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S. 4912

To establish a Strategic Bitcoin Reserve and other programs to ensure the transparent management of Bitcoin holdings of the Federal Government, to offset costs utilizing certain resources of the Federal Reserve System, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 31, 2024

Ms. LUMMIS introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To establish a Strategic Bitcoin Reserve and other programs to ensure the transparent management of Bitcoin holdings of the Federal Government, to offset costs utilizing certain resources of the Federal Reserve System, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Boosting Innovation,
5 Technology, and Competitiveness through Optimized In-
6 vestment Nationwide Act of 2024” or the “BITCOIN Act
7 of 2024”.

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) The global financial landscape is rapidly
4 evolving, with digital assets playing an increasingly
5 significant role in the world economy.

6 (2) Bitcoin has demonstrated resilience, wide-
7 spread adoption, and served as a medium of ex-
8 change and a store of value for more than a decade.

9 (3) Just as gold reserves have historically
10 served as a cornerstone of national financial secu-
11 rity, Bitcoin represents a digital-age asset capable of
12 enhancing the financial leadership and security of
13 the United States in the 21st century global econ-
14 omy.

15 (4) The acquisition and long-term storage of
16 substantial quantities of Bitcoin by the United
17 States can strengthen the financial condition of the
18 United States, providing a hedge against economic
19 uncertainty and monetary instability.

20 (5) Bitcoin, as a decentralized and finitely
21 scarce digital asset, offers unique properties that
22 complement existing national reserves, strengthening
23 the position of the United States dollar in the global
24 financial system.

25 (6) Diversification of the national assets of the
26 United States to include Bitcoin can enhance finan-

1 cial resilience and position the United States at the
2 forefront of global financial innovation.

3 **SEC. 3. DEFINITIONS.**

4 In this Act:

5 (1) AIRDROP.—The term “airdrop” means a
6 gratuitous distribution of digital assets to holders of
7 Bitcoin in a broad, equitable, and non-discretionary
8 manner.

9 (2) BITCOIN PURCHASE PROGRAM.—The term
10 “Bitcoin Purchase Program” means the program es-
11 tablished under section 5(a).

12 (3) COLD STORAGE.—The term “cold storage”
13 means a method of storing private keys required to
14 transact in Bitcoin, with a nexus to a secure phys-
15 ical location, protected from unauthorized access and
16 isolated from any network connections.

17 (4) FORK.—The term “fork” means a change
18 to the consensus mechanism of a distributed ledger
19 that creates a separate ledger, resulting in a new
20 digital asset that shares a common transaction his-
21 tory with Bitcoin up to the point of the change.

22 (5) SECRETARY.—The term “Secretary” means
23 the Secretary of the Treasury.

24 (6) STRATEGIC BITCOIN RESERVE.—The term
25 “Strategic Bitcoin Reserve” means the decentralized

1 network of secure Bitcoin storage facilities estab-
2 lished pursuant to section 4(a).

3 **SEC. 4. ESTABLISHMENT OF STRATEGIC BITCOIN RESERVE.**

4 (a) ESTABLISHMENT.—The Secretary shall establish
5 a decentralized network of secure Bitcoin storage facilities
6 distributed across the United States, collectively to be
7 known as the Strategic Bitcoin Reserve for the cold stor-
8 age of Government Bitcoin holdings.

9 (b) PURPOSE.—The Strategic Bitcoin Reserve shall
10 be used for the generation, safekeeping, and management
11 of Bitcoin private keys associated with Government
12 Bitcoin holdings.

13 (c) OVERSIGHT.—The Secretary shall be responsible
14 for the ongoing monitoring and auditing of the holdings
15 of the Strategic Bitcoin Reserve.

16 (d) DECENTRALIZATION.—

17 (1) IN GENERAL.—The Secretary shall ensure
18 that the facilities of the Strategic Bitcoin Reserve
19 are geographically dispersed throughout the United
20 States, to minimize the risk of simultaneous com-
21 promise and to enhance the resilience of the Stra-
22 tegic Bitcoin Reserve.

23 (2) LOCATION SELECTION.—The Secretary
24 shall select the locations for the facilities described
25 in paragraph (1) based on a comprehensive risk as-

1 assessment, prioritizing geographic diversity, security,
2 and accessibility.

3 (e) SECURITY MEASURES.—

4 (1) IN GENERAL.—The Secretary shall imple-
5 ment state-of-the-art physical and digital security
6 measures to protect the Strategic Bitcoin Reserve.

7 (2) CONSULTATION.—The Secretary shall con-
8 sult and collaborate with the Secretary of Defense,
9 the Secretary of Homeland Security, and industry
10 experts to ensure the highest level of physical and
11 digital security for the Strategic Bitcoin Reserve.

12 (f) RETENTION OF FORKS AND AIRDROPS.—

13 (1) IN GENERAL.—The Secretary shall ensure
14 that, with respect to Bitcoins controlled by the Stra-
15 tegic Bitcoin Reserve, all digital assets resulting
16 from forks of the Bitcoin distributed ledger and digi-
17 tal assets distributed via airdrops to Bitcoin ad-
18 dresses are accounted for and reasonably stored in
19 the Strategic Bitcoin Reserve.

