

2024 Regular Session

HOUSE BILL NO. 488

BY REPRESENTATIVE WRIGHT

1 AN ACT

2 To amend and reenact Section 3 of Act No. 331 of the 2023 Regular Session of the  
3 Legislature and to enact Chapter 22 of Title 49 of the Louisiana Revised Statutes of  
4 1950, to be comprised of R.S. 49:1501 through 1507, relative to digital assets and  
5 cryptocurrency; to prohibit certain government regulations of digital assets; to  
6 provide for a short title; to provide for definitions; to prohibit governing authorities  
7 from requiring use, payment, or testing of central bank digital currency; to provide  
8 for node operating and the use of home digital asset mining; to provide for  
9 exceptions; to provide for limitations of liability; to provide relative to certain  
10 foreign-party-controlled businesses; to provide relative to duties of the attorney  
11 general; to provide for investigations; to provide for civil actions; to provide for  
12 procedures, terms, remedies, processes, and conditions; and to provide for related  
13 matters.

14 Be it enacted by the Legislature of Louisiana:

15 Section 1. Chapter 22 of Title 49 of the Louisiana Revised Statutes of 1950,  
16 comprised of R.S. 49:1501 through 1507, is hereby enacted to read as follows:

17 CHAPTER 22. BLOCKCHAIN BASICS ACT

18 §1501. Short title

19 This Chapter shall be known and may be cited as the "Blockchain Basics  
20 Act".

1           §1502. Definitions

2                   As used in this Chapter, the following terms have the following meanings,  
3           unless context of use clearly requires otherwise:

4                   (1) "Blockchain" has the meaning ascribed to it in R.S. 6:1382. The term  
5           "blockchain" includes both of the following:

6                   (a) Data that is shared across a network to create a ledger of verified  
7           transactions or information among network participants linked together using  
8           cryptography to maintain the integrity of the ledger and to execute other functions.

9                   (b) Data that is distributed among network participants in an automated  
10           fashion to concurrently update network participants on the state of the ledger and any  
11           other function.

12                   (2) "Blockchain protocol" means any executable software deployed to a  
13           blockchain composed of source code that is publicly available and accessible,  
14           including a smart contract or any network of smart contracts.

15                   (3) "Central bank digital currency" means a digital currency, a digital  
16           medium of exchange, or a digital monetary unit of account issued by the Board of  
17           Governors of the Federal Reserve System or a federal agency which is made directly  
18           available to a consumer by such entities, or which is processed or validated directly  
19           by such entities. The term does not mean a digital asset backed by legal tender or  
20           government treasuries and issued by a private entity.

21                   (4) "Digital asset" means virtual currency, cryptocurrencies, natively  
22           electronic assets, including stablecoins and non-fungible tokens or NFTs, and other  
23           digital-only assets that confer economic, proprietary, or access rights or powers.

24                   (5) "Digital asset mining" means using electricity to power a computer or  
25           node for the purpose of securing a blockchain network.

26                   (6) "Digital asset mining business" means a group of computers working that  
27           consume more than one megawatt of energy for the purpose of securing a blockchain  
28           protocol.

29                   (7) "Governing authority" means any board, commission, department or  
30           other agency of the state or any political subdivision in the state.

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

5           (9) "Home digital asset mining" means using digital asset mining in an area  
6           zoned for residential use.

7           (10) "Interest" means an ownership interest of greater than zero percent.

8           (11)(a) "Node" means a computational device that does any of the following:

9           (i) Communicates with other devices or participants on a blockchain to  
10          maintain consensus and integrity of that blockchain.

11          (ii) Creates and validates transaction blocks.

12          (iii) Contains and updates a copy of a blockchain.

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

15          (12) "Nonfungible token" or "NFT" has the meaning ascribed to it in R.S.  
16          6:1382.

17          (13) "Prohibited foreign party" means any of the following:

18          (a) A citizen, resident, or agent of a country subject to the provisions of 22  
19          CFR 126.1 of the International Traffic in Arms Regulations.

20          (b) A foreign government formed within a country subject to the provisions  
21          of 22 CFR 126.1 of the International Traffic in Arms Regulations.

22          (c) A party other than an individual or government that is created or  
23          organized under the laws of a foreign government within a country subject to the  
24          provisions of 22 CFR 126.1 of the International Traffic in Arms Regulations.

25          (d) Any party other than an individual or a government that is created or  
26          organized under the laws of any state and in which a significant interest or  
27          substantial control is directly or indirectly held or is capable of being exercised by  
28          any of the following:

29          (i) An individual as provided in Subparagraph (a) of this Paragraph.

30          (ii) A foreign government as provided in Subparagraph (b) of this Paragraph.

1                    (iii) A party as provided in Subparagraph (c) of this Paragraph.

