

HB617 INTRODUCED



1 HB617
2 BYVVIQQ-1
3 By Representative DuBose
4 RFD: State Government
5 First Read: 29-Apr-25



SYNOPSIS:

Existing law creates various procedures for state and local agencies to dispose of different classes of abandoned property.

This bill would create procedures for the sale of digital assets that are presumed abandoned.

This bill would authorize the State Treasurer to select a qualified custodian to manage digital assets held on behalf of the State Treasurer.

This bill would also provide for the sale of abandoned digital assets by the State Treasurer.

A BILL
TO BE ENTITLED
AN ACT

Relating to abandoned property; to provide for the management of abandoned digital assets; and to authorize the State Treasurer to select a qualified custodian to hold digital assets that are presumed abandoned and provide for the sale of certain abandoned digital assets.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. For the purposes of this act, the following terms have the following meanings:



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(1) ACCOUNT ACTIVITY. Any action taken by an owner regarding a digital asset account, including, but not limited to, all of the following:

- a. Conducting a transaction.
- b. Buying or selling a digital asset.
- c. Depositing or withdrawing fiat currency or other property.
- d. Electronically accessing the account.
- e. Taking any action related to any other account or property owned by the same owner and held by the same holder.
- f. Taking any other action that would reasonably demonstrate that the owner is aware of the existence of the account.

(2) CUSTODIAN. An entity that offers custody services for digital assets to customers.

(3) DIGITAL ASSET. A virtual currency, cryptocurrency, or other digital-only asset that confers an economic, proprietary, or access right or power.

(4) DIGITAL ASSET ACCOUNT. A customer account, wallet, or similar product maintained by a custodian that can contain a digital asset.

(5) PRIVATE KEY. A unique element of cryptographic data used by the owner of a digital asset account to sign a transaction on the blockchain.

(6) QUALIFIED CUSTODIAN. The custodian selected by the State Treasurer to hold digital assets presumed to have been abandoned on behalf of the state.

Section 2. (a) Property held in a digital asset account



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located in this state is presumed abandoned if it is unclaimed by the apparent owner three years after any of the following:

(1) The date a written communication from the custodian to the owner was returned as undelivered by the United States Postal Service.

(2) The date an electronic communication from the custodian to the owner was returned as undelivered by the electronic messaging method.

(3) The date of the last account activity if the owner does not receive written or electronic communications from the custodian or the custodian does not have the means to systematically track the nondelivery of written or electronic communications.

(b) The running of the three-year period of abandonment required under subsection (a) shall cease immediately upon any account activity by the owner or any written, oral, or electronic communication sent by the owner to the custodian.

Section 3. (a) The State Treasurer shall select a qualified custodian to manage any digital assets held on behalf of the state pursuant to this act.

(b) The State Treasurer shall consider all of the following issues when selecting a qualified custodian:

(1) Secure storage solutions, including measures to prevent unauthorized access.

(2) Management of private keys.

(3) Transfer and handling of digital assets.

(4) State and federal laws and regulations related to digital asset custody.



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(5) Reporting mechanisms regarding the status and value of digital assets under custody.

(6) Processes to return digital assets to owners, including maintenance of contact records and issuance of notifications.

(7) Compliance with anti-money laundering laws.

(c) The State Treasurer shall enter into a formal agreement with the entity selected to serve as the qualified custodian. The agreement shall specify the qualified custodian's duties, obligations, and compensation and the terms governing the termination of the agreement and the State Treasurer's rights to audit the qualified custodian.

Section 4. (a) If a digital asset is presumed abandoned under Section 2 and the custodian of the digital asset is able to transfer the digital asset, the custodian shall report the digital asset to the qualified custodian in a timely manner and, within 30 days of reporting, deliver the digital asset to the qualified custodian in the asset's native form.

(b) If a digital asset is presumed abandoned under Section 2 and the custodian is unable to transfer the digital asset, the custodian shall report the digital asset to the qualified custodian in a timely manner and maintain the digital asset until the custodian is able to transfer the digital asset.

(c) The custodian, within 30 days of delivery of a digital asset to the qualified custodian, shall provide proof of delivery to the State Treasurer.

Section 5. (a) The qualified custodian shall maintain a



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digital asset in its native form for at least two years from transfer of the digital asset to the qualified custodian.

(b) Following the time period required by subsection (a), the qualified custodian shall notify the State Treasurer that the digital asset is eligible for sale.

(c) (1) The State Treasurer may not sell a digital asset for less than the prevailing market price of the digital asset at the time of the sale.

(2) If a digital asset does not have a prevailing market price or the State Treasurer does not have a means of determining the prevailing market price of the digital asset, the State Treasurer may sell the digital asset by any commercially reasonable method.

Section 6. This act shall become effective on October 1, 2025.