**South Carolina General Assembly**

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**H. 4256**

**STATUS INFORMATION**

General Bill

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Currently residing in the House Committee on **Ways and Means**

Summary: Strategic Digital Assets Reserve Act

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

3/27/2025 House Introduced and read first time ([House Journal‑page 16](h:\hj\20250327.docx))

3/27/2025 House Referred to Committee on **Ways and Means** ([House Journal‑page 16](h:\hj\20250327.docx))

View the latest  [legislative information](https://www.scstatehouse.gov/billsearch.php?billnumbers=4256&session=126&summary=B)  at the website

**VERSIONS OF THIS BILL**

[03/27/2025](https://www.scstatehouse.gov/sess126_2025-2026/prever/4256_20250327.docx)

A bill

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY ENACTING THE “STRATEGIC DIGITAL ASSETS RESERVE ACT OF SOUTH CAROLINA” BY ADDING ARTICLE 5 TO CHAPTER 5, TITLE 11 SO AS TO PROVIDE THAT THE STATE TREASURER MAY INVEST IN CERTAIN DIGITAL ASSETS AND TO PROVIDE THAT THE STATE TREASURER SHALL DEVELOP CERTAIN POLICIES.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. This act may be cited as the “Strategic Digital Assets Reserve Act of South Carolina.”

SECTION 2. The General Assembly of South Carolina finds that:

(1) Inflation has eroded the purchasing power of assets held in state funds managed by the State Treasurer, as well as state retirement funds.

(2) Although South Carolina does not have direct control over the national money supply, policies that influence inflation, or the debt issued by the federal government, it is responsible for safeguarding the state’s financial resources against the impacts of inflation and other economic uncertainties.

(3) Bitcoin, as a decentralized digital asset, and other digital assets offer unique properties that can act as a hedge against inflation and economic volatility. It also helps to diversify the state’s funds.

(4) South Carolina should have access to digital assets such as Bitcoin to protect against inflation and diversify its portfolio.

(5) The creation of the Digital Assets Reserve will allow the State to own digital assets, including Bitcoin, as a financial asset, and for South Carolinians to voluntarily donate digital assets to promote a shared ownership and community investment in South Carolina’s future.

SECTION 3. Chapter 5, Title 11 of the S.C. Code is amended by adding:

Article 5

Strategic Digital Assets Reserve

Section 11‑5‑500. As used in this article:

(1) “Bitcoin” means the decentralized digital currency launched in 2009, based on Satoshi Nakamoto’s white paper, entitled “Bitcoin: A Peer‑to‑Peer Electronic Cash System.”

(2) “Cold storage” means a method of storing private keys required to transact in digital assets, including Bitcoin, with a nexus to a secure location, protected from unauthorized access and isolated from any network connections.

(3) “Digital asset” means a virtual currency, cryptocurrency, or natively electronic asset, including Bitcoin, that confers economic, proprietary, or access rights or powers. Rules will provide for a list of acceptable digital assets that may include, but not be limited to, Bitcoin that may be updated.

(4) “Exchange‑traded product” means a financial instrument that the Securities and Exchange Commission, the Commodities Future Trading Commission, or the State of South Carolina Department of Banking and Securities approves and is traded on a regulated exchange.

(5) “Private key” means a unique element of cryptographic data used for signing transactions on a blockchain and is known to the owner of the private key.

(6) “Public address” means a cryptographic identifier used to receive digital assets on a blockchain network.

(7) “Secure custody solution” means a technological product or blended product and service that meets certain criteria, including having a cryptographic private key that secures a digital asset, which is exclusively known by and accessible by a government entity. The provider of the secure custody solution shall implement a disaster recovery protocol that ensures customer access to assets in the event the provider becomes unavailable. The secure custody solution shall undergo regular code audits and penetration testing from audit firms and any identified vulnerabilities are promptly remedied.

(8) “Qualified custodian” means a federal or state‑chartered bank, trust company, or special purpose depository institution or a company regulated by the United States that has custody of the digital assets for an approved exchange‑traded product.

