

By: Representative Jackson (11th)

To: Banking and Financial Services; Ways and Means

HOUSE BILL NO. 1590

1 AN ACT TO ESTABLISH THE "BLOCKCHAIN BASICS ACT" FOR THE
2 PURPOSE OF REGULATING THE USE OF DIGITAL ASSETS AND CRYPTOCURRENCY
3 IN THE STATE OF MISSISSIPPI; TO DEFINE TERMINOLOGY USED IN THE
4 ACT; TO PROHIBIT ANY GOVERNMENT AGENCY OF THE STATE OF MISSISSIPPI
5 ANY POLITICAL SUBDIVISION THEREOF FROM ACCEPTING OR REQUIRING A
6 PAYMENT USING CENTRAL BANK DIGITAL CURRENCY AND FROM PARTICIPATING
7 IN ANY TEST OF CENTRAL BANK DIGITAL CURRENCY BY ANY FEDERAL
8 RESERVE BRANCH; TO PROVIDE THAT NO AGENCY OF THE STATE OF
9 MISSISSIPPI NOR ANY POLITICAL SUBDIVISION THEREOF SHALL PROHIBIT,
10 RESTRICT OR OTHERWISE IMPAIR AN INDIVIDUAL'S ABILITY TO USE
11 DIGITAL ASSETS TO PURCHASE LEGAL GOODS OR SERVICES; TO PROVIDE
12 THAT THE EXCHANGE OF DIGITAL ASSETS FOR LEGAL TENDER SHALL NOT BE
13 CONSIDERED THE PURCHASE OF CURRENCY FOR TAX PURPOSES; TO PROVIDE
14 THAT DIGITAL ASSETS USED AS A METHOD OF PAYMENT MAY NOT BE SUBJECT
15 TO ANY ADDITIONAL TAX, WITHHOLDING OR ASSESSMENT; TO EXEMPT
16 DIGITAL ASSETS USED AS A METHOD OF PAYMENT FROM BEING SUBJECT TO
17 CAPITAL GAINS TAX, PROVIDED THAT EACH TRANSACTION DOES NOT EXCEED
18 \$200.00; TO PROVIDE FOR THE ANNUAL INFLATION ADJUSTMENT ON THE
19 LIMITATION AMOUNT ON JANUARY 1 OF EACH YEAR, ACCORDING TO THE
20 AVERAGE ANNUAL INCREASE IN THE CONSUMER PRICE INDEX; TO AUTHORIZE
21 THE ESTABLISHMENT OF A DIGITAL ASSET MINING BUSINESS IN ANY AREA
22 THAT IS ZONED FOR INDUSTRIAL USE; TO PROHIBIT POLITICAL
23 SUBDIVISIONS OF THE STATE FROM IMPOSING ANY SPECIFIC LIMITATIONS
24 DIGITAL ASSETS MINING THAT ARE MORE RESTRICTIVE THAN THOSE
25 CURRENTLY IMPOSED FOR BUSINESS IN THE SAME ZONING AREA; TO
26 PROHIBIT POLITICAL SUBDIVISIONS OF THE STATE FROM CHANGING THE
27 ZONING OF A DIGITAL ASSET MINING BUSINESS WITHOUT GOING THROUGH
28 THE PROPER NOTICE AND COMMENT; TO PROVIDE AN APPEALS PROCESS FOR A
29 DIGITAL ASSET MINING BUSINESS TO CONTEST ZONING CHANGES; TO EXEMPT
30 INDIVIDUALS ENGAGED IN HOME DIGITAL ASSET MINING, A DIGITAL ASSET
31 MINING BUSINESS OR OPERATING A NODE OR A SERIES OF NODES ON A
32 BLOCKCHAIN PROTOCOL FROM THE LICENSURE REQUIREMENTS OF THE
33 "MISSISSIPPI MONEY TRANSMITTERS ACT"; TO PROVIDE THAT BUSINESSES
34 OFFERING TO PROVIDE DIGITAL ASSET MINING OR STAKING AS A SERVICE

35 FOR INDIVIDUALS OR TO OTHER BUSINESSES SHALL NOT BE CONSIDERED AS
36 OFFERING A SECURITY OR INVESTMENT CONTRACT UNDER THE "MISSISSIPPI
37 SECURITIES ACT OF 2010"; AND FOR RELATED PURPOSES.

