



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3672

Introduced 2/5/2026, by Sen. Steve McClure

SYNOPSIS AS INTRODUCED:

New Act
30 ILCS 235/2

from Ch. 85, par. 902

Creates the Local Government Digital Asset Investment Act. Sets forth the purpose of the Act. Provides that a public agency investing in Bitcoin-related exchange-traded funds, digital asset stocks, or Bitcoin bonds shall include a summary of the investments, including performance and allocation, in its annual financial report submitted to the Illinois Comptroller under the Governmental Account Audit Act. Amends the Public Funds Investment Act. Provides that a public agency may invest up to 5% of its public funds in (1) bitcoin-related exchange-traded funds listed on a national securities exchange registered with the U.S. Securities and Exchange Commission; (2) stocks of publicly traded companies listed on a national securities exchange that hold at least 25% of their total assets in Bitcoin or other digital currencies, as verified by the company's most recent audited financial statements; and (3) bitcoin bonds listed on a national securities exchange or approved by the U.S. Securities and Exchange Commission, issued by a government, corporation, or other entity, with principal or interest payments denominated in Bitcoin.

LRB104 20208 HLH 33659 b

1 AN ACT concerning finance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the Local
5 Government Digital Asset Investment Act.

6 Section 5. Purpose. The purpose of this Act is to
7 authorize units of local government and other public agencies
8 in the State of Illinois to invest a portion of their public
9 funds in Bitcoin-related exchange-traded funds, stocks of
10 companies holding significant digital assets, and Bitcoin
11 bonds to promote economic diversification, innovation, and
12 competitiveness in the digital economy.

13 Section 10. Definitions. For the purposes of this Act:

14 "Bitcoin-related exchange-traded fund" means an
15 exchange-traded fund listed on a national securities exchange
16 that invests directly or indirectly in Bitcoin, including spot
17 Bitcoin exchange-traded funds and Bitcoin futures
18 exchange-traded funds.

19 "Bitcoin bond" means a debt security issued by a
20 government, corporation, or other entity, listed on a national
21 securities exchange or approved by the U.S. Securities and
22 Exchange Commission, where the principal or interest payments

1 are denominated in Bitcoin, combining the structure of
2 traditional bonds with exposure to Bitcoin's value.

3 "Digital asset stock" means equity securities of a
4 publicly traded company that holds a substantial portion of
5 its assets in Bitcoin or other digital currencies.

6 "Public agency" has the meaning given to that term in the
7 Public Funds Investment Act.

8 "Public funds" means moneys held by a public agency.

9 Section 15. Reporting and oversight.

10 (a) A public agency investing in Bitcoin-related
11 exchange-traded funds, digital asset stocks, or Bitcoin bonds
12 shall include a summary of the investments, including
13 performance and allocation, in its annual financial report
14 submitted to the Illinois Comptroller under the Governmental
15 Account Audit Act.

16 (b) Within 180 days after the effective date of this Act,
17 the Comptroller may issue nonbinding guidance to assist public
18 agencies in evaluating and reporting investments in
19 Bitcoin-related exchange-traded funds, digital asset stocks,
20 or Bitcoin bonds.

21 Section 97. Severability. The provisions of this Act are
22 severable under Section 1.31 of the Statute on Statutes.

23 Section 200. The Public Funds Investment Act is amended by

1 changing Section 2 as follows:

2 (30 ILCS 235/2) (from Ch. 85, par. 902)

3 Sec. 2. Authorized investments.

4 (a) Any public agency may invest any public funds as
5 follows:

6 (1) in bonds, notes, certificates of indebtedness,
7 treasury bills or other securities now or hereafter
8 issued, which are guaranteed by the full faith and credit
9 of the United States of America as to principal and
10 interest;

11 (2) in bonds, notes, debentures, or other similar
12 obligations of the United States of America, its agencies,
13 and its instrumentalities;

14 (3) in interest-bearing savings accounts,
15 interest-bearing certificates of deposit or
16 interest-bearing time deposits or any other investments
17 constituting direct obligations of any bank as defined by
18 the Illinois Banking Act;

