

1 SENATE BILL NO. 178

2 INTRODUCED BY D. ZOLNIKOV

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4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING CRYPTOCURRENCY LAWS;
5 PROHIBITING DISCRIMINATORY DIGITAL ASSET MINING UTILITY RATES; PROHIBITING LOCAL
6 GOVERNMENT POWERS RELATED TO DIGITAL ASSET MINING; PROHIBITING TAXATION ON THE USE
7 OF CRYPTOCURRENCY AS A PAYMENT METHOD; PROVIDING FOR DIGITAL ASSETS AS PERSONAL
8 PROPERTY; AMENDING SECTIONS ~~7-1-111~~, 15-1-101, AND 70-1-108, MCA; AND PROVIDING AN
9 IMMEDIATE EFFECTIVE DATE."

10
11 WHEREAS, digital asset mining provides positive economic value for individuals and companies
12 throughout the United States; and

13 WHEREAS, digital asset mining has often faced difficulty with regulations at the state and local level;
14 and

15 WHEREAS, the State of Montana wants to protect the right of individuals and businesses to mine
16 digital assets and create legal certainty for the digital asset mining industry; and

17 WHEREAS, digital asset mining has the potential to stabilize the grid and provide revenue for
18 infrastructure upgrades statewide.

19
20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

21
22 NEW SECTION. Section 1. Digital asset mining ratemaking. (1) The commission may not establish
23 a rate classification for digital asset mining, digital asset mining businesses, or home digital asset mining that
24 creates UNDULY discriminatory rates.

25 (2) For the purposes of this section, the following definitions apply:

26 (A) "DATA CENTER" MEANS A USE INVOLVING A BUILDING OR PREMISES IN WHICH THE MAJORITY OF THE
27 USE IS OCCUPIED BY COMPUTERS, TELECOMMUNICATIONS, OR RELATED EQUIPMENT, INCLUDING SUPPORTING
28 EQUIPMENT, WHERE INFORMATION IS PROCESSED, TRANSFERRED, AND STORED.

1 (a)(B) "Digital asset mining" means the use of electricity to power a computer for the purpose of
2 securing a blockchain network.

3 (b)(C) "Digital asset mining business" means a group of computers working at a single site that
4 consume more than 1 megawatt of energy ON AN AVERAGE ANNUAL BASIS for the purpose of generating digital
5 assets by securing a blockchain network.

6 (c)(D) "Discriminatory rates" means electricity rates substantially different from other industrial SIMILAR
7 uses of electricity in similar geographic areas AFTER ACCOUNTING FOR THE LOAD PROFILE AND COST OF SERVICE.

8 (d)(E) "Home digital asset mining" means mining digital assets in areas zoned for residential use THAT
9 CONSUME LESS THAN 1 MEGAWATT OF ENERGY ON AN AVERAGE ANNUAL BASIS FOR THE PURPOSE OF GENERATING
10 DIGITAL ASSETS BY SECURING A BLOCKCHAIN NETWORK.

11
12 NEW SECTION. Section 2. Digital assets taxation. A state or local government entity may not
13 charge an additional tax, withholding, assessment, or charge on the value of digital assets when used as a
14 method of payment. (1) DIGITAL ASSETS USED AS A METHOD OF PAYMENT MAY NOT BE SUBJECT TO ANY ADDITIONAL
15 TAX, WITHHOLDING, ASSESSMENT, OR CHARGE BY THE STATE OR A LOCAL GOVERNMENT THAT IS BASED SOLELY ON THE
16 USE OF THE DIGITAL ASSET AS THE METHOD OF PAYMENT.

17 (2) NOTHING IN THIS SECTION PROHIBITS THE STATE OR A LOCAL GOVERNMENT FROM IMPOSING OR
18 COLLECTING A TAX, WITHHOLDING, ASSESSMENT, OR CHARGE OTHERWISE AUTHORIZED BY TITLES 15 OR 16.

19
20 NEW SECTION. Section 3. Right to mine digital assets. (1) A governing body of a city or town, the
21 governing bodies of more than one city or town, the governing body of a county, or any combination of those
22 governing bodies may not enact an ordinance, resolution, or rule that:

23 (a) imposes requirements on a digital asset mining business that are not also requirements for
24 data centers in its area of jurisdiction;

25 (b) prevents a digital asset mining business from operating in an area zoned for industrial use; or

26 (c) prevents home digital asset mining at a private residence, except as related to existing noise
27 ordinances.

28 (2) Any digital asset mining business operating on or before the [effective date of this act] may

1 continue to operate regardless of any change in zoning or regulations.

