

As Introduced

136th General Assembly

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H. B. No. 18

Representative Demetriou

**Cosponsors: Representatives Fischer, Johnson, King, Lorenz, Mathews, T.,
Williams**

A BILL

To amend sections 145.11, 742.11, 3307.15, 3309.15, 1
3770.06, and 5505.06 and to enact section 2
135.146 of the Revised Code to address 3
investments in exchange-traded products by the 4
state retirement systems, to permit the 5
Treasurer of State to invest certain interim 6
funds in digital assets, and to name this act 7
the Ohio Strategic Cryptocurrency Reserve Act. 8

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

Section 1. That sections 145.11, 742.11, 3307.15, 3309.15, 9
3770.06, and 5505.06 be amended and section 135.146 of the 10
Revised Code be enacted to read as follows: 11

Sec. 135.146. (A) As used in this section, 12

(1) "Digital asset" means a virtual currency, 13
cryptocurrency, native electronic asset, stablecoin, non- 14
fungible token, or any other digital-only asset that confers 15
economic, proprietary, or access rights or powers. 16

(2) "Exchange-traded product" means a security, as defined 17

in section 1707.01 of the Revised Code, that meets any of the 18
following requirements: 19

(a) The security is listed, or authorized for listing, on 20
the New York stock exchange, the American stock exchange, or the 21
national market system of the NASDAQ stock market, or any 22
successor to such entities. 23

(b) The security is listed, or authorized for listing, on 24
a national securities exchange or system, or on a tier or 25
segment of such exchange or system, designated by the United 26
States securities and exchange commission in rule 146(b) 27
promulgated under section 18(b)(1) of the Securities Act of 28
1933. 29

(c) The security is listed, or authorized for listing, on 30
a national securities exchange or system, or on a tier or 31
segment of such exchange or system, that has listing standards 32
that the division of securities, on its own initiative or on the 33
basis of an application, determines by rule are substantially 34
similar to the listing standards applicable to securities 35
described in division (A)(2)(a) of this section. 36

(d) The security is a security of the same issuer that is 37
equal in seniority or that is a senior security to a security 38
described in division (A)(2)(a), (b), or (c) of this section. 39

(3) "Private key" means a unique element of cryptographic 40
data used for signing transactions on a blockchain that is known 41
to the owner of the unique element. 42

(4) "Secure custody solution" means a technological 43
product or blended product and service that has all of the 44
following characteristics: 45

(a) The private keys that secure digital assets are 46

exclusively known and accessible by the government entity. 47

(b) The private keys that secure digital assets are 48
exclusively contained within an encrypted environment and are 49
accessible only via end-to-end encrypted channels. 50

(c) The private keys that secure digital assets are never 51
contained by, accessible by, or controllable via a smartphone. 52

(d) Any hardware that contains the private keys that 53
secure digital assets is maintained in at least two 54
geographically diversified specially designated secure data 55
centers. 56

(e) The secure custody solution enforces a multi-party 57
governance structure for authorizing transactions, enforces user 58
access controls, and logs all user-initiated actions. 59

(f) The provider of the secure custody solution has 60
implemented a disaster recovery protocol that ensures customer 61
access to digital assets in the event the provider becomes 62
unavailable. 63

(g) The secure custody solution undergoes regular code 64
audits and penetration testing from audit firms, and any 65
identified vulnerabilities are promptly remedied. 66

(5) "Qualified custodian" means any federal or state- 67
chartered bank, trust company, or a company regulated by the 68
state that has custody of a digital asset for an exchange-traded 69
product. 70

(B) Subject to the requirements of this section, the 71
treasurer of state may invest interim moneys from any of the 72
following funds in digital assets: 73

(1) The general revenue fund; 74

<u>(2) The budget stabilization fund created under section</u>	75
<u>131.43 of the Revised Code;</u>	76
<u>(3) The deferred prizes trust fund created under division</u>	77
<u>(C) of section 3770.06 of the Revised Code.</u>	78
<u>(C) The investments in digital assets from any of the</u>	79
<u>funds described in division (B)(1) to (3) of this section shall</u>	80
<u>not exceed, in the aggregate, ten per cent of the balance of the</u>	81
<u>fund at the time of the investment.</u>	82
<u>(D) The treasurer of state shall not invest in digital</u>	83
<u>assets that do not meet both of the following:</u>	84
<u>(1) The digital assets are an exchange-traded product.</u>	85
<u>(2) The average market capitalization of the digital</u>	86
<u>assets over the preceding twelve months is at least seven</u>	87
<u>hundred fifty billion dollars, as determined by the treasurer of</u>	88
<u>state using a commercially reasonable method.</u>	89
<u>(E) Any digital asset acquired as an investment under this</u>	90
<u>section must be held in one of the following ways:</u>	91
<u>(1) Directly by the treasurer of state through the use of</u>	92
<u>a secure custody solution;</u>	93
<u>(2) On behalf of the state by a qualified custodian;</u>	94
<u>(3) In the form of an exchange-traded product issued by an</u>	95
<u>investment company registered under Chapter 1707. of the Revised</u>	96
<u>Code.</u>	97
<u>(F) The treasurer of state may loan the digital assets</u>	98
<u>acquired as an investment under this section to bring further</u>	99
<u>returns to the applicable fund if the treasurer of state</u>	100
<u>determines that the loan does not increase the financial risk of</u>	101

the investment. 102

(G) The treasurer of state may adopt rules for the 103
purposes of administering this section. 104

