

Senate Engrossed

state agencies; payments; cryptocurrency

State of Arizona  
Senate  
Fifty-sixth Legislature  
First Regular Session  
2023

# SENATE BILL 1239

AN ACT

AMENDING TITLE 35, CHAPTER 1, ARTICLE 3, ARIZONA REVISED STATUTES, BY  
ADDING SECTION 35-156; AMENDING SECTIONS 42-5018 AND 43-505, ARIZONA  
REVISED STATUTES; RELATING TO THE CONTROL OF RECEIPTS AND EXPENDITURES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 35, chapter 1, article 3, Arizona Revised  
3 Statutes, is amended by adding section 35-156, to read:

4 35-156. Method of payment; cryptocurrency; agreement;  
5 definitions

6 A. A STATE AGENCY MAY ENTER INTO AN AGREEMENT WITH A CRYPTOCURRENCY  
7 SERVICE PROVIDER TO PROVIDE A METHOD TO ACCEPT CRYPTOCURRENCY AS A PAYMENT  
8 METHOD OF FINES, CIVIL PENALTIES OR OTHER PENALTIES, RENT, RATES, TAXES,  
9 FEES, CHARGES, REVENUE, FINANCIAL OBLIGATIONS AND SPECIAL ASSESSMENTS TO  
10 PAY ANY AMOUNT DUE TO THAT AGENCY OR THIS STATE.

11 B. THE AGREEMENT SHALL:

12 1. GOVERN THE TERMS AND CONDITIONS ON WHICH CRYPTOCURRENCY AS A  
13 MEANS OF PAYMENT CAN BE ACCEPTED OR DECLINED.

14 2. PROVIDE THE MANNER IN AND CONDITIONS ON WHICH A CRYPTOCURRENCY  
15 SERVICE PROVIDER SHALL PAY THIS STATE BY MEANS OF CRYPTOCURRENCY OR UNITED  
16 STATES DOLLARS PURSUANT TO THE AGREEMENT.

17 C. A STATE AGENCY THAT HAS ENTERED INTO AN AGREEMENT WITH A  
18 CRYPTOCURRENCY SERVICE PROVIDER AS PROVIDED BY THIS SECTION MAY ACCEPT  
19 CRYPTOCURRENCY AS A METHOD OF PAYMENT FOR FINES, CIVIL PENALTIES OR OTHER  
20 PENALTIES, RENT, RATES, TAXES, FEES, CHARGES, REVENUE, FINANCIAL  
21 OBLIGATIONS AND SPECIAL ASSESSMENTS TO PAY ANY AMOUNT DUE TO THAT AGENCY  
22 OR THIS STATE.

23 D. A STATE AGENCY MAY PAY ANY SERVICE FEES SPECIFIED IN THE  
24 AGREEMENT FOR THE CRYPTOCURRENCY TRANSACTION OR MAY REQUIRE A PERSON THAT  
25 PAYS WITH CRYPTOCURRENCY TO PAY THE SERVICE FEES ASSOCIATED WITH THE  
26 CRYPTOCURRENCY TRANSACTION.

27 E. THE PERSON THAT PAYS WITH CRYPTOCURRENCY IS LIABLE FOR THE  
28 PAYMENT AND ALL INTEREST AND PENALTIES UNTIL THE STATE AGENCY HAS RECEIVED  
29 FINAL AND UNCONDITIONAL PAYMENT OF THE FULL AMOUNT DUE FROM THE  
30 CRYPTOCURRENCY SERVICE PROVIDER FOR THE CRYPTOCURRENCY TRANSACTION.

31 F. FOR THE PURPOSES OF THIS SECTION

32 1. "CRYPTOCURRENCY" MEANS ANY FORM OF DIGITAL CURRENCY IN WHICH  
33 ENCRYPTION TECHNIQUES ARE USED TO REGULATE THE GENERATION OF UNITS OF  
34 CURRENCY AND VERIFY THE TRANSFER OF MONIES, OPERATING INDEPENDENTLY OF A  
35 CENTRAL BANK, INCLUDING BITCOIN, ETHEREUM, LITECOIN AND BITCOIN CASH.

36 2. "CRYPTOCURRENCY SERVICE PROVIDER" MEANS A PERSON OR ENTITY WITH  
37 DEMONSTRATED EXPERIENCE CONVERTING ANY FORM OF CRYPTOCURRENCY, INCLUDING  
38 BITCOIN, ETHEREUM, LITECOIN AND BITCOIN CASH, TO LEGAL TENDER.

39 Sec. 2. Section 42-5018, Arizona Revised Statutes, is amended to  
40 read:

41 42-5018. Method of payment

42 A. All remittances of taxes imposed by this article shall be made  
43 by bank draft, check, cashier's check, money order, cash or electronic  
44 funds transfer to the department, which shall issue receipts therefor to

1 the taxpayers, but no remittance other than cash shall be final discharge  
2 of liability for the tax levied by this article until it has been paid in  
3 cash to the department.

4 B. IN ADDITION TO THE METHODS DESCRIBED IN SUBSECTION A OF THIS  
5 SECTION, THE DEPARTMENT MAY ENTER INTO AN AGREEMENT PURSUANT TO SECTION  
6 35-156 TO ACCEPT CRYPTOCURRENCY FOR REMITTANCES OF TAXES IMPOSED BY THIS  
7 ARTICLE.

8 Sec. 3. Section 43-505, Arizona Revised Statutes, is amended to  
9 read:

10 43-505. Tax payments made to department; order of crediting

11 A. The tax and any interest and penalties shall be paid to the  
12 department. Remittances may be in the form of EITHER:

13 1. A check payable to the department during such A time and under  
14 such regulations as the director may prescribe. If a check is not paid by  
15 the bank on which it is drawn, the taxpayer tendering the check ~~shall~~  
16 ~~remain~~ IS liable for the payment of the tax and all interest and penalties  
17 as if ~~he had~~ THE CHECK WERE not tendered ~~the check~~.

18 2. IF THE DEPARTMENT ENTERS INTO AN AGREEMENT PURSUANT TO SECTION  
19 35-156, CRYPTOCURRENCY.

20 B. The department shall credit payments against a taxpayer's unpaid  
21 tax liability before crediting payments against any interest or penalties.

22 Sec. 4. Effective date

23 This act is effective from and after December 31, 2023.