**South Carolina General Assembly**

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**S. 1039**

**STATUS INFORMATION**

General Bill

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Currently residing in the Senate Committee on **Banking and Insurance**

Summary: Cryptocurrency Blockchain

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

2/8/2024 Senate Introduced and read first time ([Senate Journal‑page 3](h:\sj\20240208.docx))

2/8/2024 Senate Referred to Committee on **Banking and Insurance** ([Senate Journal‑page 3](h:\sj\20240208.docx))

View the latest  [legislative information](https://www.scstatehouse.gov/billsearch.php?billnumbers=1039&session=125&summary=B)  at the website

**VERSIONS OF THIS BILL**

[02/08/2024](https://www.scstatehouse.gov/sess125_2023-2024/prever/1039_20240208.docx)

A bill

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY ADDING SECTION 34‑47‑10 SO AS TO PROVIDE DEFINITIONS RELATED TO CRYPTOCURRENCY; BY ADDING SECTION 34‑47‑20 SO AS TO PERMIT AN INDIVIDUAL TO USE DIGITAL ASSETS AND TO PROHIBIT ADDITIONAL TAXATION OF DIGITAL ASSETS; BY ADDING SECTION 34‑47‑30 SO AS TO PERMIT AN INDIVIDUAL TO PARTICIPATE IN HOME DIGITAL ASSET MINING; BY ADDING SECTION 34‑47‑40 SO AS TO PROVIDE THAT AN INDIVIDUAL ENGAGED IN HOME DIGITAL ASSET MINING OR A DIGITAL ASSET MINING BUSINESS SHALL NOT BE REQUIRED TO OBTAIN A MONEY TRANSMITTER LICENSE, AND TO PERMIT THE USE OF NODES FOR THE PURPOSE OF CONNECTING TO A BLOCKCHAIN PROTOCOL AND TRANSFERRING DIGITAL ASSETS.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Title 34 of the S.C. Code is amended by adding:

CHAPTER 47

Cryptocurrency

Section 34‑47‑10. As used in this chapter:

(1) “Blockchain” means data that is shared across a network to create a ledger of verified transactions or information among network participants linked using cryptography to maintain the integrity of the ledger and to execute other functions and distributed among network participants in an automated fashion to concurrently update network participants on the state of the ledger and any other functions.

(2) “Blockchain protocol” means any executable software deployed to a blockchain composed of source code that is publicly available and accessible, including a smart contract or any network of smart contracts.

(3) “Digital asset” means virtual currency, cryptocurrencies, natively electronic assets, including stablecoins and non‑fungible tokens, and other digital‑only assets that confer economic, proprietary, or access rights or powers.

(4) “Hardware wallet” means a physical device that is not continuously connected to the internet and allows an individual to secure and transfer digital assets and under which the owner of the digital assets retains independent control over the digital assets.

(5) “Self‑hosted wallet” means a digital interface used to secure and transfer digital assets and under which the owner of the digital asset retains independent control over the digital assets that are secured by digital interface.

(6) “Node” means a computational device that communicates with other devices or participants on a blockchain to maintain consensus and the integrity of that blockchain, creates and validates transaction blocks, or contains and updates a copy of a blockchain.

(7) “Digital asset mining” means using electricity to power a computer or node for the purpose of securing a blockchain network.

(8) “Home digital asset mining” means using digital asset mining in an area zoned for residential use.

(9) “Digital asset mining business” means a group of computers working together that consume more than one megawatt of energy for the purpose of securing a blockchain protocol.

(10) “Discriminatory rates” means electricity rates substantially different from other industrial uses of electricity in similar geographic areas.

(11) “Staking” means committing digital assets for a period of time to validate and secure a specific blockchain protocol.

(12) “Staking as a service” means the provision of technical staking services, including, but not limited to, the operation of nodes and the associated infrastructure, necessary to facilitate participation in blockchain protocol consensus mechanisms.

Section 34‑47‑20. (A) An individual shall not be prohibited, restricted, or otherwise prevented from:

(1) using digital assets to purchase legal goods or services; or

(2) using a self‑hosted wallet, hardware wallet, or third‑party wallet to maintain self‑custody of digital assets.

(B) Digital assets used as a method of payment may not be subject to any additional tax, withholding, assessment, or charge by the state or a local government that is based solely on the use of the digital asset as the method of payment.

(C) Digital assets used as a method of payment shall not be subject to capital gains tax if the total amount priced is less than two‑hundred dollars. This figure shall be adjusted annually for inflation annually on January first, according to the average annual increase in the Consumer Price Index. The Department of Revenue shall calculate and publish the inflation adjusted fee on or before January thirty first.

(D) This section shall not prohibit the state or a local government from imposing or collecting a tax, withholding, assessment, or charge that would otherwise be imposed or collected if the transaction had taken place with United States legal tender.

Section 34‑47‑30. (A) An individual shall not be prohibited, restricted, or otherwise prevented from participating in home digital asset mining as long as the person engaging in home digital asset mining complies with all local noise ordinances.

(B) A political subdivision shall not:

(1) place a specific limit on sound decibels generated from home digital asset mining operation other than current limits set for sound pollution imposed by the political subdivision;

(2) place restrictions on a digital asset mining business in any area that is zoned for industrial use;

(3) place a specific limit on sound decibels generated from a digital asset mining business other than limits generally imposed for sound pollution in industrial zoned areas;

(4) impose other requirements on a digital asset mining business that are not also requirements for data centers in its area of jurisdiction; and

(5) change the zoning of a digital asset mining business without going through the proper notice and comment.

(C) A digital asset mining business may appeal a change in zoning to the proper court of jurisdiction, and a judge shall reject such a change in zoning if it was done to discriminate against a digital asset mining business.

(D) The Public Service Commission of South Carolina shall not establish a rate schedule for digital asset mining that creates discriminatory rates for digital asset mining businesses.

Section 34‑47‑40. (A) An individual engaged in home digital asset mining or a digital asset mining business shall not be required to obtain a money transmitter license pursuant to Article 2, Chapter 11, Title 35.

(B) An individual or business shall not be prohibited from operating a node for the purpose of connecting to a blockchain protocol or a protocol built on top of a blockchain protocol and transferring digital assets on a blockchain protocol or to participate in staking on a blockchain protocol.

(C) An individual or business operating a node or a series of nodes on a blockchain protocol shall not be required obtain a money transmitter license pursuant to Article 2, Chapter 11, Title 35.

(D) A business offering to provide digital asset mining or staking as a service for individuals or to other businesses shall not be considered as offering a security or investment contract pursuant to Title 35.

(E) Notwithstanding any other provision of law, anyone engaged in digital asset mining, operating a node or series of nodes on a blockchain network, or providing digital asset mining or staking as a service for individuals or other businesses shall not face liability related to a specific transaction merely by validating that transaction.

SECTION 2. This act takes effect upon approval by the Governor.

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