Section 11‑5‑510. (A) The State Treasurer may invest in digital assets including, but not limited to, Bitcoin with money that is unexpended, unencumbered, or uncommitted and deposited in any of the following funds:

(1) the General Fund;

(2) the Budget Stabilization Reserve Fund; or

(3) any other investment fund managed directly by the State Treasurer.

(B) The State Treasurer may invest a portion of unencumbered funds in digital assets, provided the allocation aligns with approved financial management principles, including secure custodial solutions and regular reporting.

(C) The amount of money that the State Treasurer may invest in digital assets from a fund specified in this section may not exceed ten precent of the total funds under management and adhere to secure storage and risk mitigation and best practices. Digital assets may not be loaned.

(D) Any digital assets acquired by any of the funds must be held:

(1) directly by the State Treasurer through the use of a secure custody solution;

(2) on behalf of the State by a qualified custodian; or

(3) in the form of an exchange‑traded product issued by a regulated financial institution.

Section 11‑5‑520. (A) The State Treasurer shall develop policies and protocols to ensure the secure storage and protection of digital assets held in the Strategic Digital Assets Reserve, including the use of secure custodial technologies, cold storage, and best practices in digital assets under management.

(B) The State Treasurer may contract with a qualified, independent, United States‑based third‑party cryptocurrency entity to assist in the creation, maintenance, operation, or administration of the reserve’s security.

Section 11‑5‑530. The State of South Carolina, its agencies, and any contractors or third parties involved in the administration of the Strategic Digital Assets Reserve are strictly prohibited from engaging in, supporting, or coordinating any efforts to disrupt, attack, or undermine the security or operation of the digital asset network.

Section 11‑5‑540. Notwithstanding the investment limits specified in Section 11‑5‑510, the total amount of each digital asset held by the State in the Strategic Digital Assets Reserve may not exceed three percent of all digital asset within the state’s investment portfolio at any given time. The State Treasurer shall regularly monitor the state’s digital asset holdings to ensure compliance with this limit. The bitcoin reserve may not exceed one million Bitcoins.

Section 11‑5‑550. (A) The State Treasurer shall prepare a biennial report including the total amount of digital assets held in the Strategic Digital Assets Reserve, the equivalent value of the reserve in United States dollars, and any transactions or expenditures related to the reserve since the previous report.

(B) To enhance transparency and facilitate public trust, the State Treasurer shall publish the public addresses of all digital assets held in the reserve. These addresses must be made available on an official state website, allowing citizens to independently verify the holdings and transactions of the reserve. Private keys or other sensitive security information must remain confidential and held in trust of the State.

Section 11‑5‑560. The reserve may accept gifts, grants, donations, bequests, or devises of digital assets from South Carolina residents. The State Treasurer shall develop a straightforward donation process to facilitate digital asset contributions from residents. The process must require approved vendors.

Section 11‑5‑570. (A) The State Treasurer shall ensure that all processes and protocols related to the management, custody, and security of digital assets are subject to regular independent testing and auditing to verify compliance with established standards and best practices.

(B) Independent testing and audits must include, but not be limited to:

(1) security of custody solutions, including cold storage and private key management;

(2) verification of digital asset holdings against public blockchain records;

(3) assessment of compliance with applicable state, federal, and international laws regarding digital asset investments; and

(4) evaluation of internal controls to mitigate risks such as fraud, cyberattacks, and mismanagement.

(C) The State Treasurer shall contract with qualified third‑party auditors or testing firms specializing in digital asset management to conduct these evaluations.

(D) Independent testing and audit reports must be conducted at least annually and submitted to the relevant legislative or oversight committee, with a summary made available to the public to ensure transparency and accountability.

(E) Any material findings or recommendations resulting from the independent testing and audits must be addressed within ninety days of the report’s issuance, with a follow‑up report provided to the oversight committee outlining corrective actions taken.

Section 11‑5‑580. The State Treasurer may adopt rules as necessary to administer this article, including security protocols, reporting standards, and donation procedures.

SECTION 4. This act takes effect upon approval by the Governor. The provisions of this act expire on September 1, 2035.

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