19 (4) in short-term obligations of corporations
20 organized in the United States with assets exceeding
21 \$500,000,000 if (i) such obligations are rated at the time
22 of purchase at one of the 3 highest classifications
23 established by at least 2 standard rating services and
24 which mature not later than 270 days from the date of
25 purchase, (ii) such purchases do not exceed 10% of the

1 corporation's outstanding obligations, and (iii) no more
2 than one-third of the public agency's funds may be
3 invested in short-term obligations of corporations under
4 this paragraph (4);

5 (4.5) in obligations of corporations organized in the
6 United States with assets exceeding \$500,000,000 if (i)
7 such obligations are rated at the time of purchase at one
8 of the 3 highest classifications established by at least 2
9 standard rating services and which mature more than 270
10 days but less than 10 years from the date of purchase, (ii)
11 such purchases do not exceed 10% of the corporation's
12 outstanding obligations, and (iii) no more than one-third
13 of the public agency's funds may be invested in
14 obligations of corporations under this paragraph (4.5); or

15 (5) in money market mutual funds registered under the
16 Investment Company Act of 1940, provided that the
17 portfolio of any such money market mutual fund is limited
18 to obligations described in paragraph (1) or (2) of this
19 subsection and to agreements to repurchase such
20 obligations.

21 (a-1) In addition to any other investments authorized
22 under this Act, a municipality, park district, forest preserve
23 district, conservation district, county, or other governmental
24 unit may invest its public funds in interest bearing bonds of
25 any county, township, city, village, incorporated town,
26 municipal corporation, or school district, of the State of

1 Illinois, of any other state, or of any political subdivision
2 or agency of the State of Illinois or of any other state,
3 whether the interest earned thereon is taxable or tax-exempt
4 under federal law. The bonds shall be registered in the name of
5 the municipality, park district, forest preserve district,
6 conservation district, county, or other governmental unit, or
7 held under a custodial agreement at a bank. The bonds shall be
8 rated at the time of purchase within the 4 highest general
9 classifications established by a rating service of nationally
10 recognized expertise in rating bonds of states and their
11 political subdivisions.

12 (b) Investments may be made only in banks which are
13 insured by the Federal Deposit Insurance Corporation. Any
14 public agency may invest any public funds in short term
15 discount obligations of the Federal National Mortgage
16 Association or in shares or other forms of securities legally
17 issuable by savings banks or savings and loan associations
18 incorporated under the laws of this State or any other state or
19 under the laws of the United States. Investments may be made
20 only in those savings banks or savings and loan associations
21 the shares, or investment certificates of which are insured by
22 the Federal Deposit Insurance Corporation. Any such securities
23 may be purchased at the offering or market price thereof at the
24 time of such purchase. All such securities so purchased shall
25 mature or be redeemable on a date or dates prior to the time
26 when, in the judgment of such governing authority, the public

1 funds so invested will be required for expenditure by such
2 public agency or its governing authority. The expressed
3 judgment of any such governing authority as to the time when
4 any public funds will be required for expenditure or be
5 redeemable is final and conclusive. Any public agency may
6 invest any public funds in dividend-bearing share accounts,
7 share certificate accounts or class of share accounts of a
8 credit union chartered under the laws of this State or the laws
9 of the United States; provided, however, the principal office
10 of any such credit union must be located within the State of
11 Illinois. Investments may be made only in those credit unions
12 the accounts of which are insured by applicable law.

13 (c) For purposes of this Section, the term "agencies of
14 the United States of America" includes: (i) the federal land
15 banks, federal intermediate credit banks, banks for
16 cooperative, federal farm credit banks, or any other entity
17 authorized to issue debt obligations under the Farm Credit Act
18 of 1971 (12 U.S.C. 2001 et seq.) and Acts amendatory thereto;
19 (ii) the federal home loan banks and the federal home loan
20 mortgage corporation; and (iii) any other agency created by
21 Act of Congress.