Sec. 145.11. (A) The members of the public employees 105
retirement board shall be the trustees of the funds created by 106
section 145.23 of the Revised Code. The board shall have full 107
power to invest the funds. The board and other fiduciaries shall 108
discharge their duties with respect to the funds solely in the 109
interest of the participants and beneficiaries; for the 110
exclusive purpose of providing benefits to participants and 111
their beneficiaries and defraying reasonable expenses of 112
administering the public employees retirement system; with care, 113
skill, prudence, and diligence under the circumstances then 114
prevailing that a prudent person acting in a like capacity and 115
familiar with these matters would use in the conduct of an 116
enterprise of a like character and with like aims; and by 117
diversifying the investments of the system so as to minimize the 118
risk of large losses, unless under the circumstances it is 119
clearly prudent not to do so. 120

The board, in accordance with its fiduciary duties 121
described under this section, shall make investment decisions 122
with the sole purpose of maximizing the return on its 123
investments. The board shall not make an investment decision 124
with the primary purpose of influencing any social or 125
environmental policy or attempting to influence the governance 126
of any corporation. 127

Nothing in this section shall be construed to prohibit the 128
board from investing in an exchange-traded product as defined in 129
section 135.146 of the Revised Code. 130

To facilitate investment of the funds, the board may 131
establish a partnership, trust, limited liability company, 132
corporation, including a corporation exempt from taxation under 133
the Internal Revenue Code, 100 Stat. 2085, 26 U.S.C. 1, as 134
amended, or any other legal entity authorized to transact 135
business in this state. 136

(B) In exercising its fiduciary responsibility with 137
respect to the investment of the funds, it shall be the intent 138
of the board to give consideration to investments that enhance 139
the general welfare of the state and its citizens where the 140
investments offer quality, return, and safety comparable to 141
other investments currently available to the board. In 142
fulfilling this intent, equal consideration shall also be given 143
to investments otherwise qualifying under this section that 144
involve minority owned and controlled firms and firms owned and 145
controlled by women, either alone or in joint venture with other 146
firms. 147

The board shall adopt, in regular meeting, policies, 148
objectives, or criteria for the operation of the investment 149
program that include asset allocation targets and ranges, risk 150
factors, asset class benchmarks, time horizons, total return 151
objectives, and performance evaluation guidelines. In adopting 152
policies and criteria for the selection of agents with whom the 153
board may contract for the administration of the funds, the 154
board shall comply with sections 145.114 and 145.116 of the 155
Revised Code and shall also give equal consideration to minority 156
owned and controlled firms, firms owned and controlled by women, 157
and ventures involving minority owned and controlled firms and 158
firms owned and controlled by women that otherwise meet the 159
policies and criteria established by the board. Amendments and 160
additions to the policies and criteria shall be adopted in 161

regular meeting. The board shall publish its policies, 162
objectives, and criteria under this provision no less often than 163
annually and shall make copies available to interested parties. 164

The board shall not adopt a policy, or take any action to 165
promote a policy, under which the board makes investment 166
decisions with the primary purpose of influencing any social or 167
environmental policy or attempting to influence the governance 168
of any corporation. 169

When reporting on the performance of investments, the 170
board shall comply with the performance presentation standards 171
established by the association for investment management and 172
research. 173

(C) All investments shall be purchased at current market 174
prices and the evidences of title of the investments shall be 175
placed in the hands of the treasurer of state, who is hereby 176
designated as custodian thereof, or in the hands of the 177
treasurer of state's authorized agent. Evidences of title of the 178
investments so purchased may be deposited by the treasurer of 179
state for safekeeping with an authorized agent, selected by the 180
treasurer of state, who is a qualified trustee under section 181
135.18 of the Revised Code. The treasurer of state or the agent 182
shall collect the principal, dividends, distributions, and 183
interest thereon as they become due and payable and place them 184
when so collected into the custodial funds. 185

