

FLORIDA HOUSE OF REPRESENTATIVES BILL ANALYSIS

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BILL #: CS/CS/HB 1039 TITLE: Establishment and Administration of a State Cryptocurrency Reserve SPONSOR(S): Snyder and Weinberger	COMPANION BILL: CS/SB 1038 (Gruters) LINKED BILLS: None RELATED BILLS: None
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Committee References

[Insurance & Banking](#)

18 Y, 0 N, As CS



[Commerce](#)

22 Y, 2 N, As CS

SUMMARY

Effect of the Bill:

The bill establishes a state cryptocurrency reserve fund as a special fund assigned to the State Board of Administration ("Board"). The bill provides that the Board has custody of the reserve and is responsible for its administration and management. The bill specifies the sources of reserve funds and creates criteria that cryptocurrencies must meet to be eligible for the reserve. The bill creates requirements for custodians and liquidity providers. The bill permits the Board to transfer funds out of the reserve under limited conditions. The bill creates an advisory committee and requires the Board to include information on assets in the reserve in its annual report to the Legislature.

Fiscal or Economic Impact:

The bill may have an indeterminate fiscal impact on the state government and private sector.

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ANALYSIS

EFFECT OF THE BILL:

[Establishment of the Florida Strategic Cryptocurrency Reserve Fund](#)

The bill establishes a [cryptocurrency](#)¹ reserve as a special fund assigned to the [State Board of Administration](#) ("Board"). (Section [1](#)).

The bill provides that the Board has custody of and administers and manages the reserve. (Section [1](#)).

The bill provides that the reserve will consist of:

- Money transferred or deposited to the credit of the reserve by legislative appropriation.
- Revenue that the Legislature dedicates for deposit to the credit of the reserve.
- Cryptocurrency purchased using money in or received by the reserve.
- Investment earnings and interest or rewards earned on assets in the reserve. (Section [1](#)).

Legislative appropriation:

The bill provides that the Legislature may appropriate funds for deposit to the credit of the reserve for the purposes of:

- Investing in cryptocurrency.
- Administering and managing the reserve. (Section [1](#)).

¹ The bill defines cryptocurrency as virtual currency that is not issued by any central authority, is designed to function as a medium of exchange, and uses encryption technology to regulate the generation of units of currency, to verify fund transfers, and to prevent counterfeiting.

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Authority and responsibilities of the Board

The bill provides that the objective of the reserve is to grow the reserve as much as possible to ensure the long-term financial sovereignty of the state. (Section [1](#)).

To administer and manager the reserve, the bill authorizes the Board to acquire, exchange, sell, supervise, manage, or retain authorized investments as long as the Board does so while exercising the care, skill, and caution of a prudent investor exercising reasonable care. (Section [1](#)).

While administering and managing the reserve, the bill requires the Board to consider the objective of the reserve, as well as the investment of all the assets of the reserve rather than a single investment. (Section [1](#)).

The bill permits the Board to use derivatives, if the Board determines that doing so is in the best interest of the reserve. (Section [1](#)).

The bill authorizes the Board to spend cryptocurrency in the reserve or use the net proceeds from the sale of cryptocurrency in the reserve to pay the reasonable costs of administering and managing the reserve. Costs and fees of the Board for investment services will be deducted from the reserve. (Section [1](#)).

The bill permits the Board to dispose of any cryptocurrency received by the reserve that is not compliant with applicable federal or state law. (Section [1](#)).

Market capitalization

The bill requires cryptocurrency to have had an average market capitalization of at least \$100 billion over the most recent 12-month period to be eligible for the reserve.² (Section [1](#)).

Third-party contracts

The bill permits the Board to contract with one or more of the following parties for the administration or management of the reserve:

- A technology provider of a secure custody solution.
- A qualified custodian that uses a secure custody solution.
- A qualified liquidity provider to facilitate the purchase and sale of assets in the reserve. (Section [1](#)).

