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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

Substitute Bill Comparative Synopsis

Sub. H.B. 18

136th General Assembly

House Technology and Innovation

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This table summarizes how the latest substitute version of the bill differs from the immediately preceding version. It addresses only the topics on which the two versions differ substantively. It does not list topics on which the two bills are substantively the same.

| Previous Version (As Introduced) | Latest Version (I_136_0174-3) |
|-------------------------------------|--|
| Ohio Strategic Reserve Fund | |
| No provision. | Creates the Ohio Strategic Reserve Fund in the custody of the Treasurer of State, but which is not part of the state treasury (<i>R.C. 113.231(A)</i>). |
| No provision. | Includes in the Ohio Strategic Reserve Fund all of the following: <ul style="list-style-type: none">▪ Deposits required by the bill;▪ Money appropriated to the fund by the General Assembly;▪ Digital assets acquired as investments under the bill;▪ Investment earnings and other interest or rewards earned by the fund and its assets, including digital assets or earnings derived from a fork of a distributed ledger or distributed pursuant to an airdrop to the state's cryptocurrency address; |

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| No provision. | <ul style="list-style-type: none"> ▪ Gifts, grants, and other donations to the fund (<i>R.C. 113.231(A)</i>). <p>Requires the following funds to be credited to the Ohio Strategic Reserve Fund:</p> <ul style="list-style-type: none"> ▪ 5% of any interest earned by the Mortgage Insurance Fund; ▪ 10% of all investment earnings of the Budget Stabilization Fund; ▪ 5% of any interest earned on money in the Unclaimed Funds Trust Fund (<i>R.C. 122.561, 131.43, and 169.05(A)</i>). |
| State investment in digital assets | |
| <p>Permits the Treasurer of State to invest interim money from the General Revenue Fund, the Budget Stabilization Fund, and the Deferred Prizes Trust Fund in digital assets (<i>R.C. 135.146(B)</i>).</p> <p>No provision.</p> <p>Limits the Treasurer to acquiring only digital assets that are exchange traded products and have a market capitalization over the preceding 12 months of at least \$750 billion (<i>R.C. 135.146(D)</i>).</p> | <p>Permits the Treasure of State to invest or execute transactions with all or part of the Ohio Strategic Reserve Fund in a broader range of assets which include digital assets (<i>R.C. 113.231(B)</i>).</p> <p>Permits the Treasurer, in the custodial management of any funds, to acquire, exchange, sell, supervise, manage, or retain any investment as would be done by a prudent investor exercising reasonable care, skill, and caution given the purposes, terms, distribution requirements, and other circumstances for the fund.</p> <p>Requires the Treasurer to take into consideration the investment of all fund assets, as opposed to a single investment. (<i>R.C. 113.052.</i>)</p> <p>Permits the Treasurer to invest in any of the following:</p> <ul style="list-style-type: none"> ▪ Obligations included under the investment authority for interim state funds which do not have a duration exceeding ten years; ▪ Digital asset exchange-traded products issued by an investment company registered under the Ohio securities law; |

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| <p>Requires any digital asset acquired under the bill to be held in one of the following ways:</p> <ul style="list-style-type: none"> ▪ Directly by the Treasurer through the use of a secure custody solution; ▪ On behalf of the state by a qualified custodian; ▪ In the form of an exchange-traded product issued by an investment company registered under the Ohio securities law (<i>R.C. 135.146(E); Chapter 1707, not in the bill</i>). <p>Limits investments in digital assets to 10%, in aggregate, of the balance of the applicable fund at the time of the investment (<i>R.C. 135.146(C)</i>).</p> <p>Authorizes the Treasurer to invest any portion of the State Lottery Gross Revenue Fund that is not needed for immediate use in digital assets (<i>R.C. 3770.06(A)</i>).</p> <p>Permits the Treasurer to loan digital assets acquired under the bill as an investment to bring further returns to the applicable fund if the Treasurer determines that the loan does not increase the financial risk of the investment (<i>R.C. 135.146(F)</i>).</p> | <ul style="list-style-type: none"> ▪ Digital assets with a market capitalization over the preceding 12 months of at least \$750 billion (<i>R.C. 113.231(B); R.C. Chapter 1707; and R.C. 135.143, not in the bill</i>). <p>Similar, but removes the option for the asset to be held directly by the state through the use of a secure custody solution, and also requires that a qualified custodian be contracted by the Treasurer (<i>R.C. 113.231(C); Chapter 1707, not in the bill</i>).</p> <p>No provision.</p> <p>No provision.</p> <p>Same, but as applied to any assets acquired for the Ohio Strategic Reserve Fund, not solely digital assets (<i>R.C. 113.231(D)</i>).</p> |
| Ohio Strategic Reserve Authority | |
| No provision. | Creates the Ohio Strategic Reserve Authority to advise the Treasurer of State regarding the administration and management of the Ohio Strategic Reserve Fund, including approval of policies relating to investment objectives, asset allocations, and administration of the fund (<i>R.C. 113.232</i>). |

