

By: Representative McNair

HOUSE RESOLUTION

TO AUTHORIZE THE INTRODUCTION OF A NONAPPROPRIATION BILL TO AMEND THE REQUIREMENTS THAT A DIGITAL ASSET MINING BUSINESS OR BUSINESS UTILIZING A BLOCKCHAIN NETWORK MUST COMPLY WITH; AND TO AMEND THE AUTHORITY OF A LOCAL GOVERNMENT WITH RESPECT TO A DIGITAL ASSET MINING BUSINESS OR INDIVIDUAL ENGAGING IN HOME DIGITAL ASSET MINING.

Subtitle

TO AUTHORIZE THE INTRODUCTION OF A NONAPPROPRIATION BILL TO AMEND THE REQUIREMENTS FOR A DIGITAL ASSET MINING BUSINESS AND AMEND THE AUTHORITY OF A LOCAL GOVERNMENT WITH RESPECT TO A DIGITAL ASSET MINING BUSINESS.

BE IT RESOLVED BY THE SENATE OF THE NINETY-FIFTH GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

THAT Senator King is authorized to introduce a bill which as introduced will read substantially as follows:

"Title

AN ACT TO AMEND THE ARKANSAS DATA CENTERS ACT OF 2023; TO AMEND THE REQUIREMENTS THAT A DIGITAL ASSET MINING BUSINESS OR BUSINESS UTILIZING A BLOCKCHAIN NETWORK MUST COMPLY WITH; TO AMEND THE AUTHORITY OF A LOCAL



GOVERNMENT WITH RESPECT TO A DIGITAL ASSET MINING BUSINESS OR INDIVIDUAL ENGAGING IN HOME DIGITAL ASSET MINING; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE ARKANSAS DATA CENTERS ACT OF 2023; AND TO AMEND THE REQUIREMENTS FOR A DIGITAL ASSET MINING BUSINESS OR BUSINESS USING A BLOCKCHAIN NETWORK.

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

SECTION 1. Arkansas Code § 14-1-601 is amended to read as follows:

14-1-601. Title.

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

SECTION 2. Arkansas Code § 14-1-602 is repealed.

~~14-1-602. 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 recognize that data centers create jobs, pay taxes, and provide general economic value to local communities and this state.~~

SECTION 3. Arkansas Code § 14-1-603(10), concerning the definition of "ordinance" under the Arkansas Data Centers Act of 2023, is repealed.

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

SECTION 4. Arkansas Code § 14-1-604 is amended to read as follows:

14-1-604. Digital asset mining - Operations - Definition.

(a) A digital asset mining business or business utilizing a blockchain network may operate in ~~this state~~ Arkansas if the digital asset mining business or business utilizing a blockchain network ~~complies with:~~

(1) Complies with:

(A) Any ordinance;

~~(2)(B)~~ Any rule or rate for utility service provided by or on behalf of a public entity; and

~~(3)(C)~~ State and federal law; and

(2) Pays all applicable state, county, city, and government taxes and fees in forms of currency acceptable to those entities.

(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 or water system's generation capabilities or transmission network; and

~~(3)(2)~~ Apply noise-reduction techniques, including without limitation:

(A) Using liquid cooling or submerged cooling;

(B)(i) Fully enclosing the envelope.

(ii)(a) As used in subdivision ~~(b)(3)(B)(i)~~ (b)(2)(B)(i) of this section, "fully enclosing the envelope" means enfolding the envelope where noise from the operation of a digital asset mining business is directly produced around all sides, including above and below the equipment producing the noise, with material that is reasonably calculated by industry standards to reduce noise emissions to a level that is acceptable to a reasonable person under similar circumstances.

(b) Except as provided in subdivision ~~(b)(3)(B)(ii)(c)~~ (b)(2)(B)(ii)(c) of this section, "fully enclosing the envelope" does not include utilizing a passively cooled premanufactured container without additionally enclosing the system in a complete envelope.

(c) A digital asset mining business may use a passively cooled premanufactured container without additionally enclosing the system in a complete envelope if the digital asset mining business locates or relocates under subdivision ~~(b)(3)(C)~~ (b)(2)(C) of this section; or

(C) Upon approval by the local government, locating or

relocating to:

(i) A minimum of two thousand feet (2,000') from the nearest residential or commercial use structure; or

(ii) An area zoned for industrial use or an otherwise approved use.

(c) An individual may utilize a node in this state for the purpose of ~~operating:~~

(1) Operating home digital asset mining at the individual's residence according to applicable utility rules and rates; and

(2) Permitting requirements set forth by a local government under § 14-1-605.

~~(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.~~

~~(f)~~(d) A local government shall not pass an ordinance that:

(1) Prohibits an individual from engaging in home digital asset mining; or

(2) Requires an individual to obtain approval from a local government before engaging in home digital asset mining.

~~(g)~~(1)(e)(1) A person who owns land within two thousand feet (2,000') of the nearest property line of a digital asset mining business may commence an action in a circuit court with proper jurisdiction over the digital asset mining business to enforce the noise reduction techniques required under subdivision ~~(b)(3)~~ (b)(2) of this section.

(2) A person who prevails in an action commenced under subdivision ~~(g)(1)~~ (e)(1) of this section may be awarded reasonable attorney's fees and costs.

SECTION 5. Arkansas Code § 14-1-605 is amended to read as follows:

14-1-605. ~~Discrimination against digital asset mining business prohibited~~ Digital asset mining – Regulation by local governments and Arkansas Public Service Commission.

(a) ~~Except as provided by subsection (d) of this section,~~ a A local

government ~~shall not~~ may:

(1) Enact or adopt an ordinance, policy, or action that limits the sound decibels generated from:

(A) Digital asset mining; or

(B) Home digital asset mining;

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

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

(4) Require an individual to obtain a permit to engage in home digital asset mining.

(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~~ may establish ~~an unreasonably discriminatory~~ a rate for a ~~digital asset mining~~ business customer utilizing a blockchain network.

(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~~ The commission shall promulgate rules to implement this section."