

REFERENCE TITLE: state retirement systems; digital assets.

State of Arizona
House of Representatives
Fifty-sixth Legislature
Second Regular Session
2024

HCR 2041

Introduced by
Representatives Smith: Biasiucci, Carbone, Carter, Chaplik, Dunn,
Gillette, Gress, Heap, Hendrix, Jones, Kolodin, Marshall, Martinez,
Montenegro, Parker B, Payne; Senator Wadsack

A CONCURRENT RESOLUTION

SUPPORTING THE POTENTIAL USE OF DIGITAL ASSETS BY THE ARIZONA STATE
RETIREMENT SYSTEM AND THE PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Whereas, the landscape of financial investments is rapidly evolving
2 with the advent of digital assets like Bitcoin, which has a market cap of
3 approximately one trillion dollars; and

4 Whereas, digital assets such as Bitcoin gained significant interest
5 in the realm of exchange traded funds (ETFs); and

6 Whereas, there are large retirement funds that have dedicated
7 significant seed funding for a proposed spot Bitcoin ETF, signaling
8 growing institutional interest in such investment vehicles; and

9 Whereas, the global assets under management for firms that have
10 filed for a Bitcoin ETF are over 16 trillion dollars; and

11 Whereas, the United States Securities and Exchange Commission (SEC)
12 has approved eleven spot Bitcoin ETFs as of January 10, 2024 and the
13 Bitcoin ETFs began trading on January 11, 2024; and

14 Whereas, pension funds traditionally have exposure to a diverse
15 number of sectors of the economy, including commodities such as gold and
16 silver, which are traditionally invested in via ETFs; and

17 Whereas, the federal government holds approximately 200,000 Bitcoin;
18 and

19 Whereas, Arizona's state retirement systems have an obligation to
20 meet the best interests of their members; and

21 Whereas, the role of Bitcoin and other digital assets in the modern
22 financial ecosystem continues to grow, particularly in the context of
23 ETFs; and

24 Whereas, it is important that the Arizona State Retirement System
25 and the Public Safety Personnel Retirement System work with the State
26 Treasurer's office to evaluate the potential risks and benefits of
27 investing in Bitcoin and digital asset ETFs, given the evolving regulatory
28 landscape and growing market capitalization.

29 Therefore

30 Be it resolved by the House of Representatives of the State of Arizona,
31 the Senate concurring:

32 That the Members of the Legislature encourage the Arizona State
33 Retirement System and the Public Safety Personnel Retirement System to:

34 1. Closely monitor the developments in Bitcoin ETFs and other
35 digital asset ETFs and consider the implications of including such assets
36 in their investment portfolios after, to the extent possible, consulting
37 with any firms that have been granted SEC approval to offer a digital
38 asset ETF.

39 2. Consider the implications of including a digital asset ETF in
40 their investment portfolios.

1 3. Submit a comprehensive report on the feasibility, risk and
2 potential benefits of directing a portion of state retirement system
3 monies into digital asset ETFs, including a list of options and
4 recommendations for how this state might safely invest in the digital
5 asset class, to the State Treasurer's office, the President of the Senate
6 and the Speaker of the House of Representatives at least three months
7 before the beginning of the fifty-seventh legislature, first regular
8 session.