22 (d) Except for pecuniary interests permitted under
23 subsection (f) of Section 3-14-4 of the Illinois Municipal
24 Code or under Section 3.2 of the Public Officer Prohibited
25 Practices Act, no person acting as treasurer or financial
26 officer or who is employed in any similar capacity by or for a

1 public agency may do any of the following:

2 (1) have any interest, directly or indirectly, in any
3 investments in which the agency is authorized to invest.

4 (2) have any interest, directly or indirectly, in the
5 sellers, sponsors, or managers of those investments.

6 (3) receive, in any manner, compensation of any kind
7 from any investments in which the agency is authorized to
8 invest.

9 (e) Any public agency may also invest any public funds in a
10 Public Treasurers' Investment Pool created under Section 17 of
11 the State Treasurer Act. Any public agency may also invest any
12 public funds in a fund managed, operated, and administered by
13 a bank, subsidiary of a bank, or subsidiary of a bank holding
14 company or use the services of such an entity to hold and
15 invest or advise regarding the investment of any public funds.

16 (f) To the extent a public agency has custody of funds not
17 owned by it or another public agency and does not otherwise
18 have authority to invest such funds, the public agency may
19 invest such funds as if they were its own. Such funds must be
20 released to the appropriate person at the earliest reasonable
21 time, but in no case exceeding 31 days, after the private
22 person becomes entitled to the receipt of them. All earnings
23 accruing on any investments or deposits made pursuant to the
24 provisions of this Act shall be credited to the public agency
25 by or for which such investments or deposits were made, except
26 as provided otherwise in Section 4.1 of the State Finance Act

1 or the Local Governmental Tax Collection Act, and except where
2 by specific statutory provisions such earnings are directed to
3 be credited to and paid to a particular fund.

4 (g) A public agency may purchase or invest in repurchase
5 agreements of government securities having the meaning set out
6 in the Government Securities Act of 1986, as now or hereafter
7 amended or succeeded, subject to the provisions of said Act
8 and the regulations issued thereunder. The government
9 securities, unless registered or inscribed in the name of the
10 public agency, shall be purchased through banks or trust
11 companies authorized to do business in the State of Illinois.

12 Notwithstanding any other provision of this Act, a public
13 agency may invest up to 5% of its public funds in:

14 (1) bitcoin-related exchange-traded funds listed on a
15 national securities exchange registered with the U.S.
16 Securities and Exchange Commission;

17 (2) stocks of publicly traded companies listed on a
18 national securities exchange that hold at least 25% of
19 their total assets in Bitcoin or other digital currencies,
20 as verified by the company's most recent audited financial
21 statements; and

22 (3) bitcoin bonds listed on a national securities
23 exchange or approved by the SEC, issued by a government,
24 corporation, or other entity, with principal or interest
25 payments denominated in Bitcoin.

26 (h) Except for repurchase agreements of government

1 securities which are subject to the Government Securities Act
2 of 1986, as now or hereafter amended or succeeded, no public
3 agency may purchase or invest in instruments which constitute
4 repurchase agreements, and no financial institution may enter
5 into such an agreement with or on behalf of any public agency
6 unless the instrument and the transaction meet the following
7 requirements:

8 (1) The securities, unless registered or inscribed in
9 the name of the public agency, are purchased through banks
10 or trust companies authorized to do business in the State
11 of Illinois.

12 (2) An authorized public officer after ascertaining
13 which firm will give the most favorable rate of interest,
14 directs the custodial bank to "purchase" specified
15 securities from a designated institution. The "custodial
16 bank" is the bank or trust company, or agency of
17 government, which acts for the public agency in connection
18 with repurchase agreements involving the investment of
19 funds by the public agency. The State Treasurer may act as
20 custodial bank for public agencies executing repurchase
21 agreements. To the extent the Treasurer acts in this
22 capacity, he is hereby authorized to pass through to such
23 public agencies any charges assessed by the Federal
24 Reserve Bank.

25 (3) A custodial bank must be a member bank of the
26 Federal Reserve System or maintain accounts with member

1 banks. All transfers of book-entry securities must be
2 accomplished on a Reserve Bank's computer records through
3 a member bank of the Federal Reserve System. These
4 securities must be credited to the public agency on the
5 records of the custodial bank and the transaction must be
6 confirmed in writing to the public agency by the custodial
7 bank.

