



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

STATEMENT OF ESTIMATED FISCAL IMPACT

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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	S. 0163	Introduced on January 14, 2025
Subject:	Cryptocurrency	
Requestor:	Senate Banking and Insurance	
RFA Analyst(s):	Tipton	
Impact Date:	January 29, 2025	

Fiscal Impact Summary

This bill prohibits any state governing authority from accepting or requiring a payment using central bank digital currency issued by the Federal Reserve or other federal agency. The bill also provides protections for users of digital assets, defined by the bill to include cryptocurrencies and non-fungible tokens. The bill establishes various requirements and protections for individuals or businesses engaging in digital asset mining, including Public Service Commission (PSC) oversight of the energy use of these entities. The bill exempts individuals or businesses engaging in digital asset mining from the money transmitter license requirement under current law, but states that nothing may prevent the Attorney General's Office (AG) from instituting action alleging fraud against an individual or business that claims to be offering digital asset mining as a service.

Currently, there is no central bank digital currency issued by the Federal Reserve or any other federal agency. Therefore, this bill will not impact the ability for any governing authority in the state to accept or require payments under current practice.

This bill will have no impact on the Board of Financial Institutions (BOFI), State Treasurer's Office (STO), or PSC, as those entities indicate that the provisions of the bill will be managed with existing staff and resources. Further, we anticipate that this bill will have no impact on the AG as the bill does not expressly require any action by the office. However, we will update this fiscal impact statement if a response to the contrary is received.

Explanation of Fiscal Impact

Introduced on January 14, 2025

State Expenditure

This bill prohibits any state governing authority from accepting or requiring a payment using central bank digital currency. The bill also prohibits state governing authorities from participating in any test of central bank digital currency by the Board of Governors of the Federal Reserve System or branch or agency of the federal government. The bill establishes protections for users of digital assets, defined by the bill to include cryptocurrencies and non-fungible tokens, to purchase legal goods and services that may not be subject to any additional tax or assessment on the sole basis of currency medium. The bill defines several cryptocurrency and blockchain related terms for use in the chapter.

Under the bill, an individual may not be prohibited from participating in digital asset mining in an area zoned for residential use as long as the person engaging in digital asset mining complies with all local ordinances. Digital asset mining businesses may not be subject to any restrictions that do not generally apply to businesses in the area, including a limit on sound decibels generated from business-related activities. Digital asset mining businesses are required to operate in a manner that does not place any additional stress on the electrical grid, and upon request, must provide PSC with a copy of their power purchase agreement demonstrating that the business can reduce power consumption during periods of electrical grid stress.

The bill further states that an individual or business engaged in digital asset mining, operating a blockchain protocol, developing software on a blockchain protocol, or exchanging a digital asset for another digital asset without the exchange of legal tender or bank deposits is not required to obtain a money transmitter license pursuant to Article 2, Chapter 11, Title 35. The bill states that nothing may prevent the Attorney General from instituting action alleging fraud against an individual or business that claims to be offering digital asset mining as a service.

Currently, there is no central bank digital currency issued by the Federal Reserve or any other federal agency. Therefore, this bill will not impact the ability of any governing authority in the state to accept or require payments under current practice.

Board of Financial Institutions. BOFI oversees and regulates financial institutions in the state that may hold or mine digital assets that would be subject to the requirements of this bill. The board indicates that the provisions of the bill will be managed with existing resources and staff. Therefore, this bill will have no impact on BOFI.

State Treasurer's Office. The State Treasurer's Office manages state funds and the disbursement of funds for governing authorities. STO indicates that the bill's restrictions on the use and implementation of central bank digital currency will be managed with existing resources and staff. Therefore, this bill will have no impact on STO.

Public Service Commission. PSC may request that a digital asset mining business provide the commission with a copy of their power purchase agreement demonstrating that the business can reduce power consumption during periods of electrical grid stress. PSC indicates that this requirement will be managed with existing resources and staff. Therefore, this bill will have no impact on the commission.

Attorney General's Office. The AG oversees money transmitters and issues licenses pursuant to Article 2, Chapter 11, Title 35, under which digital asset mining businesses and individuals would be exempt. The AG also has jurisdiction over any fraud case against an individual or business that claims to be offering digital asset mining as a service. Because this bill does not expressly require any action by the office, we anticipate that this bill will have no impact on the AG. However, we will update this fiscal impact statement if a response to the contrary is received.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director