

HB 764 -- VIRTUAL CURRENCY

SPONSOR: Christofanelli

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Local Government by a vote of 12 to 0. Voted "Do Pass" by the Standing Committee on Legislative Oversight by a vote of 7 to 3.

DIGITAL ASSET MINING PROTECTION ACT (Section 67.2060)

This bill establishes the "Digital Asset Mining Protection Act" and precludes the state and political subdivisions from prohibiting the running of a node or series of nodes for the purpose of home digital asset mining, as defined in the bill, at a private residence. In addition, the bill specifies other actions that the state and political subdivisions cannot take against a digital asset mining business. The bill also states that the Public Service Commission cannot set a rate schedule that creates discriminatory rates for a digital asset mining business.

PROPERTY EXEMPT FROM TAXES (Section 137.100)

This bill adds "virtual currency" to the list of subjects that are exempt from state, county or local tax. The bill defines "virtual currency" as any type of digital representation of value which is used as a medium of exchange and is not recognized as legal tender by the United States government.

OPEN BLOCKCHAIN TOKENS (Section 324.1160)

An open blockchain token is regarded as intangible personal property when it possesses certain characteristics as detailed in the bill. Several terms are also defined in the bill. Prior to making an open blockchain token available for sale, the developer or seller of a token or registered agent has to electronically file a notice of intent form with the Secretary of State, and pay the filing fee of \$1,000. The contents of the form are described in the bill.

SALE OF CHECKS LAW (Sections 361.700 and 361.705)

The bill adds the definition of "virtual currency" to the Sale of Checks Law. Currently, a person has to obtain a license from the Director of the Division of Finance within the Department of Commerce and Insurance to issue checks in the state of Missouri and Sections 361.700 to 361.727 do not apply to certain entities. The bill states that Sections 361.700 to 361.727 do not apply to the buying, selling, issuing or taking custody of payment instruments or stored value in the form of virtual currency or receiving

virtual currency for transmitting it within or outside the United States.

PROPOSERS: Supporters say that cryptomining is a new and developing field across the county. A huge amount of economic activity is going on within this space. This bill is a simple, common sense framework for how the state will treat cryptocurrency. Cryptomining has become a target for adverse local regulation. The goal of this legislation is to make Missouri a leader by inviting this new form of finance and technology to our state to promote growth and innovation.

Testifying in person for the bill were Representative Christofanelli; Matthew Carson, AAIM Datacenters Inc; Jeff Shawan; Cory Feco, Crypto World; Dennis Porter, Satoshi Action Fund; and Carl Shepard.

OPPOSERS: Those who oppose the bill worry that this provides an avenue to avoid paying taxes and should contain more consumer protections. Opponents suggest that this industry should not be treated differently than any other industry; cryptocurrencies should be treated as a security or stocktrade entity and should be governed by the utility rules and regulations of the Public Service Commission. Opponents state that cryptomining takes an enormous amount of energy and creates a lot of pollution, putting additional strain on energy grids and leading to additional costs for consumers. Cryptomining is incredibly loud and disruptive to communities and this bill limits local governments' authority to address this problem.

Testifying in person against the bill were Arnie C. Dienoff and Sierra Club Missouri Chapter.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.