



ARIZONA STATE SENATE
Fifty-Seventh Legislature, First Regular Session

REVISED
FACT SHEET FOR S.C.R. 1001

property tax exemption; virtual currency

Purpose

Subject to voter approval, constitutionally exempts virtual currency from property tax.

Background

All property in Arizona is subject to taxation with certain exemptions outlined in the Arizona Constitution and prescribed by statute ([A.R.S. § 42-11002](#)). According to the U.S. Internal Revenue Service, *virtual currency* is a digital representation of value that functions as a medium of exchange, a unit of account or a store of value which may be used as payment for goods or services or held for investment purposes. Virtual currency that has an equivalent value in real currency or acts as a substitute for real currency is referred to as *convertible virtual currency*. For federal tax purposes, virtual currency is treated as property and the general tax principles that apply to property transactions apply to virtual currency transactions ([U.S. IRS Notice 2014-21](#)).

The Joint Legislative Budget Committee fiscal note estimates that S.C.R. 1001 will have no fiscal impact ([JLBC fiscal note](#)).

Provisions

1. Exempts virtual currency from property taxation.
2. Defines *virtual currency* as a digital representation of value that functions as a:
 - a) medium of exchange;
 - b) unit of account; and
 - c) store of value other than a representation of the U.S. dollar or a foreign currency.
3. Requires the Secretary of State to submit the proposition to the voters at the next general election.
4. Becomes effective if approved by the voters and on proclamation of the Governor.

Revisions

- Updates the fiscal impact statement.

Prepared by Senate Research
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MG/ci