The treasurer of state shall pay for investments purchased 186
by the retirement board on receipt of written or electronic 187
instructions from the board or the board's designated agent 188
authorizing the purchase and pending receipt of the evidence of 189
title of the investment by the treasurer of state or the 190
treasurer of state's authorized agent. The board may sell 191

investments held by the board, and the treasurer of state or the 192
treasurer of state's authorized agent shall accept payment from 193
the purchaser and deliver evidence of title of the investment to 194
the purchaser on receipt of written or electronic instructions 195
from the board or the board's designated agent authorizing the 196
sale, and pending receipt of the moneys for the investments. The 197
amount received shall be placed in the custodial funds. The 198
board and the treasurer of state may enter into agreements to 199
establish procedures for the purchase and sale of investments 200
under this division and the custody of the investments. 201

(D) No purchase or sale of any investment shall be made 202
under this section except as authorized by the public employees 203
retirement board. 204

(E) Any statement of financial position distributed by the 205
board shall include the fair value, as of the statement date, of 206
all investments held by the board under this section. 207

Sec. 742.11. (A) The members of the board of trustees of 208
the Ohio police and fire pension fund shall be the trustees of 209
the funds created by section 742.59 of the Revised Code. The 210
board shall have full power to invest the funds. The board and 211
other fiduciaries shall discharge their duties with respect to 212
the funds solely in the interest of the participants and 213
beneficiaries; for the exclusive purpose of providing benefits 214
to participants and their beneficiaries and defraying reasonable 215
expenses of administering the Ohio police and fire pension fund; 216
with care, skill, prudence, and diligence under the 217
circumstances then prevailing that a prudent person acting in a 218
like capacity and familiar with these matters would use in the 219
conduct of an enterprise of a like character and with like aims; 220
and by diversifying the investments of the disability and 221

pension fund so as to minimize the risk of large losses, unless 222
under the circumstances it is clearly prudent not to do so. 223

The board, in accordance with its fiduciary duties 224
described under this section, shall make investment decisions 225
with the sole purpose of maximizing the return on its 226
investments. The board shall not make an investment decision 227
with the primary purpose of influencing any social or 228
environmental policy or attempting to influence the governance 229
of any corporation. 230

Nothing in this section shall be construed to prohibit the 231
board from investing in an exchange-traded product as defined in 232
section 135.146 of the Revised Code. 233

To facilitate investment of the funds, the board may 234
establish a partnership, trust, limited liability company, 235
corporation, including a corporation exempt from taxation under 236
the Internal Revenue Code, 100 Stat. 2085, 26 U.S.C.A. 1, as 237
amended, or any other legal entity authorized to transact 238
business in this state. 239

(B) In exercising its fiduciary responsibility with 240
respect to the investment of the funds, it shall be the intent 241
of the board to give consideration to investments that enhance 242
the general welfare of the state and its citizens where the 243
investments offer quality, return, and safety comparable to 244
other investments currently available to the board. In 245
fulfilling this intent, equal consideration shall be given to 246
investments otherwise qualifying under this section that involve 247
minority owned and controlled firms and firms owned and 248
controlled by women, either alone or in joint venture with other 249
firms. 250

The board shall adopt, in regular meeting, policies, 251
objectives, or criteria for the operation of the investment 252
program that include asset allocation targets and ranges, risk 253
factors, asset class benchmarks, time horizons, total return 254
objectives, and performance evaluation guidelines. In adopting 255
policies and criteria for the selection of agents with whom the 256
board may contract for the administration of the funds, the 257
board shall comply with sections 742.114 and 742.116 of the 258
Revised Code and shall also give equal consideration to minority 259
owned and controlled firms, firms owned and controlled by women, 260
and joint ventures involving minority owned and controlled firms 261
and firms owned and controlled by women that otherwise meet the 262
policies and criteria established by the board. Amendments and 263
additions to the policies and criteria shall be adopted in 264
regular meeting. The board shall publish its policies, 265
objectives, and criteria under this provision no less often than 266
annually and shall make copies available to interested parties. 267

The board shall not adopt a policy, or take any action to 268
promote a policy, under which the board makes investment 269
decisions with the primary purpose of influencing any social or 270
environmental policy or attempting to influence the governance 271
of any corporation. 272

When reporting on the performance of investments, the 273
board shall comply with the performance presentation standards 274
established by the association for investment management and 275
research. 276

(C) All bonds, notes, certificates, stocks, or other 277
evidences of investments purchased by the board shall be 278
delivered to the treasurer of state, who is hereby designated as 279
custodian thereof, or to the treasurer of state's authorized 280

agent, and the treasurer of state or the agent shall collect the 281
principal, interest, dividends, and distributions that become 282
due and payable and place them when so collected into the 283
custodial funds. Evidences of title of the investments may be 284
deposited by the treasurer of state for safekeeping with an 285
authorized agent, selected by the treasurer of state, who is a 286
qualified trustee under section 135.18 of the Revised Code. The 287
treasurer of state shall pay for the investments purchased by 288
the board on receipt of written or electronic instructions from 289
the board or the board's designated agent authorizing the 290
purchase and pending receipt of the evidence of title of the 291
investment by the treasurer of state or the treasurer of state's 292
authorized agent. The board may sell investments held by the 293
board, and the treasurer of state or the treasurer of state's 294
authorized agent shall accept payment from the purchaser and 295
deliver evidence of title of the investment to the purchaser on 296
receipt of written or electronic instructions from the board or 297
the board's designated agent authorizing the sale, and pending 298
receipt of the moneys for the investments. The amount received 299
shall be placed into the custodial funds. The board and the 300
treasurer of state may enter into agreements to establish 301
procedures for the purchase and sale of investments under this 302
division and the custody of the investments. 303

