
CONSENT

Bill No: AB 1029
Author: Valencia (D), et al.
Amended: 3/20/25 in Assembly
Vote: 27

SENATE ELECTIONS & C.A. COMMITTEE: 5-0, 7/1/25
AYES: Cervantes, Choi, Allen, Limón, Umberg

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 69-0, 5/8/25 (Consent) - See last page for vote

SUBJECT: Statements of financial interest: digital financial assets

SOURCE: California Fair Political Practices Commission

DIGEST: This bill, beginning in 2027, deems digital finance assets as investments that public officials must disclose on their statements of economic interests.

ANALYSIS:

Existing law:

- 1) Requires every state and local agency to adopt a conflict of interest code, which shall have the force of law and the violation of which can be punished criminally as a misdemeanor. This conflict of interest code must, among other things, enumerate the specific types of financial interests which specified agency officials must report to the public.
- 2) Requires public officials to file statements of economic interest when assuming office, each year in office, and when leaving office to disclose to the public their financial interests, including investments, interests in real property, and income.

- 3) Defines, for these purposes, investments as any financial interest in or security issued by a business entity worth \$2,000 or more and owned by an official or family member of the official, provided the business entity operates or plans to operate within the jurisdiction of the officer.
- 4) Defines “digital financial assets” as a digital representation of value that is used as a medium of exchange, unit of account, or store of value, and that is not legal tender, whether or not denominated in legal tender.

This bill:

- 1) Requires that conflict of interest codes include digital financial assets among the financial interests that officials must disclose if decisions made by the agency’s officials could materially affect the asset.
- 2) Deems a direct or indirect interest worth \$2,000 or more in a digital financial asset to be an investment for purposes of public official disclosures of economic interests.
- 3) Requires that public officials disclose digital financial interests on their statements of economic interest by the name the asset is commonly known to the public.
- 4) Makes conforming changes.
- 5) Takes effect on January 1, 2027.

Background

Proposition 9, which appeared on the June 1974 ballot, created the California Political Reform Act (PRA) and established California’s campaign finance and disclosure laws for state and local campaigns, candidates, officeholders, and ballot measures. Proposition 9 also created the Fair Political Practices Commission (FPPC) to implement, administer, and enforce the PRA.

The PRA defines conflicts of interest for public officials, requires public agencies to adopt conflict of interest codes, and requires public officials to disclose their financial interests. Disclosure of financial interests occurs through filing of the statement of economic interests, FPPC Form 700.

Comments

Author’s Statement. This bill modernizes the reporting requirements for statements of economic interests, ensuring that public officials cannot leverage their decision-

making authority to manipulate cryptocurrency asset values for personal gain. As cryptocurrencies become increasingly integrated into everyday business transactions, it is essential for our state to address this evolving landscape to prevent corruption and uphold public trust in the integrity of our accountability systems.

What are Digital Financial Assets? This bill, and existing law, use the term “digital financial assets” to describe a range of money-like assets. Sometimes called cryptocurrencies, these assets rarely function as money even though they were designed and are statutorily defined to fulfill at least one of the roles of money: unit of account, medium of exchange, and store of value. These assets, however, are neither issued nor backed by any government or central bank and have no tangible form, as for example the United States dollar does. As with money, these assets are maintained in ledgers, but in the case of cryptocurrencies these are decentralized, public ledgers housed on computers throughout the world through which the asset can be transferred, recorded, and stored.

Because of the decentralization, no single authority serves as a gatekeeper or facilitator of the transactions taking place within a cryptocurrency’s network, nor can anyone regulate the value of a cryptocurrency the way a central bank regulates the value of a national currency. Instead, computers participating in the network are tasked with verifying and facilitating each ledger entry, known as a block, within the chain of transactions taking place. Hence the term, “blockchain” technology for how cryptocurrency transactions are accounted for. To ensure the network is secure, this process typically involves many computers verifying each transaction.

Generally, digital financial assets are rarely accepted as a medium of exchange, and so do not actually function as money or currency of any kind, crypto or otherwise. Instead, they are traded as assets, as stock market shares or gold. Trading of digital financial assets all too often serves as a way for people to speculate on and even attempt to manipulate the value of these digital assets. For these reasons, this bill proposes that they should be treated as investments under the PRA, making them reportable financial interests.

FISCAL EFFECT: Appropriation: No Fiscal Com.:Yes Local:Yes

SUPPORT: (Verified 7/14/25)

California Fair Political Practices Commission (source)
California Blockchain Advocacy Coalition
California Common Cause

Consumer Federation of California
Consumer Watchdog
Oakland Privacy

OPPOSITION: (Verified 7/14/25)

None received

ARGUMENTS IN SUPPORT:

Supporters of this bill note that cryptocurrency has become a widely held asset among American adults so it is timely that it be incorporated into public conflict of interest codes to ensure transparency and ethics in governance. California Common Cause, writing in support, states that:

[L]awmakers who personally invest in digital assets should be required to recuse themselves from decisions where they stand to benefit financially. Without clear regulations, there is a risk of undue influence and corruption in policy decisions affecting the cryptocurrency industry. For these reasons, we support AB 1029 to ensure that cryptocurrency is included in the PRA's conflict of interest code. Strengthening transparency and accountability in government will help maintain public trust and uphold ethical standards in policymaking.

ASSEMBLY FLOOR: 69-0, 5/8/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Bonta, Bryan, Calderon, Caloza, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Fong, Gabriel, Garcia, Gipson, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Arambula, Boerner, Carrillo, Flora, Gallagher, Jeff Gonzalez, Irwin, Celeste Rodriguez, Sanchez, Wallis

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