

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

As Engrossed: S4/6/23

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.

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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;

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

20 (4) State and federal employment laws.

21 (b) A digital asset miner shall:

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

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

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

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

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

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36 14-1-505. Discrimination against digital asset mining business

1 prohibited.

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

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

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

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

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

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

17 (c) If consistent with applicable state and federal statutes, orders,
18 rules, and regulations, including without limitation § 23-3-114 and § 23-4-
19 103, the Arkansas Public Service Commission shall not establish an
20 unreasonably discriminatory rate for a digital asset mining business
21 customer.

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

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26 /s/McClure
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