The bill defines “secure custody solution” as a technological system that meets all of the following criteria:

- The cryptographic private keys³ are:
 - Known only by and can only be accessed by the governmental entity⁴ or the qualified custodian.
 - Kept in an encrypted environment and can be accessed only through fully encrypted channels.
 - Never stored on or accessible through a smartphone.
- The hardware containing the cryptographic private keys is kept in a secure data center.⁵
- Transactions require authorization under a multiparty governance structure.

² As of February 2026, Bitcoin (BTC), Ethereum (ETH), and Tether (USDT) are the only cryptocurrencies that would satisfy the market cap requirement, with market caps of approximately \$1.3 trillion, \$235 billion, and \$183 billion, respectively.

<https://www.forbes.com/digital-assets/crypto-prices/> (last visited Feb. 12, 2026).

³ The bill defines “private key” as a unique element of cryptographic data used for signing transactions on blockchain. The bill defines “blockchain” as a mathematically secured, chronological, decentralized, distributed, and digital ledger or database that consists of records of transactions that cannot be altered retroactively.

⁴ The bill defines “governmental entity” to have the same meaning as in [s. 215.986, F.S.](#) which provides that it means “a state, regional, county, municipal, special district, or other political subdivision, whether executive, judicial, or legislative, including, but not limited to, a department, a division, a board, a bureau, a commission, an authority, a district, or an agency thereof, or a public school, a Florida College System institution, a state university, or an associated board.”

⁵ The bill provides that a “secure data center” means a physical facility that maintains third-party certifications, utilizes certified cryptographic hardware, enforces physical and environmental security, and ensures logical isolation.

- User access control is enforced and all actions taken by users are logged. A smartphone may be used, but only to authenticate authorized users of the secure custody solution.
- The provider of the technological system has implemented a disaster recovery protocol ensuring state access to assets if the provider becomes unavailable.
- The technological system is routinely reviewed through code audits and penetration testing, and any security issues are promptly addressed. (Section [1](#)).

The bill defines “qualified custodian” as a state or federally chartered financial institution or other entity regulated by this state which is authorized to have custody of virtual currencies on behalf of its clients. (Section [1](#)).

The bill defines “qualified liquidity provider” as an entity meeting all of the following requirements:

- Is licensed or regulated under applicable federal or state law.
- Maintains audited financial statements prepared by a regulated auditor.
- Has at least 5 years of experience trading in the digital assets industry.
- Maintains an office and has a registered principal in this state.
- Is certified by the SBA that they meet the above requirements. (Section [1](#)).

The bill permits the Board to contract with a certified public accountant to perform an independent audit of the reserve. (Section [1](#)).

State Treasury

The bill provides that the Board may only transfer money in the reserve to the State Treasury when authorized by the Legislature in the General Appropriations Act or other law. (Section [1](#)).

Florida Strategic Cryptocurrency Reserve Fund Advisory Committee

The bill establishes the Florida Strategic Reserve Fund Advisory Committee to advise the Board regarding the administration and management of the reserve, including:

- Recommendations for valuing assets in the reserve.
- The establishment of prudent investment policies relating to the investment objectives of and asset allocation in the reserve.
- Recommendations for the establishment of prudent custody and security policies for the reserve. (Section [1](#)).

The advisory committee is composed of the following five members:

- The Board’s Executive Director, who serves as the chair.
- Four members appointed by the Board and confirmed by the Senate as follows:
 - Three members with expertise in cryptocurrency investments.
 - One member with expertise in digital asset security. (Section [1](#)).

Members of the committee are not entitled to receive compensation for service on the committee. (Section [1](#)).

Appointed members serve for 4-year terms. A vacancy must be filled for remainder of the unexpired term and in the same manner as the original appointment. (Section [1](#)).

Report requirements

The bill requires the Board to include the following information in its required [annual report](#) to the Legislature⁶:

- The amount of cryptocurrency held in the reserve on the last day of the preceding fiscal year.
- An estimate of the monetary value of the cryptocurrency held in the reserve on the last day of the preceding fiscal year.

⁶ S. 215.44, F.S.

- Any changes in the amount and estimated monetary value of cryptocurrency in the reserve during the period the cryptocurrency has been held in the reserve, separated by the type of cryptocurrency.
- A description of the actions taken by the Board to administer and manage the reserve during the preceding fiscal year. (Section [2](#)).