38 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

39 **SECTION 1.** This act shall be known and may be cited as the
40 "Blockchain Basics Act."

41 **SECTION 2.** As used in this act, the following terms shall
42 have the meanings ascribed in the section, unless context of use
43 clearly requires otherwise:

44 (a) "Blockchain" means data that is:

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

49 (ii) Distributed among network participants in an
50 automated fashion to concurrently update network participants on
51 the state of the ledger and any other function.

52 (b) "Blockchain protocol" means any executable software
53 deployed to a blockchain composed of source code that is publicly
54 available and accessible, including a smart contract or any
55 network of smart contracts.

56 (c) "Central Bank Digital Currency" means a digital
57 currency, a digital medium of exchange, or a digital monetary unit
58 of account issued by the United States Federal Reserve System or a
59 federal agency which is made directly available to a consumer by
60 such entities, or which is processed or validated directly by such
61 entities. The term does not mean a digital asset which is issued



62 by a private entity which is backed by legal tender or government
63 treasuries.

64 (d) "Consumer Price Index" means the Consumer Price
65 Index for All Urban Consumers (CPI-U), 1982-1984 = 100, not
66 seasonally adjusted, as defined and officially recorded by the
67 United States Department of Labor, or its successor agency, from
68 January 1 of the current year compared to January 1 of the
69 preceding year.

70 (e) "Digital asset" means virtual currency,
71 cryptocurrencies, natively electronic assets, including
72 stablecoins and non-fungible tokens (NFTs), and other digital-only
73 assets that confer economic, proprietary, or access rights or
74 powers.

75 (f) "Digital asset mining" means using electricity to
76 power a computer or node for the purpose of securing a blockchain
77 network.

78 (g) "Digital asset mining business" means a group of
79 computers working that consume more than one megawatt of energy
80 for the purpose of securing a blockchain protocol.

81 (h) "Governmental agency" means any board, commission,
82 department or other agency of the state or any political
83 subdivision thereof.

84 (i) "Hardware Wallet" means a physical device that is
85 not continuously connected to the Internet and allows an
86 individual to secure and transfer digital assets and under which

87 the owner of the digital assets retains independent control over
88 the digital assets.

89 (j) "Home digital asset mining" means using digital
90 asset mining in an area zoned for residential use.

91 (k) "Node" means a computational device that
92 communicates with other devices and/or participants on a
93 blockchain to maintain consensus and integrity of that blockchain,
94 creates and validates transaction blocks, and/or also contains and
95 updates a copy of a blockchain, but does not exercise discretion
96 over transactions initiated by the end user of the blockchain
97 protocol.

98 (l) "Non-fungible token" or "(NFT)" is a unique digital
99 identifier that is recorded on a blockchain and is used to certify
100 ownership and authenticity.

101 (m) "Self-hosted wallet" means a digital interface used
102 to secure and transfer digital assets; and under which the owner
103 of the digital asset retains independent control over the digital
104 assets that are secured by such digital interface.

105 (n) "Staking" means the act of committing digital
106 assets for a period of time to validate and secure a specific
107 blockchain network.

108 (o) "Staking as a service" means the provision of
109 technical staking services, including the operation of nodes and
110 the associated infrastructure, necessary to facilitate
111 participation in blockchain networks' consensus mechanisms.

112 **SECTION 3.** (1) No governmental agency of the State of
113 Mississippi nor any political subdivision thereof shall accept or
114 require a payment using central bank digital currency.

115 (2) No governmental agency of the State of Mississippi nor
116 any political subdivision thereof shall participate in any test of
117 central bank digital currency by any Federal Reserve branch.