20 (2) PROHIBITION ON IMMEDIATE SALE.—No
21 digital asset stored in the Strategic Bitcoin Reserve
22 that is the result of a fork or airdrop may be sold
23 or otherwise disposed of during the 5-year period be-
24 ginning on the date of the fork or airdrop, unless ex-
25 plicitly authorized by law.

1 **SEC. 5. BITCOIN PURCHASE PROGRAM.**

2 (a) ESTABLISHMENT.—

3 (1) IN GENERAL.—The Secretary shall establish
4 a Bitcoin Purchase Program which shall—

5 (A) purchase not more than 200,000
6 Bitcoins per year over a 5-year period, for a
7 total acquisition of 1,000,000 Bitcoins;

8 (B) conduct purchases in a transparent
9 and strategic manner to minimize market dis-
10 ruption; and

11 (C) hold Bitcoin acquired under this sec-
12 tion in trust for the United States, as provided
13 in this section.

14 (2) FLEXIBILITY RELATING TO PURCHASES.—

15 The Secretary shall, by rule, establish a procedure to
16 adjust the purchase schedule set forth under para-
17 graph (1), if necessary, based on prevailing market
18 conditions.

19 (3) TRANSFER OFFSET.—Any Bitcoin trans-
20 ferred to the Strategic Bitcoin Reserve under section
21 7 may offset the purchase requirements under para-
22 graph (1).

23 (b) DEPOSIT.—All Bitcoins purchased under the
24 Bitcoin Purchase Program shall be placed in the Strategic
25 Bitcoin Reserve.

26 (c) MINIMUM HOLDING PERIOD.—

1 (1) IN GENERAL.—To ensure the long-term sta-
2 bility and security of the Strategic Bitcoin Reserve,
3 the Secretary shall hold all Bitcoin acquired through
4 the Bitcoin Purchase Program for not less than 20
5 years.

6 (2) RETENTION OF BITCOIN.—During the min-
7 imum holding period under paragraph (1), no
8 Bitcoin held in the Strategic Bitcoin Reserve may be
9 sold, swapped, auctioned, encumbered, or otherwise
10 disposed of for any purpose other than retiring out-
11 standing Federal debt instruments.

12 (3) RECOMMENDATIONS AFTER HOLDING PE-
13 RIOD.—

14 (A) IN GENERAL.—On the date that is 1
15 year before the end of the minimum holding pe-
16 riod under paragraph (1), the Secretary shall
17 submit to Congress recommendations on wheth-
18 er to continue to voluntarily hold or to allow for
19 the gradual and controlled release of a portion
20 of the holdings of the Strategic Bitcoin Reserve.

21 (B) RECOMMENDATION.—Upon the expira-
22 tion of the minimum holding period, the Sec-
23 retary shall not recommend selling more than
24 10 percent of the assets of the Strategic Bitcoin
25 Reserve during any 2-year period.

1 (d) PUBLIC REPORTS.—Not later than 1 year after
2 the date of enactment of this Act, and annually thereafter
3 for a period of 20 years, the Secretary shall publish an
4 annual public report on the status of the Bitcoin Purchase
5 Program.

6 **SEC. 6. PROOF OF RESERVE SYSTEM.**

7 To ensure transparency and accountability in the
8 management of the Strategic Bitcoin Reserve, the Sec-
9 retary shall establish a quarterly Proof of Reserve system
10 of public cryptographic attestation under which—

11 (1) the Secretary shall—

12 (A) publish quarterly reports on the Stra-
13 tegic Bitcoin Reserve that include detailed in-
14 formation on the total holdings, transactions,
15 and demonstrated control of private keys relat-
16 ing to the Strategic Bitcoin Reserve, including
17 a public cryptographic attestation;

18 (B) make the quarterly reports available to
19 the public on an official website of the Depart-
20 ment of Treasury; and

21 (C) select an independent, third-party
22 auditor with expertise in cryptographic attesta-
23 tions to verify the accuracy and integrity of the
24 quarterly reports; and

1 (2) the Comptroller General of the United
2 States shall, to ensure compliance with this Act, con-
3 duct regular oversight of—

4 (A) the Strategic Bitcoin Reserve;

5 (B) the quarterly reports under paragraph
6 (1)(A); and

7 (C) the audits under paragraph (1)(C).

8 **SEC. 7. CONSOLIDATION OF GOVERNMENT BITCOIN HOLD-**
9 **INGS.**

10 Beginning on the date of enactment of this Act, any
11 Bitcoin under the control of any Federal agency, including
12 the United States Marshal Service, shall—

13 (1) not be sold, swapped, auctioned, or other-
14 wise encumbered; and

15 (2) upon the acquisition of legal title to such
16 Bitcoin (including after a final, unappealable judg-
17 ment is entered in a criminal or civil forfeiture ac-
18 tion in favor of the Federal agency), be transferred
19 by the head of such Federal agency to the Strategic
20 Bitcoin Reserve.

