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AB-1029 Statements of financial interest: digital financial assets. (2025-2026)

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Date Published: 07/30/2025 09:00 PM

Assembly Bill No. 1029

CHAPTER 85

An act to amend, repeal, and add Section 82034, 87206, 87302, and 87350 of the Government Code, relating to the Political Reform Act of 1974.

[Approved by Governor July 30, 2025. Filed with Secretary of State July 30, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1029, Valencia. Statements of financial interest: digital financial assets.

The Political Reform Act of 1974 requires public officials to periodically file a statement of economic interest disclosing the person's investments, interests in real property, and income. The act defines "investment" to mean any financial interest in or security issued by a business entity, including, among other things, stocks and any partnership or other ownership interest owned by the public official or that person's immediate family, as specified. The act specifies that an asset is an investment only if its fair market value equals or exceeds \$2,000. The act requires each public agency to adopt a conflict of interest code for designated employees of the agency.

Existing law defines digital financial asset to mean a digital representation of value that is used as a medium of exchange, unit of account, or store of value, and that is not legal tender, whether or not denominated in legal tender, subject to specified exceptions.

This bill, beginning January 1, 2027, would expand the definition of "investment" for purposes of the Political Reform Act of 1974 to include a digital financial asset, and would specifically require public officials to disclose interests in their digital financial assets, as specified. The bill would also require an agency's conflict of interest code to require designated employees to disclose interests in digital financial assets, as specified.

Existing law makes a knowing or willful violation of the Political Reform Act of 1974 a misdemeanor and subjects offenders to criminal penalties. By including additional assets that must be disclosed by public officials on statements of economic interest, the bill would expand the scope of a crime and impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes upon a $\frac{2}{3}$ vote of each house of the Legislature and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 82034 of the Government Code is amended to read:

82034. (a) "Investment" means any financial interest in or security issued by a business entity, including, but not limited to, common stock, preferred stock, rights, warrants, options, debt instruments, and any partnership or other ownership interest owned directly, indirectly, or beneficially by the public official, or other filer, or that person's immediate family, if the business entity or any parent, subsidiary, or otherwise related business entity has an interest in real property in the jurisdiction, or does business or plans to do business in the jurisdiction, or has done business within the jurisdiction at any time during the two years prior to the time any statement or other action is required under this title.

(b) An asset shall not be deemed an investment unless its fair market value equals or exceeds two thousand dollars (\$2,000).

(c) The term "investment" does not include a time or demand deposit in a financial institution, shares in a credit union, any insurance policy, interest in a diversified mutual fund registered with the Securities and Exchange Commission under the Investment Company Act of 1940 or in a common trust fund created pursuant to Section 1585 of the Financial Code, interest in a government defined-benefit pension plan, or any bond or other debt instrument issued by any government or government agency.

(d) Investments of an individual includes a pro rata share of investments of any business entity, mutual fund, or trust in which the individual or immediate family owns, directly, indirectly, or beneficially, a 10-percent interest or greater.

(e) The term "parent, subsidiary or otherwise related business entity" shall be specifically defined by regulations of the commission.

(f) This section shall remain in effect only until January 1, 2027, and as of that date is repealed.

SEC. 2. Section 82034 is added to the Government Code, to read:

82034. (a) "Investment" means either of the following:

(1) A financial interest in or security issued by a business entity, including, but not limited to, common stock, preferred stock, rights, warrants, options, debt instruments, and any partnership or other ownership interest owned directly, indirectly, or beneficially by the public official, or other filer, or that person's immediate family, if the business entity or any parent, subsidiary, or otherwise related business entity has an interest in real property in the jurisdiction, or does business or plans to do business in the jurisdiction, or has done business within the jurisdiction at any time during the two years prior to the time any statement or other action is required under this title.

(2) A direct or indirect interest in a digital financial asset, as defined in Section 3102 of the Financial Code.

(b) An asset shall not be deemed an investment unless its fair market value equals or exceeds two thousand dollars (\$2,000).

(c) The term "investment" does not include a time or demand deposit in a financial institution, shares in a credit union, any insurance policy, interest in a diversified mutual fund registered with the Securities and Exchange Commission under the Investment Company Act of 1940 or in a common trust fund created pursuant to Section 1585 of the Financial Code, interest in a government defined-benefit pension plan, or any bond or other debt instrument issued by any government or government agency.

(d) Investments of an individual includes a pro rata share of investments of any business entity, mutual fund, or trust in which the individual or immediate family owns, directly, indirectly, or beneficially, a 10-percent interest or greater.

(e) The term "parent, subsidiary or otherwise related business entity" shall be specifically defined by regulations of the commission.

(f) This section shall become operative January 1, 2027.

SEC. 3. Section 87206 of the Government Code is amended to read:

87206. If an investment or an interest in real property is required to be disclosed under this article, the statement shall contain:

(a) A statement of the nature of the investment or interest.