118 **SECTION 4.** (1) No governmental agency of the State of
119 Mississippi nor any political subdivision thereof shall prohibit,
120 restrict or otherwise impair the ability of an individual to:

121 (a) Use digital assets to purchase legal goods or
122 services; or

123 (b) Self-custody digital assets using a self-hosted
124 wallet or hardware wallet.

125 (2) The exchange of digital assets for legal tender shall
126 not be considered the purchase of currency for tax purposes.

127 (3) Digital assets used as a method of payment may not be
128 subject to any additional tax, withholding, assessment or charge
129 by the state or a local government which is based solely on the
130 use of the digital asset as the method of payment.

131 (4) Digital assets used as a method of payment shall not be
132 subject to capital gains tax provided that each transaction does
133 not exceed Two Hundred Dollars (\$200.00). The limitation amount
134 shall be adjusted annually for inflation on January 1 of each
135 year, according to the average annual increase in the consumer
136 price index. This subsection shall not be construed to prohibit



137 the state, a local government or a political subdivision from
138 imposing or collecting a tax, withholding, assessment or charge
139 that would otherwise be offered if the transaction had taken place
140 with United States legal tender.

141 **SECTION 5.** (1) It shall be legal in the State of Mississippi
142 to:

143 (a) Participate in home digital asset mining as long as
144 the person engaging in home digital asset mining complies with all
145 local noise ordinances; and

146 (b) Have a digital asset mining business in any area
147 that is zoned for industrial use, provided they comply with all
148 current ordinances.

149 (2) No political subdivision of the state shall:

150 (a) Place any specific limit on sound decibels
151 generated from home digital asset mining other than general limits
152 set for sound pollution put forth by the political subdivision;

153 (b) Place any specific limit on sound decibels
154 generated from a digital asset mining business other than limits
155 set for sound pollution which apply to industrial zoned areas
156 generally;

157 (c) Impose any other requirements on a digital asset
158 mining business that is also not a requirement for data centers in
159 its area of jurisdiction; or

160 (d) Change the zoning of a digital asset mining
161 business without going through the proper notice and comment.

162 (3) A digital asset mining business shall be able to appeal
163 a change in zoning to the proper court of jurisdiction. A judge
164 shall find a violation of this section and nullify such a change
165 in zoning if the judge determines the change was done to
166 discriminate against a digital asset mining business.

167 **SECTION 6.** (1) Anyone engaged in home digital asset mining,
168 a digital asset mining business, digital assets mining or
169 exchanging digital assets for another digital asset on a
170 blockchain protocol shall not be required to obtain a money
171 transmitter license under the "Mississippi Money Transmitters
172 Act", Chapter 15, Title 75, Mississippi Code of 1972, to engage in
173 that activity.

174 (2) (a) It shall be legal in the State of Mississippi to
175 operate a node for the purpose of connecting to a blockchain
176 protocol, or a protocol built on top of a blockchain protocol, and
177 transferring digital assets on a blockchain protocol, or to
178 participate in staking on a blockchain protocol.

179 (b) Operating a node or a series of nodes on a
180 blockchain protocol shall not require an individual or business to
181 obtain a money transmitter license under the "Mississippi Money
182 Transmitters Act", Chapter 15, Title 75, Mississippi Code of 1972,
183 to engage in that activity.

184 (3) For the avoidance of doubt, a business offering to
185 provide digital asset mining or staking as a service for
186 individuals or to other businesses shall not be considered as



187 offering a security or investment contract under the "Mississippi
188 Securities Act of 2010", Chapter 71, Title 75, Mississippi Code of
189 1972.

190 (4) Notwithstanding any other provision of law to the
191 contrary, no individual or entity shall face liability related to
192 a specific transaction merely by validating such transaction if
193 such individual or entity:

194 (a) Engages in digital asset mining;
195 (b) Operates a node or series of nodes on a blockchain
196 network; or
197 (c) Provides digital asset mining, staking or offering
198 staking as a service for individuals or other businesses.

199 **SECTION 7.** This act shall take effect and be in force from
200 and after July 1, 2025.