ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
First Regular Session

Senate: FIN DP 4-3-0-0 | 3rd Read 16-13-1-0

SB 1239: state agencies; payments; cryptocurrency
Sponsor: Senator Rogers, LD 7
Committee on Ways & Means

Overview
Allows state agencies, beginning January 1, 2024, to enter into agreements with cryptocurrency providers in order to accept cryptocurrency for payment of amounts due to the state or an agency and defines *cryptocurrency* and *cryptocurrency service provider*.

History
Cryptocurrency is an example of a convertible virtual currency that can be used as payment for goods and services, digitally traded between users, and exchanged for or into real currencies or digital assets. (IRS.Gov)

The tax and any interest and penalties, from whatever tax type administered by the Department of Revenue (DOR) shall be paid to DOR. Remittances may be in the form of a check payable to the department during such time and under such regulations as the director may prescribe. If a check is not paid by the bank on which it is drawn, the taxpayer tendering the check shall remain liable for the payment of the tax and all interest and penalties as if he had not tendered the check (A.R.S. 43-505).

Provisions
1. Allows a state agency to enter into an agreement with a cryptocurrency provider to provide a method to accept cryptocurrency as a valid form of payment for fines, civil penalties, rent, rates, taxes, fees, charges, revenue, financial obligations and special assessments. (Sec. 1)

2. Specifies that the agreement between a state agency and cryptocurrency provider must:
   a) Contain the terms and conditions of which cryptocurrency can be accepted or declined;
   b) Provide the manner in which the state will be paid by the cryptocurrency service provider. (Sec. 1)

3. Allows a state agency to accept cryptocurrency from a cryptocurrency service provider for fines, civil penalties, rent, rates, taxes, fees, charges, revenue, financial obligations and special assessments. (Sec. 1)

4. States that a state agency may pay any service fees specified in the agreement or require a person paying with cryptocurrency to pay any service fees associated with the transaction. (Sec. 1)

5. Stipulates that a person paying with cryptocurrency is liable for payment, interest and penalties until the state agency has received the final and unconditional payment for the full amount due. (Sec. 1)

6. Defines *cryptocurrency*. (Sec. 1)

7. Defines *cryptocurrency service provider*. (Sec. 1)

☐ Prop 105 (45 votes)   ☐ Prop 108 (40 votes)   ☐ Emergency (40 votes)   ☐ Fiscal Note

8. Allows DOR to enter into an agreement to accept cryptocurrency for remittances of any taxes, interest and penalties due. (Sec. 2 and 3)

9. Contains an effective date of January 1, 2024. (Sec. 4)

10. Makes technical changes. (Sec. 3)