

**Senator Kirk A. Cullimore** 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

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**LONG TITLE**

**General Description:**

This bill makes provisions related to the use of digital user assets to make payments to participating government agencies and political subdivisions.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ requires the Division of Finance to contract with a third party to accept payments to participating government agencies in the form of digital assets;
- ▶ authorizes the Division of Finance to contract with a third party to accept payments to political subdivisions in the form of digital assets;
- ▶ gives the division rulemaking authority to determine standards a third party must meet to provide the payment service; and
- ▶ describes the assignment of liability with respect to aspects of providing this payment service.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.



26 **Utah Code Sections Affected:**

27 ENACTS:

28 [63A-3-112](#), Utah Code Annotated 1953

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

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

32 **63A-3-112. Digital user asset collection.**

33 (1) As used in this section:

34 (a) "Agency" means a state government entity that receives payments for services or  
35 fees and is eligible to enter into a contract for payment services with the division.

36 (b) "Agency payment" means a payment that is due directly to an agency and that the  
37 agency collects either directly or through a third-party payment processor with whom the  
38 division has a contract.

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

41 (d) "Digital security" means a digital asset which constitutes a security, as that term is  
42 defined in Section [70A-8-101](#).

43 (e) (i) "Digital user asset" means a digital asset that is used or bought primarily for  
44 consumptive, personal, or household purposes.

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

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

47 (f) "Participating agency" means an agency that:

48 (i) meets the division's requirements to accept payments made through a service  
49 provider with whom the division has a contract; or

50 (ii) is the State Tax Commission.

51 (g) "Political subdivision" means the same as that term is defined in Section  
52 [63G-7-102](#).

53 (h) "Political subdivision payment" means a payment that is due directly to a political  
54 subdivision and that the political subdivision collects either directly or through a third-party  
55 payment processor with whom the political subdivision has a contract.

56 (i) "Service provider" means a person with demonstrated experience exchanging digital

57 user assets for legal tender.

58 (2) The division shall contract with a service provider to provide a service to process  
59 an agency payment for a participating agency by:

60 (a) taking the payment in the form of a digital user asset; and

61 (b) converting the digital asset into legal tender to pay the agency payment.

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

65 (b) The division may contract with more than one service provider to provide the  
66 service described in Subsection (2).

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

69 (4) (a) The person paying the agency payment bears responsibility for any costs the  
70 service provider charges for the service provider's service.

71 (b) The division may collect a fee established in accordance with the procedures and  
72 requirements of Section [63J-1-504](#) to cover the costs to the division of providing the service  
73 described in Subsection (2).

74 (5) The division shall contract to provide the service described in Subsection (2) on or  
75 before January 1, 2023.

76 (6) The division shall, in accordance with Title 63G, Chapter 3, Utah Administrative  
77 Rulemaking Act, make rules to:

78 (a) establish standards that a person must meet to be eligible to enter into a contract as  
79 a service provider; and

80 (b) establish requirements an agency must meet to be a participating agency.

81 (7) A political subdivision may enter into an agreement with the division for the  
82 division to contract with a service provider to, on behalf of the political subdivision:

83 (a) provide a service to collect a political subdivision payment in the form of a digital  
84 user asset; and

85 (b) convert the digital asset into legal tender to pay the political subdivision payment.

86 (8) Nothing in this section shall be interpreted to impose liability upon the person  
87 paying the agency payment or a participating agency for a change in value of the digital user

88 asset after the moment of payment to the service provider.

89           Section 2. **Effective date.**

90           This bill takes effect on July 1, 2022.