

Senate Engrossed

digital assets strategic reserve fund

State of Arizona
Senate
Fifty-seventh Legislature
First Regular Session
2025

SENATE BILL 1373

AN ACT

AMENDING TITLE 41, CHAPTER 1, ARTICLE 4, ARIZONA REVISED STATUTES, BY
ADDING SECTION 41-180; RELATING TO THE STATE TREASURER.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 41, chapter 1, article 4, Arizona Revised
3 Statutes, is amended by adding section 41-180, to read:

4 41-180. Digital assets strategic reserve fund; deposits;
5 definitions

6 A. THE DIGITAL ASSETS STRATEGIC RESERVE FUND IS ESTABLISHED
7 CONSISTING OF MONIES APPROPRIATED BY THE LEGISLATURE AND DIGITAL ASSETS
8 THAT ARE SEIZED BY THIS STATE. THE STATE TREASURER SHALL DEPOSIT DIGITAL
9 ASSETS THAT ARE SEIZED BY THIS STATE IN THE FUND THROUGH THE USE OF A
10 SECURE CUSTODY SOLUTION BY A QUALIFIED CUSTODIAN OR IN A FORM OF AN
11 EXCHANGE TRADED PRODUCT THAT IS ISSUED BY AN INVESTMENT COMPANY REGISTERED
12 IN THIS STATE. THE STATE TREASURER SHALL ADMINISTER THE FUND. MONIES IN
13 THE FUND ARE CONTINUOUSLY APPROPRIATED AND ARE EXEMPT FROM THE PROVISIONS
14 OF SECTION 35-190 RELATING TO THE LAPSING OF APPROPRIATIONS.

15 B. THE STATE TREASURER MAY NOT INVEST MORE THAN TEN PERCENT OF THE
16 TOTAL AMOUNT OF MONIES DEPOSITED IN THE FUND IN ANY GIVEN FISCAL YEAR.

17 C. THE STATE TREASURER MAY:

18 1. LOAN DIGITAL ASSETS FROM THE FUND TO GENERATE ADDITIONAL RETURNS
19 IF THE LOAN DOES NOT INCREASE ANY FINANCIAL RISKS TO THIS STATE.

20 2. ADOPT RULES NECESSARY TO IMPLEMENT THIS SECTION.

21 D. FOR THE PURPOSES OF THIS SECTION:

22 1. "CRYPTOGRAPHIC PRIVATE KEY" MEANS A SECRET KEY USED TO ENCRYPT
23 AND DECRYPT DATA.

24 2. "DIGITAL ASSETS" INCLUDES:

25 (a) VIRTUAL CURRENCY.

26 (b) VIRTUAL COINS.

27 (c) CRYPTOCURRENCY OR NATIVE ON-CHAIN ASSETS, INCLUDING ANY OF THE
28 FOLLOWING:

29 (i) BITCOIN.

30 (ii) STABLECOIN.

31 (iii) A NON-FUNGIBLE TOKEN.

32 (iv) ANY OTHER DIGITAL-ONLY ASSETS THAT CONFER ECONOMIC,
33 PROPRIETARY OR ACCESS RIGHTS OR POWERS.

34 3. "EXCHANGE TRADED PRODUCT" MEANS A FINANCIAL INSTRUMENT THAT IS
35 TRADED ON A UNITED STATES-REGULATED EXCHANGE, THAT DERIVES VALUE FROM AN
36 UNDERLYING POOL OF ASSETS, INCLUDING STOCKS, BONDS, COMMODITIES OR
37 INDEXES, AND THAT IS APPROVED BY ANY OF THE FOLLOWING:

38 (a) THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

39 (b) THE COMMODITIES FUTURES TRADING COMMISSION.

40 (c) THE DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS.

41 4. "QUALIFIED CUSTODIAN" MEANS A FEDERAL OR STATE-CHARTERED BANK,
42 TRUST COMPANY OR SPECIAL PURPOSE DEPOSITORY INSTITUTION OR A COMPANY
43 REGULATED BY THIS STATE THAT HAS CUSTODY OF VIRTUAL CURRENCY FOR AN
44 APPROVED EXCHANGE TRADED PRODUCT.

1 5. "SECURE CUSTODY SOLUTION" MEANS A TECHNOLOGICAL PRODUCT OR A
2 BLENDED PRODUCT OR SERVICE THAT MEETS ALL OF THE FOLLOWING:

3 (a) HAS A CRYPTOGRAPHIC PRIVATE KEY THAT SECURES A DIGITAL ASSET
4 AND THAT IS EXCLUSIVELY KNOWN BY AND ACCESSIBLE BY A GOVERNMENTAL ENTITY.

5 (b) HAS A CRYPTOGRAPHIC PRIVATE KEY THAT SECURES A DIGITAL ASSET,
6 THAT IS EXCLUSIVELY CONTAINED WITHIN AN ENCRYPTED ENVIRONMENT AND THAT IS
7 ACCESSIBLE ONLY THROUGH AN END-TO-END ENCRYPTED CHANNEL.

8 (c) HAS A CRYPTOGRAPHIC PRIVATE KEY THAT SECURES A DIGITAL ASSET,
9 WHICH IS NEVER CONTAINED BY, ACCESSIBLE BY OR CONTROLLABLE THROUGH A
10 SMARTPHONE.

11 (d) HAS HARDWARE THAT CONTAINS A CRYPTOGRAPHIC PRIVATE KEY THAT
12 SECURES A DIGITAL ASSET AND THAT IS MAINTAINED IN AT LEAST TWO
13 GEOGRAPHICALLY DIVERSIFIED SPECIALLY DESIGNATED SECURE DATA CENTERS.

14 (e) ENFORCES A MULTIPARTY GOVERNANCE STRUCTURE FOR AUTHORIZING A
15 TRANSACTION AND USER ACCESS CONTROLS.

16 (f) LOGS EACH USER INITIATED ACTION.

17 (g) UNDERGOES REGULAR CODE AUDITS AND PENETRATION TESTING FROM AN
18 AUDITING FIRM, WHICH ENSURES THAT A VULNERABILITY IDENTIFIED BY THE
19 AUDITING FIRM IS PROMPTLY REMEDIED.

20 (h) IS PROVIDED BY AN ENTITY THAT HAS IMPLEMENTED A DISASTER
21 RECOVERY PROTOCOL TO ENSURE CUSTOMERS HAVE ACCESS TO THE DIGITAL ASSETS IF
22 THE ENTITY IS UNAVAILABLE.

23 6. "VIRTUAL COIN" HAS THE SAME MEANING PRESCRIBED IN SECTION
24 44-1801.