
MARYLAND DEPARTMENT OF LABOR TESTIMONY ON SB759

TO: Senate Finance Committee
FROM: Antonio P. Salazar, Commissioner of Financial Regulation
DATE: March 12, 2026
BILL: SB759 - Financial Institutions - Digital Assets and Digital Asset Staking - Regulation (Maryland Financial Innovation Act of 2026)

MDL POSITION: Letter of Information

The Office of Financial Regulation (OFR) within the Department of Labor is Maryland's state financial services regulator and consumer protection agency. It is the State Agency responsible for the licensing, registering, and overseeing of digital asset providers and money transmitters.

Bill Summary

Senate Bill 759 adds a new subtitle to the Financial Institutions Article governing digital assets and digital staking. In doing so, the bill contains pertinent definitions, it would restrict the ability of any state or local government agency to regulate digital assets, and it purports to reverse the determination by the Securities Division of the Office of the Attorney General that staking constitutes a security under the Maryland Securities Act. Broadly speaking, the bill would restrict the state from regulating the field of digital assets and it would, in particular, restrict the OFR's existing and prospective regulatory authority over digital assets.

Impact on OFR's Regulatory Authority

As drafted, the proposed legislation would impair OFR's ability to regulate the digital asset sector in two key areas:

- 1. Impairment of Existing Authority (Virtual Currency Kiosks):** HB859 would undermine OFR's oversight of virtual currency kiosks, commonly known as Bitcoin ATMs. This regulatory responsibility, set forth in Financial Institutions Article Title 12, Subtitle 12, which took effect on January 1, 2026, was explicitly granted to OFR by **2025 Senate Bill 305**. That framework is being implemented by OFR and is essential for curbing illicit activities like money laundering and consumer fraud. Curtailing OFR's authority here would create a regulatory vacuum, hindering the State's capacity to address

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bad actors and protect consumers, particularly older adults who have proven particularly susceptible to fraud through this vector. As of February 26, 2026, OFR has registered 12 operators managing 671 kiosks.

- 2. Impairment of Prospective Authority (Stablecoin Regulation):** The bill would also cripple OFR's capacity to regulate stablecoins—digital assets pegged to stable values like fiat currency. The federal GENIUS Act enables individual states to license and regulate stablecoin issuers. However, in order to take advantage of that opportunity, states must pass enabling legislation of their own. OFR has encouraged the legislature to pass legislation enabling Maryland to set up its own Stablecoin system and Stablecoin bills are currently under legislative consideration by the General Assembly through measures like **2026 SB662/HB1355**. By preemptively limiting OFR's regulatory purview, HB859 would frustrate the legislative intent behind any enacted stablecoin legislation, leaving this area of finance unmonitored and leave Maryland reliant upon federal regulation.

Amendments

OFR has reviewed amendments that would resolve the concerns detailed above. Should the bill be amended to address these issues, the Office of Financial Regulation would maintain a neutral position.

The Department respectfully submits the above information for the committee's consideration regarding SB759.

For questions, please contact Andrew Fulginiti at **Andrew.Fulginiti@maryland.gov**