

SB17 INTRODUCED



1 SB17
2 7MAT2VE-1
3 By Senator Coleman
4 RFD: Banking and Insurance
5 First Read: 04-Feb-25
6 PFD: 19-Nov-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 certain actions related to digital assets; and to exempt certain actions from classification as a security or money transfer.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:



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29 Section 1. For the purposes of this act, the following
30 terms have the following meanings:

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

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

42 (3) DIGITAL ASSET. Virtual currency, cryptocurrency,
43 natively electronic assets including stablecoins and
44 non-fungible tokens, and other digital-only assets that confer
45 economic, proprietary, or access rights or powers.

46 (4) DIGITAL ASSET MINING. Using electricity to power a
47 computer or node for the purpose of securing a blockchain
48 network.

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

53 (6) HARDWARE WALLET. A physical device that is not
54 continuously connected to the Internet, allows an individual
55 to secure and transfer digital assets, and allows the owner to
56 retain independent control over the digital assets that are



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57 stored in the wallet.

58 (7) NODE. A computational device that does any of the
59 following:

60 a. Communicates with other devices or participants on a
61 blockchain to maintain consensus and the integrity of that
62 blockchain.

63 b. Creates or validates transaction blocks.

64 c. Contains a copy of a blockchain but does not
65 exercise discretion over transactions initiated by the end
66 users of the blockchain protocol.

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

71 (9) STAKING. Using a node to lock digital assets in
72 order to operate the consensus mechanism of a blockchain
73 protocol.

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

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

82 (1) Use digital assets to purchase legal goods or
83 services.

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



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

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

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

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

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

96 Section 3. The state and any political subdivision of
97 the state shall not enact any ordinance, resolution, or rule
98 that does any of the following:

99 (1) Imposes requirements on a digital asset mining
100 business which are not requirements for data centers located
101 in the same jurisdiction.

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

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

106 Section 4. (a) Digital asset mining shall not be
107 classified as a money transmission as defined in Section
108 8-7A-2, Code of Alabama 1975.

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

111 (c) The operation of a node or exchange of a digital
112 asset for another digital asset using a blockchain protocol



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113 shall not be classified as a money transmission as defined in
114 Section 8-7A-2, Code of Alabama 1975.

115 (d) An individual or entity offering digital asset
116 mining as a service shall not be classified as offering a
117 security as defined in Section 8-6-2, Code of Alabama 1975.

118 (e) An individual or entity offering staking as a
119 service shall not be classified as offering a security as
120 defined in Section 8-6-2, Code of Alabama 1975.

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

125 Section 5. Nothing in this act shall prohibit the state
126 from imposing or collecting a tax, withholding, assessment, or
127 charge that the state would otherwise impose or collect if the
128 transaction was made without a digital asset.

129 Section 6. Nothing in this act shall prohibit any
130 municipality from requiring a digital asset mining business to
131 obtain or maintain a business license.

132 Section 7. This act shall become effective on October
133 1, 2025.