8 (4) Trading partners shall be limited to banks or
9 trust companies authorized to do business in the State of
10 Illinois or to registered primary reporting dealers.

11 (5) The security interest must be perfected.

12 (6) The public agency enters into a written master
13 repurchase agreement which outlines the basic
14 responsibilities and liabilities of both buyer and seller.

15 (7) Agreements shall be for periods of 330 days or
16 less.

17 (8) The authorized public officer of the public agency
18 informs the custodial bank in writing of the maturity
19 details of the repurchase agreement.

20 (9) The custodial bank must take delivery of and
21 maintain the securities in its custody for the account of
22 the public agency and confirm the transaction in writing
23 to the public agency. The Custodial Undertaking shall
24 provide that the custodian takes possession of the
25 securities exclusively for the public agency; that the
26 securities are free of any claims against the trading

1 partner; and any claims by the custodian are subordinate
2 to the public agency's claims to rights to those
3 securities.

4 (10) The obligations purchased by a public agency may
5 only be sold or presented for redemption or payment by the
6 fiscal agent bank or trust company holding the obligations
7 upon the written instruction of the public agency or
8 officer authorized to make such investments.

9 (11) The custodial bank shall be liable to the public
10 agency for any monetary loss suffered by the public agency
11 due to the failure of the custodial bank to take and
12 maintain possession of such securities.

13 (i) Notwithstanding the foregoing restrictions on
14 investment in instruments constituting repurchase agreements
15 the Illinois Housing Development Authority may invest in, and
16 any financial institution with capital of at least
17 \$250,000,000 may act as custodian for, instruments that
18 constitute repurchase agreements, provided that the Illinois
19 Housing Development Authority, in making each such investment,
20 complies with the safety and soundness guidelines for engaging
21 in repurchase transactions applicable to federally insured
22 banks, savings banks, savings and loan associations or other
23 depository institutions as set forth in the Federal Financial
24 Institutions Examination Council Policy Statement Regarding
25 Repurchase Agreements and any regulations issued, or which may
26 be issued by the supervisory federal authority pertaining

1 thereto and any amendments thereto; provided further that the
2 securities shall be either (i) direct general obligations of,
3 or obligations the payment of the principal of and/or interest
4 on which are unconditionally guaranteed by, the United States
5 of America or (ii) any obligations of any agency, corporation
6 or subsidiary thereof controlled or supervised by and acting
7 as an instrumentality of the United States Government pursuant
8 to authority granted by the Congress of the United States and
9 provided further that the security interest must be perfected
10 by either the Illinois Housing Development Authority, its
11 custodian or its agent receiving possession of the securities
12 either physically or transferred through a nationally
13 recognized book entry system.

14 (j) In addition to all other investments authorized under
15 this Section, a community college district may invest public
16 funds in any mutual funds that invest primarily in corporate
17 investment grade or global government short term bonds.
18 Purchases of mutual funds that invest primarily in global
19 government short term bonds shall be limited to funds with
20 assets of at least \$100 million and that are rated at the time
21 of purchase as one of the 10 highest classifications
22 established by a recognized rating service. The investments
23 shall be subject to approval by the local community college
24 board of trustees. Each community college board of trustees
25 shall develop a policy regarding the percentage of the
26 college's investment portfolio that can be invested in such

1 funds.

2 (k) In addition to all other investments authorized under
3 this Section, a public agency may adopt an ordinance or
4 resolution to allow for investment of public funds in other
5 instruments not specifically listed in this Section provided
6 that those investments comply with (i) any other law that
7 authorizes public agencies to invest funds and (ii) the
8 investment policy adopted by the public agency under Section
9 2.5 of this Act.

10 Nothing in this Section shall be construed to authorize an
11 intergovernmental risk management entity to accept the deposit
12 of public funds except for risk management purposes.

13 (Source: P.A. 102-285, eff. 8-6-21; 103-880, eff. 1-1-25.)