

KENTUCKY GENERAL ASSEMBLY AMENDMENT FORM
2026 REGULAR SESSION
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Amend printed copy of **SB 189/SCS 1**

On page 5, delete lines 13 and 14, and insert in lieu thereof:

"(1) (a) A person shall not engage in virtual currency kiosk business in this state unless the person is a virtual currency kiosk operator.

(b) Except as provided in paragraph (c) of this subsection, a person shall be deemed to be engaged in virtual currency kiosk business in this state if the person:

1. Owns, operates, solicits, markets, or advertises a virtual currency kiosk located in this state; or

2. Engages in, or holds out as being able to engage in, a virtual currency kiosk transaction with or on behalf of a virtual currency kiosk user in this state.

(c) A person shall not be deemed to be engaged in virtual currency kiosk business in this state solely because the person leases space to, or otherwise contracts for or allows, a virtual currency kiosk operator to locate a virtual currency kiosk at a store or locale in this state."; and

Starting on page 32, line 8, and continuing to page 36, line 6, delete Section 14 in its entirety and insert in lieu thereof:

"→SECTION 14. A NEW SECTION OF SUBTITLE 13 OF KRS CHAPTER 286 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

Amendment No. SFA 1

Rep. Sen. Steve Rawlings

Committee Amendment _____

Signed: _____

Floor Amendment _____

LRC Drafter: _____

Adopted: _____

Date: _____

Rejected: _____

Doc. ID: XXXX

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- (a) "Existing virtual currency kiosk user" means a virtual currency kiosk user on any day that the user enters a virtual currency kiosk transaction with the licensee following six (6) calendar days after the user's first virtual currency kiosk transaction with the licensee;
- (b) "New virtual currency kiosk user" means a virtual currency kiosk user:
1. On the day of the user's first virtual currency kiosk transaction with the licensee; and
 2. For six (6) calendar days thereafter;
- (c) "Virtual currency kiosk charges" means all of the following:
1. Fees and expenses charged to a virtual currency kiosk user; and
 2. The difference between the market price of virtual currency and the price of the virtual currency charged to a virtual currency kiosk user;
- (d) "Virtual currency wallet" means a software application or other mechanism providing a means to hold the keys necessary to access and transfer virtual currency; and
- (e) "Virtual currency wallet address" means an alphanumeric identifier associated with a virtual currency wallet that identifies the location to which a virtual currency transaction can be sent.
- (2) (a) With regard to virtual currency kiosk business in this state, a licensee shall:
1. Except as provided in paragraph (c) of this subsection, have maximum virtual currency kiosk transaction limits that do not exceed the following:
 - a. Two thousand dollars (\$2,000) per day for all virtual currency kiosk transactions entered with a new virtual currency kiosk user;
 - b. Ten thousand five hundred dollars (\$10,500) per day for all virtual currency kiosk transactions entered with an existing virtual currency

- kiosk user; and
- c. i. Ten thousand five dollars (\$10,500) for all virtual currency kiosk transactions entered with a virtual currency kiosk user during the thirty (30) day period beginning on the day of the user's first virtual currency kiosk transaction with the licensee.
- ii. Any virtual currency kiosk transactions entered by a virtual currency kiosk user with the licensee after the thirty (30) day period beginning on the day of the user's first virtual currency kiosk transaction with the licensee shall not be subject to subpart i. of this subdivision;
2. Either:
- a. Wait seventy-two (72) hours before processing a virtual currency kiosk transaction in this state for a new virtual currency kiosk user; or
- b. At the licensee's cost, allow a new virtual currency kiosk user to cancel, and receive a full refund for, a virtual currency kiosk transaction in this state within seventy-two (72) hours after the transaction;
3. Not collect, directly or indirectly, virtual currency kiosk charges from a virtual currency kiosk user for any single virtual currency kiosk transaction in this state that exceeds the greater of:
- a. Five dollars (\$5); or
- b. Twelve percent (12%) of the value, in United States dollars, of the transaction;
4. Provide live customer service via a toll-free telephone number during the operating hours of each virtual currency kiosk; and
5. Provide the following notices at each virtual currency kiosk:

a. The following warning, stating in substantially similar form:

"WARNING: This technology can be used to defraud you.

