

SENATE BILL NO. 614

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR FITZWATER.

2430S.01I

KRISTINA MARTIN, Secretary

AN ACT

To amend chapters 30 and 67, RSMo, by adding thereto two new sections relating to digital assets.

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

Section A. Chapters 30 and 67, RSMo, are amended by adding thereto two new sections, to be known as sections 30.960 and 67.2060, to read as follows:

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

(1) "Digital asset", virtual currency, cryptocurrencies, natively electronic assets, including stablecoins and nonfungible tokens, and other digital-only assets that confer economic, proprietary, or access rights or powers;

(2) "Qualified custodian", an entity that manages digital assets and is:

(a) A federal or state-chartered bank;

(b) A trust company;

(c) A special purpose depository institution; or

(d) A company regulated by the state;

(3) "Qualifying digital asset", any of the following:

(a) A digital asset with a market capitalization of over five hundred billion dollars averaged over the previous twelve months; or

(b) A stablecoin;

(4) "Secure custody solution", a technological product or blended product and service that:

21 (a) Maintains cryptographic private keys that secure
22 digital assets exclusively known by and accessible by the
23 government entity;

24 (b) Contains cryptographic private keys exclusively
25 within an encrypted environment accessible only via end-to-
26 end encrypted channels;

27 (c) Does not allow cryptographic private keys to be
28 accessible by or controllable via a smartphone;

29 (d) Maintains hardware containing cryptographic
30 private keys in at least two geographically diversified
31 specially designated secure data centers;

32 (e) Enforces a multi-party governance structure for
33 authorizing transactions, user access controls, and logs all
34 user-initiated actions;

35 (f) Implements a disaster recovery protocol ensuring
36 customer access to assets if the provider becomes
37 unavailable; and

38 (g) Undergoes regular code audits and penetration
39 testing from audit firms with prompt remedy of identified
40 vulnerabilities;

41 (5) "Stablecoin", a digital asset that:

42 (a) Is issued by a corporation;

43 (b) Is backed by dollars or high-quality liquid assets;

44 (c) Is redeemable on demand by the holder at par for
45 United States dollars; and

46 (d) Has received appropriate regulatory approval from:

47 a. The United States of America; or

48 b. A state of the United States of America.

49 2. In addition to other authorized investments, the
50 state treasurer may invest a portion of public funds in
51 qualifying digital assets. The amount of public funds that
52 the state treasurer may invest may not, at the time the

53 investment is made, exceed ten percent of the total amount
54 of public funds in that account.

55 3. The state treasurer shall hold digital assets
56 acquired under this section:

57 (1) Directly through the use of a secure custody
58 solution;

59 (2) Through a qualified custodian on behalf of the
60 state; or

61 (3) In the form of an exchange traded product issued
62 by a registered investment company.

63 4. The state treasurer may engage in staking of
64 qualifying digital assets if:

65 (1) The treasurer's office retains legal ownership of
66 the digital asset; and

67 (2) The staking is conducted using a third-party
68 solution.

69 5. The state treasurer may loan qualifying digital
70 assets if:

71 (1) The loan does not increase the financial risk to
72 the state; and

73 (2) The loan complies with rules established by the
74 treasurer.

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

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

4 (1) "Blockchain", data that is:

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

9 (b) Distributed among network participants in an
10 automated fashion to concurrently update network

11 participants on the state of the ledger and any other
12 functions;

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

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

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

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

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

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

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

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

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

46 (b) Creates and validates transaction blocks; or

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

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

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

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

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

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

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

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

68 5. Digital assets used as a method of payment shall
69 not be subject to capital gains tax subject to a two-hundred-
70 dollar limit per transaction. The limitation amount shall
71 be adjusted for inflation on January first annually based on
72 the percentage increase in the Consumer Price Index. This
73 subsection shall not be construed to prohibit the state or a

74 political subdivision from imposing or collecting a tax,
75 withholding, assessment, or charge that would otherwise be
76 offered if the transaction had taken place with United
77 States legal tender.

78 6. (1) Neither the state nor a political subdivision
79 thereof shall prohibit an individual from participating in
80 home digital asset mining as long as such individual
81 complies with all local noise ordinances.

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

86 7. (1) Neither the state nor a political subdivision
87 thereof shall prohibit a digital asset mining business from
88 operating in any area zoned for industrial use provided they
89 comply with all current ordinances.

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

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

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

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

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

113 12. The state shall not prohibit an individual from:

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

118 (2) Participating in staking on a blockchain protocol.

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

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

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

131 (1) Engages in digital asset mining;

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

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

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