing the economic security and  
7 financial resilience of Rhode Island;

8 (iii) Allow flexibility in investment decisions to respond to changing economic conditions  
9 and emerging opportunities that may offer better protection or returns on state funds.

10 SECTION 2. Title 35 of the General Laws entitled "PUBLIC FINANCE" is hereby  
11 amended by adding thereto the following chapter:

12 CHAPTER 4.1

13 THE RHODE ISLAND DIGITAL ASSET RETENTION ACT

14 **35-4.1-1. Short title.**

15 This act shall be known and may be cited as the "Rhode Island Digital Asset Retention  
16 Act."

17 **35-4.1-2. Definitions.**

18 The following words and phrases, when used in this chapter, shall have the meanings given  
19 to them in this section unless the context clearly indicates otherwise:

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

24 (2) "Digital asset" means a virtual currency, cryptocurrency, or natively electronic asset,  
25 including Bitcoin, a stablecoin, a nonfungible token, or other digital-only asset that confers  
26 economic, proprietary, or access rights or powers.

27 (3) "Exchange-traded product" means a financial instrument that is approved by the United  
28 States Securities and Exchange Commission, the Commodities Future Trading Commission, or the  
29 department of business regulation, is traded on a United States regulated exchange and derives its  
30 value from an underlying pool of assets, including stocks, bonds, commodities, or indexes.

31 (4) "Private key" means a unique element of cryptographic data used for signing  
32 transactions on a blockchain, known only to the owner of the unique element.

33 (5) "Qualified custodian" means a Federal or state chartered bank, trust company, special  
34 purpose depository institution, or a company regulated by Rhode Island that has custody of Bitcoin

1 or a digital asset for an approved exchange-traded product.

2 (6) "Secure custody solution" means a technological product or a blended product and  
3 service that meets the following criteria:

4 (i) Has a cryptographic private key securing a digital asset, accessible exclusively by a  
5 government entity.

6 (ii) Has a cryptographic private key securing a digital asset, exclusively contained within  
7 an encrypted environment and accessible only via an end-to-end encrypted channel.

8 (iii) Has a cryptographic private key securing a digital asset, never contained by, accessible  
9 by, or controllable via a smartphone.

10 (iv) Has hardware containing a cryptographic private key securing a digital asset,  
11 maintained in at least two (2) geographically diversified specially designated secure data centers.

12 (v) Enforces a multiparty governance structure for authorizing transactions and user access  
13 controls.

14 (vi) Logs each user-initiated action.

15 (vii) Undergoes regular code audits and penetration testing from an auditing firm, promptly  
16 addressing vulnerabilities identified.

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

19 (7) "State retirement fund" means the Rhode Island employees' retirement fund, the Rhode  
20 Island public school employees' retirement fund, or any other state retirement fund.

21 (8) "System" means the Rhode Island employees' retirement system, the Rhode Island  
22 public school employees' retirement system, or any other state retirement system that administers  
23 a state retirement fund.

24 **35-4.1-3. Authorization for state treasurer to invest in Bitcoin or digital assets.**

25 (a) Authorization. The state treasurer may invest in Bitcoin or digital assets with money  
26 that is unexpended, unencumbered, or uncommitted and deposited in any of the following funds:

27 (1) The general fund;

28 (2) The budget stabilization reserve fund; and

29 (3) Any other investment fund managed directly by the state treasurer.

30 (b) Limitations. The amount of money that the state treasurer may invest in Bitcoin or  
31 digital assets from a fund specified under subsection (a) of this section during the course of a  
32 calendar year may not exceed ten percent (10%) of the total amount of money deposited in the fund  
33 at the time of the investment.

34 (c) Conditions. Bitcoin or digital assets acquired by a fund specified under subsection (a)

1 of this section shall be held directly by the state treasurer through the use of a secure custody  
2 solution on behalf of the State of Rhode Island by a qualified custodian or in the form of an  
3 exchange-traded product issued by an investment company registered in Rhode Island.

4 (d) Loans. If the state treasurer can loan Bitcoin or digital assets without increasing the  
5 financial risk to the state, the state treasurer may loan Bitcoin or digital assets to generate additional  
6 returns for the state. The state treasurer shall promulgate rules and regulations for the purpose of  
7 implementing this subsection.

8 **35-4.1-4. Authorization for systems to invest in exchange-traded products.**

9 A system may invest in an exchange-traded product with money deposited in a state  
10 retirement fund that is unexpended, unencumbered, or uncommitted.

11 SECTION 3. This act shall take effect on September 1, 2025.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO PUBLIC FINANCE -- THE RHODE ISLAND DIGITAL ASSET RETENTION  
ACT

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- 1           This act would allow the state treasurer to acquire, hold and have the option to invest
- 2 uncommitted funds in digital assets.
- 3           This act would take effect on September 1, 2025.

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