

1 State of Arkansas
2 94th General Assembly
3 Fiscal Session, 2024

SR 16

4
5 By: Senator B. King

6
7 **SENATE RESOLUTION**

8 TO AUTHORIZE THE INTRODUCTION OF A NONAPPROPRIATION
9 BILL TO AMEND THE ARKANSAS DATA CENTERS ACT OF 2023,
10 TO AMEND THE REQUIREMENTS THAT A DIGITAL ASSET MINING
11 BUSINESS OR BUSINESS UTILIZING A BLOCKCHAIN NETWORK
12 MUST COMPLY WITH, TO AMEND THE AUTHORITY OF A LOCAL
13 GOVERNMENT WITH RESPECT TO A DIGITAL ASSET MINING
14 BUSINESS OR INDIVIDUAL ENGAGING IN HOME DIGITAL ASSET
15 MINING, AND TO PROHIBIT CERTAIN FOREIGN NATIONALS
16 FROM OWNING OR INVESTING IN A DIGITAL ASSET MINING
17 BUSINESS IN ARKANSAS.

18
19
20 **Subtitle**

21 TO AUTHORIZE THE INTRODUCTION OF A
22 NONAPPROPRIATION BILL TO AMEND THE
23 ARKANSAS DATA CENTERS ACT OF 2023 AND TO
24 AMEND THE REQUIREMENTS FOR A DIGITAL
25 ASSET MINING BUSINESS OR BUSINESS USING A
26 BLOCKCHAIN NETWORK.

27
28
29 BE IT RESOLVED BY THE SENATE OF THE NINETY-FOURTH GENERAL ASSEMBLY OF THE
30 STATE OF ARKANSAS:

31
32 THAT Senator King is authorized to introduce a bill which as introduced
33 will read substantially as follows:

34
35 "Title

36 AN ACT TO AMEND THE ARKANSAS DATA CENTERS ACT OF 2023; TO AMEND THE



1 REQUIREMENTS THAT A DIGITAL ASSET MINING BUSINESS OR BUSINESS UTILIZING A
 2 BLOCKCHAIN NETWORK MUST COMPLY WITH; TO AMEND THE AUTHORITY OF A LOCAL
 3 GOVERNMENT WITH RESPECT TO A DIGITAL ASSET MINING BUSINESS OR INDIVIDUAL
 4 ENGAGING IN HOME DIGITAL ASSET MINING; TO PROHIBIT CERTAIN FOREIGN NATIONALS
 5 FROM OWNING OR INVESTING IN A DIGITAL ASSET MINING BUSINESS IN ARKANSAS; AND
 6 FOR OTHER PURPOSES.

7
 8 Subtitle

9 TO AMEND THE ARKANSAS DATA CENTERS ACT OF 2023; AND TO AMEND THE REQUIREMENTS
 10 THAT A DIGITAL ASSET MINING BUSINESS OR BUSINESS UTILIZING A BLOCKCHAIN
 11 NETWORK MUST COMPLY WITH.

12
 13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

14
 15 SECTION 1. Arkansas Code § 14-1-601 is amended to read as follows:
 16 14-1-601. Title.

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

19
 20 SECTION 2. Arkansas Code § 14-1-602 is repealed.

21 ~~14-1-602. Legislative findings and intent.~~

22 ~~(a) The General Assembly finds that:~~

23 ~~(1) The data centers industry began its modern version in the~~
 24 ~~1980s, and the industry has seen accelerated growth since 2008;~~

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

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

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

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

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

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

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

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

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

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

10
11 SECTION 4. Arkansas Code § 14-1-604 is amended to read as follows:

12 14-1-604. Digital asset mining – Operations.

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

16 ~~(1) State law concerning business guidelines and tax policies;~~
17 Complies with:

18 ~~(2)(A) Any ordinance concerning operations and safety;~~

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

21 ~~(4)(C) State and federal employment laws; and~~

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

24 (b) A digital asset miner shall:

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

27 ~~(2) Operate~~ operate in a manner that causes no stress on an
28 electric public utility's or water system's generation capabilities or
29 transmission network.

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

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

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

36 ~~(d) A person may have a digital asset mining business in an area that~~

1 ~~is zoned for industrial use that has not been designated by the local~~
 2 ~~government for other uses.~~

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

6
 7 SECTION 5. Arkansas Code § 14-1-605 is amended to read as follows:

8 14-1-605. ~~Discrimination against digital asset mining business~~
 9 ~~prohibited~~ Digital asset mining – Regulation by public entities.