2

3 **Section 3.** ~~Section 7-1-111, MCA, is amended to read:~~

4 ~~"7-1-111. Powers denied. A local government unit with self-government powers is prohibited from~~
5 ~~exercising the following:~~

6 (1) ~~any power that applies to or affects any private or civil relationship, except as an incident to the~~
7 ~~exercise of an independent self-government power;~~

8 (2) ~~any power that applies to or affects the provisions of 7-33-4128 or Title 39, except that subject~~
9 ~~to those provisions, it may exercise any power of a public employer with regard to its employees;~~

10 (3) ~~any power that applies to or affects the public school system, except that a local unit may~~
11 ~~impose an assessment reasonably related to the cost of any service or special benefit provided by the unit and~~
12 ~~shall exercise any power that it is required by law to exercise regarding the public school system;~~

13 (4) ~~any power that prohibits the grant or denial of a certificate of compliance or a certificate of~~
14 ~~public convenience and necessity pursuant to Title 69, chapter 12;~~

15 (5) ~~any power that establishes a rate or price otherwise determined by a state agency;~~

16 (6) ~~any power that applies to or affects any determination of the department of environmental~~
17 ~~quality with regard to any mining plan, permit, or contract;~~

18 (7) ~~any power that applies to or affects any determination by the department of environmental~~
19 ~~quality with regard to a certificate of compliance;~~

20 (8) ~~any power that defines as an offense conduct made criminal by state statute, that defines an~~
21 ~~offense as a felony, or that fixes the penalty or sentence for a misdemeanor in excess of a fine of \$500, 6~~
22 ~~months' imprisonment, or both, except as specifically authorized by statute;~~

23 (9) ~~any power that applies to or affects the right to keep or bear arms;~~

24 (10) ~~any power that applies to or affects a public employee's pension or retirement rights as~~
25 ~~established by state law, except that a local government may establish additional pension or retirement~~
26 ~~systems;~~

27 (11) ~~any power that applies to or affects the standards of professional or occupational competence~~
28 ~~established pursuant to Title 37 as prerequisites to the carrying on of a profession or occupation;~~

1 ~~(12) — except as provided in 7-3-1105, 7-3-1222, 7-21-3214, or 7-31-4110, any power that applies to~~
2 ~~or affects Title 75, chapter 7, part 1, or Title 87;~~

3 ~~(13) — any power that applies to or affects landlords, as defined in 70-24-103, when that power is~~
4 ~~intended to license landlords or to regulate their activities with regard to tenants beyond what is provided in Title~~
5 ~~70, chapters 24 and 25. This subsection is not intended to restrict a local government's ability to require~~
6 ~~landlords to comply with ordinances or provisions that are applicable to all other businesses or residences~~
7 ~~within the local government's jurisdiction.~~

8 ~~(14) — subject to 7-32-4304, any power to enact ordinances prohibiting or penalizing vagrancy;~~

9 ~~(15) — subject to 80-10-110, any power to regulate the registration, packaging, labeling, sale, storage,~~
10 ~~distribution, use, or application of commercial fertilizers or soil amendments, except that a local government~~
11 ~~may enter into a cooperative agreement with the department of agriculture concerning the use and application~~
12 ~~of commercial fertilizers or soil amendments. This subsection is not intended to prevent or restrict a local~~
13 ~~government from adopting or implementing zoning regulations or fire codes governing the physical location or~~
14 ~~siting of fertilizer manufacturing, storage, and sales facilities.~~

15 ~~(16) — subject to 80-5-136(10), any power to regulate the cultivation, harvesting, production,~~
16 ~~processing, sale, storage, transportation, distribution, possession, use, and planting of agricultural seeds or~~
17 ~~vegetable seeds as defined in 80-5-120. This subsection is not intended to prevent or restrict a local~~
18 ~~government from adopting or implementing zoning regulations or building codes governing the physical location~~
19 ~~or siting of agricultural or vegetable seed production, processing, storage, sales, marketing, transportation, or~~
20 ~~distribution facilities.~~

21 ~~(17) — any power that prohibits the operation of a mobile amateur radio station from a motor vehicle,~~
22 ~~including while the vehicle is in motion, that is operated by a person who holds an unrevoked and unexpired~~
23 ~~official amateur radio station license and operator's license, "technician" or higher class, issued by the federal~~
24 ~~communications commission of the United States;~~

