

Representative Jordan D. Teuscher proposes the following substitute bill:

DIGITAL USER ASSET PAYMENT AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jordan D. Teuscher

Senate Sponsor: Kirk A. Cullimore

LONG TITLE

General Description:

This bill makes provisions related to the use of digital user assets to pay taxes to the State Tax Commission.

Highlighted Provisions:

This bill:

- defines terms; and
- requires the Division of Finance to contract with a third party to accept payment of taxes to the State Tax Commission in digital user assets.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

ENACTS:

63A-3-112, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **63A-3-112** is enacted to read:



26 63A-3-112. Digital user asset collection.

27 (1) As used in this section:

28 (a) "Digital asset" means a representation of economic, proprietary, or access rights
29 that is stored in a computer readable format.

30 (b) "Digital security" means a digital asset which constitutes a security, as that term is
31 defined in Section 70A-8-101.

32 (c) (i) "Digital user asset" means a digital asset that is used or bought primarily for
33 consumptive, personal, or household purposes.

34 (ii) "Digital user asset" includes an open blockchain token.

35 (iii) "Digital user asset" does not include a digital security.

36 (d) "Service provider" means a person with demonstrated experience exchanging
37 digital user assets for legal tender.

38 (e) "Tax payment" means a payment for taxes that is paid directly to and is collected by
39 the State Tax Commission.

40 (2) The division shall contract with a service provider to:

41 (a) provide a service to collect a tax payment in the form of a digital user asset; and

42 (b) convert the digital asset into legal tender to pay the tax payment.

43 (3) (a) When contracting with a service provider described in Subsection (2), the
44 division has discretion to choose a service provider that can only provide the exchange service
45 for a limited class or type of digital user asset.

46 (b) Nothing in this section shall be interpreted to require the division to provide the
47 service described in Subsection (2) for all types of digital user assets.

48 (4) The division shall, in accordance with Title 63G, Chapter 3, Utah Administrative
49 Rulemaking Act, make rules to establish standards that a person must meet to be eligible to
50 enter into a contract as a service provider.

51 (5) The State Tax Commission may collect a convenience digital user asset payment
52 fee established in accordance with the procedures and requirements of Section 63J-1-504 to
53 cover the costs to the State Tax Commission of administering the collection of a digital user
54 asset tax payment.

55 (6) Nothing in this section shall be interpreted to impose liability upon the taxpayer or
56 the State Tax Commission for a change in value of the digital user asset after the moment of

57 payment to the service provider.

58 Section 2. **Effective date.**

59 This bill takes effect on July 1, 2022.