

REFERENCE TITLE: digital assets strategic reserve fund

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SB 1649

Introduced by
Senator Finchem

AN ACT

AMENDING TITLE 41, CHAPTER 1, ARTICLE 4, ARIZONA REVISED STATUTES, BY
ADDING SECTION 41-181; 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 41-181, to read:

4 41-181. 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, CONFISCATED BY OR SURRENDERED TO THIS STATE. THE
9 STATE TREASURER SHALL DEPOSIT DIGITAL ASSETS THAT ARE SEIZED BY THIS STATE
10 IN THE FUND THROUGH THE USE OF A SECURE CUSTODY SOLUTION BY A QUALIFIED
11 CUSTODIAN OR IN A FORM OF AN EXCHANGE-TRADED PRODUCT THAT IS ISSUED BY AN
12 INVESTMENT COMPANY REGISTERED IN THIS STATE. THE STATE TREASURER SHALL
13 ADMINISTER THE FUND.

14 B. THE STATE TREASURER MAY INVEST THE TOTAL AMOUNT OF MONIES
15 DEPOSITED IN THE FUND IN ANY FISCAL YEAR.

16 C. THE STATE TREASURER MAY LOAN DIGITAL ASSETS FROM THE FUND TO
17 GENERATE ADDITIONAL RETURNS IF THE LOAN DOES NOT INCREASE ANY FINANCIAL
18 RISKS TO THIS STATE.

19 D. FOR THE PURPOSES OF THIS SECTION:

20 1. "CRYPTOCURRENCY FAIR VALUE" MEANS A WEIGHTED EVALUATION OF A
21 COIN'S ECONOMIC AND TECHNICAL VITALITY USING PERFORMANCE METRICS,
22 INCLUDING:

23 (a) MARKET CAPITALIZATION.

24 (b) NETWORK ACTIVITY AND UTILITY.

25 (c) ANNUAL TRANSACTION VALUE.

26 (d) DEVELOPMENT ECOSYSTEMS.

27 (e) A NETWORK POWER SCORE THAT MEASURES DECENTRALIZATION AND
28 SECURITY.

29 2. "CRYPTOGRAPHIC PRIVATE KEY" MEANS A SECRET KEY USED TO ENCRYPT
30 AND DECRYPT DATA.

31 3. "DIGITAL ASSET" INCLUDES:

32 (a) VIRTUAL CURRENCY.

33 (b) VIRTUAL COINS.

34 (c) CRYPTOCURRENCY OR NATIVE ON-CHAIN ASSETS THAT MEET THE CRYPTO
35 CURRENCY FAIR VALUE SCORE OF ONE PERCENT OF THE DIGITAL GOLD STANDARD
36 BENCHMARK, INCLUDING ANY OF THE FOLLOWING:

37 (i) BITCOIN.

38 (ii) DIGIBYTE.

39 (iii) XRP.

40 (iv) STABLECOIN.

41 (v) A NONFUNGIBLE TOKEN.

42 (vi) ANY OTHER DIGITAL-ONLY ASSETS THAT CONFER ECONOMIC,
43 PROPRIETARY OR ACCESS RIGHTS OR POWERS.

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

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

6 (b) THE COMMODITIES FUTURES TRADING COMMISSION.

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

8 5. "QUALIFIED CUSTODIAN" MEANS A FEDERAL OR STATE-CHARTERED BANK,
9 TRUST COMPANY OR SPECIAL PURPOSE DEPOSITORY INSTITUTION OR A COMPANY
10 REGULATED BY THIS STATE THAT HAS CUSTODY OF VIRTUAL CURRENCY FOR AN
11 APPROVED EXCHANGE-TRADED PRODUCT.

12 6. "SECURE CUSTODY SOLUTION" MEANS A TECHNOLOGICAL PRODUCT OR A
13 BLENDED PRODUCT OR SERVICE THAT MEETS ALL OF THE FOLLOWING:

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

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

19 (c) HAS A CRYPTOGRAPHIC PRIVATE KEY THAT SECURES A DIGITAL ASSET
20 THAT IS NEVER CONTAINED BY, ACCESSIBLE BY OR CONTROLLABLE THROUGH A
21 SMARTPHONE.

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

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

27 (f) LOGS EACH USER-INITIATED ACTION.

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

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

34 7. "VIRTUAL COIN" HAS THE SAME MEANING PRESCRIBED IN SECTION
35 44-1801.

36 Sec. 2. Legislative findings

37 The legislature finds that:

38 1. The digital gold standard benchmark is a standard to provide
39 security and stability in the marketplace. The digital gold standard
40 benchmark was established when the market valued the first cryptocurrency
41 at \$100,000 per coin.

42 2. The cryptocurrency fair value metrics form a universal benchmark
43 and not a testimony to any single coin's supremacy. Like gold's role in
44 19th century trade, the metrics set a standard for all digital gold

1 blockchain-based coins with decentralized, scarce and transferable
2 attributes.

3 3. The cryptocurrency fair value ensures competition is truthful,
4 transparent and fair and evaluates each coin's performance metrics against
5 the digital gold standard benchmark, revealing whether its fundamental
6 measurements support its price or signal overvaluation.

7 4. The cryptocurrency fair value model, a cornerstone of informed
8 cryptocurrency investing, calculates a coin's fair market capitalization
9 by comparing its performance and market metrics to the digital gold
10 standard, then drives a per-coin fair value by dividing market
11 capitalization by its circulating supply.