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| No provision. | Requires the Authority to meet at the call of the chair and permits it to conduct virtual meetings (<i>R.C. 113.232</i>). |
| No provision. | <p>Establishes the following individuals as the members of the Ohio Strategic Reserve Authority:</p> <ul style="list-style-type: none"> ▪ The Treasurer of State; ▪ The Auditor of State; ▪ The Director of the Office of Budget and Management; ▪ An appointee of the President of the Senate that is an investment designee who is a resident of this state and has direct experience in the management, analysis, supervision, or investment of assets; ▪ An appointee of the Speaker of the House of Representatives that is an investment designee who is a resident of this state and has direct experience in the management, analysis, supervision, or investment of assets (<i>R.C. 113.232</i>). |
| No provision. | Names the Treasurer the Chairperson of the Authority (<i>R.C. 113.232(A)</i>). |
| Reporting | |
| No provision. | <p>Requires the Treasurer of State to submit a report no later than December 31 of each even-numbered year to the General Assembly that includes all of the following:</p> <ul style="list-style-type: none"> ▪ A detailed accounting of all assets of the Ohio Strategic Reserve Fund as of the last day of the preceding fiscal biennium; ▪ An estimate of the monetary value of those assets in United States dollars; ▪ A comparison of the fund's assets and the monetary value of those assets over the lifetime of the Ohio Strategic Reserve Fund; |

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| No provision. | <ul style="list-style-type: none"> ▪ A description of the actions taken by the Treasurer to administer and manage the fund during the preceding fiscal biennium (<i>R.C. 113.231(E)</i>). <p>Requires the Treasurer to publish the report on the Treasurer’s website (<i>R.C. 113.231(E)</i>).</p> |
| Rulemaking authority and administration | |
| Permits the Treasure of State to adopt rules for the purposes of administering the bill (<i>R.C. 135.146(G)</i>). | No provision. |
| No provision. | Permits the Treasurer of State to contract with investment advisors, investment managers, qualified custodians, and other service providers for the management of the Ohio Strategic Reserve Fund (<i>R.C. 113.231(F)</i>). |
| Definitions | |
| <p>Defines “exchange-traded product” as a security that meets any of the following requirements:</p> <ul style="list-style-type: none"> ▪ The security is listed, or authorized for listing, on the New York Stock Exchange (NYSE), the American Stock Exchange (ASE), or the National Market System of the NASDAQ stock market, or any successor to such entities; ▪ The security is listed, or authorized for listing, on a national securities exchange or system, or on a tier or segment of such exchange or system, designated by the United States Securities and Exchange Commission (SEC); ▪ The security is listed, or authorized for listing, on a national securities exchange or system, or on a tier or segment of such exchange or system, that has listing standards that the Ohio Division of Securities determines by rule are substantially similar to the listing standards applicable to securities listed, | <p>Defines “exchange-traded product” as any financial instrument that is duly registered and authorized for listing by the United States SEC on an exchange registered as a national securities exchange under section 6 of the “Securities Exchange Act of 1934” or duly self-certified and authorized for trading by the United States Commodities Futures Trading Commission, that is traded on an exchange regulated by the United States government, and derives its value from an underlying pool of assets such as stocks, bonds, commodities, or indexes (<i>R.C. 113.23(B)</i>).</p> |

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| <p>or authorized for listing, on the NYSE, the ASE, or the National Market System of the NASDAQ stock market, or any successor to those entities;</p> <ul style="list-style-type: none"> ▪ The security is a security of the same issuer that is equal in seniority or that is a senior security to a security described above (<i>R.C. 135.146(A)(2)</i>). <p>Defines “secure custody solution” as a technological product or blended product and service that has all of the following characteristics:</p> <ul style="list-style-type: none"> ▪ The private keys that secure digital assets are exclusively known and accessible by the government entity; ▪ The private keys are exclusively contained within an encrypted environment and are accessible only via end-to-end encrypted channels; ▪ The private keys are never contained by, accessible by, or controllable via a smartphone; ▪ Any hardware that contains the private keys is maintained in at least two geographically diversified specially designated secure data centers; ▪ The secure custody solution enforces a multi-party governance structure for authorizing transactions, enforces user access controls, and logs all user-initiated actions; ▪ The provider of the secure custody solution has implemented a disaster recovery protocol that ensures customer access to digital assets in the event the provider becomes unavailable; ▪ The secure custody solution undergoes regular code audits and penetration testing from audit firms, and any | <p>Same, but does not utilize the definition or require the implementation of secure custody solutions anywhere in the bill (<i>R.C. 113.23(C) and (D)</i>).</p> |

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| identified vulnerabilities are promptly remedied (<i>R.C. 135.146(A)(3) and (4)</i>). | |
| Bill title | |
| Names the bill the “Ohio Strategic Cryptocurrency Reserve Act” (<i>Section 3</i>). | Names the bill the “Ohio Strategic Reserve Act” (<i>Section 3</i>). |