

A Legislator's Guide to Programmable Money Part 2

*An In-Depth Discussion on the Solari Model Legislation: The
Consumer Payment Rights and Transparency Act*

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Our Panelists

the Solari Report 

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Our Panelists

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- Legal and Compliance Officer at three different US branches of foreign financial institutions, including Deputy Chief Compliance Officer and Bank Secrecy Act Officer
- Financial Crime and Risk Management Consultant with multiple US domestic banks and US branches of foreign financial institutions
- Banking Compliance and Intellectual Property Attorney (registered patent attorney)
- Interned with Solari and published articles on U.S. monetary history and space law

Presentation Overview

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I

Solari Model Legislation

The Consumer Payment Rights and Transparency Act

Solari Model Legislation

Suggestions for legislative focus

- Protecting consumer payment rights
- Ensuring transparency in digital payment systems
- Preserving cash and non-digital alternatives
- Safeguarding against programmable money overreach

The Consumer Payment Rights and Transparency Act

Article 1 – Excludes “programmable money” from the general UCC definition of “money.”

Article 2 – Adds a definition of “programmable money” to the list of UCC general definitions.

Article 3 – Excludes “programmable money” from the UCC secured transactions section definition of “deposit account.”

Article 4 – Creates new consumer protection legislation (to be inserted as appropriate)

- §1 Coercion Unlawful – Makes it unlawful to require the use of programmable money for any transaction without accepting or offering a non-digital alternative free of charge.
- Specifies a criminal punishment.
- §2 Abuse of Programmability Unlawful – Makes it unlawful for an issuer to deny a transaction based on a list of enumerated factors, whether through direct action, automation, or programming.
 - Also requires an issuer to give reasons for denial upon request;
 - Specifies a criminal punishment.
- §3 Remedies – lists remedies for violations of the above.
- §4 Asset sale or purchase not prohibited – Clarifies that Article 4 §1 does not prohibit the purchase or sale of cryptocurrency or any other asset by any public or private party.

The Consumer Payment Rights and Transparency Act - Idaho var.

Section 1 – Excludes “programmable money” from the general UCC definition of “money.”

Section 2 – Excludes “programmable money” from the secured transaction section definition of “deposit account.”

Section 3 – Creates new Chapter 54 – Consumer Payment Rights and Transparency Act

- 28-5401. Definitions – includes definitions of “automation,” “issuer,” “programmable money,” and “social credit score system.”
- 28-5402. Unlawful Acts and Practices – makes it unlawful to
 - Require the use of programmable money for any transaction without offering a non-programmable alternative free of charge,
 - Deny a transaction based on a list of enumerated factors, or
 - Cause or allow, through an act or omission, the denial of a transaction based on the enumerated factors.
 - Also requires an issuer to give reasons for denial upon request.
- 28-5403. Remedies – lists remedies for violation of the above.
- 28-5404. Criminal Penalties – lists criminal penalties for violation of the above.

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II

State Legislature Updates

Utah – SB 298

- February 19, 2026 – Senate Committee
- February 27, 2026 – Full Senate - amended version
- March 3, 2026 – House Committee
- March 6, 2026 – Full House
- March 19, 2026 – Signed by Governor

Amendments

- Removed penalties
- Delayed implementation until 2027

The bill was initially intended to be presented in committee and held until the 2027 legislative session. Because of this, the banking lobby did not object initially. When it passed committee, the amendments were put in place to deflect any opposition and to allow for changes as the subject matter evolves.

Idaho – HB 750

- March 2, 2026 – House Committee
- March 10, 2026 – Passed House (amended version)
- March 17, 2026 – Presented in Senate Committee and not recommended (5-3)
- March 24, 2026 – Reconsidered in Senate Committee and recommended (6-3)

Amendments and Modifications

- Restructured the Solari model legislation and moved the consumer protection portion outside of the UCC
- Added further clarification on what is *not* considered “programmable money”
- Required a “non-programmable” rather than a “non-digital” option

Tennessee – HB 2039/SB 2071

- House Bill 2039 was defeated in committee
- Corresponding Senate Bill 2071 was accordingly not voted on

SECTION

III

Lessons Learned and Questions Raised by Legislatures

Questions and Lessons Learned

This section reviews various questions raised by legislators and lobbyists during the legislative sessions. It also sets forward some lessons learned regarding the model legislation and its reception.

Scope of Programmable Money

Several questions required increased clarity surrounding the scope of “programmable money.”

- Gift cards and payment applications
- Tokens/in-game currency used for in-game purchases
- Transfers via the FedNow network

Response

- Idaho introduced an amendment to exclude in-game currencies/tokens and “gift cards or payment applications that transfer non-programmable money, even if in digital form.”
- In committee, it was explained that FedNow transfers non-programmable money.

Lack of Understanding

Multiple legislators simply do not understand the technology and the potential implications for programmable money.

