

IN THE SENATE

SENATE BILL NO. 1296

BY COMMERCE AND HUMAN RESOURCES COMMITTEE

AN ACT

1 RELATING TO THE BITCOIN PROTECTION ACT; AMENDING TITLE 28, IDAHO CODE, BY
2 THE ADDITION OF A NEW CHAPTER 54, TITLE 28, IDAHO CODE, TO PROVIDE A
3 SHORT TITLE AND LEGISLATIVE FINDINGS, TO DEFINE TERMS, TO PROVIDE FOR
4 THE RIGHT TO MINE BITCOIN, TO PROHIBIT DISCRIMINATORY BITCOIN MINING
5 RATEMAKING, TO PROVIDE FOR THE RIGHT TO SELF-CUSTODY AND USE OF BITCOIN,
6 TO ESTABLISH PROVISIONS REGARDING BITCOIN TAXATION, AND TO PROVIDE FOR
7 THE RIGHT TO RUN BITCOIN NODES; AND DECLARING AN EMERGENCY AND PROVIDING
8 AN EFFECTIVE DATE.
9

10 Be It Enacted by the Legislature of the State of Idaho:

11 SECTION 1. That Title 28, Idaho Code, be, and the same is hereby amended
12 by the addition thereto of a NEW CHAPTER, to be known and designated as Chap-
13 ter 54, Title 28, Idaho Code, and to read as follows:

14 CHAPTER 54
15 BITCOIN PROTECTION ACT

16 28-5401. SHORT TITLE AND LEGISLATIVE FINDINGS. (1) This chapter shall
17 be known and may be cited as the "Bitcoin Protection Act."

18 (2) The legislature finds that bitcoin mining provides positive eco-
19 nomic value for individuals, nonprofits, corporations, cities, and states
20 throughout the United States. Bitcoin mining has the potential to stabi-
21 lize the grid and provide revenue for infrastructure upgrades statewide.
22 However, bitcoin mining has often faced difficulty with regulations at the
23 state and local level. Therefore, the legislature desires to protect the
24 right of individuals and businesses to mine bitcoin and create legal cer-
25 tainty for the bitcoin mining industry in Idaho by enacting this chapter.

26 28-5402. DEFINITIONS. As used in this chapter:

27 (1) "Bitcoin" means a peer-to-peer network of computers and private
28 keys that participate in the exchange of the world's first digital currency.
29 Users hold private keys that are used to sign transactions. Nodes in the
30 peer-to-peer bitcoin network verify transactions through cryptography and
31 record them in a public distributed ledger, called a blockchain, without
32 central oversight. Bitcoin is a digital asset that is used as a store of
33 value and currency.

34 (2) "Bitcoin mining" means the use of electricity to power a computer
35 for the purpose of validating and securing the bitcoin network.

36 (3) "Bitcoin mining business" means a group of computers working at a
37 single site that consume more than one (1) megawatt of energy on an average
38 annual basis for the purpose of generating bitcoin by securing the bitcoin
39 network.

1 (4) "Bitcoin node" means a computational device that contains a copy of
2 the bitcoin blockchain-distributed ledger technology that acts as a commu-
3 nication hub, validates transactions, and relays information on the bitcoin
4 network.

5 (5) "Bitcoin private keys" means an alphanumeric code used in cryptog-
6 raphy, similar to a password, and used in the bitcoin network to authorize
7 transactions and prove ownership of bitcoin.

8 (6) "Bitcoin public keys" means an alphanumeric code used as a public
9 address to receive bitcoin.

10 (7) "Data center" means a use involving a building or premises in which
11 the majority of the use is occupied by computers, telecommunications, or re-
12 lated equipment, including supporting equipment, where information is pro-
13 cessed, transferred, and stored.

14 (8) "Discriminatory rates" means electricity rates substantially
15 different from other similar industrial uses of electricity in similar geo-
16 graphic areas after accounting for the cost of service.

17 (9) "Hardware cryptocurrency wallet" means a physical device capable
18 of storing bitcoin private keys or bitcoin public keys offline.

19 (10) "Home bitcoin mining" means mining bitcoin in areas zoned for res-
20 idential use that consume less than one (1) megawatt of energy on an average
21 annual basis for the purpose of generating bitcoin by securing the bitcoin
22 network.

23 (11) "Software cryptocurrency wallet" means a program or application
24 that exists on an internet connected device such as a phone or computer that
25 is capable of storing bitcoin private keys or bitcoin public keys.

26 28-5403. RIGHT TO MINE BITCOIN. (1) Neither the state nor a local gov-
27 ernment shall enact an ordinance, resolution, or rule that:

28 (a) Imposes requirements on a bitcoin mining business that are not also
29 requirements for data centers in its area of jurisdiction;

30 (b) Prevents a bitcoin mining business from operating in an area zoned
31 for industrial use;

32 (c) Prevents home bitcoin mining at a private residence, except as re-
33 lated to existing noise ordinances;

34 (d) Rezones an area in which a bitcoin mining business is located with-
35 out complying with applicable state law and local zoning ordinances; or

36 (e) Rezones an area with the intent or effect of discriminating against
37 a bitcoin mining business.

38 (2) A bitcoin mining business may appeal a change in zoning of an area by
39 a local government under any applicable state law or local zoning ordinance.

40 (3) Any bitcoin mining business operating on or before July 1, 2024, may
41 continue to operate regardless of any change in zoning or regulations.

42 (4) A person that is engaged in home bitcoin mining or that has a bitcoin
43 mining business shall not be considered a money transmitter required to be
44 licensed pursuant to the provisions of chapter 29, title 26, Idaho Code.

45 28-5404. BITCOIN MINING RATEMAKING. The Idaho public utilities com-
46 mission may not establish a rate classification for bitcoin mining, bitcoin
47 mining businesses, or home bitcoin mining that creates unduly discrimina-
48 tory rates.

1 28-5405. RIGHT TO SELF-CUSTODY AND USE OF BITCOIN. Neither the state
2 nor a local government shall enact an ordinance, resolution, or rule that:

3 (1) Prohibits, restricts, or otherwise impairs the ability of an indi-
4 vidual to use a software or hardware cryptocurrency wallet for self-custody
5 of bitcoin private keys or public keys; or

6 (2) Prohibits, restricts, or otherwise impairs the ability of an indi-
7 vidual to use bitcoin for the purchase of legal goods or services.

8 28-5406. BITCOIN TAXATION. (1) Bitcoin used as a method of payment
9 shall not be subject to any additional tax, withholding, assessment, or
10 charge by the state or a local government that is based solely on the use of
11 bitcoin as the method of payment.

12 (2) Nothing in this section prohibits the state or a local government
13 from imposing or collecting a tax, withholding, assessment, or charge other-
14 wise authorized by law.

15 28-5407. RIGHT TO RUN BITCOIN NODES. Neither the state nor a local
16 government shall enact a rule, ordinance, or resolution that prohibits,
17 restricts, or otherwise impairs the ability of an individual to run a bitcoin
18 node.

19 SECTION 2. An emergency existing therefor, which emergency is hereby
20 declared to exist, this act shall be in full force and effect on and after
21 July 1, 2024.