



ARIZONA STATE SENATE
Fifty-Seventh Legislature, First Regular Session

FACT SHEET FOR S.B. 1024

state agencies; payments; cryptocurrency

Purpose

Effective January 1, 2026, authorizes a state agency to enter into an agreement with a cryptocurrency service provider to accept cryptocurrency as a payment method for any amount due to the state agency or the state. Allows tax payments to be made in cryptocurrency if the Arizona Department of Revenue (ADOR) enters into an agreement with a cryptocurrency service provider to accept cryptocurrency as a payment method.

Background

Cryptocurrency is a type of convertible virtual currency that can be used as payment for goods and services, digitally traded between users and exchanged for or into real currency or digital assets ([IRS](#)).

Transaction privilege tax (TPT) is a gross receipts tax levied for the privilege of conducting business in Arizona and is imposed under 16 business classifications. Statute requires businesses to pay TPT to ADOR by the 20th day of the following month after the tax is incurred. All TPT payments must be made to ADOR by bank draft, check, cashier's check, money order, cash or electronic funds (A.R.S. §§ [42-5008](#); [42-5014](#); and [42-5018](#)).

Individual and corporate income tax is levied on taxable income. Income tax may be paid in installments or in one payment, as prescribed. Corporate income tax can be paid by electronic funds transfer and individual income tax can be paid by check, cashier's check, certified check, money order, U.S. currency or by the application of an overpayment from a prior tax return (A.R.S. §§ [43-1011](#); [Version 2](#) and [43-1111](#); A.A.C. [R15-2C-101](#) and [R15-10-302](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Allows a state agency to enter into an agreement with a cryptocurrency service provider to provide a method to accept cryptocurrency as a payment method of fines, civil or other penalties, rent, rates, taxes, fees, charges, revenue, financial obligations and special assessments to pay any amount due to the state agency or the state.
2. Allows a state agency that has entered into an agreement with a cryptocurrency service provider to accept cryptocurrency as a payment method for any amount due to the state agency or the state.

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3. Allows ADOR to enter into an agreement with a cryptocurrency service provider to accept cryptocurrency for remittances of TPT and municipal tax.
4. Adds cryptocurrency to the permissible methods of remitting taxes to ADOR, if ADOR enters into an agreement with a cryptocurrency service provider.
5. Requires an agreement with a cryptocurrency service provider to:
 - a) govern the terms and conditions on which cryptocurrency may be accepted or declined as a form of payment; and
 - b) provide the manner in and conditions on which a cryptocurrency service provider must pay the state by means of cryptocurrency or U.S. dollars.
6. Allows a state agency to pay any transaction service fees specified in a cryptocurrency payment agreement or require a person that pays with cryptocurrency to pay the service fees associated with the cryptocurrency transaction.
7. Deems a person that pays with cryptocurrency liable for the payment and all interest and penalties until the state agency has received final and unconditional payment of the full amount due from the cryptocurrency service provider for the transaction.
8. Defines *cryptocurrency* as a form of digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of monies, operating independently of a central bank, including Bitcoin, Ethereum, Litecoin and Bitcoin Cash.
9. Defines *cryptocurrency service provider* as a person or entity with demonstrated experience converting any form of cryptocurrency, including Bitcoin, Ethereum, Litecoin and Bitcoin Cash, to legal tender.
10. Makes technical changes.
11. Becomes effective on January 1, 2026.

Prepared by Senate Research

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