Private cause of action

The bill provides that it does not create a private cause of action related to compliance with the bill's requirements. (Section [1](#)).

Effective date

The bill provides an effective date of January 1, 2027. (Section [3](#)).

RULEMAKING:

The bill requires the Board to adopt rules as necessary to administer the Florida Strategic Cryptocurrency Reserve Fund.

Lawmaking is a legislative power; however, the Legislature may delegate a portion of such power to executive branch agencies to create rules that have the force of law. To exercise this delegated power, an agency must have a grant of rulemaking authority and a law to implement.

FISCAL OR ECONOMIC IMPACT:

STATE GOVERNMENT:

The bill may have an indeterminate fiscal impact on the state government, to the extent the reserve yields returns on investments and to the extent that the state government incurs costs to administer and manage the reserve.

PRIVATE SECTOR:

The bill may have an indeterminate fiscal impact on the private sector, to the extent that the reserve yields returns on investments.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

[State Board of Administration](#)

The State Board of Administration ("Board") was created by the Florida Constitution as Florida's principal independent investment management organization.⁷ The Board is primarily responsible for investing the proceeds of the Florida Retirement System Pension Plan, administering the Florida Retirement System Investment Plan, managing the Florida Hurricane Catastrophe Fund, running Florida PRIME, and investing the proceeds of more than 25 other funds directed to the Board by the Florida Legislature.⁸

The Governor, Chief Financial Officer, and Attorney General serve as the Board's Board of Trustees ("Trustees"), and delegate operational authority to an executive director.⁹ Additionally, there is a nine-member investment advisory council that reviews investments and makes recommendations to the Board regarding investment policy, strategy, and procedures.¹⁰

⁷ Art. IV, s. 4(e) Fla. Const. (1968); State Board of Administration, About the Board, <https://www.sbafla.com/about-the-sba/> (last visited Feb. 11, 2026).

⁸ State Board of Administration, About the Board, <https://www.sbafla.com/about-the-sba/> (last visited Feb. 11, 2026).

⁹ [S. 215.44, F.S.](#), [S. 215.441, F.S.](#)

¹⁰ [S. 215.444, F.S.](#)

Annual reporting

The Board is required to provide the Legislature a report, on or before January 1 of each year that includes the following information for each fund entrusted to the Board for investment:

- A schedule of the annual beginning and ending asset values and changes and sources of changes in the asset value of:
 - Each fund managed by the Board; and
 - Each asset class and portfolio within the Florida Retirement System Trust Fund.
- A description of the investment policy for each fund, and changes in investment policy for each fund since the previous annual report.
- A description of compliance with investment strategy for each fund.
- A description of the risks inherent in investing in financial instruments of the major asset classes held in the fund.
- A summary of the type and amount of technology and growth investments held by each fund.
- Other information deemed of interest by the executive director of the Board.¹¹

Qualified public depositories

Unless a specific exemption applies, state and local governments must deposit public funds in a bank or savings association that has been designated by the Chief Financial Officer (“CFO”)¹² as a Qualified Public Depository (“QPD”) under the Florida Security for Public Deposits Act.¹³

To be designated as a QPD by the CFO, a bank, savings bank, or savings association must:

- Have authority to accept deposits because it has been chartered and regulated by the state or federal government;
- Have its principal place of business in Florida, or a branch office in Florida;
- Have deposit insurance pursuant to the Federal Deposit Insurance Act¹⁴ or the National Credit Union Share Insurance Fund¹⁵;
- Have procedures and practices for accurate identification, classification, reporting, and collateralization of public deposits;
- Make determinations about the provision of services or the denial of services based on an analysis of risk factors unique to each customer;
- Not engage in the unsafe and unsound practice of denying, canceling, suspending, or terminating its services to a person on specified grounds; and
- Meet any other requirements of the Florida Security for Public Deposits Act.¹⁶

QPDs must secure public deposits with a pledge of eligible collateral, to protect the deposit against losses that could occur in the event of insolvency or default.¹⁷ The amount of collateral required is based on statutory guidelines and the QPD’s overall financial condition.¹⁸