(b) The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged.

(c) The address or other precise location of the real property.

(d) A statement whether the fair market value of the investment or interest in real property equals or exceeds two thousand dollars (\$2,000) but does not exceed ten thousand dollars (\$10,000), whether it exceeds ten thousand dollars (\$10,000) but does not exceed one hundred thousand dollars (\$100,000), whether it exceeds one hundred thousand dollars (\$100,000) but does not exceed one million dollars (\$1,000,000), or whether it exceeds one million dollars (\$1,000,000).

(e) In the case of a statement filed under Sections 87203 or 87204, if the investment or interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the date of acquisition or disposal.

(f) For purposes of disclosure under this article, "interest in real property" does not include the principal residence of the filer or any other property which the filer utilizes exclusively as the personal residence of the filer.

(g) This section shall remain in effect only until January 1, 2027, and as of that date is repealed.

SEC. 4. Section 87206 is added to the Government Code, to read:

87206. (a) If an investment or an interest in real property is required to be disclosed under this article, the statement shall contain:

(1) A statement of the nature of the investment or interest.

(2) For an investment in a business entity, the name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged.

(3) For an investment in a digital financial asset, the name of the asset as commonly known to the public.

(4) For an investment in real property, the address or other precise location of the real property.

(5) A statement whether the fair market value of the investment or interest in real property equals or exceeds two thousand dollars (\$2,000) but does not exceed ten thousand dollars (\$10,000), whether it exceeds ten thousand dollars (\$10,000) but does not exceed one hundred thousand dollars (\$100,000), whether it exceeds one hundred thousand dollars (\$100,000) but does not exceed one million dollars (\$1,000,000), or whether it exceeds one million dollars (\$1,000,000).

(6) In the case of a statement filed under Sections 87203 or 87204, if the investment or interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the date of acquisition or disposal.

(b) For purposes of disclosure under this article, "interest in real property" does not include the principal residence of the filer or any other property which the filer utilizes exclusively as the personal residence of the filer.

(c) This section shall become operative January 1, 2027.

SEC. 5. Section 87302 of the Government Code is amended to read:

87302. Each conflict of interest code shall contain the following provisions:

(a) Specific enumeration of the positions within the agency, other than those specified in Section 87200, that involve the making or participation in the making of decisions which may foreseeably have a material effect on

any financial interest and for each such enumerated position, the specific types of investments, business positions, interests in real property, and sources of income which are reportable. An investment, business position, interest in real property, or source of income shall be made reportable by the conflict of interest code if the business entity in which the investment or business position is held, the interest in real property, or the income or source of income may foreseeably be affected materially by any decision made or participated in by the designated employee by virtue of the designated employee's position.

(b) Requirements that each designated employee, other than those specified in Section 87200, file statements at times and under circumstances described in this section, disclosing reportable investments, business positions, interests in real property, and income. The information disclosed with respect to reportable investments, interests in real property, and income shall be the same as the information required by Sections 87206 and 87207. The first statement filed under a conflict of interest code by a designated employee shall disclose any reportable investments, business positions, interests in real property, and income. An initial statement shall be filed by each designated employee within 30 days after the effective date of the conflict of interest code, disclosing investments, business positions, and interests in real property held on the effective date of the conflict of interest code and income received during the 12 months before the effective date of the conflict of interest code. Thereafter, each new designated employee shall file a statement within 30 days after assuming office, or, if subject to State Senate confirmation, 30 days after being appointed or nominated, disclosing investments, business positions, and interests in real property held on, and income received during the 12 months before, the date of assuming office or the date of being appointed or nominated, respectively. Each designated employee shall file an annual statement, at the time specified in the conflict of interest code, disclosing reportable investments, business positions, interest in real property, and income held or received at any time during the previous calendar year or since the date the designated employee took office if during the calendar year. Every designated employee who leaves office shall file, within 30 days of leaving office, a statement disclosing reportable investments, business positions, interests in real property, and income held or received at any time during the period between the closing date of the last statement required to be filed and the date of leaving office.

(c) Specific provisions setting forth any circumstances under which designated employees or categories of designated employees must disqualify themselves from making, participating in the making, or using their official position to influence the making of any decision. Disqualification shall be required by the conflict of interest code when the designated employee has a financial interest as defined in Section 87103, which it is reasonably foreseeable may be affected materially by the decision. A designated employee shall not be required to disqualify the employee's own self with respect to any matter that could not legally be acted upon or decided without the designated employee's participation.

(d) For any position enumerated pursuant to subdivision (a), an individual who resigns the position within 12 months following initial appointment or within 30 days of the date of a notice mailed by the filing officer of the individual's filing obligation, whichever is earlier, is not deemed to assume or leave office, provided that during the period between appointment and resignation, the individual does not make, participate in making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position. Within 30 days of the date of a notice mailed by the filing officer, the individual shall do both of the following:

(1) File a written resignation with the appointing power.

