

By: Representatives Steverson, Jackson  
(11th)

To: Banking and Financial  
Services; Ways and Means

HOUSE BILL NO. 1214

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) "Nonfungible 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 assess 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, 2024.

