

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 759 (Senator Watson, *et al.*)
 Finance

Financial Institutions - Digital Assets and Digital Asset Staking - Regulation
(Maryland Financial Innovation Act of 2026)

This bill generally prohibits the State or local governments from regulating digital asset staking and other related activities. Specifically, a State agency, instrumentality of the State, or political subdivision of the State may not prohibit, restrict, or otherwise impair a person’s ability to, among other things, accept a “digital asset” as a method of payment or participate in “staking” on a “blockchain”. An offer to provide – or providing – digital asset “staking as a service” does not constitute the offer or sale of an investment contract or other securities under the Maryland Securities Act (MSA) and is not subject to regulation under the Act. **The bill takes effect June 1, 2026.**

Fiscal Summary

State Effect: Special fund revenues for the Office of Financial Regulation (OFR) decrease minimally in FY 2026 and by approximately \$158,200 annually beginning in FY 2027 due to the elimination of fee revenue associated with licenses and registrations, as discussed below. Potential general fund revenues collected under MSA may also decrease, as discussed below. Expenditures are not materially affected.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
GF Revenue	0	(-)	(-)	(-)	(-)
SF Revenue	(-)	(\$158,200)	(\$158,200)	(\$158,200)	(\$158,200)
Expenditure	0	0	0	0	0
Net Effect	\$0	(\$158,200)	(\$158,200)	(\$158,200)	(\$158,200)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill likely does not materially affect local government operations or finances.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: It is the intent of the General Assembly that the provisions of the bill be construed as a clarification of existing law.

Definitions

“Blockchain” means data that is: (1) shared across a peer-to-peer network to create a ledger of verified transactions and other information, linked together using cryptography to maintain the integrity of the ledger and to execute other functions; and (2) distributed among network participants in an automated fashion to concurrently update network participants on the state of the ledger and other functions.

“Blockchain protocol” means a decentralized protocol that is deployed to a blockchain.

“Decentralized protocol” means autonomous computer software executed without human intervention according to rules altered by a predetermined mechanism to facilitate the transfer of data to be broadcast to nodes.

“Digital asset” means a virtual currency including cryptocurrency, stablecoins, fungible tokens, nonfungible tokens, and other digital representations of value used as a medium of exchange, unit of account, or store of value.

“Hardware wallet” means a physical device, and its associated keys, that (1) is not continuously connected to the Internet and (2) allows a person to secure, transfer, and retain independent control over a digital asset.

“Node” means software run on a computer that (1) communicates with other devices or participants on a blockchain to maintain consensus and integrity of the blockchain; (2) creates and validates data on a blockchain; or (3) contains and updates a copy of a blockchain. “Self-hosted wallet” means a digital interface, and its associated keys, that allows a person to secure, transfer, and retain independent control over a digital asset.

“Staking” means committing a digital asset to a blockchain to participate in the blockchain’s operations.

“Staking as a service” means the provision of technical or custodial staking services by a service provider, including the operation of a node and the infrastructure necessary to facilitate participation in a blockchain by the service provider on behalf of the person that

owns the digital asset being staked. Staking as a service does not include the provision of services designed to generate investment returns or other income on behalf of the person that owns the digital asset being staked other than rewards issued by a blockchain.

“Virtual currency” means a digital representation of value that is used as a medium of exchange, unit of account, or store of value and is not currency or coin of the United States or any other country. “Virtual currency” does not include:

- a digital representation of value that can be redeemed for (1) goods, services, discounts, or purchases, as specified or (2) digital units in another customer affinity or reward program, as specified; or
- a digital representation of value issued by or on behalf of a publisher, as specified.

Prohibitions for State and Local Governments

In addition to the prohibitions mentioned above, a State agency, instrumentality of the State, or a political subdivision of the State may not prohibit, restrict, or otherwise impair a person’s ability to:

- take custody of a digital asset using a self-hosted wallet or hardware wallet;
- operate a node for the purpose of connecting to a blockchain and participating in a blockchain;
- develop software to deploy on a blockchain; or
- transfer digital assets to another person using a blockchain.

The provisions of the bill preempt any existing regulation, rule, or ordinance that may conflict with the bill. However, the provisions of the bill *do not* restrict the authority of the Commissioner of OFR to regulate digital assets under the Maryland Money Transmission Act or the ability for the Division of Consumer Protection within the Office of the Attorney General (OAG) to enforce the Maryland Consumer Protection Act (MCPA).

Current Law:

Maryland Securities Act

MSA prohibits a person from offering or selling any security in the State unless (1) the security is registered with OAG; (2) the security or transaction is exempted under Subtitle 6 of the Act; or (3) the security is a federal covered security. Under the statute, “person” means an individual, a corporation, a partnership, an association, a joint-stock company, a trust where the interests of the beneficiaries are evidenced by a security, an unincorporated organization, a government, or a political subdivision of a government.

Also pursuant to MSA (specifically, § 11-205), the Securities Commissioner, by rule or order, may require the filing of any prospectus, pamphlet, circular, form letter, advertisement, or other sales literature or advertising communication, whether communicated in hard copy, electronic means, or otherwise, addressed or intended for distribution to prospective investors, including clients or prospective clients of an investment adviser, unless the security or transaction is otherwise exempted or as otherwise specified.

It is the opinion and current practice of OAG that staking cryptocurrency on the blockchain, and other related activities defined in the bill, is a security and subject to the provisions of MSA. However, State law does not specifically regulate staking, staking as a service, or other related activities defined by the bill.

