
Wisconsin Legislative Council

STUDY COMMITTEE MEMO



Memo No. 1

TO: MEMBERS OF THE STUDY COMMITTEE ON CRYPTOCURRENCY

FROM: Brian Larson, Principal Attorney, and Patrick Ward, Senior Staff Attorney

RE: Potential Options for Committee Discussion Relating to Stablecoins

DATE: October 9, 2026

This memo provides a brief background on payment stablecoins, which are a type of cryptocurrency, and the federal Guiding and Establishing National Innovation for U.S. Stablecoins Act (or GENIUS Act), which established a federal framework for regulation of stablecoins in the United States. This memo also summarizes potential stablecoin-related legislation that states may consider, including options for facilitating the use of stablecoins in commerce, creating a study to review potential regulation of stablecoins, and creating a state framework for regulation of stablecoin issuers. This memo is intended to provide a starting point for topics of discussion that the committee may wish to pursue in considering preliminary bill drafts.

BACKGROUND

Stablecoins

Stablecoins are a type of cryptocurrency designed with their price tied to a real-world asset, such as a government currency or a physical asset such as oil or gold. In most cases, the value of a stablecoin is tied to a currency, such as the U.S. dollar, with the value set at a fixed 1:1 ratio (for example, 1 token equals \$1 USD). A person may obtain tokens of a stablecoin by giving the stablecoin issuer an asset, often U.S. dollars. The stablecoin issuer then issues the corresponding amount of stablecoin to the person as tokens on a public blockchain, such as Ethereum or Tron. Holders of the tokens may use them in transactions, and the holders (or their successors) may redeem the tokens, with the issuer, for U.S. dollars.

The GENIUS Act

Last year, Congress passed, and President Trump signed, the GENIUS Act, which established the first comprehensive federal regulatory framework for stablecoins. The GENIUS Act includes requirements for issuers of stablecoins, including a reserve backing mandate.¹ The act requires issuers to maintain 100 percent reserve backing using ultra-liquid assets like U.S. dollars or short-term Treasury bills. Issuers must make monthly disclosures of their reserve compositions and comply with routine audits. Under the GENIUS Act, a state may charter stablecoin issuers provided that the state's regulatory regime is compliant with federal standards.

¹ [P.L. 119-27](#).

The GENIUS Act creates the Stablecoin Certification Review Committee, which is chaired by the secretary of the treasury, to approve state regulatory frameworks. State-regulated issuers may generally handle issuance up to \$10 billion, while issuers with larger totals generally require direct federal registration or oversight. If stablecoin transactions comply with legal rules, the GENIUS Act explicitly excludes them from being considered “securities” or “commodities” transactions under federal law. Permitted issuers are classified as financial institutions under the Bank Secrecy Act and must enforce strict sanctions programs. Issuers face bans on deceptive advertising, including false claims of federal deposit insurance or government backing.

POTENTIAL STABLECOIN-RELATED LEGISLATION

Facilitating Use of Stablecoins in Commerce

Based on a review of laws considered by states in recent years,² state legislation may facilitate the use of stablecoins in commerce in various ways. Potential legislation could include the following:

- **Uniform Commercial Code (UCC) Amendments (controllable electronic records).** Thirty-six states and the District of Columbia³ have enacted changes to their versions of Article 12 of the UCC⁴ to create a statutory definition of “controllable electronic records,” among other changes. These provisions create a new framework for transactions involving digital assets, including procedures for using digital assets as collateral in business transactions. By helping create a common national approach to digital assets in commercial transactions, these changes may facilitate the use of stablecoins in commerce.
- **Custody.** Minnesota has enacted legislation allowing banks and credit unions to provide custodial services for virtual currencies, including stablecoins. By expanding consumer options for these custodial services, the law may facilitate the use of stablecoins in business transactions. The services are provided in a nonfiduciary capacity, but they are subject to oversight from the commissions that regulate banks and credit unions under state law. Custodians must segregate digital assets and maintain cybersecurity measures.⁵

² On its [website](#), the National Conference of State Legislatures (NCSL) provides an overview of the cryptocurrency-related state legislation introduced in calendar years [2023](#), [2024](#), [2025](#), and [2026](#).

³ The 2022 changes to the UCC have been enacted in 36 states (Alabama, Alaska, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Minnesota, Montana, Nebraska, Nevada, New Hampshire, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Utah, Vermont, Virginia, Washington) and the District of Columbia. Bills have been introduced in four other states (Maryland, Massachusetts, Mississippi, South Carolina). No action has been taken in 10 states (Arizona, Indiana, Kansas, Michigan, Missouri, New Jersey, Texas, West Virginia, Wisconsin, Wyoming) or Puerto Rico or the U.S. Virgin Islands. The Uniform Law Commission (ULC) tracks the status of the enactment of the 2022 changes in each jurisdiction on its [website](#).

⁴ The UCC is a comprehensive set of model laws governing commercial transactions, such as the sale of goods, leases, secured transactions, and banking. The UCC is drafted and sponsored by two nongovernmental, nonpartisan legal organizations: the American Law Institute (ALI) and the ULC. Because the UCC is a model code, it becomes enforceable law in an individual state only after the state’s Legislature votes to adopt it. While most states adopt the model text closely, some jurisdictions may alter certain provisions to fit their state.

