



## 2026 South Dakota Legislature

# House Bill 1155

Introduced by: **Representative** Manhart

1 **An Act to permit the state to invest in Bitcoin.**

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

3 **Section 1. That § 4-5-26 be AMENDED:**

4 **4-5-26.** State public ~~funds~~ moneys made available for investment may be invested  
 5 in the following classes of securities and investments and, except as provided by § 3-12C-  
 6 223; chapter 3-13; chapter 13-63; the permanent school and other educational and  
 7 charitable trust funds as provided in S.D. Const., Art. VIII, §§ 2 and 7; the permanent  
 8 trust fund containing the net proceeds from the sale of state cement enterprises as  
 9 provided in S.D. Const., Art. XIII, § 20; the health care trust fund as provided in S.D.  
 10 Const., Art. XII, § 5; and the education enhancement trust fund as provided in S.D.  
 11 Const., Art. XII, § 6; not otherwise:

- 12 (1) Direct and indirect obligations of the United States government;
- 13 (2) Agencies and instrumentalities of the United States government;
- 14 (3) Mortgage-backed securities of United States government-sponsored enterprises;
- 15 (4) Direct obligations of ~~the State of South Dakota~~ this state and any of its political  
 16 subdivisions;
- 17 (5) Obligations consisting of notes, bonds, debentures, and certificates, which are direct  
 18 obligations of a solvent corporation or trust existing under the laws of the United  
 19 States or any state thereof, if ~~such~~ the investments are rated in the four highest  
 20 classifications established by at least two standard rating services at the time of  
 21 purchase;
- 22 (6) Savings accounts, share accounts, and certificates of deposit of banks, savings and  
 23 loan associations, and building and loan associations, and bankers' acceptances;
- 24 (7) Repurchase agreements fully collateralized by securities described in this section;
- 25 (8) Shares in exchange-traded funds and open-end, no-load funds that are  
 26 administered by an investment company registered under the Federal Investment

1 Company Act of 1940, 15 U.S.C. §§ 80a-1 to 80a-64, inclusive (January 1, 2026),  
2 whose shares are registered under the Federal Securities Act of 1933, 15 U.S.C.  
3 §§ 77a to 77aa, inclusive (January 1, 2026), and investments are predominantly  
4 in securities described in this section; ~~or and~~

5 (9) Bitcoin that meet the requirements of sections 2 to 5, inclusive, of this Act.

6 In addition to the investments authorized by ~~subdivisions (1) to (8) of this~~  
7 ~~section, inclusive, the investment council~~ the State Investment Council may ~~also~~ allocate  
8 a sum certain of state public ~~funds~~ moneys for investment in the accounts and certificates  
9 of South Dakota banks and associations. This sum ~~shall~~ must initially be offered to South  
10 Dakota banks and associations, and if not initially fully subscribed, the investment officer  
11 ~~shall~~ must immediately reoffer the unsubscribed sum to other qualified public depositories  
12 ~~defined by subdivision 4-6A-1(7) in § 4-6A-1.~~

13 **Section 2. That a NEW SECTION be added to chapter 4-5:**

14 Terms used in sections 2 to 5, inclusive, of this Act mean:

15 (1) "Bitcoin," a digital asset that:

16 (a) Is native to the decentralized peer-to-peer blockchain network that  
17 originates from the genesis block created on January 3, 2009; and

18 (b) Maintains an unbroken chain of blocks from the genesis block through the  
19 chain recognized by the network of independent nodes as having the  
20 greatest cumulative proof of work;

21 (2) "Digital asset," virtual currency, cryptocurrencies, natively electronic assets, and  
22 other digital-only assets that confer economic, proprietary, or access rights or  
23 powers;

24 (3) "Exchange-traded product," any financial instrument that:

25 (a) Is approved by the Securities and Exchange Commission, the United States  
26 Commodity Futures Trading Commission, or the Division of Banking;

27 (b) Is traded on a United States regulated exchange; and

28 (c) Derives value from an underlying pool of assets;

29 (4) "Private key," a unique element of cryptographic data used for signing transactions  
30 on a blockchain and known only by the owner;

31 (5) "Qualified custodian," any federal or state-chartered bank, trust company, or  
32 special purpose depository institution or company regulated by the Division of  
33 Banking, which is authorized to maintain custody of digital assets;

- 1       (6) "Registered investment company," a financial services company regulated by the  
2       United States Securities and Exchange Commission and registered under 15 U.S.C.  
3       §§ 77a to 77aa, inclusive (January 1, 2026), and 15 U.S.C. §§ 80a-1 to 80a-64,  
4       inclusive (January 1, 2026); and  
5       (7) "Secure custody solution," a technological product or blended product and service  
6       that meets the requirements set forth in section 5 of this Act.

7       **Section 3. That a NEW SECTION be added to chapter 4-5:**

- 8       The amount of state moneys that the State Investment Council may invest in  
9       Bitcoin may not exceed ten percent of the state moneys made available for investment.

10      **Section 4. That a NEW SECTION be added to chapter 4-5:**

- 11       Any Bitcoin acquired as an investment must be held:  
12       (1) Directly by the State Investment Council through the use of a secure custody  
13       solution;  
14       (2) On behalf of the State Investment Council by a qualified custodian; or  
15       (3) In the form of an exchange-traded product issued by a registered investment  
16       company.

17      **Section 5. That a NEW SECTION be added to chapter 4-5:**

- 18       The secure custody solution required pursuant to section 4 of this Act must have  
19       the following characteristics:  
20       (1) The private key is exclusively controlled by the State Investment Council;  
21       (2) The private key is exclusively contained within an encrypted, hardware-secured  
22       environment and is used only to sign and authorize cryptocurrency transactions  
23       through end-to-end encryption channels;  
24       (3) Passwordless non-asset keys must be included for authentication and endorsement  
25       of action to initiate the movement of assets, provided that the keys are stored  
26       within a government device;  
27       (4) Any hardware that contains the private key is maintained in at least two  
28       geographically diverse, secure data centers;  
29       (5) The secure custody solution enforces a multi-party governance structure for  
30       authorizing transactions, enforces user access controls, and logs all user-initiated  
31       actions;

- 1        (6) The provider of the secure custody solution has implemented a disaster recovery  
2            protocol that ensures customer access to assets in the event the provider becomes  
3            unavailable; and  
4        (7) The secure custody solution undergoes regular code audits and penetration testing  
5            from audit firms, and any identified vulnerabilities are promptly remedied.