

As Introduced

**135th General Assembly
Regular Session
2023-2024**

H. B. No. 703

Representative Merrin

A BILL

To amend section 2981.12 and to enact section 1
135.146 of the Revised Code to authorize 2
investment of state funds in bitcoin and to name 3
this act the Ohio Bitcoin Reserve Act. 4

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That section 2981.12 be amended and section 5
135.146 of the Revised Code be enacted to read as follows: 6

Sec. 135.146. (A) As used in this section: 7

(1) "Bitcoin" means the decentralized digital asset 8
created by a peer-to-peer network, which operates with no 9
central authority or banks. 10

(2) "Private key" means a unique element of cryptographic 11
data used for signing transactions on a blockchain that is known 12
to the owner of the unique element. 13

(3) "Secure custody solution" means a technological 14
product or blended product and service that has all of the 15
following characteristics: 16

(a) The private keys that secure digital assets are 17
exclusively known to, and accessible by, the government entity. 18

(b) The private keys that secure digital assets are 19
exclusively contained within an encrypted environment and are 20
accessible only via end-to-end encrypted channels. 21

(c) The private keys that secure digital assets are not at 22
any time contained by, accessible by, or controllable via a 23
smartphone. 24

(d) Any hardware that contains the private keys that 25
secure digital assets is maintained in at least two 26
geographically diversified locations. 27

(e) The secure custody solution enforces a multi-party 28
governance structure for authorizing transactions, enforces user 29
access controls, and logs all user-initiated actions. 30

(f) The provider of the secure custody solution has 31
implemented a disaster recovery protocol that ensures customer 32
access to digital assets in the event the provider becomes 33
unavailable. 34

(g) The secure custody solution undergoes regular code 35
audits and penetration testing from audit firms, and any 36
identified vulnerabilities are promptly remedied. 37

(4) "Qualified custodian" means any federal or state- 38
chartered bank, trust company, or a company regulated by the 39
state that has custody of bitcoin. 40

(B) The general assembly finds all of the following: 41

(1) That bitcoin is a valuable digital asset and property 42
with strategic potential for enhancing the state's fiscal 43
resilience. 44

(2) The decentralized nature and finite supply of bitcoin 45
provide unique qualities that can serve as a hedge against the 46

devaluation of the United States dollar and economic volatility. 47

(3) A strategic bitcoin reserve fund aligns with the 48
state's commitment to fostering innovation in digital assets and 49
providing Ohioans with enhanced financial security. 50

(C) The Ohio bitcoin reserve fund is created in the state 51
treasury. The fund shall consist of amounts transferred to it 52
pursuant to section 2981.12 of the Revised Code and by acts of 53
the general assembly. The treasurer of state shall administer 54
the Ohio bitcoin reserve fund in accordance with the 55
requirements of this section. 56

(D) The treasurer of state may invest interim money of the 57
state and amounts deposited to the Ohio bitcoin reserve fund in 58
bitcoin. 59

(E) Any bitcoin acquired as an investment under this 60
section must be held in one of the following ways: 61

(1) Directly by the treasurer of state through the use of 62
a secure custody solution; 63

(2) On behalf of the state by a qualified custodian. 64

Sec. 2981.12. (A) Unclaimed or forfeited property in the 65
custody of a law enforcement agency, other than property 66
described in division (A) (2) of section 2981.11 of the Revised 67
Code, shall be disposed of by order of any court of record that 68
has territorial jurisdiction over the political subdivision that 69
employs the law enforcement agency, as follows: 70

(1) Drugs shall be disposed of pursuant to section 3719.11 71
of the Revised Code or placed in the custody of the secretary of 72
the treasury of the United States for disposal or use for 73
medical or scientific purposes under applicable federal law. 74

(2) Firearms and dangerous ordnance suitable for police work may be given to a law enforcement agency for that purpose. Firearms suitable for sporting use or as museum pieces or collectors' items may be sold at public auction pursuant to division (B) of this section. The agency may sell other firearms and dangerous ordnance to a federally licensed firearms dealer in a manner that the court considers proper. The agency shall destroy any firearms or dangerous ordnance not given to a law enforcement agency or sold or shall send them to the bureau of criminal identification and investigation for destruction by the bureau.