¹¹ *Id.*

¹² The Chief Financial Officer (“CFO”) serves as the chief fiscal officer of the state, responsible for settling and approving all accounts against the state and keeping all state funds and securities. Section 4(c), Art. IV, Florida Constitution; [S. 17.001, F.S.](#)

¹³ [Ss. 280.01, F.S.](#) and [280.03\(1\)\(b\), F.S.](#) Certain public deposits, including those that are fully collateralized under other laws and moneys contributions to the state retirement system that are held in the System Trust Fund, are exempt pursuant to [S. 280.03\(3\), F.S.](#)

¹⁴ 12 U.S.C. ss. 1811 et. seq.

¹⁵ 12 U.S.C. ss. 1783 et. seq.

¹⁶ [Ch. 280, F.S.](#)

¹⁷ [Ss. 280.04](#) and [280.041\(6\), F.S.](#)

¹⁸ [S. 280.04, F.S.](#), and Rule 69C-2.024, F.A.C.

Public deposits include, but are not limited to, time deposit accounts, demand deposit accounts, and nonnegotiable certificates of deposits; they do not include moneys in deposit notes, securities, mutual funds, and similar investments.¹⁹

Cryptocurrency

Virtual currency, or cryptocurrency, is a digital representation of value that functions as a medium of exchange but lacks legal tender status.²⁰ In some environments, virtual currency operates like “real” currency²¹ (i.e., the coin and paper money of the United States or of any other country that is designated as legal tender, circulates, and is customarily used and accepted as a medium of exchange in the country of issuance).²²

Virtual currency that has an equivalent value in real currency, or that acts as a substitute for real currency, is referred to as “convertible” virtual currency.²³ Bitcoin is one example of a convertible virtual currency, as it can be digitally traded between users and can be purchased for, or exchanged into, U.S. dollars, Euros, and other real or virtual currencies.²⁴

Virtual currencies generally operate on networks of computers (nodes) that enable, validate, and record transactions on a distributed digital ledger (blockchain).²⁵ To transfer an asset on a blockchain, the transferor uses an alphanumeric code known only to the transferor (a private key) to create a request that the network software validate a new ledger entry, which assigns control of the asset to the recipient.²⁶ Once the network has validated this transfer, the ledger is updated and the recipient may transfer the asset to another recipient using their own private key.²⁷ Ledger entries are cryptographically secured, and accounts on a blockchain are identified by alphanumeric “public keys” rather than by personal names.²⁸ Virtual currency wallets are interfaces that store and transfer virtual currency.²⁹

Federal law

On March 6, 2025, President Trump signed an executive order (“Executive Order”) that established a Strategic Bitcoin Reserve which is capitalized with all Bitcoin held by the Department of Treasury that was finally forfeited as part of criminal or civil asset forfeiture proceedings or in satisfaction of any civil money penalty imposed by any executive department or agency and is not needed for other specified reasons. The Strategic Bitcoin Reserve consists of approximately 207,189 Bitcoin with an estimated value of \$13.7 billion.³⁰

The Executive Order also established an office known as the “United States Digital Asset Stockpile” (“Stockpile”) to administer and maintain control of custodial accounts that are capitalized with all digital assets owned by the Department of Treasury, other than Bitcoin that were finally forfeited as part of criminal or civil asset forfeiture

¹⁹ [S. 280.02\(23\), F.S.](#)

²⁰ [S. 560.103\(36\), F.S.](#)

²¹ Often referred to as “fiat” currency.

²² IRS, *Digital assets*, <https://www.irs.gov/filing/digital-assets> (last visited Feb. 5, 2026).

²³ *Id.*

²⁴ *Id.*

²⁵ Office of the Federal Register, National Archives and Records Administration, *Requirements for Certain Transactions Involving Convertible Virtual Currency or Digital Assets*, GovInfo, (Dec. 23, 2020), <https://www.govinfo.gov/app/details/FR-2020-12-23/2020-28437/summary> (last visited Feb. 5, 2026).