(D) All of the board's business shall be transacted, all 304
its funds shall be invested, all warrants for money drawn and 305
payments shall be made, and all of its cash, securities, and 306
other property shall be held, in the name of the board or its 307
nominee, provided that nominees are authorized by board 308
resolution for the purpose of facilitating the ownership and 309
transfer of investments. 310

(E) No purchase or sale of any investment shall be made 311

under this section except as authorized by the board of trustees 312
of the Ohio police and fire pension fund. 313

(F) Any statement of financial position distributed by the 314
board shall include the fair value, as of the statement date, of 315
all investments held by the board under this section. 316

Sec. 3307.15. (A) The members of the state teachers 317
retirement board shall be the trustees of the funds created by 318
section 3307.14 of the Revised Code. The board shall have full 319
power to invest the funds. The board and other fiduciaries shall 320
discharge their duties with respect to the funds solely in the 321
interest of the participants and beneficiaries; for the 322
exclusive purpose of providing benefits to participants and 323
their beneficiaries and defraying reasonable expenses of 324
administering the system; with care, skill, prudence, and 325
diligence under the circumstances then prevailing that a prudent 326
person acting in a like capacity and familiar with these matters 327
would use in the conduct of an enterprise of a like character 328
and with like aims; and by diversifying the investments of the 329
system so as to minimize the risk of large losses, unless under 330
the circumstances it is clearly prudent not to do so. 331

The board, in accordance with its fiduciary duties 332
described under this section, shall make investment decisions 333
with the sole purpose of maximizing the return on its 334
investments. The board shall not make an investment decision 335
with the primary purpose of influencing any social or 336
environmental policy or attempting to influence the governance 337
of any corporation. 338

Nothing in this section shall be construed to prohibit the 339
board from investing in an exchange-traded product as defined in 340
section 135.146 of the Revised Code. 341

To facilitate investment of the funds, the board may 342
establish a partnership, trust, limited liability company, 343
corporation, including a corporation exempt from taxation under 344
the Internal Revenue Code, 100 Stat. 2085, 26 U.S.C. 1, as 345
amended, or any other legal entity authorized to transact 346
business in this state. 347

(B) In exercising its fiduciary responsibility with 348
respect to the investment of the funds, it shall be the intent 349
of the board to give consideration to investments that enhance 350
the general welfare of the state and its citizens where the 351
investments offer quality, return, and safety comparable to 352
other investments currently available to the board. In 353
fulfilling this intent, equal consideration shall also be given 354
to investments otherwise qualifying under this section that 355
involve minority owned and controlled firms and firms owned and 356
controlled by women, either alone or in joint venture with other 357
firms. 358

The board shall adopt, in regular meeting, policies, 359
objectives, or criteria for the operation of the investment 360
program that include asset allocation targets and ranges, risk 361
factors, asset class benchmarks, time horizons, total return 362
objectives, and performance evaluation guidelines. In adopting 363
policies and criteria for the selection of agents with whom the 364
board may contract for the administration of the funds, the 365
board shall comply with sections 3307.152 and 3307.154 of the 366
Revised Code and shall also give equal consideration to minority 367
owned and controlled firms, firms owned and controlled by women, 368
and ventures involving minority owned and controlled firms and 369
firms owned and controlled by women that otherwise meet the 370
policies and criteria established by the board. Amendments and 371
additions to the policies and criteria shall be adopted in 372

regular meeting. The board shall publish its policies, 373
objectives, and criteria under this provision no less often than 374
annually and shall make copies available to interested parties. 375

The board shall not adopt a policy, or take any action to 376
promote a policy, under which the board makes investment 377
decisions with the primary purpose of influencing any social or 378
environmental policy or attempting to influence the governance 379
of any corporation. 380

When reporting on the performance of investments, the 381
board shall comply with the performance presentation standards 382
established by the CFA institute. 383

