



Kansas Legislative Research Department

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To: House Committee on Elections
From: Elaina Rudder, Research Analyst
Re: Cryptocurrency Campaign Contributions

CRYPTOCURRENCY CAMPAIGN CONTRIBUTIONS

This memorandum provides information about how states other than Kansas have addressed campaign contributions in the form of cryptocurrency. Cryptocurrency, also referred to as digital or virtual currency, is an entirely digital medium of exchange that is not issued or backed by the U.S. Government or any central bank. Bitcoin, for example, is a type of cryptocurrency.

For a more detailed overview, see the KLRD memorandum “Cryptocurrency and Blockchain Technology,” available at: http://www.kslegresearch.org/KLRD-web/Publications/FinancialInstitutlns/memo_genl_stangler_cryptocurrency.pdf.

Arizona

Ariz. Rev. Stat, Ann. § 16-907(E) and (F) state that a candidate committee may accept a contribution made by cash, check, credit card, payroll deduction, wire transfer, or any other method of online or electronic payment. The Arizona Secretary of State’s Office has deemed cryptocurrency to be a method of “electronic transfer.”

California

According to Cal. Code Regs. Tit. 2, § 18421.2, California allows a person to make and a committee to solicit cryptocurrency contributions as in-kind contributions if the cryptocurrency is converted to dollars upon the making of the contribution. Cryptocurrency contributions must be made and received through a U.S.-based cryptocurrency payment processor and registered with the U.S. Department of Treasury, Financial Crimes Enforcement Network, which utilizes know your customer (KYC) protocols to verify the identify of the contributor for all contributions.

Colorado

In Colorado, 8 C.C.R. § 1505-6:10.7 allows a candidate committee to accept contributions in the form of cryptocurrency, up to the acceptable limit for a cash or coin contribution. The amount of the contribution is the value of the cryptocurrency at the time of the contribution, and the candidate committee must report any gain or loss after the contribution as other income or receipts.

District of Columbia (D.C.)

In D.C., bitcoin contributions are allowed and must be reported in accordance with D.C. Mun. Regs. Tit. 3, § 3008.9. Bitcoin contributions in D.C. Are reported as in-kind contributions.

Louisiana

In 2022, Louisiana passed House Resolution 180, which requested the Supervisory Committee on Campaign Finance Disclosure to study issues related to accepting campaign contributions in the form of cryptocurrency.

Maryland

In 2023, delegates of the Maryland General Assembly introduced HB 0192 concerning cryptocurrency contributions. HB 0192 would:

- Prohibit a person from making a contribution to a campaign finance entity or a donation to specified persons making independent expenditures or disbursements for electioneering communications using cryptocurrency;
- Prohibit a campaign finance entity from accepting a contribution made using cryptocurrency;
- Prohibit specified persons from making independent expenditures or disbursements for electioneering communications from accepting a donation using cryptocurrency;
- Prohibit a campaign finance entity from depositing any funds received in a cryptocurrency account;
- Prohibit a campaign finance entity, or person acting on its behalf, from making an expenditure using cryptocurrency;
- Authorize the State Administrator of Elections (or the administrator's designee) to investigate certain violations;

- Authorize the State Board of Elections (SBE) to impose a civil penalty up to \$1,000 per violation, or refer the matter for further investigation by the State Prosecutor under specified conditions; and
- Prohibit the SBE from authorizing a contribution to be made to a campaign finance entity using cryptocurrency or authorizing a campaign finance entity to make a disbursement using cryptocurrency.

The bill would define “cryptocurrency” to mean digital or virtual currency that relies on cryptography to effect transfers and a decentralized network to record transactions.

The bill would also include provisions related to the enforcement of tax laws.

[*Note:* HB 0192 was cross-filed with MD SB 269.]

Oregon

In 2019, Oregon enacted HB 2488, codified in Or. Rev. Stat. § 260.011, which prohibited cryptocurrency contributions to a political candidate, political committee, or a petition committee. The bill defined “cryptocurrency” to mean digital or virtual currency that relies on cryptography to effect transfers and a decentralized network to record transactions.

Tennessee

In 2015, Tennessee passed SB 674, codified in Tenn. Code Ann. § 2-10-113, which allows a candidate or political campaign committee to accept digital currency as a contribution. Digital currency is considered a monetary contribution with the value of the digital currency being the market value of the digital currency at the time the contribution is received. Any candidate or political campaign committee that accepts digital currency contributions must sell any digital currency and deposit the proceeds from the sale into a campaign account before spending the funds.

Other States

Some states do have advisory opinions concerning cryptocurrency campaign contributions. These states include, but may not be limited to, Iowa, Montana, North Carolina, and Ohio.