25 ~~(18) — subject to 76-2-240 and 76-2-340, any power that prevents the erection of an amateur radio~~
26 ~~antenna at heights and dimensions sufficient to accommodate amateur radio service communications by a~~
27 ~~person who holds an unrevoked and unexpired official amateur radio station license and operator's license,~~
28 ~~"technician" or higher class, issued by the federal communications commission of the United States;~~

~~(19) — any power to require a fee and a permit for the movement of a vehicle, combination of vehicles, load, object, or other thing of a size exceeding the maximum specified in 61-10-101 through 61-10-104 on a highway that is under the jurisdiction of an entity other than the local government unit;~~

~~(20) — any power to enact an ordinance governing the private use of an unmanned aerial vehicle in relation to a wildfire;~~

~~(21) — any power as prohibited in 7-1-121(2) affecting, applying to, or regulating the use, disposition, sale, prohibitions, fees, charges, or taxes on auxiliary containers, as defined in 7-1-121(5);~~

~~(22) — any power that provides for fees, taxation, or penalties based on carbon or carbon use in accordance with 7-1-116;~~

~~(23) — any power to require an employer, other than the local government unit itself, to provide an employee or class of employees with a wage or employment benefit that is not required by state or federal law;~~

~~(24) — any power to enact an ordinance prohibited in 7-5-103 or a resolution prohibited in 7-5-121 and any power to bring a retributive action against a private business owner as prohibited in 7-5-103(2)(d)(iv) and 7-5-121(2)(c)(iv); or~~

~~(25) — any power to prohibit the sale of alternative nicotine products or vapor products as provided in 16-11-313(1);~~

~~(26) — any power to impose requirements on a digital asset mining business as defined in [section 1] that are not also requirements for data centers in its area of jurisdiction.;~~

~~(27) — any power to prevent home digital asset mining as defined in [section 1] at a private residence, except as related to existing noise OR LIGHTING ordinances; or~~

~~(28) — any power to change the zoning of an area that contains an active digital asset mining business as defined in [section 1] ANY PARCEL OR LOT THAT CONTAINS AN ACTIVE DIGITAL ASSET MINING BUSINESS OR ADJACENT PARCELS OWNED OR CONTROLLED BY AN ACTIVE DIGITAL ASSET MINING BUSINESS AS DEFINED IN [SECTION 1] or prevent a digital asset mining business from operating in an area zoned for industrial use."~~

Section 4. Section 15-1-101, MCA, is amended to read:

"15-1-101. Definitions. (1) Except as otherwise specifically provided, when terms mentioned in this section are used in connection with taxation, they are defined in the following manner:

1 ~~(w)~~(u) The term "stock in trade" means any mobile home, manufactured home, or houstrailer that is
2 listed by the dealer as inventory and that is offered for sale, is unoccupied, and is not located on a permanent
3 foundation. Inventory does not have to be located at the business location of a dealer or a distributor.

4 ~~(w)~~(x) The term "taxable value" means the market value multiplied by the classification tax rate as
5 provided for in Title 15, chapter 6, part 1.

6 ~~(x)~~(y) The term "taxes" in relation to property under 15-6-133, 15-6-134, or 15-6-143 is the amount
7 owed by a taxpayer that is the market value multiplied by the tax rate multiplied by the applicable mills,
8 exclusive of local fees and assessments.

9 (2) The phrase "municipal corporation" or "municipality" or "taxing unit" includes a county, city,
10 incorporated town, township, school district, irrigation district, or drainage district or a person, persons, or
11 organized body authorized by law to establish tax levies for the purpose of raising public revenue.

12 (3) The term "state board", "Montana board", or "board" when used without other qualification
13 means the Montana tax appeal board."
14

15 **Section 5.** Section 70-1-108, MCA, is amended to read:

16 **"70-1-108. Personal property defined.** (1) Every kind of property that is not real is personal.

17 (2) Digital assets are considered personal property.

18 (3) For the purposes of this section, "digital assets" means cryptocurrencies, natively electronic
19 assets, including stable coins and nonfungible tokens, and other digital-only assets that confer economic,
20 proprietary, or access rights or powers."
21

22 NEW SECTION. Section 6. Codification instruction. (1) [Section 1] is intended to be codified as an
23 integral part of Title 69, chapter 3, and the provisions of Title 69, chapter 3, apply to [section 1].

24 (2) [Section 2] is intended to be codified as an integral part of Title 15, and the provisions of Title
25 15 apply to [section 2].

26 (3) [Section 3] is intended to be codified as an integral part of Title 76, chapter 2, and the
27 provisions of Title 76, chapter 2, apply to [section 3].
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