(C) All bonds, notes, certificates, stocks, or other 384
evidences of investments purchased by the board shall be 385
delivered to the treasurer of state, who is hereby designated as 386
custodian thereof, or to the treasurer of state's authorized 387
agent, and the treasurer of state or the agent shall collect the 388
principal, interest, dividends, and distributions that become 389
due and payable and place them when so collected into the 390
custodial funds. Evidences of title of the investments may be 391
deposited by the treasurer of state for safekeeping with an 392
authorized agent, selected by the treasurer of state, who is a 393
qualified trustee under section 135.18 of the Revised Code. The 394
treasurer of state shall pay for the investments purchased by 395
the board on receipt of written or electronic instructions from 396
the board or the board's designated agent authorizing the 397
purchase and pending receipt of the evidence of title of the 398
investment by the treasurer of state or the treasurer of state's 399
authorized agent. The board may sell investments held by the 400
board, and the treasurer of state or the treasurer of state's 401
authorized agent shall accept payment from the purchaser and 402

deliver evidence of title of the investment to the purchaser on 403
receipt of written or electronic instructions from the board or 404
the board's designated agent authorizing the sale, and pending 405
receipt of the moneys for the investments. The amount received 406
shall be placed into the custodial funds. The board and the 407
treasurer of state may enter into agreements to establish 408
procedures for the purchase and sale of investments under this 409
division and the custody of the investments. 410

(D) No purchase or sale of any investment shall be made 411
under this section except as authorized by the board. 412

(E) Any statement of financial position distributed by the 413
board shall include the fair value, as of the statement date, of 414
all investments held by the board under this section. 415

Sec. 3309.15. (A) The members of the school employees 416
retirement board shall be the trustees of the funds created by 417
section 3309.60 of the Revised Code. The board shall have full 418
power to invest the funds. The board and other fiduciaries shall 419
discharge their duties with respect to the funds solely in the 420
interest of the participants and beneficiaries; for the 421
exclusive purpose of providing benefits to participants and 422
their beneficiaries and defraying reasonable expenses of 423
administering the school employees retirement system; with care, 424
skill, prudence, and diligence under the circumstances then 425
prevailing that a prudent person acting in a like capacity and 426
familiar with such matters would use in the conduct of an 427
enterprise of a like character and with like aims; and by 428
diversifying the investments of the system so as to minimize the 429
risk of large losses, unless under the circumstances it is 430
clearly prudent not to do so. 431

The board, in accordance with its fiduciary duties 432

described under this section, shall make investment decisions 433
with the sole purpose of maximizing the return on its 434
investments. The board shall not make an investment decision 435
with the primary purpose of influencing any social or 436
environmental policy or attempting to influence the governance 437
of any corporation. 438

Nothing in this section shall be construed to prohibit the 439
board from investing in an exchange-traded product as defined in 440
section 135.146 of the Revised Code. 441

The board may establish a partnership, trust, limited 442
liability company, corporation, including a corporation exempt 443
from taxation under the Internal Revenue Code, 100 Stat. 2085, 444
26 U.S.C.A. 1, as amended, or any other legal entity authorized 445
to transact business in this state. 446

(B) In exercising its fiduciary responsibility with 447
respect to the investment of the funds, it shall be the intent 448
of the board to give consideration to investments that enhance 449
the general welfare of the state and its citizens where the 450
investments offer quality, return, and safety comparable to 451
other investments currently available to the board. In 452
fulfilling this intent, equal consideration shall also be given 453
to investments otherwise qualifying under this section that 454
involve minority owned and controlled firms and firms owned and 455
controlled by women, either alone or in joint venture with other 456
firms. 457

The board shall adopt, in regular meeting, policies, 458
objectives, or criteria for the operation of the investment 459
program that include asset allocation targets and ranges, risk 460
factors, asset class benchmarks, time horizons, total return 461
objectives, and performance evaluation guidelines. In adopting 462

policies and criteria for the selection of agents with whom the 463
board may contract for the administration of the funds, the 464
board shall comply with sections 3309.157 and 3309.159 of the 465
Revised Code and shall also give equal consideration to minority 466
owned and controlled firms, firms owned and controlled by women, 467
and ventures involving minority owned and controlled firms and 468
firms owned and controlled by women that otherwise meet the 469
policies and criteria established by the board. Amendments and 470
additions to the policies and criteria shall be adopted in 471
regular meeting. The board shall publish its policies, 472
objectives, and criteria under this provision no less often than 473
annually and shall make copies available to interested parties. 474

The board shall not adopt a policy, or take any action to 475
promote a policy, under which the board makes investment 476
decisions with the primary purpose of influencing any social or 477
environmental policy or attempting to influence the governance 478
of any corporation. 479

If the board contracts with a person, including an agent 480
or investment manager, for the management or investment of the 481
funds, the board shall require the person to comply with the 482
global investment performance standards established by the 483
chartered financial analyst institute, or a successor 484
organization, when reporting on the performance of investments. 485

