

**SB187 INTRODUCED**



1 SB187  
2 W42F999-1  
3 By Senator Coleman  
4 RFD: Banking and Insurance  
5 First Read: 29-Feb-24



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SYNOPSIS:

In general, digital assets broadly refer to any digital representation of value which is recorded electronically, such as virtual currency or cryptocurrency.

This bill would prohibit the state from restricting the use or storage of digital assets, levying additional taxes on digital assets, restricting digital asset mining, or enacting zoning restrictions or noise restrictions specific to digital asset mining.

This bill would exempt digital asset mining, staking, and the operation of a node from classification as a security or money transmission.

This bill would also define terms.

A BILL  
TO BE ENTITLED  
AN ACT

Relating to digital assets; to prohibit the state from restricting the use or the storage of digital assets, levying additional taxes on digital assets, restricting digital asset mining, or enacting zoning restrictions or noise restrictions specific to digital asset mining; and to exempt digital asset



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29 mining, staking, and the operation of a node from  
30 classification as a security or money transmission.

31 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

32 Section 1. For the purposes of this act, the following  
33 terms have the following meanings:

34 (1) BLOCKCHAIN. Data that is shared across a network to  
35 create a ledger of verified transactions or information among  
36 network participants, linked using cryptography to maintain  
37 the integrity of the ledger and to execute other functions,  
38 and distributed among network participants in an automated  
39 fashion to concurrently update network participants on the  
40 state of the ledger and any other functions.

41 (2) BLOCKCHAIN PROTOCOL. Any executable software  
42 deployed to a blockchain composed of source code that is  
43 publicly available and accessible, including a smart contract  
44 or any network of smart contracts.

45 (3) DIGITAL ASSET. Virtual currency, cryptocurrencies,  
46 natively electronic assets, including stablecoins and  
47 non-fungible tokens, and other digital-only assets that confer  
48 economic, proprietary, or access rights or powers.

49 (4) DIGITAL ASSET MINING. Using electricity to power a  
50 computer or node for the purpose of securing a blockchain  
51 network.

52 (5) DIGITAL ASSET MINING BUSINESS. A group of computers  
53 working at a single site which consumes more than one megawatt  
54 of energy on an average annual basis for the purpose of  
55 securing a blockchain network or generating digital assets.

56 (6) HARDWARE WALLET. A physical device that is not



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57 continuously connected to the Internet, allows an individual  
58 to secure and transfer digital assets, and allows the owner to  
59 retain independent control over the digital assets that are  
60 stored in the wallet.

61 (7) NODE. A computational device that does any of the  
62 following:

63 a. Communicates with other devices or participants on a  
64 blockchain to maintain consensus and the integrity of that  
65 blockchain.

66 b. Creates or validates transaction blocks.

67 c. Contains a copy of a blockchain but does not  
68 exercise discretion over transactions initiated by the end  
69 users of the blockchain protocol.

70 (8) SELF-HOSTED WALLET. A digital interface used to  
71 secure and transfer digital assets and under which the owner  
72 of the digital assets retains independent control over the  
73 digital assets that are secured by the digital interface.

74 (9) STAKING. Using a node to lock digital assets in  
75 order to operate the consensus mechanism of a blockchain  
76 protocol.

77 (10) STAKING AS A SERVICE. The provision of technical  
78 staking services necessary to facilitate participation in  
79 blockchain protocol consensus mechanisms, including, but not  
80 limited to, the operation of nodes and other associated  
81 infrastructure.

82 Section 2. (a) The state shall not prohibit, restrict,  
83 or otherwise impair the ability of an individual to do either  
84 of the following:



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85 (1) Use digital assets to purchase legal goods or  
86 services.

87 (2) Maintain a self-hosted wallet or a hardware wallet.

88 (b) The state shall not subject digital assets to any  
89 additional tax, withholding, assessment, or charge when the  
90 digital asset is used as a method of payment.

91 (c) (1) A transaction shall be exempt from capital gains  
92 taxes if both of the following conditions exist:

93 a. A digital asset was used as a method of payment.

94 b. The value of the transaction was two hundred dollars  
95 (\$200) or less.

96 (2) The dollar amount listed in paragraph (1)b. shall  
97 be adjusted each year on January 1 according to the Consumer  
98 Price Index.

99 Section 3. (a) The state and any political subdivision  
100 of the state shall not enact any ordinance, resolution, or  
101 rule that does any of the following:

102 (1) Imposes requirements on a digital asset mining  
103 business that are not requirements for data centers located in  
104 the same jurisdiction.

105 (2) Prevents a digital asset mining business from  
106 operating in an area zoned for industrial use.

107 (3) Prevents digital asset mining at a private  
108 residence, except as related to ordinances.

109 (b) Any digital asset mining business operating with a  
110 municipal business license on January 31, 2024, may continue  
111 to operate regardless of any subsequent change in zoning or  
112 other regulations.



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113           Section 4. (a) Digital asset mining shall not be  
114 classified as money transmission as defined in Section 8-7A-2,  
115 Code of Alabama 1975.

116           (b) The state may not prohibit the operation of a node  
117 or the transfer of digital assets using a blockchain protocol.

118           (c) The operation of a node or exchange of a digital  
119 asset for another digital asset using a blockchain protocol  
120 shall not be classified as money transmission as defined in  
121 Section 8-7A-2, Code of Alabama 1975.

122           (d) An individual or entity offering digital asset  
123 mining as a service shall not be classified as offering a  
124 security as defined by Section 8-6-2, Code of Alabama 1975.

125           (e) An individual or entity offering staking as a  
126 service shall not be classified as offering a security as  
127 defined by Section 8-6-2, Code of Alabama 1975.

128           (f) Notwithstanding any other provision of law, an  
129 individual or entity participating in digital asset mining,  
130 the operation of a node, or staking shall not face liability  
131 for validating a digital asset transaction.

132           Section 5. (a) Nothing in this act shall prohibit the  
133 state from imposing or collecting a tax, withholding,  
134 assessment, or charge that the state would otherwise impose or  
135 collect if the transaction was made without a digital asset.

136           (b) Nothing in this act shall prohibit any municipality  
137 from requiring a digital asset mining business to obtain or  
138 maintain a business license.

139           Section 6. This act shall become effective on October  
140 1, 2024.