

Kirk A. Cullimore proposes the following substitute bill:

Blockchain and Digital Innovation Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jordan D. Teuscher

Senate Sponsor: Kirk A. Cullimore

LONG TITLE

General Description:

This bill creates authority for the state treasurer to invest public funds in certain digital assets.

Highlighted Provisions:

This bill:

- defines terms;
- prohibits state and local governmental entities from restricting the acceptance or custody of digital assets;
- establishes the right to operate nodes, develop software, transfer digital assets, and participate in staking on blockchain protocols;
- creates exemptions from money transmitter licensing requirements for certain blockchain and digital asset activities;
- restricts the ability of political subdivisions to impose sound limitations or zoning restrictions on digital asset mining businesses in industrial zones; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

- 7-28-101**, Utah Code Annotated 1953
- 7-28-102**, Utah Code Annotated 1953
- 7-28-103**, Utah Code Annotated 1953
- 7-28-104**, Utah Code Annotated 1953

29 **10-9a-541**, Utah Code Annotated 1953
30 **17-27a-536**, Utah Code Annotated 1953

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32 *Be it enacted by the Legislature of the state of Utah:*

33 Section 1. Section **7-28-101** is enacted to read:

34 **7-28-101 . Definitions.**

35 As used in this chapter:

36 (1) "Blockchain protocol" means any executable software deployed to enable the transfer of
37 data and electronic records through a distributed network of nodes, including an
38 additional standardized set of rules that uses a previously existing blockchain as a base.

39 (2) "Digital asset" means:

40 (a) virtual currency;

41 (b) cryptocurrency;

42 (c) natively electronic assets, including:

43 (i) stablecoins; and

44 (ii) non-fungible tokens; or

45 (d) other digital-only assets that confer economic, proprietary, or access rights or powers.

46 (3) "Hardware wallet" means a physical device that:

47 (a) is not continuously connected to the Internet;

48 (b) allows an individual to secure and transfer digital assets; and

49 (c) enables the owner of digital assets to retain independent control over the digital
50 assets.

51 Section 2. Section **7-28-102** is enacted to read:

52 **7-28-102 . Permitted uses of digital assets.**

53 A state or local governmental entity may not prohibit, restrict, or impair a person's
54 ability to:

55 (1) accept digital assets as a method of payment for legal goods and services; or

56 (2) take custody of digital assets using:

57 (a) a self-hosted wallet; or

58 (b) a hardware wallet.

59 Section 3. Section **7-28-103** is enacted to read:

60 **7-28-103 . Access to blockchain protocols and transfer of digital assets.**

61 A person may:

62 (1) operate a node for the purpose of:

- 63 (a) connecting to a blockchain protocol; and
 64 (b) participating in the blockchain protocol's operations;
 65 (2) develop software on a blockchain protocol;
 66 (3) transfer digital assets to another individual or business utilizing a blockchain protocol; or
 67 (4) participate in staking on a blockchain protocol.

68 Section 4. Section **7-28-104** is enacted to read:

69 **7-28-104 . Exemption from money transmission license.**

70 The following activities do not require an individual or business to obtain a money
 71 transmitter license under Title 7, Chapter 25, Money Transmitter Act:

- 72 (1) operating one or more nodes on a blockchain protocol;
 73 (2) developing software on a blockchain protocol; or
 74 (3) operating a business or decentralized protocol that:
 75 (a) effectuates the exchange of one digital asset for another digital asset; and
 76 (b) does not exchange digital assets for legal tender or bank deposits.

77 Section 5. Section **10-9a-541** is enacted to read:

78 **10-9a-541 . Digital asset mining -- Zoning restrictions.**

79 (1) As used in this section:

- 80 (a) "Digital asset" means the same as that term is defined in Section 7-28-101.
 81 (b) "Digital asset mining" means using computer hardware and software specifically
 82 designed or utilized for validating data and securing a blockchain network.
 83 (c) "Digital asset mining business" means a group of computers working at a single site
 84 that:
 85 (i) consumes more than one megawatt of energy on an average annual basis; and
 86 (ii) operates for the purpose of generating blockchain tokens by securing a
 87 blockchain network.

88 (2) A political subdivision of the state may not enact an ordinance, resolution, or rule that:

- 89 (a) for digital asset mining businesses located in areas zoned for industrial use, imposes
 90 sound restrictions on digital asset mining businesses that are more stringent than the
 91 generally applicable limits set for industrial-zoned areas; or
 92 (b) prevents a digital asset mining business from operating in an area zoned for
 93 industrial use if the digital asset mining business meets other requirements for
 94 industrial use.

95 Section 6. Section **17-27a-536** is enacted to read:

96 **17-27a-536 . Digital asset mining -- Zoning restrictions.**

97 (1) As used in this section:

98 (a) "Digital asset" means the same as that term is defined in Section 7-28-101.

99 (b) "Digital asset mining" means using computer hardware and software specifically
100 designed or utilized for validating data and securing a blockchain network.

101 (c) "Digital asset mining business" means a group of computers working at a single site
102 that:

103 (i) consumes more than one megawatt of energy on an average annual basis; and

104 (ii) operates for the purpose of generating blockchain tokens by securing a
105 blockchain network.

106 (2) A political subdivision of the state may not enact an ordinance, resolution, or rule that:

107 (a) for digital asset mining businesses located in areas zoned for industrial use, imposes
108 sound restrictions on digital asset mining businesses that are more stringent than the
109 generally applicable limits set for industrial-zoned areas; or

110 (b) prevents a digital asset mining business from operating in an area zoned for
111 industrial use if the digital asset mining business meets other requirements for
112 industrial use.

113 **Section 7. Effective Date.**

114 This bill takes effect on May 7, 2025.