(C) All evidences of title of investments purchased by the 486
board under this section shall be delivered to the treasurer of 487
state, who is hereby designated as custodian thereof, or to the 488
treasurer of state's authorized agent, and the treasurer of 489
state or the agent shall collect principal, interest, dividends, 490
and distributions that become due and payable and place the same 491
when so collected into the custodial funds. Evidences of title 492

of the investments may be deposited by the treasurer of state 493
for safekeeping with an authorized agent, selected by the 494
treasurer of state, who is a qualified trustee under section 495
135.18 of the Revised Code. The treasurer of state shall pay for 496
the investments purchased by the board pending receipt of the 497
evidence of title of the investments by the treasurer of state 498
or to the treasurer of state's authorized agent, and on receipt 499
of written or electronic instructions from the board or the 500
board's designated agent authorizing the purchase. The board may 501
sell any investments held by the board, and the treasurer of 502
state or the treasurer of state's authorized agent shall accept 503
payment from the purchaser and deliver evidence of title of the 504
investment to the purchaser on receipt of written or electronic 505
instructions from the board or the board's designated agent 506
authorizing the sale, and pending receipt of the moneys for the 507
investments. The amount received shall be placed into the 508
custodial funds. The board and the treasurer of state may enter 509
into agreements to establish procedures for the purchase and 510
sale of investments under this division and the custody of the 511
investment. 512

(D) No purchase or sale of any investment shall be made 513
under this section except as authorized by the school employees 514
retirement board. 515

(E) Any statement of financial position distributed by the 516
board shall include the fair value, as of the statement date, of 517
all investments held by the board under this section. 518

Sec. 3770.06. (A) There is hereby created the state 519
lottery gross revenue fund, which shall be in the custody of the 520
treasurer of state but shall not be part of the state treasury. 521
All gross revenues received from sales of lottery tickets, 522

finer, fees, and related proceeds in connection with the 523
statewide lottery, all gross proceeds of lottery sports gaming 524
described in sections 3770.23 to 3770.25 of the Revised Code, 525
and all gross proceeds from statewide joint lottery games shall 526
be deposited into the fund. The treasurer of state shall invest 527
any portion of the fund not needed for immediate use in the same 528
manner as, and subject to all provisions of law with respect to 529
the investment of, state funds, and as permitted by section 530
135.146 of the Revised Code. The treasurer of state shall 531
disburse money from the fund on order of the director of the 532
state lottery commission or the director's designee. 533

Except for gross proceeds from statewide joint lottery 534
games, all revenues of the state lottery gross revenue fund that 535
are not paid to holders of winning lottery tickets, that are not 536
required to meet short-term prize liabilities, that are not 537
credited to lottery sales agents in the form of bonuses, 538
commissions, or reimbursements, that are not paid to financial 539
institutions to reimburse those institutions for sales agent 540
nonsufficient funds, and that are collected from sales agents 541
for remittance to insurers under contract to provide sales agent 542
bonding services shall be transferred to the state lottery fund, 543
which is hereby created in the state treasury. In addition, all 544
revenues of the state lottery gross revenue fund that represent 545
the gross proceeds from the statewide joint lottery games and 546
that are not paid to holders of winning lottery tickets, that 547
are not required to meet short-term prize liabilities, that are 548
not credited to lottery sales agents in the form of bonuses, 549
commissions, or reimbursements, and that are not necessary to 550
cover operating expenses associated with those games or to 551
otherwise comply with the agreements signed by the governor that 552
the director enters into under division (J) of section 3770.02 553

of the Revised Code or the rules the commission adopts under 554
division (B) (5) of section 3770.03 of the Revised Code shall be 555
transferred to the state lottery fund. All investment earnings 556
of the fund shall be credited to the fund. Moneys shall be 557
disbursed from the fund pursuant to vouchers approved by the 558
director. Total disbursements for monetary prize awards to 559
holders of winning lottery tickets in connection with the 560
statewide lottery, other than lottery sports gaming, and 561
purchases of goods and services awarded as prizes to holders of 562
winning lottery tickets shall be of an amount equal to at least 563
fifty per cent of the total revenue accruing from the sale of 564
lottery tickets. 565

(B) Pursuant to Section 6 of Article XV, Ohio 566
Constitution, there is hereby established in the state treasury 567
the lottery profits education fund. Whenever, in the judgment of 568
the director of the state lottery commission, the amount to the 569
credit of the state lottery fund that does not represent 570
proceeds from statewide joint lottery games is in excess of that 571
needed to meet the maturing obligations of the commission and as 572
working capital for its further operations, the director of the 573
state lottery commission shall recommend the amount of the 574
excess to be transferred to the lottery profits education fund, 575
and the director of budget and management may transfer the 576
excess to the lottery profits education fund in connection with 577
the statewide lottery. In addition, whenever, in the judgment of 578
the director of the state lottery commission, the amount to the 579
credit of the state lottery fund that represents proceeds from 580
statewide joint lottery games equals the entire net proceeds of 581
those games as described in division (B) (5) of section 3770.03 582
of the Revised Code and the rules adopted under that division, 583
the director of the state lottery commission shall recommend the 584

amount of the proceeds to be transferred to the lottery profits education fund, and the director of budget and management may transfer those proceeds to the lottery profits education fund. Investment earnings of the lottery profits education fund shall be credited to the fund.

