

State Corporation Commission 2024 Session Fiscal Impact Statement

1. Bill Number: SB339

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Salim

3. Committee: Commerce and Labor

4. Title: Digital asset mining; holding, use, and transfer of digital assets; securities exemption; tax.

5. Summary: Exempts any person engaging in home digital asset mining, digital asset mining, or digital asset mining business activities, as those terms are defined in the bill, from the requirement to obtain a money transmitter license from the State Corporation Commission/Bureau of Financial Institutions. The bill exempts issuers and sellers of digital assets from securities registration requirements if certain conditions are met.

Under the bill, no locality's industrial zone may prohibit the use of such area for digital asset mining or digital asset mining business activities and no local sound ordinance may be more restrictive for digital asset mining or digital asset mining business activities than the current industrial zone noise ordinance of the locality.

Additionally, the bill provides that, for taxable years beginning on and after January 1, 2024, up to \$200 per transaction of any net capital gain from exchanges made after January 1, 2024, for one legal tender to another legal tender shall be subtracted from taxable income computations. The bill provides that any person in the Commonwealth may use or transfer digital assets to purchase legal goods or services or transfer or exchange digital assets using a blockchain protocol and that no person engaging in digital asset mining, digital asset mining business activities, or providing digital asset mining or staking services for another person or operating a node or series of nodes on a blockchain network shall be subject to liability for merely validating a transaction.

The bill also directs the Bureau of Financial Institutions of the State Corporation Commission to convene a work group for the purpose of studying and making recommendations related to blockchain technology, digital asset mining, and cryptocurrency activity in the Commonwealth. A report of the work group is due by November 1, 2024.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

8. Fiscal Implications: The proposed legislation would have an impact on the State Corporation Commission as the Commission's Bureau of Financial Institutions would need to identify work group representatives, prepare for and hold work group meetings, prepare

the report to the Governor and General Assembly, as well as other miscellaneous coordination efforts.

The Commission would rely on existing regulatory, legal and administrative staff to perform this work. It is estimated that the effort would require the contributions and time of up to ten staff members, including several senior staff members.

The Division of Securities and Retail Franchising can absorb the administrative work of making available online a notice of intent form. Any future potential fiscal impact on the Division is indeterminate at this time as it depends on the volume of entities submitting the a notice of intent.

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission, Bureau of Financial Institutions and the Division of Securities and Retail Franchising.

10. Technical Amendment Necessary: No.

11. Other Comments: None.