21 **SEC. 8. VOLUNTARY STATE PARTICIPATION AND SEG-**
22 **REGATED ACCOUNTS.**

23 (a) VOLUNTARY STATE PARTICIPATION.—The Sec-
24 retary shall establish a program that allows a State to vol-
25 untarily participate in storing the Bitcoin holdings of the

1 State in the Strategic Bitcoin Reserve in a segregated ac-
2 count.

3 (b) PARTICIPATION REQUIREMENTS.—A State choos-
4 ing to participate in the program established under sub-
5 section (a) shall sign a contractual agreement outlining
6 the terms and conditions of participation, which shall in-
7 clude—

8 (1) the responsibilities of both the State and
9 the Strategic Bitcoin Reserve in managing and se-
10 curing the Bitcoin holdings of the State in the seg-
11 regated account of the State;

12 (2) a requirement that the State, in coordina-
13 tion with the Secretary, develop and implement ap-
14 propriate security protocols and access controls to
15 ensure the integrity and confidentiality of the seg-
16 regated account of the State; and

17 (3) retention of title, and all attendant legal in-
18 terests, by the State in the Bitcoin held in the seg-
19 regated account, including title to any digital asset
20 that is the result of a fork or airdrop relating to
21 such Bitcoin.

22 (c) WITHDRAW OR TRANSFER.—Each State partici-
23 pating in the program established under subsection (a)
24 shall have the right to withdraw or transfer the contents
25 of the segregated account of the State within the Strategic

1 Bitcoin Reserve, subject to the terms and conditions in
2 the signed contractual agreement under subsection (b) and
3 any applicable Federal regulations.

4 **SEC. 9. OFFSETTING THE COST OF THE STRATEGIC**
5 **BITCOIN RESERVE.**

6 (a) DISCRETIONARY SURPLUS FUNDS OF FEDERAL
7 RESERVE BANKS.—Section 7(a)(3)(A) of the Federal Re-
8 serve Act (12 U.S.C. 289(a)(3)(A)) is amended by striking
9 “\$6,825,000,000” and inserting “\$2,400,000,000”.

10 (b) USE OF REMITTANCES TO TREASURY.—

11 (1) IN GENERAL.—Notwithstanding the second
12 subsection (b) of section 7 of the Federal Reserve
13 Act (12 U.S.C. 290), for fiscal years 2025 through
14 2029, if the Federal reserve banks remit net earn-
15 ings to the general fund of the Treasury during that
16 period, the first \$6,000,000,000 of these remittances
17 (before repayment of any deferred asset) in a fiscal
18 year shall be utilized by the Secretary for the imple-
19 mentation of the Bitcoin Purchase Program, pursu-
20 ant to the purposes set forth under section 5.

21 (2) EXCEPTION.—Paragraph (1) shall not
22 apply if the Federal Reserve banks do not remit net
23 earnings in any given fiscal year during the period
24 of fiscal years 2025 through 2029.

1 (c) FEDERAL RESERVE SYSTEM GOLD CERTIFI-
2 CATES.—Not later than 180 days after the date of enact-
3 ment of this Act, the Federal reserve banks shall tender
4 all outstanding gold certificates in their custody to the
5 Secretary. Not later than 90 days after the tender of the
6 last such certificate, the Secretary shall issue new gold
7 certificates to the Federal reserve banks that reflect the
8 fair market value price of the gold held against such cer-
9 tificates by the Treasury, as of the date specified by the
10 Secretary on each new gold certificate. Upon issue by the
11 Secretary, each Federal reserve bank that receives a new
12 gold certificate shall remit the difference in cash value be-
13 tween the old and new gold certificates to the Secretary
14 for deposit in the general fund within 90 days.

15 (d) CONFORMING AMENDMENT.—Section 5117(b) of
16 title 31, United States Code, is amended by striking “(for
17 the purpose of issuing those certificates, of 42 and two-
18 ninths dollars a fine troy ounce)”.

19 **SEC. 10. PROTECTION OF PRIVATE PROPERTY RIGHTS.**

20 (a) RULES OF CONSTRUCTION.—Nothing in this Act
21 shall be construed to—

22 (1) authorize the Federal Government to seize,
23 confiscate, or otherwise impair any property right in
24 the lawfully acquired Bitcoin holdings of any person;
25 or

1 (2) infringe upon the rights of individuals, busi-
2 nesses, or organizations to purchase, hold, transfer,
3 or dispose of Bitcoin in accordance with the law.

4 (b) AFFIRMATION OF RIGHTS.—This Act affirms and
5 protects the rights of persons to maintain full lawful con-
6 trol over the Bitcoin and other digital assets of those indi-
7 viduals, recognizing that the ability to maintain self-cus-
8 tody of private keys is fundamental to the principles of
9 financial sovereignty, privacy, and personal liberty in the
10 digital age.

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