The lottery profits education fund shall be used solely for the support of elementary, secondary, vocational, and special education programs as determined in appropriations made by the general assembly, or as provided in applicable bond proceedings for the payment of debt service on obligations issued to pay costs of capital facilities, including those for a system of common schools throughout the state pursuant to section 2n of Article VIII, Ohio Constitution. When determining the availability of money in the lottery profits education fund, the director of budget and management may consider all balances and estimated revenues of the fund.

(C) There is hereby established in the state treasury the deferred prizes trust fund. With the approval of the director of budget and management, an amount sufficient to fund annuity prizes shall be transferred from the state lottery fund and credited to the trust fund. The treasurer of state shall credit all earnings arising from investments purchased under this division to the trust fund. Within sixty days after the end of each fiscal year, the treasurer of state shall certify to the director of budget and management whether the actuarial amount of the trust fund is sufficient over the fund's life for continued funding of all remaining deferred prize liabilities as of the last day of the fiscal year just ended. Also, within that sixty days, the director of budget and management shall certify the amount of investment earnings necessary to have been credited to the trust fund during the fiscal year just ending to

provide for such continued funding of deferred prizes. Any 616
earnings credited in excess of the latter certified amount shall 617
be transferred to the lottery profits education fund. 618

To provide all or a part of the amounts necessary to fund 619
deferred prizes awarded by the commission in connection with the 620
statewide lottery, the treasurer of state, in consultation with 621
the commission, may invest moneys contained in the deferred 622
prizes trust fund which represents proceeds from the statewide 623
lottery in obligations of the type permitted for the investment 624
of state funds but whose maturities are thirty years or less. 625
Notwithstanding the requirements of any other section of the 626
Revised Code, to provide all or part of the amounts necessary to 627
fund deferred prizes awarded by the commission in connection 628
with statewide joint lottery games, the treasurer of state, in 629
consultation with the commission, may invest moneys in the trust 630
fund which represent proceeds derived from the statewide joint 631
lottery games in accordance with the rules the commission adopts 632
under division (B) (5) of section 3770.03 of the Revised Code. 633
Investments of the trust fund are not subject to the provisions 634
of division (A) (11) of section 135.143 of the Revised Code 635
limiting to twenty-five per cent the amount of the state's total 636
average portfolio that may be invested in debt interests other 637
than commercial paper and limiting to five per cent the amount 638
that may be invested in debt interests, including commercial 639
paper, of a single issuer. 640

All purchases made under this division shall be effected 641
on a delivery versus payment method and shall be in the custody 642
of the treasurer of state. 643

The treasurer of state may retain an investment advisor, 644
if necessary. The commission shall pay any costs incurred by the 645

treasurer of state in retaining an investment advisor. 646

(D) The auditor of state shall conduct annual audits of 647
all funds and any other audits as the auditor of state or the 648
general assembly considers necessary. The auditor of state may 649
examine all records, files, and other documents of the 650
commission, and records of lottery sales agents that pertain to 651
their activities as agents, for purposes of conducting 652
authorized audits. 653

(E) The state lottery commission shall establish an 654
internal audit plan before the beginning of each fiscal year, 655
subject to the approval of the office of internal audit in the 656
office of budget and management. At the end of each fiscal year, 657
the commission shall prepare and submit an annual report to the 658
office of internal audit for the office's review and approval, 659
specifying the internal audit work completed by the end of that 660
fiscal year and reporting on compliance with the annual internal 661
audit plan. 662

(F) Whenever, in the judgment of the director of budget 663
and management, an amount of net state lottery proceeds is 664
necessary to be applied to the payment of debt service on 665
obligations, all as defined in sections 151.01 and 151.03 of the 666
Revised Code, the director shall transfer that amount directly 667
from the state lottery fund or from the lottery profits 668
education fund to the bond service fund defined in those 669
sections. The provisions of this division are subject to any 670
prior pledges or obligation of those amounts to the payment of 671
bond service charges as defined in division (C) of section 672
3318.21 of the Revised Code, as referred to in division (B) of 673
this section. 674

Sec. 5505.06. (A) The members of the state highway patrol 675

retirement board shall be the trustees of the funds created by 676
section 5505.03 of the Revised Code. The board shall have full 677
power to invest the funds. The board and other fiduciaries shall 678
discharge their duties with respect to the funds solely in the 679
interest of the participants and beneficiaries; for the 680
exclusive purpose of providing benefits to participants and 681
their beneficiaries and defraying reasonable expenses of 682
administering the system; with care, skill, prudence, and 683
diligence under the circumstances then prevailing that a prudent 684
person acting in a like capacity and familiar with these matters 685
would use in the conduct of an enterprise of a like character 686
and with like aims; and by diversifying the investments of the 687
system so as to minimize the risk of large losses, unless under 688
the circumstances it is clearly prudent not to do so. 689