If someone asked you to deposit money in this machine and/or is on the phone with you and claims to be a:

- Friend or family member;**
- Government agent;**
- Computer software representative;**
- Bill collector;**
- Law enforcement officer; or**
- Anyone you do not know personally;**

STOP THIS TRANSACTION IMMEDIATELY and contact your local law enforcement and the virtual currency kiosk operator. This may be a scam. NEVER SEND MONEY to someone you don't know."

b. The name, address, and toll-free customer service telephone number of the licensee;

c. The days, time, and means by which a virtual currency kiosk user can contact the licensee for assistance; and

d. The dedicated United States telephone number or email address for law enforcement and the department, as required under subsection (7) of Section 16 of this Act.

(b) The notices required under paragraph (a)5. of this subsection shall be:

- 1. Clear, conspicuous, and in legible writing;**
- 2. In the English language; and**
- 3. In at least twenty (20) point font.**

(c) 1. The commissioner shall, by order, annually increase the maximum virtual

currency kiosk transaction limits established in paragraph (a)1. of this subsection.

2. The adjustment required under subparagraph 1. of this paragraph shall be:

a. Calculated based on the percent change in the nonseasonally adjusted annual average Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average, All Items, between the two (2) most recent calendar years available, as published by the United States Bureau of Labor Statistics; and

b. Rounded up to the nearest ten dollars (\$10).

3. The maximum virtual currency kiosk transaction limits established in paragraph (a)1. of this subsection shall not be decreased due to deflation.

(3) (a) Prior to entering a virtual currency kiosk transaction with a virtual currency kiosk user in this state, a licensee shall:

1. Provide accurate and appropriate disclosures to the user; and

2. Obtain an acknowledgment from the user that the user received the disclosures.

(b) The disclosures required under paragraph (a) of this subsection shall:

1. Describe the terms and conditions of the transaction, including without limitation:

a. The amount of the transaction; and

b. A description of all virtual currency kiosk charges;

2. Describe all material risks associated with the virtual currency kiosk transaction, including without limitation:

a. Virtual currency is not legal tender in the United States, is not backed by the United States government, and accounts and value balances are

- not subject to Federal Deposit Insurance Corporation or Securities Investor Protection Corporation protections;
- b. Legislative and regulatory changes or actions at the state, federal, or international level may adversely affect the value of virtual currency;
- c. Transactions in virtual currency may be irreversible, and accordingly, losses due to fraudulent or accidental transactions may not be recoverable;
- d. Some virtual currency transactions may be immediately effective when recorded on a public ledger, which is not necessarily the date or time that the user initiates the transaction;
- e. The value of virtual currency may be derived from the continued willingness of market participants to exchange legal tender for virtual currency, which may result in the potential for permanent and total loss of value of a particular virtual currency if the market for the virtual currency declines or collapses for an extended period of time;
- f. Any surety bond required by Section 8 of this Act for the benefit of virtual currency kiosk users may not be sufficient to cover all losses incurred by the users;
- g. Virtual currency kiosk users should perform research before purchasing or investing in virtual currency; and
- h. The circumstances under which the licensee will, in the ordinary course of business, disclose the virtual currency kiosk user's financial and account information to third parties;
3. Include any additional information the commissioner determines is necessary and appropriate to disclose to virtual currency kiosk users;