⁵ Minnesota’s [HF 3709](#) took effect on August 1, 2026.

- **Authorization to use stablecoins.** Various states have passed or considered legislation to authorize government agencies and offices to use stablecoins as payments to vendors and contractors. In many cases, the authorization applies generally to state agency transactions.⁶
 - For several legislative sessions, New York has considered a more targeted bill that applies only to bail. If enacted, the law would authorize fiat-collateralized stablecoins to be used as means of securing bail in the state criminal justice system.⁷

Studying Potential Regulation of Stablecoins

Certain states have either considered or passed legislation requiring the study of stablecoins and related blockchain-based assets.⁸ Possible legislation could do the following:

- Define a **scope of study**, which could include one or more of the following:
 - The current stablecoin ecosystem, including ongoing regulatory efforts in other jurisdictions.
 - Legal, financial, and technological considerations for a state-level regulatory framework.
 - Potential benefits and risks associated with the adoption of a stablecoin regulatory framework.
 - Potential mechanisms for encouraging identified benefits and mitigating identified risks.
 - Development of a state-level regulatory framework for stablecoin issuers.
- Direct an **agency** to complete the study, which could include requiring collaboration with other government entities, or establish a **commission** to complete the study and specify the membership of the commission, which could include the following:
 - Members of the Legislature.
 - Designees from specified state agencies, including the Department of Justice or the Department of Financial Institutions.
 - The State Treasurer, or the State Treasurer's designee.
 - Members of the cryptocurrency, blockchain, digital assets, or financial technology industry.
 - Members of the financial services industry.
- Require the agency or commission to produce a **report** of the study's activities, the study's findings, and any legislative or regulatory recommendations of the agency or commission.

Regulating Stablecoin Issuers

Various states have passed or considered statutory frameworks to regulate stablecoin issuers, as authorized under the GENIUS Act, and interest groups have proposed model legislation pertaining to

⁶ For example, Florida enacted [HB 1078](#) on June 11, 2026, which establishes a program within state government to accept approved stablecoins for payment of governmental fees, licensing, applications, and renewals. In Alabama, [HB 544](#), if enacted, would authorize government entities to use stablecoins as payment to vendors and contractors.

⁷ See, for example, New York's [AB 7807](#), introduced April 11, 2025.

⁸ New Hampshire, in [HB 310](#), established a commission to study the creation of a regulatory framework for stable tokens, tokenized real-world assets, and blockchain-based trusts in New Hampshire. Hawaii, in [SB 2493](#), considered a bill that would have established a similar study. Other states, such as Delaware in [Senate Concurrent Resolution 143](#), have established task forces related to blockchain and digital innovation.

regulation of stablecoin issuers for states to consider. Possible legislation could be modeled after the following:

- Frameworks recently enacted by various states, including California, Alabama, and Delaware, to create regulations for private stablecoin issuers.⁹ Other states, such as New York, have been taking steps to regulate digital asset companies for over a decade. Also, in 2019, Wyoming created a state regulatory authority for special purpose depository institutions.¹⁰
- An example of model legislation created by The Digital Chamber, an interest group based in Washington, D.C. The model legislation ensures that state licensing rules will mirror the standards set through the processes created in the GENIUS Act and imposes requirements on stablecoin issuers relating to reserves, consumer protection, and other issues.¹¹
- A law enacted by Wyoming in 2023 to create the Wyoming Stable Token Commission and to authorize the commission to issue Wyoming stable tokens. The law requires the commission to maintain, invest, and reinvest the funds received for issuing stable tokens and any earnings from those investments in accordance with certain investment policies. On January 7, 2026, Wyoming issued the Frontier Stable Token (\$FRNT), making Wyoming the first state in the nation to launch its own government-backed stablecoin, in addition to regulating private or commercial issuers, as described above.¹²

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⁹ California enacted [AB 39](#) in 2023, providing regulatory oversight of digital asset businesses. On April 6, 2026, Alabama enacted [HB 259](#), establishing a stablecoin application and licensing structure and authorizing the state commission to implement GENIUS Act-compliant rules. On July 7, 2026, Delaware enacted [SB 19](#), creating a specialized licensing framework for payment stablecoin issuers and digital asset service providers.

¹⁰ Press Release, New York Department of Financial Services, [NYDFS Announces Final Bitlicense Framework for Regulating Digital Currency Firms](#) (Jun 3, 2015); see [Wyo. Stat. Ann. s. 13-12-101, et seq.](#) (Wyoming Special Purpose Depository Institutions Act).

¹¹ The Digital Chamber's [Model Legislation Library](#) includes model legislation for regulation of stablecoin issuers entitled "[Payment Stablecoin Regulatory Framework Act](#)."

¹² Wyoming has amended the legislation governing the Wyoming Stable Token Commission numerous times (in [S 127](#) in 2023, [S 52](#) in 2024, [H 137](#) in 2025, and [S 21](#) in 2026).