

# **WEST VIRGINIA LEGISLATURE**

## **2025 REGULAR SESSION**

**Introduced**

### **Senate Bill 465**

By Senator Rose

[Introduced February 14, 2025; referred  
to the Committee on Banking and Insurance; and  
then to the Committee of Finance]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding a new article  
 2 designated §12-4C-1, §12-4C-2, §12-4C-3, §12-4C-4, and §12-4C-5, relating to  
 3 investments by the state; providing a short title; providing definitions; clarifying investment  
 4 opportunities for the Board of Treasury and state retirement fund; and establishing rules.

*Be it enacted by the Legislature of West Virginia:*

**ARTICLE 4C. INFLATION PROTECTION ACT OF 2025**

**§12-4C-1 Short title.**

1 The short title by which this article may be referred to is the "Inflation Protection Act of  
 2 2025.

**§12-4C-2 Definitions.**

1 For purposes of this article:

2 (1) "Digital asset" means virtual currency, cryptocurrencies, natively electronic assets,  
 3 including stablecoins and non-fungible tokens (NFTs), and other digital-only assets that confer  
 4 economic, proprietary, or access rights or powers;

5 (2) "Exchange-Traded Product (ETP) means any financial instrument that is approved by  
 6 the Securities and Exchange Commission, the Commodities Future Trading Commission, or the  
 7 state Securities Commissioner that is traded on an American regulated exchange and derives its  
 8 value from an underlying pool of assets, such as stocks, bonds, commodities, or indexes;

9 (3) "Precious metal" means the following, whether in coin, bullion, or other form:

10 (A) Silver;

11 (B) Gold; or

12 (C) Platinum;

13 (4) "Private key" means a unique element of cryptographic data, used for signing  
 14 transactions on a blockchain, and is known to the owner of the unique element;

15 (5) "Secure Custody Solution" means a technological product or blended product and  
 16 service which has all of the following characteristics:

17 (A) The cryptographic private keys that secure digital assets are exclusively known by and  
18 accessible by the government entity;

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

21 (C) The cryptographic private keys that secure digital assets are never contained by,  
22 accessible by, or controllable via a smartphone;

23 (D) Any hardware that contains the cryptographic private keys that secure digital assets is  
24 maintained in at least two geographically diversified specially designated secure data centers;

25 (E) The secure custody solution enforces a multi-party governance structure for  
26 authorizing transactions, enforces user access controls, and logs all user-initiated actions;

27 (F) The provider of the secure custody solution has implemented a disaster recovery  
28 protocol that ensures customer access to assets in the event the provider becomes unavailable;  
29 and

30 (G) The secure custody solution undergoes regular code audits and penetration testing  
31 from audit firms, and any identified vulnerabilities should be promptly remedied.

**§12-4C-3. Board of treasury investments.**

1 (a) The Board of Treasury Investments of West Virginia may invest a portion of public funds  
2 in precious metals, any digital asset with a market cap of over 750 billion dollars averaged over the  
3 previous calendar year, and stablecoins in any of the funds it oversees subject to applicable laws.

4 (b) The amount of public funds that the Board of Treasury Investments may invest in  
5 precious metals, digital assets with a market cap of over 750 billion dollars averaged over the  
6 previous calendar year, and stablecoins may not, at the time the investment is made, exceed 10%  
7 of the total amount of public funds in that account.

8 (c) If at any time the value of precious metals, digital assets with a market cap of over 750  
9 billion dollars averaged over the previous calendar year, and stablecoins exceeds 10% of the

10 funds, the Board of Treasury Investments does not have to sell its holdings but may not longer  
11 make purchases until the amount is lower than 10%.

12 (d) Any digital assets acquired by any of the funds listed in §12-4C-3(a) of this code shall  
13 be held:

14 (A) Directly by the state treasurer through the use of a Secure Custody Solution;

15 (B) On behalf of the state by a Qualified Custodian; or

16 (C) In the form of an exchange traded product issued by a registered investment company;

17 (e) The Board of Treasury Investments may only hold Stablecoins under this section which  
18 have received the appropriate regulatory approval(s) from the competent authorities of the

19 following:

20 (A) The United States of America; or

21 (B) Any State of the United States of America;

22 (f) If a digital asset can be staked with the treasurer's office retaining legal ownership of the  
23 digital asset, the state Treasurer may engage in staking using a 3rd party solution;

24 (g) If a digital asset can be loaned without increasing the financial risk of the state, the  
25 Treasurer shall be allowed to loan the digital asset to bring further return to the state through rules  
26 established by the Treasurer;

27 (h) Any precious metals acquired by any of the funds listed in §12-4C-3(a) of this code shall  
28 be held:

29 (A) As an Exchange Traded Product;

30 (B) In physical form by a qualified custodian; and

31 (C) Directly by the state in physical form or in conjunction with another state in a rule to be  
32 established by the Treasurer.

**§12-4C-4. State retirement fund investments.**

2           Any state retirement fund may invest in Exchange Traded Products that have been duly  
3 registered by either the Securities and Exchange Commission or the Commodity Future Trading  
4 Commission or the State Securities Office.

**§12-4C-5. Rules.**

1           The treasurer may propose rules for legislative approval relating to the requirements and  
2 duties under this article in accordance with the provisions of §29A-1 *et seq.* of this code.

NOTE: The purpose of this bill is to provide a short title; provide definitions; clarify investment opportunities for the Board of Treasury and state retirement fund; and establish rules.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.