

SENATE COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. 1050

AN ACT

To amend chapter 67, RSMo, by adding thereto one new section relating to digital assets.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapter 67, RSMo, is amended by adding thereto one new section, to be known as section 67.2060, to read as follows:

67.2060. 1. This section shall be known and may be cited as the "Blockchain Basics Act".

2. As used in this section, the following terms mean:

(1) "Blockchain", data that is:

(a) Shared across a network to create a ledger of verified transactions or information among network participants linked using cryptography to maintain the integrity of the ledger and to execute other functions; and

(b) Distributed among network participants in an automated fashion to concurrently update network participants on the state of the ledger and any other functions;

(2) "Blockchain protocol", any executable software deployed to a blockchain composed of source code that is publicly available and accessible including, but not limited to, a smart contract or any network of smart contracts;

(3) "Consumer Price Index", the Consumer Price Index for All Urban Consumers (CPI-U) (1982-1984 = 100), not seasonally adjusted, as defined and officially recorded by the United States Department of Labor, or its successor agency, from January first of the current year compared to January first of the preceding year;

(4) "Digital asset", virtual currency, cryptocurrencies, natively electronic assets including, but not limited to, stablecoins and nonfungible tokens, and other digital-only assets that confer economic, proprietary, or access rights or powers;

(5) "Digital asset mining", using electricity to power a computer or node for the purpose of securing a blockchain network;

(6) "Digital asset mining business", a group of computers working that consumes more than one megawatt of electricity for the purpose of securing a blockchain protocol;

(7) "Discriminatory rates", the charging of rates for electricity that are substantially different from the rates charged for other industrial uses of electricity in similar geographic areas;

(8) "Home digital asset mining", digital asset mining in an area zoned for residential use;

(9) "Node", a computational device that does any of the following:

(a) Communicates with other devices or participants on a blockchain to maintain consensus and integrity of that blockchain;

(b) Creates and validates transaction blocks; or

(c) Contains and updates a copy of a blockchain.

A node does not exercise discretion over transactions initiated by the end user of the blockchain protocol;

(10) "Self-hosted wallet", a digital interface used to secure and transfer digital assets under which the owner of the digital asset retains independent control over the digital assets that are secured by such digital interface;

(11) "Staking", using a node to lock digital assets in order to operate the consensus mechanism of a blockchain protocol.

3. The state shall not prohibit, restrict, or otherwise impair the ability of an individual to:

(1) Use digital assets to purchase legal goods or services; or

(2) Self-custody digital assets using a self-hosted wallet or third-party wallet.

4. Digital assets used as a method of payment shall not be subject to any additional tax, withholding, assessment, or charge by the state or a political subdivision that is based solely on the use of the digital asset as the method of payment.

5. Digital assets used as a method of payment shall not be subject to capital gains tax subject to a two-hundred-dollar limit per transaction. The limitation amount shall be adjusted for inflation on January first annually based on the percentage increase in the Consumer Price Index. This subsection shall not be construed to prohibit the state or a political subdivision from imposing or collecting a tax, withholding, assessment, or charge that would otherwise be offered if the transaction had taken place with United States legal tender.

6. (1) Neither the state nor a political subdivision thereof shall prohibit an individual from participating in home digital asset mining as long as such individual complies with all local noise ordinances.

(2) No political subdivision shall place any specific limit on sound decibels generated from home digital asset mining that is more restrictive than other limits set for sound pollution enforced by the political subdivision.

7. (1) Neither the state nor a political subdivision thereof shall prohibit a digital asset mining business from operating in any area zoned for industrial use provided they comply with all current ordinances.

(2) No political subdivision shall place any specific limit on sound decibels generated from a digital asset mining business that is more restrictive than other general limits set for sound pollution in areas zoned for industrial use.

8. No political subdivision shall impose any requirement on a digital asset mining business that is not also a requirement for data centers in its jurisdiction.

9. No political subdivision shall change the zoning of a digital asset mining business without satisfying proper notice and comment requirements. A digital asset mining business shall be able to appeal a change in zoning to a court with proper jurisdiction. A judge shall find a violation of this section and nullify such a change in zoning if the judge determines the change was done to discriminate against a digital asset mining business.

10. The public service commission may approve rates reflective of cost to serve but shall not approve a rate schedule for digital asset mining that creates discriminatory rates for digital asset mining businesses.

11. Anyone engaged in home digital asset mining or a digital asset mining business shall not be considered a money transmitter under sections 361.700 to 361.727.

12. The state shall not prohibit an individual from:

(1) Operating a node for the purpose of connecting to a blockchain protocol or a protocol built on top of a blockchain protocol and transferring digital assets on a blockchain protocol; or

(2) Participating in staking on a blockchain protocol.

13. An individual or business operating a node or a series of nodes on a blockchain protocol shall not be required to obtain a money transmitter license under sections 361.700 to 361.727 to engage in such activity.

14. No business offering to provide digital asset mining or staking services for individuals or to other businesses shall be considered as offering a security or investment contract under state law.

15. Notwithstanding any other provision of law to the contrary, no individual or entity shall face liability related to a specific transaction merely by validating such transaction if such individual or entity:

(1) Engages in digital asset mining;

(2) Operates a node or series of nodes on a blockchain network; or

(3) Provides digital asset mining or staking services for individuals or other businesses.