

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

A Bill

HOUSE BILL 1799

5 By: Representative McClure
6 By: Senator J. Bryant
7

For An Act To Be Entitled

9 AN ACT TO CREATE THE ARKANSAS DATA CENTERS ACT OF
10 2023; TO CLARIFY THE REGULATION OF THE DIGITAL ASSET
11 MINING BUSINESS; AND FOR OTHER PURPOSES.
12
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Subtitle

15 TO CREATE THE ARKANSAS DATA CENTERS ACT
16 OF 2023; AND TO CLARIFY THE REGULATION OF
17 THE DIGITAL ASSET MINING BUSINESS.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. Arkansas Code Title 14, Chapter 1, is amended to add an
23 additional subchapter to read as follows:
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Subchapter 5 – Arkansas Data Centers Act of 2023

14-1-501. Title.

28 This subchapter shall be known and may be cited as the "Arkansas Data
29 Centers Act of 2023".
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14-1-502. Legislative findings and intent.

(a) The General Assembly finds that:

33 (1) The data centers industry began its modern version in the
34 1980s, and the industry has seen accelerated growth since 2008;

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



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

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

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

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

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

11
 12 14-1-503. Definitions.

13 As used in this subchapter:

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

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

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

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

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

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

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

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

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

1 of blockchain-distributed ledger technology.

2 (B) "Node" includes a series;

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

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

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

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

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

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 13 14-1-504. Digital asset mining.

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

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

17 (2) Any ordinance concerning operations and safety; and

18 (3) State and federal employment laws.

19 (b) A digital asset miner shall:

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

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

24 (c) An individual may utilize a node in this state for the purpose of
 25 operating home digital asset mining at the individual's residence.

26 (d) A person may have a digital asset mining business in an area that
 27 is zoned for industrial use.

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

31
 32 14-1-505. Discrimination against digital asset mining business
 33 prohibited.

34 (a) A local government shall not:

35 (1) Enact or adopt an ordinance, policy, or action that limits
 36 the sound decibels generated from home digital asset mining other than the

1 limits set for sound pollution generally;

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

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

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

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

12 (c) If consistent with applicable state and federal statutes, orders,
13 rules, and regulations, including without limitation § 23-3-114 and § 23-4-
14 103, the Arkansas Public Service Commission shall not establish an
15 unreasonably discriminatory rate for digital asset mining business customer.

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