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**S. 163**

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Summary: Cryptocurrency

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 1/14/2025 Senate Referred to Committee on **Banking and Insurance**

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**VERSIONS OF THIS BILL**

[01/14/2025](https://www.scstatehouse.gov/sess126_2025-2026/prever/163_20250114.docx)

A bill

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY ADDING CHAPTER 47 TO TITLE 34 SO AS TO PROHIBIT A GOVERNING AUTHORITY FROM ACCEPTING OR REQUIRING PAYMENT USING CENTRAL BANK DIGITAL CURRENCY OR PARTICIPATING IN A TEST OF CENTRAL BANK DIGITAL CURRENCY; TO PERMIT INDIVIDUALS OR BUSINESSES USING DIGITAL CURRENCY FOR TRANSACTIONS; TO PROVIDE THAT DIGITAL ASSETS MAY NOT BE SINGLED OUT FOR DISPARATE TAX TREATMENT; TO PROVIDE THAT DIGITAL CURRENCY TRANSACTION MAY BE TAXED IF THE TAXATION IS THE SAME AS IF THE TRANSACTION USED UNITED STATES LEGAL TENDER; TO PROVIDE THAT DIGITAL CURRENCY OPERATIONS MAY BE NOT BE SUBJECTED TO DISPARATE ZONING TREATMENT; TO PROVIDE THAT DIGITAL ASSET MINING BUSINESS OPERATIONS SHALL NOT PLACE ANY ADDITIONAL STRESS ON THE ELECTRICAL GRID FOR WHICH THEY ARE CONNECTED AND TO PROVIDE THAT DIGITAL MINING BUSINESSES MUST PROVIDE CERTAIN INFORMATION TO THE PUBLIC SERVICE COMMISSION UPON REQUEST; TO PROVIDE THAT THOSE ENGAGED IN DIGITAL MINING OPERATIONS DO NOT HAVE TO OBTAIN CERTAIN LICENSES AND THAT THOSE WHO PROVIDE CERTAIN SERVICES RELATED TO DIGITAL MINING OR STAKING ARE NOT OFFERING A SECURITY; TO PROVIDE THAT THE ATTORNEY GENERAL CAN PROSECUTE AN INDIVIDUAL WHO OR BUSINESS THAT FRAUDULENTLY CLAIM TO BE OFFERING DIGITAL ASSET MINING AS SERVICE OR STAKING AS A SERVICE; AND TO DEFINE NECESSARY TERMS.

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. For the purposes of this chapter:

 (1) “Blockchain” means data that is:

 (a) shared across a peer‑to‑peer 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

 (b) 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 and is governed by a set of predefined rules that execute autonomously without human intervention, the rules of which can be altered by some predetermined mechanism.

 (3) “Central bank digital currency” means a digital currency, a digital medium of exchange, or a digital monetary unit of account issued by the United States Federal Reserve System or a federal agency which is made directly available to institutions or consumers by such entities, or which is processed or validated directly by such entities. The term does not mean a digital asset backed by legal tender or

government treasuries and issued by a private entity.

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

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

 (6) “Digital asset mining business” means an individual or company that is operating a digital asset mining facility which cumulatively draw more than one megawatt of power in this State.

 (7) “Digital asset mining as a service” means an individual or business that takes the responsibility for running, maintaining, and servicing digital asset mining devices on behalf of another individual or business for a payment in dollars or other digital assets.

 (8) “Governing authority” means any state board, commission, department, or agency or any political subdivision of the State.

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

 (10)(a) “Node” means software run on a computer that:

 (i) communicates with other devices or participants on a blockchain to maintain consensus and integrity of that blockchain;

 (ii) creates and validates blocks of transactions; or

 (iii) contains and updates a copy of a blockchain.

 (b) A node does not exercise discretion over transactions initiated by the end user of the blockchain protocol.

 (11) “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 secured digital assets by the owner of the digital asset that are secured by a digital interface.

 (12) “Staking” means committing digital assets to a blockchain network to participate in such blockchain network’s operations by validating transactions, proposing and attesting to blocks, and securing the network.

 (13) “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 networks’ consensus mechanisms by the service provider on behalf of an individual or entity that owns the digital assets being stalked.

 Section 34‑47‑20. A governing authority shall not:

 (1) accept or require a payment using central bank digital currency; and

 (2) participate 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.

 Section 34‑47‑30. (A) An individual or business shall not be prohibited, restricted, or otherwise prevented from:

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

 (2) using a self‑hosted wallet or hardware 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) This section shall not be construed to 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 34‑47‑40. (A) An individual shall not be prohibited, restricted, or otherwise prevented 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.

 (B) In areas that are zoned for industrial use, a political subdivision shall not:

 (1) place restrictions on a digital asset mining business that do not generally apply to businesses in that area;

 (2) place a specific limit on sound decibels generated from a digital asset mining business other than limits generally imposed for sound pollution in that area; or

 (3) 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.

 Section 34‑47‑50. A digital asset mining business shall:

 (1) operate in a manner that shall not place any additional stress on the electrical grid for which they are connected; and

 (2) upon request, provide a copy of their power purchase agreement to the Public Service Commission demonstrating that the digital asset mining business can reduce power consumption during periods of electrical grid stress.

 Section 34‑47‑60. (A) A money transmitter license pursuant to Article 2, Chapter 11, Title 35 shall not be required by an individual or business:

 (1) engaged in digital asset mining;

 (2) operating a node or a series of nodes on a blockchain protocol;

 (3) developing software on a blockchain protocol, even if the software effectuates the exchange of one digital asset for another digital asset; or

 (4) that exchanges a digital asset for another digital asset and does not exchange digital assets for legal tender or bank deposits.

 (B) An individual or business shall not be prohibited from operating a node for the purpose of connecting to a blockchain protocol and participating in such blockchain protocol’s operations.

 (C) A business offering to provide digital asset mining as a service or staking as a service for individuals or to other businesses is not offering a security pursuant to Title 35.

 Section 34‑47‑70. Nothing contained in this chapter shall prevent the Attorney General from instituting action alleging fraud against an individual who or business that fraudulently claims to be offering digital asset mining as service or staking as a service.

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

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