**The Blockchain Basics Act**

**Definitions**: As used in this chapter the following words have the following meanings:

“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.

“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.

“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.”

“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 such digital interface.

“Node” means a computational device which contains and updates a copy of a blockchain.

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

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

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

“Discriminatory rates” mean electricity rates substantially different from other industrial uses of electricity in similar geographic areas.

“Staking” means using a node to lock digital assets in order to operate the consensus mechanism of a blockchain protocol.

**Provision Allowing for the Holding and Use of Private Digital Currency**

The government of Insert State Here shall not prohibit, restrict, or otherwise impair the ability of an individual to

A. Use digital assets to purchase legal goods or services;

B. Self-custody digital assets using a self-hosted wallet or third party wallet

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.

Digital assets used as a method of payment shall not be subject to capital gains tax subject to a $200 limit per transaction, this figure shall be adjusted annually for inflation on January 1st of each year, according to the average annual increase in the Consumer Price Index.

The previous section shall not prohibit the state or a local government from imposing or collecting a tax, withholding, assessment, or charge that would otherwise be offered if the transaction had taken place with United States legal tender.

**Provisions Allowing for Infrastructure to Run the Bitcoin Network**

"It shall be legal in the state of insert state here to participate in home digital asset mining as long as the person engaging in home digital asset mining complies with all local noise ordinances.

A political subdivision shall place no specific limit on sound decibels generated from home digital asset mining other than current limits set for sound pollution put forth by the political subdivision.

It shall be legal in the state of insert state here to have a digital asset mining business in any area that is zoned for industrial use.

A political subdivision shall place no specific limit on sound decibels generated from a digital asset mining business other than limits set for sound pollution which apply to industrial zoned areas generally.

A political subdivision shall not be able to impose any other requirements on a digital asset mining business that is also not a requirement for data centers in its area of jurisdiction.

A political subdivision shall not be able to change the zoning of a digital asset mining business without going through the proper notice and comment.

A digital asset mining business shall be able to appeal a change in zoning to the proper court of jurisdiction. A judge shall reject such a change in zoning if it was done to discriminate against a digital asset mining business.

The Public Service Commission of insert state here shall not establish a rate schedule for digital asset mining that creates discriminatory rates for digital asset mining businesses.

**Provisions Allowing for the Process to Run Other Blockchain Networks**

Anyone engaged in home digital asset mining, or a digital asset mining business shall not be required to obtain a money transmitter license under insert section here to engage in that activity.

It shall be legal in the state of insert state here to operate 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.

Operating a node or a series of nodes on a blockchain protocol shall not require an individual or business to obtain a money transmitter license under insert section here to engage in that activity.

For the avoidance of doubt, a business offering to provide digital asset mining or staking services for individuals or to other businesses shall not be considered as offering a security or investment contract under insert section here.

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 services for individuals or other businesses shall not face liability related to a specific transaction merely by validating that transaction.