HOUSE BILL NO. 5132

October 23, 2025, Introduced by Reps. DeSana, Fox, Pavlov and Carra and referred to Committee on Finance.

A bill to prohibit governmental entities from restricting the use of convertible virtual currency by a person; to prohibit the imposition of certain taxes and tax reporting requirements; and to provide for the powers and duties of certain governmental officers and entities.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1. (1) This act may be cited as the "use of convertible virtual currency protection act".

(2) As used in this act:

(a) "Convertible virtual currency" means a medium of exchange that has an equivalent value as currency or that acts as a substitute for currency even if it does not possess all of the attributes of currency.

(b) "Covered user" means a person that obtains convertible virtual currency on the person's own behalf without regard to the method in which the person obtained the convertible virtual currency.

(c) "Currency" means the coin and paper money of the United States or of any other country that is designated as legal tender and that circulates and is customarily used and accepted as a medium of exchange in the country of issuance. Currency includes United States silver certificates, United States notes and Federal Reserve notes, and official foreign bank notes that are customarily used and accepted as a medium of exchange in a foreign country.

(d) "Governmental entity" means any of the following:

(*i*) This state and its agencies, departments, commissions, courts, boards, councils, and statutorily created task forces.

(*ii*) A county, city, village, township, school district, or other political subdivision of this state.

(*iii*) An agency, department, court, board, commission, or council of a political subdivision described in subparagraph (*ii*).

(*iv*) An official of any of the entities described in subparagraph (*i*), (*ii*), or (*iii*).

(e) "Person" means an individual, business, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, or corporation.

(f) "Self-hosted wallet" means a digital interface that meets both of the following requirements:

(*i*) The digital interface is used to secure and transfer convertible virtual currency.

(*ii*) The digital interface gives the owner of the convertible virtual currency independent control over the convertible virtual currency secured by the digital interface.

Sec. 3. Except as otherwise provided by law, a governmental entity shall not prohibit, restrict, or otherwise impair the ability of a covered user to do any of the following:

(a) Use convertible virtual currency for the covered user's own purposes, including, but not limited to, purchasing real or virtual goods or services for the covered user's own use.

(b) Use a self-hosted wallet or other means to conduct transactions for any lawful purpose.

(c) Use convertible virtual currency as collateral to secure a loan or other obligation.

Sec. 5. A governmental entity shall not do either of the following with respect to a transaction that involves less than $200.00 completed via convertible virtual currency:

(a) Impose a tax on a transaction.

(b) Require reporting a transaction for purposes of taxation.

Sec. 7. (1) A person that suffers a loss as a result of a violation of this act may bring a civil action against the governmental entity that committed the violation to recover damages.

(2) In an action under this section, the court shall award a prevailing plaintiff 3 times the amount of the plaintiff's actual damages.