(2) File a written statement with the filing officer on a form prescribed by the commission and signed under the penalty of perjury stating that the individual, during the period between appointment and resignation, did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(e) This section shall remain in effect only until January 1, 2027, and as of that date is repealed.

SEC. 6. Section 87302 is added to the Government Code, to read:

87302. Each conflict of interest code shall contain the following provisions:

(a) Specific enumeration of the positions within the agency, other than those specified in Section 87200, that involve the making or participation in the making of decisions which may foreseeably have a material effect on any financial interest and for each such enumerated position, the specific types of investments, business positions, interests in real property, and sources of income which are reportable. An investment, business position, interest in real property, or source of income shall be made reportable by the conflict of interest code if the business entity in which the investment or business position is held, the digital financial asset, the interest in

real property, or the income or source of income may foreseeably be affected materially by any decision made or participated in by the designated employee by virtue of the designated employee's position.

(b) Requirements that each designated employee, other than those specified in Section 87200, file statements at times and under circumstances described in this section, disclosing reportable investments, business positions, interests in real property, and income. The information disclosed with respect to reportable investments, interests in real property, and income shall be the same as the information required by Sections 87206 and 87207. The first statement filed under a conflict of interest code by a designated employee shall disclose any reportable investments, business positions, interests in real property, and income. An initial statement shall be filed by each designated employee within 30 days after the effective date of the conflict of interest code, disclosing investments, business positions, and interests in real property held on the effective date of the conflict of interest code and income received during the 12 months before the effective date of the conflict of interest code. Thereafter, each new designated employee shall file a statement within 30 days after assuming office, or, if subject to State Senate confirmation, 30 days after being appointed or nominated, disclosing investments, business positions, and interests in real property held on, and income received during the 12 months before, the date of assuming office or the date of being appointed or nominated, respectively. Each designated employee shall file an annual statement, at the time specified in the conflict of interest code, disclosing reportable investments, business positions, interest in real property, and income held or received at any time during the previous calendar year or since the date the designated employee took office if during the calendar year. Every designated employee who leaves office shall file, within 30 days of leaving office, a statement disclosing reportable investments, business positions, interests in real property, and income held or received at any time during the period between the closing date of the last statement required to be filed and the date of leaving office.

(c) Specific provisions setting forth any circumstances under which designated employees or categories of designated employees must disqualify themselves from making, participating in the making, or using their official position to influence the making of any decision. Disqualification shall be required by the conflict of interest code when the designated employee has a financial interest as defined in Section 87103, which it is reasonably foreseeable may be affected materially by the decision. A designated employee shall not be required to disqualify the employee's own self with respect to any matter that could not legally be acted upon or decided without the designated employee's participation.

(d) For any position enumerated pursuant to subdivision (a), an individual who resigns the position within 12 months following initial appointment or within 30 days of the date of a notice mailed by the filing officer of the individual's filing obligation, whichever is earlier, is not deemed to assume or leave office, provided that during the period between appointment and resignation, the individual does not make, participate in making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position. Within 30 days of the date of a notice mailed by the filing officer, the individual shall do both of the following:

(1) File a written resignation with the appointing power.

(2) File a written statement with the filing officer on a form prescribed by the commission and signed under the penalty of perjury stating that the individual, during the period between appointment and resignation, did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(e) This section shall become operative January 1, 2027.

SEC. 7. Section 87350 of the Government Code is amended to read:

87350. (a) Notwithstanding any other provision of this title, a person required to file more than one assuming office statement, statement of economic interests, or leaving office statement, due to the filer's status as a designated employee for more than one joint powers insurance agency, may elect to file a multiagency statement disclosing all investments in entities doing business in the state, all interests in real property located within the state, and all income received during the applicable time period, in lieu of filing the disclosure statements for each agency.

(b) The filer shall notify the commission of the filer's decision to become a multiagency filer. This status shall continue until revoked by the filer.

(c) This section shall remain in effect only until January 1, 2027, and as of that date is repealed.

SEC. 8. Section 87350 is added to the Government Code, to read:

87350. (a) Notwithstanding any other provision of this title, a person required to file more than one assuming office statement, statement of economic interests, or leaving office statement, due to the filer's status as a designated employee for more than one joint powers insurance agency, may elect to file a multiagency statement disclosing all investments in entities doing business in the state, investments in digital financial assets, interests in real property located within the state, and income received during the applicable time period, in lieu of filing the disclosure statements for each agency.

(b) The filer shall notify the commission of the filer's decision to become a multiagency filer. This status shall continue until revoked by the filer.

(c) This section shall become operative January 1, 2027.

SEC. 9. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 10. The Legislature finds and declares that this bill furthers the purposes of the Political Reform Act of 1974 within the meaning of subdivision (a) of Section 81012 of the Government Code.