(3) Obscene materials shall be destroyed.

(4) Beer, intoxicating liquor, or alcohol seized from a person who does not hold a permit issued under Chapters 4301. and 4303. of the Revised Code or otherwise forfeited to the state for an offense under section 4301.45 or 4301.53 of the Revised Code shall be sold by the division of liquor control if the division determines that it is fit for sale or shall be placed in the custody of the investigations unit in the department of public safety and be used for training relating to law enforcement activities. The department, with the assistance of the division of liquor control, shall adopt rules in accordance with Chapter 119. of the Revised Code to provide for the distribution to state or local law enforcement agencies upon their request. If any tax imposed under Title XLIII of the Revised Code has not been paid in relation to the beer, intoxicating liquor, or alcohol, any moneys acquired from the sale shall first be used to pay the tax. All other money collected under this division shall be paid into the state treasury. Any beer, intoxicating liquor, or alcohol that the division determines to be unfit for sale shall be destroyed.

(5) Money received by an inmate of a correctional institution from an unauthorized source or in an unauthorized manner shall be returned to the sender, if known, or deposited in the inmates' industrial and entertainment fund of the institution if the sender is not known.

(6) (a) Any mobile instrumentality forfeited under this chapter may be given to the law enforcement agency that initially seized the mobile instrumentality for use in performing its duties, if the agency wants the mobile instrumentality. The agency shall take the mobile instrumentality subject to any security interest or lien on the mobile instrumentality.

(b) Vehicles and vehicle parts forfeited under sections 4549.61 to 4549.63 of the Revised Code may be given to a law enforcement agency for use in performing its duties. Those parts may be incorporated into any other official vehicle. Parts that do not bear vehicle identification numbers or derivatives of them may be sold or disposed of as provided by rules of the director of public safety. Parts from which a vehicle identification number or derivative of it has been removed, defaced, covered, altered, or destroyed and that are not suitable for police work or incorporation into an official vehicle shall be destroyed and sold as junk or scrap.

(7) Computers, computer networks, computer systems, and computer software suitable for police work may be given to a law enforcement agency for that purpose or disposed of under division (B) of this section.

(8) Money seized in connection with a violation of section 2905.32, 2907.21, or 2907.22 of the Revised Code shall be deposited in the victims of human trafficking fund created by

section 5101.87 of the Revised Code.	136
<u>(9) Bitcoin, as defined in section 135.146 of the Revised</u>	137
<u>Code, may be transferred to the Ohio bitcoin reserve fund</u>	138
<u>created in section 131.62 of the Revised Code or disposed of</u>	139
<u>under division (B) of this section.</u>	140
(B) Unclaimed or forfeited property that is not described	141
in division (A) of this section or division (A)(2) of section	142
2981.11 of the Revised Code, with court approval, may be used by	143
the law enforcement agency in possession of it. If it is not	144
used by the agency, it may be sold without appraisal at a public	145
auction to the highest bidder for cash or disposed of in another	146
manner that the court considers proper.	147
(C) Except as provided in divisions (A) and (F) of this	148
section and after compliance with division (D) of this section	149
when applicable, any moneys acquired from the sale of property	150
disposed of pursuant to this section shall be placed in the	151
general revenue fund of the state, or the general fund of the	152
county, the township, or the municipal corporation of which the	153
law enforcement agency involved is an agency.	154
(D) If the property was in the possession of the law	155
enforcement agency in relation to a delinquent child proceeding	156
in a juvenile court, ten per cent of any moneys acquired from	157
the sale of property disposed of under this section shall be	158
applied to one or more community addiction services providers,	159
as defined in section 5119.01 of the Revised Code. A juvenile	160
court shall not specify a services provider, except as provided	161
in this division, unless the services provider is in the same	162
county as the court or in a contiguous county. If no services	163
provider is located in any of those counties, the juvenile court	164
may specify a services provider anywhere in Ohio. The remaining	165

ninety per cent of the proceeds or cash shall be applied as 166
provided in division (C) of this section. 167

