

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
94th General Assembly
Regular Session, 2023

As Engrossed: S4/6/23
A Bill

HOUSE BILL 1799

By: Representative McClure

By: Senator J. Bryant

For An Act To Be Entitled

AN ACT TO CREATE THE ARKANSAS DATA CENTERS ACT OF
2023; TO CLARIFY THE REGULATION OF THE DIGITAL ASSET
MINING BUSINESS; AND FOR OTHER PURPOSES.

Subtitle

TO CREATE THE ARKANSAS DATA CENTERS ACT
OF 2023; AND TO CLARIFY THE REGULATION OF
THE DIGITAL ASSET MINING BUSINESS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code Title 14, Chapter 1, is amended to add an
additional subchapter to read as follows:

Subchapter 5 – Arkansas Data Centers Act of 2023

14-1-501. Title.

This subchapter shall be known and may be cited as the "Arkansas Data
Centers Act of 2023".

14-1-502. Legislative findings and intent.

(a) The General Assembly finds that:

(1) The data centers industry began its modern version in the
1980s, and the industry has seen accelerated growth since 2008;

(2) Data centers have seen global growth with the expansion of
bandwidth, the need for analytical data research, and digital currency;



(3) Data centers, digital currency, and blockchain technology are legal in all fifty (50) states; and

(4) Guidance for future industry growth is needed in Arkansas to protect Arkansans from fraudulent business practices.

(b) Through the enactment of this subchapter, the General Assembly intends to:

(1) Recognize that data centers create jobs, pay taxes, and provide general economic value to local communities and this state; and

(2) Clarify the guidelines needed to protect data asset miners from discriminatory industry specific regulations and taxes.

14-1-503. Definitions.

As used in this subchapter:

(1) "Blockchain network" means a group of computers operating and processing together to execute a consensus mechanism to agree upon and verify data in a digital record;

(2) "Digital asset" means cryptocurrency, virtual currency, and natively electronic assets, including without limitation stable coins, nonfungible tokens, and other digital-only assets, that confer economic, proprietary, or access rights or powers;

(3) "Digital asset miner" is an individual who mines for digital assets;

(4) "Digital asset mining" means use of electricity to power a computer for the purpose of securing or validating a blockchain network;

(5) "Digital asset mining business" means a group of computers working at a single site that consumes more than one megawatt (1 MW) on an average annual basis for the purpose of generating digital assets by securing a blockchain network;

(6) "Home digital asset mining" means mining digital assets in areas zoned for residential use;

(7) "Legislative body" means the quorum court of a county or the city council, board of directors, board of commissioners, or similar elected governing body of local government;

(8) "Local government" means a county, a city of the first class, a city of the second class, or an incorporated town;

(9)(A) "Node" means a computational device that contains a copy

of blockchain-distributed ledger technology.

(B) "Node" includes a series;

(10) "Ordinance" means an ordinance, resolution, or other appropriate legislative enactment of a legislative body that:

(A) Prohibits an individual from operating a business from a residence; or

(B) Requires an individual to obtain approval before operating a business from a residence;

(11) "Person" means an individual or legal entity; and

(12) "Residence" means a permanent dwelling place, unit, or accessory structure.

14-1-504. Digital asset mining.

(a) A digital asset mining business may operate in this state if the digital asset mining business complies with:

(1) State law concerning business guidelines and tax policies;

(2) Any ordinance concerning operations and safety;

(3) Any rule or rate for utility service provided by or on behalf of a public entity; and

(4) State and federal employment laws.

(b) A digital asset miner shall:

(1) Pay applicable taxes and government fees in acceptable forms of currency; and

(2) Operate in a manner that causes no stress on an electric public utility's generation capabilities or transmission network.

(c) An individual may utilize a node in this state for the purpose of operating home digital asset mining at the individual's residence according to applicable utility rules and rates.

(d) A person may have a digital asset mining business in an area that is zoned for industrial use that has not been designated by the local government for other uses.

(e) A person that is engaged in home digital asset mining or that has a digital asset mining business shall not be considered a money transmitter under the Uniform Money Services Act, § 23-55-101 et seq.

14-1-505. Discrimination against digital asset mining business

prohibited.

(a) Except as provided by subsection (d) of this section, a local government shall not:

(1) Enact or adopt an ordinance, policy, or action that limits the sound decibels generated from home digital asset mining other than the limits set for sound pollution generally;

(2) Impose a different requirement for a digital asset mining business than is applicable to any requirement for a data center;

(3) Rezone an area in which a digital asset mining business is located without complying with applicable state law and local zoning ordinances; or

(4) Rezone an area with the intent or effect of discriminating against a digital asset mining business.

(b) A digital asset mining business may appeal a change in zoning of an area by a local government under any applicable state law or local zoning ordinance.

(c) If consistent with applicable state and federal statutes, orders, rules, and regulations, including without limitation § 23-3-114 and § 23-4-103, the Arkansas Public Service Commission shall not establish an unreasonably discriminatory rate for a digital asset mining business customer.

(d) The prohibitions under subsection (a) of this section do not apply to any rule or rate for utility service provided by or on behalf of a public entity.

/s/McClure