- Lack of understanding of
 - programmable money technology,
 - differences with non-programmable digital money
 - potential for misuse

Responses/Effects

- Education during and outside committees
- A few legislators chose to vote no based on a lack of understanding or familiarity

Value-Aligned Programmable Money the Solari Report

A lobbyist indicated that banks/issuers may want to create money that could be programmed to block transactions mis-aligned with certain values.

- What if an issuer wanted to ensure that their programmable money would not be used to purchase pornography or gambling, for instance.

Response

- The model legislation protects any legal use. Only if the use is illegal in the jurisdiction would this be acceptable.

Apply only to Public/Government

One lobbyist argued that the restrictions should apply only to public actors and that the private sector should be left alone. He argued that free market pressure and competition could correct any overstep by private issuers

Response

- No. Free markets will not be sufficient to protect from government involvement.
- **“CBDCs on steroids”** – Private issuers are mandated to implement financial crime-related laws and regulations (customer identification, anti-money laundering, sanctions, etc.) and to comply with all “lawful orders,” up to and including CBDC-style social scoring systems.
 - Private issuers have the capacity to implement social scoring with fewer consumer protections in addition to mandated government controls
 - Private issuers lack the public policy and disclosure obligations of a central bank
 - Remember the private-public censor partnership between Twitter and US?
 - Federal legislation lacks any protections against misuse of programmable money
 - See Tobi Meyer’s Solari Article on the GENIUS Act ([The GENIUS Act and Its Implications for Financial Transaction Freedom | Solari Report](#))

Cash Mandate?

**Does the consumer protection portion requiring a “non-digital” alternative mandate cash acceptance?
Does it exclude online retailers from using digital money?**

- How do online retailers comply with the requirement to provide a “non-digital” alternative?
- Is this a cash mandate?

Response

- This language was amended in the Idaho legislative process to read “non-programmable” alternative.
- This model legislation does not contemplate excluding use of non-programmable digital media of exchange, such as USD payments using credit or debit cards, Venmo, etc.

“Wait and See” -1-

Programmable money, including cryptocurrencies, stablecoins, and other programmable digital assets are rapidly evolving, as is the related regulatory structure and legislation; multiple individuals advocated a “wait and see” approach, for various reasons.

- Technological change
- Legal and regulatory change
- Other focus areas more important
- State of implementation

Response

- The field of programmable money is developing quickly, and private entities are not waiting for regulations to begin rolling out products.
- Setting guidelines and consumer protections is extremely important at the outset.

“Wait and See” -2- Legal/Regulatory

Several individuals argued that new legislation should wait for the legal and regulatory landscape to solidify.

- Possible conflicts with proposed language and regulatory structure, including with
 - Treasury Regulations on GENIUS Act
 - CLARITY Act (proposed - House)
 - Responsible Financial Innovation Act (proposed - Senate)
- SEC and CFTC Joint Interpretive Release

Response

- Markets and issuers are not waiting for regulatory structure to be finalized
- Technology and competition are moving too fast for waiting to be a good option – safeguards and guardrails need to be put in place.

“Wait and See” -3- Technology

Certain individuals questioned whether the type of technology defined in the model legislation was even currently in operation.

- Is “programmable money” even a thing?
- Is it even being produced or sold or “in operation”?

Response

- The scope of technologies contemplated by the model legislation definition includes technologies currently in use.
- This includes long-standing cryptocurrencies and Payment Stablecoins as envisioned in the GENIUS Act.

“Wait and See” -4- Other Priorities

Several individuals argued that the primary focus at this point should be the threat of market share loss to Payment Stablecoins as they roll out.

- Allowing stablecoin issuers to pay interest or grant rewards will compete with traditional banking
- Stablecoins backed primarily by treasuries, which are used in traditional banking as reserves to fund loans

Response

- This is a significant potential issue facing banks, and community banks, especially.
- However, the need to protect consumers from misuse of payment stablecoins is as significant.

“Wait and See” -5- Utah Approach

Utah delayed implementation but passed the bill to indicate legislative intent.

- Utah legislators and lobbyists were unsure about both the technology and the effect of the programmable money bill

Response

- Delaying implementation ensured that a statement of legislative intent could be made without opposition
- The legislation can be modified as needed with new technology and federal legislation

“Wait and See” -6- Idaho Approach

Idaho sponsors have worked very hard to educate legislators, answer questions, and make minor changes to the bill. We do not yet know the ultimate result of these efforts.

- Questions concerning
 - scope of programmable money
 - implications for Uniform Commercial Code
- Bill passed the full House and also passed Senate committee

Response

- The questions posed in Idaho could be addressed through minor changes to the legislation.

“Wait and See” -7- Reasons *Not To*

As indicated in earlier slides, there are significant reasons *not to* wait to pass programmable money legislation.

- Misuse - Circle (USDC) firearm restrictions
- Alignment with other technologies - Tether (USDT) investment in AI, surveillance satellite, similar companies
- Expansion to other assets - BlackRock plan to trade all stocks digitally
- Digital ID rollouts and requirements

Response

- The ability and willingness to restrict programmable money exists and FinTechs are aligning with other entities in the digital control grid.

