

**HB 2488 A STAFF MEASURE SUMMARY**

**Carrier:** Sen. Golden

**Senate Committee On Campaign Finance**

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**Action Date:** 04/17/19  
**Action:** Do pass the A-Eng bill.  
**Vote:** 4-0-1-0  
**Yeas:** 4 - Burdick, Girod, Golden, Prozanski  
**Exc:** 1 - Knopp  
**Fiscal:** No fiscal impact  
**Revenue:** No revenue impact  
**Prepared By:** C. Ross, Counsel  
**Meeting Dates:** 4/17

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**WHAT THE MEASURE DOES:**

Prohibits state government from accepting payments in cryptocurrency unless authorized by the State Treasurer. Prohibits political contributions using cryptocurrency.

**ISSUES DISCUSSED:**

- History of measure arising from conversation in interim Business and Labor Committee
- Concerns about instability, dark money, and association with criminal activity (capable of exploitation for purposes of fraud and money laundering)
- Desire to revisit in the future
- Distinguishing cryptocurrency from potential use/benefit of block chain technology
- Providing for Treasurer's discretion

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

Virtual or digital currencies are creatures of the Internet age. Such currencies may be money in electronic form, issued and controlled through centralized authorities that set value, like governments; or decentralized mediums of exchange, where creation and control of the medium is maintained by a virtual community of users. Cryptocurrencies are decentralized and rely on cryptography to track and control anonymous peer-to-peer transactions.

At the federal level, digital coins and tokens are considered securities, subject to regulation by the U.S. Securities and Exchange Commission; virtual or digital currency is also considered property for federal tax purposes and income from transactions is reportable; and the Federal Election Commission allows campaign donations in cryptocurrency.

At the state level, there are a variety of different approaches resulting in increased complexity, and the dozen states that have specifically considered political contributions in cryptocurrency are split between allowing and prohibiting it. The Uniform Law Commission issued model legislation for states to consider in 2017, followed by a supplement in 2018. According to the National Conference of State Legislatures, there were 55 bills in 23 jurisdictions in 2018 concerned with cryptocurrency, and both legislative and regulatory approaches generally dealt with consumer and investment protection, anti-money laundering provisions, and taxation. Arizona, Colorado, Montana, and Washington are among the handful of states that allow political donations in cryptocurrency; California, Kansas, North Carolina, Michigan, and South Carolina are among the handful of states that have prohibited it.

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In Oregon, the Secretary of State recently authorized campaign contributions, while prohibiting campaign expenditures in cryptocurrency, treating cryptocurrency the same as shares of stock, consistent with the Federal Elections Commission: the market value of the cryptocurrency on the day the contribution is received, is recorded as the contribution amount, and any change in value realized through the sale of cryptocurrency is treated as an investment gain or loss.

House Bill 2488 A prohibits state government from accepting payments in cryptocurrency unless authorized by the State Treasurer, and prohibits political contributions using cryptocurrency.