

INTERIM STUDY PROPOSAL 2023-014

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

A Bill

ANS/ANS
SENATE BILL

5
6 By: Senator B. King

7 Filed with: Arkansas Legislative Council
8 pursuant to A.C.A. § 10-3-217.

For An Act To Be Entitled

9
10 AN ACT TO REPEAL THE ARKANSAS DATA CENTERS ACT OF
11 2023; AND FOR OTHER PURPOSES.

Subtitle

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15 TO REPEAL THE ARKANSAS DATA CENTERS ACT
16 OF 2023.

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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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21 SECTION 1. Arkansas Code Title 14, Chapter 1, Subchapter 6, is
22 repealed.

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24 ~~Subchapter 6 — Arkansas Data Centers Act of 2023~~

25
26 ~~14-1-601. Title.~~

27 ~~This subchapter shall be known and may be cited as the "Arkansas Data~~
28 ~~Centers Act of 2023".~~

29
30 ~~14-1-602. Legislative findings and intent.~~

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

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

34 ~~(2) Data centers have seen global growth with the expansion of~~
35 ~~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 ~~14-1-603. 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 similarly~~
33 ~~elected 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;~~

1 ~~(9)(A) "Node" means a computational device that contains a copy~~
2 ~~of blockchain distributed ledger technology.~~

3 ~~(B) "Node" includes a series;~~

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

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

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

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

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

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14 ~~14-1-604. Digital asset mining.~~

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

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

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

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

21 ~~(4) State and federal employment laws.~~

22 ~~(b) A digital asset miner shall:~~

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

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

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

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

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

36

1 ~~14-1-605. Discrimination against digital asset mining business~~
2 ~~prohibited.~~

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

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

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

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

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

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

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

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

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27 Referred by Senator B. King

28 Prepared by: ANS/ANS

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