Each services provider that receives in any calendar year 168
forfeited money under this division shall file an annual report 169
for that year with the attorney general and with the court of 170
common pleas and board of county commissioners of the county in 171
which the services provider is located and of any other county 172
from which the services provider received forfeited money. The 173
services provider shall file the report on or before the first 174
day of March in the calendar year following the calendar year in 175
which the services provider received the money. The report shall 176
include statistics on the number of persons the services 177
provider served, identify the types of treatment services it 178
provided to them, and include a specific accounting of the 179
purposes for which it used the money so received. No information 180
contained in the report shall identify, or enable a person to 181
determine the identity of, any person served by the services 182
provider. 183

(E) Each community addiction services provider that 184
receives in any calendar year money under this section or under 185
section 2981.13 of the Revised Code as the result of a juvenile 186
forfeiture order shall file an annual report for that calendar 187
year with the attorney general and with the court of common 188
pleas and board of county commissioners of the county in which 189
the services provider is located and of any other county from 190
which the services provider received the money. The services 191
provider shall file the report on or before the first day of 192
March in the calendar year following the year in which the 193
services provider received the money. The report shall include 194
statistics on the number of persons served with the money, 195
identify the types of treatment services provided, and 196

specifically account for how the money was used. No information 197
in the report shall identify or enable a person to determine the 198
identity of anyone served by the services provider. 199

As used in this division, "juvenile-related forfeiture 200
order" means any forfeiture order issued by a juvenile court 201
under section 2981.04 or 2981.05 of the Revised Code and any 202
disposal of property ordered by a court under section 2981.11 of 203
the Revised Code regarding property that was in the possession 204
of a law enforcement agency in relation to a delinquent child 205
proceeding in a juvenile court. 206

(F) Each board of county commissioners that recognizes a 207
citizens' reward program under section 9.92 of the Revised Code 208
shall notify each law enforcement agency of that county and of a 209
township or municipal corporation wholly located in that county 210
of the recognition by filing a copy of its resolution conferring 211
that recognition with each of those agencies. When the board 212
recognizes a citizens' reward program and the county includes a 213
part, but not all, of the territory of a municipal corporation, 214
the board shall so notify the law enforcement agency of that 215
municipal corporation of the recognition of the citizens' reward 216
program only if the county contains the highest percentage of 217
the municipal corporation's population. 218

Upon being so notified, each law enforcement agency shall 219
pay twenty-five per cent of any forfeited proceeds or cash 220
derived from each sale of property disposed of pursuant to this 221
section to the citizens' reward program for use exclusively to 222
pay rewards. No part of the funds may be used to pay expenses 223
associated with the program. If a citizens' reward program that 224
operates in more than one county or in another state in addition 225
to this state receives funds under this section, the funds shall 226

be used to pay rewards only for tips and information to law 227
enforcement agencies concerning offenses committed in the county 228
from which the funds were received. 229

Receiving funds under this section or section 2981.11 of 230
the Revised Code does not make the citizens' reward program a 231
governmental unit or public office for purposes of section 232
149.43 of the Revised Code. 233

(G) Any property forfeited under this chapter shall not be 234
used to pay any fine imposed upon a person who is convicted of 235
or pleads guilty to an underlying criminal offense or a 236
different offense arising out of the same facts and 237
circumstances. 238

(H) Any moneys acquired from the sale of personal effects, 239
tools, or other property seized because the personal effects, 240
tools, or other property were used in the commission of a 241
violation of section 2905.32, 2907.21, or 2907.22 of the Revised 242
Code or derived from the proceeds of the commission of a 243
violation of section 2905.32, 2907.21, or 2907.22 of the Revised 244
Code and disposed of pursuant to this section shall be placed in 245
the victims of human trafficking fund created by section 5101.87 246
of the Revised Code. 247

Section 2. That existing section 2981.12 of the Revised 248
Code is hereby repealed. 249

Section 3. This act shall be known as the Ohio Bitcoin 250
Reserve Act. 251