Office of Financial Regulation

The financial services industry in Maryland is regulated by OFR within the Maryland Department of Labor and the Securities Division of OAG. Under the direction and authority of the Commissioner of Financial Regulation, OFR regulates State-chartered and State-licensed financial institutions operating in Maryland. These include depository institutions such as Maryland-chartered banks, trust companies, bank holding companies, and credit unions, as well as nondepository entities such as money transmitters, check cashers, consumer lenders, sales finance companies, installment lenders, mortgage lenders, mortgage loan originators, credit services businesses, debt management services providers, debt settlement services providers, consumer reporting agencies, and collection agencies.

Maryland Consumer Protection Act

An unfair, abusive, or deceptive trade practice under MCPA includes, among other acts, any false, falsely disparaging, or misleading oral or written statement, visual description, or other representation of any kind which has the capacity, tendency, or effect of deceiving or misleading consumers. The prohibition against engaging in any unfair, abusive, or deceptive trade practice encompasses the offer for or actual sale, lease, rental, loan, or bailment of any consumer goods, consumer realty, or consumer services; the extension of consumer credit; the collection of consumer debt; or the offer for or actual purchase of consumer goods or consumer realty from a consumer by a merchant whose business includes paying off consumer debt in connection with the purchase of any consumer goods or consumer realty from a consumer.

The Consumer Protection Division within OAG is responsible for enforcing MCPA and investigating the complaints of aggrieved consumers. The division may attempt to conciliate the matter, issue a cease-and-desist order, or file a civil action in court. A merchant who violates MCPA is subject to a fine of up to \$10,000 for each violation and

up to \$25,000 for each repetition of the same violation. In addition to any civil penalties that may be imposed, any person who violates MCPA is guilty of a misdemeanor and, on conviction, is subject to a fine of up to \$1,000 and/or imprisonment for up to one year.

Money Transmitter

“Money transmission” means engaging in the business of selling or issuing payment instruments or prepaid access or receiving currency, funds, or other value that substitutes for currency and transferring currency, funds, or other value that substitutes for currency to another person or a location within or outside the United States by any means, including electronically, through the Internet, through a mobile application, through a network of persons, or through an informal value transfer system. “Money transmission” includes any other activity that the commissioner identifies as money transmission by regulation.

A “money transmitter” is a person who engages in money transmission that is required to be licensed by OFR. A money transmitter includes a bill payer service and an accelerated mortgage payment service.

To qualify for a money transmitter license, an applicant must satisfy OFR that the applicant (1) is of good moral character and has sufficient financial responsibility, business experience, and general fitness to engage in the business of money transmission and (2) has a certain net worth. An applicant must pay a \$2,000 annual licensing fee. New applicants must also pay a \$1,000 investigation fee and meet certain bonding requirements. Fees are paid to the Nondepository Special Fund administered by OFR.

Regulation of Virtual Currency Kiosks in the State

Chapter 117 of 2025 established a regulatory framework for “virtual currency kiosks” and their operators to do business in the State, including that, beginning January 1, 2026, and annually thereafter, a virtual currency kiosk operator must register a kiosk with the Commissioner of Financial Regulation to operate in the State.

Broadly speaking, Chapter 117:

- authorized the Commissioner of Financial Regulation to adopt and enforce various procedures and regulations relating to virtual currency kiosks;
- established license and registration requirements for virtual currency kiosk operators;
- required virtual currency kiosk operators to, among other things: (1) ensure each virtual currency transaction does not accept or dispense greater than a specified amount each day; (2) ensure that each virtual currency kiosk operates solely for the purposes of virtual currency services; (3) make certain disclosures; and (4) maintain customer support, as specified.

A virtual currency kiosk operator must renew a license annually and is responsible for paying a renewal fee. The registration/renewal fee for virtual currency kiosk operator is \$2,000 (the same fee currently charged to money transmitters) and the registration/renewal fee for each virtual currency kiosk is \$200.

State Revenues: OFR and OAG advise that the bill's prohibitions have broad implications for their current regulatory activities and generally decrease revenue from registration and filing fees.

Office of Financial Regulation

OFR advises that, among other things, the bill prohibits the regulation of virtual currency kiosks in the State. As of February 2026, OFR reports that it has registered 12 kiosk operators and 671 kiosks, generating revenue of \$158,200 for the Nondepository Special Fund. Assuming the number of registrations remains relatively constant, special fund revenues for OFR decrease minimally in fiscal 2026 (which accounts for the bill's June 1, 2026 effective date) and by approximately \$158,200 annually beginning in fiscal 2027, due to foregone licensing and registration fees. To the extent other entities are exempt from regulation, OFR revenues decrease correspondingly. However, in the absence of more specific information from OFR, the extent of the decrease in revenue cannot be readily estimated at this time.

Office of the Attorney General

OAG advises that the bill directly contradicts its position that asset staking is a security, and therefore subject to regulation under MSA. As a result, OAG suggests that revenues from registration and filing fees decrease under the bill; however, a reliable estimate is not feasible because OAG's authority to regulate those transactions and collect those fees is pending in court, so fees have not been collected. Despite the bill's June 1, 2026 effective date, because of the pending litigation, this estimate assumes any potential fee revenue loss is not experienced until fiscal 2027 at the earliest.

Small Business Effect: To the extent a small business stakes digital assets, offers staking as a service, operates a node, or engages in any other activities covered by the bill, expenditures decrease, potentially by a significant amount, due to the exemptions from various fees and registration requirements under MSA.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 859 (Delegate Boafo, *et al.*) - Economic Matters.

Information Source(s): Department of Information Technology; Judiciary (Administrative Office of the Courts); Maryland Department of Labor; Office of the Attorney General; Harford, Montgomery, and Wicomico counties; Maryland Municipal League; Baltimore City; Department of Legislative Services

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Analysis by: Kayvon Samadani

Direct Inquiries to:
(410) 946-5510