10 (a) ~~Except as provided by subsection (d) of this section, a~~ A local
 11 government ~~shall not~~ may:

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

14 (A) Digital asset mining; or home

15 (B) Home digital asset mining ~~other than the limits set~~
 16 ~~for sound pollution generally;~~

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

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

23 (4) ~~Rezone an area with the intent or effect of discriminating~~
 24 ~~against a digital asset mining business~~ Require an individual to obtain a
 25 permit to engage in home digital asset mining.

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

29 (c) If consistent with applicable state and federal statutes, orders,
 30 rules, and regulations, including without limitation §§ 23-3-114 and 23-4-
 31 103, the Arkansas Public Service Commission ~~shall not~~ may establish ~~an~~
 32 ~~unreasonably discriminatory~~ a rate for a digital asset mining business
 33 customer utilizing a blockchain network.

34 (d) ~~The prohibitions under subsection (a) of this section do not apply~~
 35 ~~to any rule or rate for utility service provided by or on behalf of a public~~
 36 ~~entity~~ The Arkansas Public Service Commission shall promulgate rules to

1 implement this section.

2
3 SECTION 6. Arkansas Code Title 14, Chapter 1, Subchapter 6, is amended
4 to add an additional section to read as follows:

5 14-1-606. Ownership of or investment in digital asset mining business
6 located in this state by certain foreign nationals prohibited – Definition.

7 (a)(1) As used in this section, "foreign national" means a citizen of
8 a prohibited foreign party who is subject to § 126.1 of the International
9 Traffic in Arms Regulations, 22 C.F.R. §§ 120.1 – 130.17, as it existed on
10 January 1, 2023.

11 (2) As used in this section, "foreign national" does not include
12 an individual who is a citizen of the United States.

13 (b) Notwithstanding any other law, a foreign national shall not own or
14 operate a digital asset mining business in this state.

15 (c) An ownership interest in or investment in a digital asset mining
16 business in violation of this section is subject to divestiture as provided
17 in this section.

18 (d) Upon request of a person or upon receipt of information that leads
19 the Attorney General to believe that a violation of this section may exist,
20 the Attorney General may issue subpoenas requiring the:

21 (1) Appearance of witnesses;

22 (2) Production of relevant records; and

23 (3) Giving of relevant testimony.

24 (e)(1) If as a result of the investigation under subsection (d) of
25 this section the Attorney General concludes that a violation of this section
26 has occurred, the Attorney General may order the foreign national to divest
27 himself, herself, or itself of all interest in the digital asset mining
28 business within thirty (30) days.

29 (2) If the foreign national under subdivision (e)(1) of this
30 section fails to divest himself, herself, or itself of all interest in the
31 digital asset mining business, the Attorney General may commence an action in
32 a circuit court within the jurisdiction of the location of the digital asset
33 mining business.

34 (3)(A) Except in the case of dismissal, the circuit court under
35 subdivision (e)(2) of this section may order that the digital asset mining
36 business be sold.

1 (B) Proceeds of the sale under subdivision (e)(3)(A) of
2 this section shall be disbursed to lien holders in the order of priority.

3 (4)(A) A civil penalty of twenty-five thousand dollars (\$25,000)
4 may be assessed against the foreign national under subdivision (e)(1) of this
5 section for the failure to divest himself, herself, or itself of all interest
6 in the digital asset mining business within thirty (30) days as required
7 under subdivision (e)(1) of this section.

8 (B) A civil penalty of fifty thousand dollars (\$50,000)
9 may be assessed against the foreign national under subdivision (e)(1) of this
10 section for the failure to divest himself, herself, or itself of all interest
11 in the digital asset mining business after an additional thirty (30) days
12 beyond the requirement under subdivision (e)(1) of this section.

13 (f) The proceeds from the civil penalty collected under subdivision
14 (e)(4) of this section shall be disbursed as follows:

15 (1) One-third (1/3) to the State Securities Department, to a
16 cash fund deposited into the State Treasury as determined by the Chief Fiscal
17 Officer of the State, to be used exclusively for:

18 (A) Personal services and operating expenses; and

19 (B) Investigating or auditing, or both, for proof of
20 ownership of the digital asset mining business in accordance with this
21 section;

22 (2) One-third (1/3) to the Office of the Attorney General, to a
23 cash fund deposited into the State Treasury as determined by the Chief Fiscal
24 Officer of the State, to be used exclusively for:

25 (A) Personal services and operating expenses; and

26 (B) Investigating or auditing, or both, for proof of
27 ownership of the digital asset mining business in accordance with this
28 section; and

29 (3) One-third (1/3) to the Department of Energy and Environment,
30 to a cash fund deposited into the State Treasury as determined by the Chief
31 Fiscal Officer of the State, to be used exclusively for:

32 (A) Personal services and operating expenses; and

33 (B) Investigating or auditing, or both, for proof of
34 ownership of the digital asset mining business in accordance with this
35 section."

36