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Id.*

²⁹ FinCEN, *Application of FinCEN’s Regulations to Certain Business Models Involving Convertible Virtual Currencies*, (May 9, 2019), <https://www.fincen.gov/system/files/2019-05/FinCEN%20Guidance%20CVC%20FINAL%20508.pdf> (last visited Feb. 5, 2026).

³⁰ BitBIO, *USA Bitcoin Reserve Tracker*, available at: [US Bitcoin Reserve](#) (last visited Feb. 5, 2026).

proceedings and that are not needed to satisfy certain requirements.³¹ The Stockpile consists of cryptocurrencies (such as Ethereum or Solana), stablecoin, non-fungible tokens, and potentially other tokenized assets.³²

State reserves

Florida does not currently have a virtual currency or cryptocurrency reserve. Texas³³, New Hampshire³⁴, and Arizona³⁵ have adopted laws creating a reserve for Bitcoin or digital assets, or both. Several states have pending legislation creating a digital asset or cryptocurrency reserve or authorizing public funds to be invested in such assets.³⁶

³¹ Authenticated U.S. Government Information GPO, *Executive Order 14233-Establishment of the Strategic Bitcoin Reserve and United States Digital Asset Stockpile*, March 6, 2025, available at: [DCPD-202500335.pdf](#) (last visited Feb. 5, 2026).

³² DigitalFinanceNews.com, *Managing the U.S. Digital Asset Stockpile: Operational Complexities, Accounting Challenges, and Regulatory Implications*, July 1, 2025, available at: [Managing the U.S. Digital Asset Stockpile: Operational Complexities, Accounting Challenges, and Regulatory Implications – Digital Finance News](#) (last visited Jan. 18, 2026).

³³ Tex. Gov't Code Ann ss. 403.701-403.709 (Subchapter V) (2025) (establishing Texas Strategic Bitcoin Reserve).

³⁴ N.H. Rev. Stat. Ann. (RSA) s. 6:8-d (2025) (establishing the Strategic Reserve).

³⁵ Ariz. Rev. Stat. Ann. s. 41-180 (2025) (establishing Bitcoin and Digital Assets Reserve Fund).

³⁶ See AZ S.B. 1042 (2026), IL H.B. 1844 (2025-2026), MD H.B. 51 (2026), MI H.B. 4087 (2025-2026), OH H.B. 18 (136th GA), OH S.B. 57 (136th GA), PA H.B. 2664 (2025), TN H.B. 1695 (2026), WV S.B. 143 (2026).

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Insurance & Banking Subcommittee	18 Y, 0 N, As CS	2/11/2026	Brackett	Highsmith
THE CHANGES ADOPTED BY THE COMMITTEE:	<ul style="list-style-type: none"> • Changed the administrator of the reserve from the Chief Financial Officer to the Executive Director of the Board. • Established the cryptocurrency reserve as a fund assigned to the Board. • Removed a provision that would have authorized the Chief Financial Officer to temporarily transfer funds from the reserve to the State Treasury for purposes of funding Florida’s National Guard during emergencies because existing law does not authorize the Board to make such transfers. • Modified the definition for “secure custody solution.” • Modified the definition for “cryptocurrency.” • Added definitions for “blockchain,” “distributed ledger,” “governmental entity,” and “secure data center.” • Changed the market capitalization requirement from \$500 billion in the most recent 24-months to \$100 billion in the most recent 12-months. 			
Commerce Committee	22 Y, 2 N, As CS	2/24/2026	Hamon	Highsmith
THE CHANGES ADOPTED BY THE COMMITTEE:	<ul style="list-style-type: none"> • Provided an objective for the reserve, which is to grow the reserve as much as possible to ensure the long-term financial sovereignty of the state. • Clarified that the Board, rather than its executive director, is responsible for administering and managing the reserve. • Clarified that the Board may dispose of any cryptocurrency that is not compliant with federal or state law. • Specified that the bill does not create a private cause of action. • Clarified that the Board must include specified information about the reserve in its annual report. • Changed the effective date to January 1, 2027. 			

THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.