The board, in accordance with its fiduciary duties 690
described under this section, shall make investment decisions 691
with the sole purpose of maximizing the return on its 692
investments. The board shall not make an investment decision 693
with the primary purpose of influencing any social or 694
environmental policy or attempting to influence the governance 695
of any corporation. 696

Nothing in this section shall be construed to prohibit the 697
board from investing in an exchange-traded product as defined in 698
section 135.146 of the Revised Code. 699

To facilitate investment of the funds, the board may 700
establish a partnership, trust, limited liability company, 701
corporation, including a corporation exempt from taxation under 702
the Internal Revenue Code, 100 Stat. 2085, 26 U.S.C. 1, as 703
amended, or any other legal entity authorized to transact 704
business in this state. 705

(B) In exercising its fiduciary responsibility with 706
respect to the investment of the funds, it shall be the intent 707
of the board to give consideration to investments that enhance 708
the general welfare of the state and its citizens where the 709
investments offer quality, return, and safety comparable to 710
other investments currently available to the board. In 711
fulfilling this intent, equal consideration shall be given to 712
investments otherwise qualifying under this section that involve 713
minority owned and controlled firms and firms owned and 714
controlled by women, either alone or in joint venture with other 715
firms. 716

The board shall adopt, in regular meeting, policies, 717
objectives, or criteria for the operation of the investment 718
program that include asset allocation targets and ranges, risk 719
factors, asset class benchmarks, time horizons, total return 720
objectives, and performance evaluation guidelines. In adopting 721
policies and criteria for the selection of agents with whom the 722
board may contract for the administration of the funds, the 723
board shall comply with sections 5505.068 and 5505.0610 of the 724
Revised Code and shall also give equal consideration to minority 725
owned and controlled firms, firms owned and controlled by women, 726
and joint ventures involving minority owned and controlled firms 727
and firms owned and controlled by women that otherwise meet the 728
policies and criteria established by the board. Amendments and 729
additions to the policies and criteria shall be adopted in 730
regular meeting. The board shall publish its policies, 731
objectives, and criteria under this provision no less often than 732
annually and shall make copies available to interested parties. 733

The board shall not adopt a policy, or take any action to 734
promote a policy, under which the board makes investment 735
decisions with the primary purpose of influencing any social or 736

environmental policy or attempting to influence the governance 737
of any corporation. 738

When reporting on the performance of investments, the 739
board shall comply with the performance presentation standards 740
established by the association for investment management and 741
research. 742

(C) All evidences of title of the investments purchased by 743
the board shall be delivered to the treasurer of state, who is 744
hereby designated as the custodian thereof, or to the treasurer 745
of state's authorized agent. Evidences of title of the 746
investments may be deposited by the treasurer of state for 747
safekeeping with an authorized agent, selected by the treasurer 748
of state, who is a qualified trustee under section 135.18 of the 749
Revised Code. The treasurer of state shall collect the 750
principal, interest, dividends, and distributions that become 751
due and payable and, when collected, shall credit them to the 752
custodial funds. 753

The treasurer of state shall pay for the investments 754
purchased by the board on receipt of written or electronic 755
instructions from the board or the board's designated agent 756
authorizing the purchase and pending receipt of the evidence of 757
title of the investment by the treasurer of state or the 758
treasurer of state's authorized agent. The board may sell 759
investments held by the board, and the treasurer of state or the 760
treasurer of state's authorized agent shall accept payment from 761
the purchaser and deliver evidence of title of the investment to 762
the purchaser on receipt of written or electronic instructions 763
from the board or the board's designated agent authorizing the 764
sale, and pending receipt of the moneys for the investments. The 765
amount received shall be placed in the custodial funds. The 766

board and the treasurer of state may enter into agreements to 767
establish procedures for the purchase and sale of investments 768
under this division and the custody of the investments. 769

(D) All of the board's business shall be transacted, all 770
its funds shall be invested, all warrants for money drawn and 771
payments shall be made, and all of its cash, securities, and 772
other property shall be held, in the name of the board or its 773
nominee, provided that nominees are authorized by board 774
resolution for the purpose of facilitating the ownership and 775
transfer of investments. 776

(E) No purchase or sale of any investment shall be made 777
under this section except as authorized by the board. 778

(F) Any statement of financial position distributed by the 779
board shall include the fair value, as of the statement date, of 780
all investments held by the board under this section. 781

Section 2. That existing sections 145.11, 742.11, 3307.15, 782
3309.15, 3770.06, and 5505.06 of the Revised Code are hereby 783
repealed. 784

Section 3. This act shall be known as the Ohio Strategic 785
Cryptocurrency Reserve Act. 786