4. Be made separately from any other information provided by a licensee;
 5. Be clear, conspicuous, and in legible writing; and
 6. Be in the English language.
- (4) (a) Upon completion of a virtual currency kiosk transaction in this state, a licensee shall provide a receipt in paper or electronic retainable form, as designated under paragraph (b) of this subsection, to the virtual currency kiosk user that contains all of the following information:
1. The name and toll-free customer service telephone number of the licensee;
 2. That the licensee is available at the contact information provided on the receipt to answer questions and register complaints;
 3. The type, value, date, and precise time of the transaction;
 4. Each applicable virtual currency wallet address and transaction hash, where available;
 5. A description of all virtual currency kiosk charges;
 6. The exchange rate, if applicable;
 7. The licensee's liability for nondelivery or delayed delivery;
 8. The licensee's refund policy; and
 9. Any additional information required by the commissioner.
- (b) Each virtual currency kiosk user shall be provided the option to receive a paper or electronic receipt for each virtual currency kiosk transaction.
- (5) A fraud victim's eligibility for a refund shall not be waived, affected, or prevented by, or due to, a disclosure made in accordance with this section." ; and

On page 38, after line 16, insert the following:

- "(5) (a) Prior to accepting payment from any virtual currency kiosk user in this state, a licensee shall verify the identity of the user.

- (b) To comply with paragraph (a) of this subsection, the licensee, or the licensee's authorized delegate, shall:
1. Obtain a copy of a government-issued identification card that identifies the virtual currency kiosk user; and
 2. Collect additional information about the virtual currency kiosk user, including the user's:
 - a. Name;
 - b. Date of birth;
 - c. Telephone number;
 - d. Physical address; and
 - e. Email address.
- (c) A licensee shall not allow a virtual currency kiosk user to engage in a virtual currency kiosk transaction under or using any name, account, or identity that is not the user's own true name, account, or identity.
- (6) (a) As used in this subsection, the following have the same meaning as in Section 14 of this Act:
1. "Existing virtual currency kiosk user";
 2. "New virtual currency kiosk user; and
 3. "Virtual currency kiosk charges."
- (b) Upon request of a virtual currency kiosk user, a licensee shall issue a refund to the user for each virtual currency kiosk transaction in this state that satisfies all of the following:
1. The user was fraudulently induced to engage in the transaction;
 2. The user reported the fraud within ninety (90) days of the transaction to:
 - a. The licensee; and

- b. One (1) of the following:
- i. The department; or
 - ii. Any relevant state or local law enforcement agency; and
3. The user submitted proof of the fraud to the licensee and the person referenced in subparagraph 2.b. of this paragraph, which may include one (1) of the following:
- a. A police report; or
 - b. A sworn statement made to the department or licensee; that details the fraudulent nature of the transaction.
- (c) The refund required under paragraph (b) of this subsection shall be:
- 1. In the following amounts:
 - a. For a new virtual currency kiosk user, in the full amount of the virtual currency kiosk transaction, including all virtual currency kiosk charges; and
 - b. For an existing virtual currency kiosk user, in the amount of the virtual currency kiosk charges;
 - 2. Paid in the originating currency; and
 - 3. Made to a virtual currency kiosk user by the licensee within seventy-two (72) hours after the requirements of paragraph (b) of this subsection are satisfied.
- (7) (a) A licensee shall provide a dedicated and frequently monitored communications line for law enforcement and the department, via a United States telephone number or email address posted on each virtual currency kiosk in accordance with Section 14 of this Act, to be used by the agencies to facilitate communications with the licensee in the event of a report from a virtual currency kiosk user of fraud or suspected fraud.

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- (b) Upon request from law enforcement or the department, a licensee shall:**
- 1. Provide the agency with its trace findings; and**
 - 2. Grant the agency assistance with blockchain analytics to assist in any fraud investigation.**
- (c) A licensee shall cooperate with law enforcement and the department in the investigation of fraud and other unlawful activity, which shall include without limitation:**
- 1. Promptly complying with lawful subpoenas, court orders, and other official requests for records or information relating to virtual currency kiosk transactions or virtual currency kiosk users;**
 - 2. Responding in good faith to lawful requests relating to fraud involving a virtual currency kiosk; and**
 - 3. Designating a point of contact for communication with law enforcement and the department regarding fraud-related matters."**