Uniform Commercial Code -1-

One legislator asked why definitions in the UCC had been modified and what effect the bill would have. This was based on the Idaho bill, which was structured differently than the model legislation.

- Definitions – The effect on “money” and “deposit account” would be minimal due to pending UCC model changes
- Consumer protection –
 - In Idaho, this is *not* in the UCC and applies to all transactions
 - In Utah and in the Solari model it *is* in the UCC

Response

- See following slides.

Uniform Commercial Code -2-

Definition of “Money” - changes to the definition of “money” in UCC 1-201(24) are primarily prospective.

- The definition of “money” in UCC 1-201(24) is limited to state-adopted currencies.
- Currently - foreign CBDCs (e.g., Bahamian Sand Dollar and Chinese e-Yuan) and Bitcoin (El Salvador)
- Change would cover future adoption of digital currencies

Response

- Additionally, the UCC 2022 amendments modify this definition to exclude digital media of exchange not originating from the country (e.g., Bitcoin and private Stablecoins)

Uniform Commercial Code -3-

Definition of “Deposit Account” - changes to the definition of “deposit account” in UCC 9-102(29) will mainly signal legislative intent and will ultimately be superseded by UCC 2022 amendments.

- The definition of “deposit account” in UCC 1-201(24) affects what collateral banks can accept.
- Banks have been using a workaround under UCC Article 8 to accept digital assets and this would remain available.

Response

- The UCC 2022 amendments add a new Article 12 governing the use of digital media of exchange, which would supersede the modified definition.

Uniform Commercial Code -4-

Consumer protection provisions – these are new additions to state law, and depending on how they are introduced may apply to all transactions or may be limited only to UCC-governed transactions.

- In Utah, these provisions were introduced into new sections within that state's enactment of the UCC
- In Idaho, these provisions were introduced into a new chapter within the commercial code, but outside the UCC provisions

Response

- The inclusion of these provisions *outside* a state's enactment of the UCC broadens their applicability. Solari is taking this back as a point to enhance the model legislation and its introduction into state law.

SECTION

IV

Additional Questions From Prior Briefing

Additional Questions

This section reviews various questions raised by participants in last month's Solari Legislative Briefing on Programmable Money as well as others the Solari Team thought were appropriate.

Anti-CBDC Surveillance State Act

If the Anti CBDC Surveillance State Act were to actually pass in the Senate would that become law in all the states? Would that preclude our having to introduce legislation in our own state?

- This legislation prohibits Federal reserve banks from issuing a CBDC and from offering a CBDC or similar product directly or indirectly to an individual.

Response

- State legislation would still be required.
- The act only prohibits government-issued digital assets and does not prohibit privately issued digital assets that may be employed like CBDCs.

Digital ID Connection

What is the connection to Digital IDs?

- Do national or state digital identification requirements factor into programmable money?

Response

- Yes. A high quality digital ID system is necessary to implement a social credit system.

De-Banking

How is misuse of programmable money related to recent de-banking activity?

- Is there a connection between de-banking efforts, e.g., Canadian truckers during COVID-19.

Response

- Programmable money is being implemented using the same systems as have been used for debanking.

Non-US Residents and Citizens

Is any of this information relative to those who are NOT living in the US? or are not US Citizens?

- The Solari model legislation, the GENIUS Act, and other related laws and regulations are US-based. How does that affect individuals globally?

Response

- The push for programmable money – digital currency encoded with software – is global.
- The main push in many countries is through CBDCs, but payment stablecoins will be marketed globally.

Community Engagement

How can we raise awareness of the potential misuse of programmable money?

- What can we do to let people know about the potential misuse of programmable money?

Response

- Use cash and explain why you are using cash.
- Talk to people – this resonates, as many already see the potential for misuse, but few realize how quickly technology is advancing.

SECTION

V

Key Takeaways

Key Takeaways and Actions for Legislators

- Use cash
- Pass Solari model legislation – Cash and Programmable Money
- Read and comment on proposed GENIUS Act regulations to integrate controls in the model legislation. Comments are open until May 1, 2026.
 - Address for comment: <https://www.regulations.gov/document/OCC-2025-0372-0001>
- Sign up for the Solari Newsletter

Recommended Links & Resources

Solari Report Resources

- Solari Consumer Rights and Transparency Act Model Legislation (<https://ft2freedom.solari.com/consumer-payment-rights-and-transparency-act/>)
- State Legislature Briefing on Programmable Money (Part 1) (<https://solari.com/briefing-for-state-leaders-a-legislators-guide-to-programmable-money/>)
- State Legislature Briefing on the GENIUS Act and Stablecoins (<https://solari.com/briefing-for-state-leaders-the-genius-act-and-stablecoins-video-presentation-now-available/>)
- Financial Transaction Freedom Resources (<https://ft2freedom.solari.com/>)
- Digital Money, Digital Control Series (<https://solari.com/digital-money-digital-control/>)

Q & A

SECTION VI

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