2                    (iv) A combination of any individual, party, or government as provided in  
 3                    this Paragraph.

4                    (e) An Entity of Particular Concern (EPC) designated by the United States  
 5                    Department of State.

6                    (f) An agent, trustee, or other fiduciary of a person or entity as provided in  
 7                    this Paragraph.

8                    (14) "Self-hosted wallet" means a digital interface that is used to do both of  
 9                    the following:

10                    (a) Secure and transfers digital assets.

11                    (b) Retain independent control over the secured digital assets by the owner  
 12                    of the digital asset.

13                    (15) "Staking" means the act of committing digital assets for a period of time  
 14                    to validate and secure a specific blockchain network.

15                    (16) "Staking as a service" means the provision of technical staking services,  
 16                    including the operation of nodes and the associated infrastructure necessary to  
 17                    facilitate participation in blockchain networks' consensus mechanisms.

18                    §1503. Prohibitions on use and testing of central bank digital currency

19                    A. A governing authority shall not accept or require a payment using central  
 20                    bank digital currency.

21                    B. A governing authority shall not participate in any test of central bank  
 22                    digital currency by the Board of Governors of the Federal Reserve System or any  
 23                    branch or agency of the federal government.

24                    §1504. Permitted uses of digital assets

25                    A governing authority shall not prohibit, restrict, or otherwise impair the  
 26                    ability of an individual or business to do either of the following:

27                    (1) Accept digital assets as a method of payment for legal goods and  
 28                    services.

29                    (2) Self-custody digital assets using a self-hosted wallet or hardware wallet.

1           §1505. Permitted uses of home digital asset mining; exceptions

2                   It shall be legal in this state to do both of the following:

3                   (1) Participate in home digital asset mining as long as the person engaging  
4                   in home digital asset mining complies with all local noise ordinances.

5                   (2) Have a digital asset mining business in any area that is zoned for  
6                   industrial use, provided they comply with all current ordinances.

7           §1506. Node operating; home digital asset mining; exceptions; liability

8                   A. It shall be legal in this state to operate a node for the purpose of  
9                   connecting to a blockchain protocol, or a protocol built on top of a blockchain  
10                   protocol, and transferring digital assets on a blockchain protocol, or to participate in  
11                   staking on a blockchain protocol.

12                   B. Nothing in this Chapter restricts or prohibits the attorney general from  
13                   initiating actions pursuant to the Unfair Trade Practices and Consumer Protection  
14                   Law, including but not limited to actions brought for fraud, in connection with  
15                   offering or providing digital asset mining or staking as a service to individuals or  
16                   other businesses.

17                   C. Nothing in this Chapter shall restrict, impede, limit, exempt, or prohibit  
18                   any person, entity, transaction, or conduct from the jurisdiction or application of  
19                   Louisiana Securities Law, R.S. 51:701, et seq., or any other federal or state securities  
20                   law.

21           §1507. Ownership of digital asset mining business by prohibited foreign-party-  
22                   controlled business; prohibited

23                   A.(1) No prohibited foreign party shall acquire or hold by grant, purchase,  
24                   devise, descent, or otherwise any interest in a digital asset mining business in this  
25                   state.

26                   (2) No person shall acquire or hold a digital asset mining business as an  
27                   agent, trustee, or other fiduciary of a prohibited foreign-party-controlled business.

28                   B.(1) A prohibited foreign-party-controlled business in operation before  
29                   August 1, 2024, shall have three hundred sixty-five calendar days from August 1,

1           2024, for the prohibited foreign party to divest all interest in the digital asset mining  
2           business.

3           (2) If a prohibited foreign party fails to divest all interest in the digital asset  
4           mining business in accordance with Paragraph (1) of this Subsection, the attorney  
5           general may commence an action in a court of competent jurisdiction as provided in  
6           Subsection D of this Section.

7           C. Upon request of a person or upon receipt of information that leads the  
8           attorney general to believe that a violation of this Section may exist, the attorney  
9           general may conduct an investigation that includes any of the following:

10           (1) Receiving sworn statements.

11           (2) Issuing subpoenas to compel the testimony of witnesses.

12           (3) Issuing subpoenas duces tecum for the production of records and other  
13           documents.

14           D.(1) If, as a result of an investigation, the attorney general concludes that  
15           a violation of this Section has occurred, the attorney general may order a prohibited  
16           foreign party to divest all interest in the digital asset mining business within three  
17           hundred sixty-five calendar days of the order.

18           (2)(a) If the prohibited foreign party fails to divest all interest in the digital  
19           asset mining business within three hundred sixty-five calendar days, the attorney  
20           general may commence an action in a court of competent jurisdiction over the digital  
21           asset mining business.

22           (b) Prior to bringing an action pursuant to this Section, the attorney general  
23           shall provide written notice to the holder of each mortgage, lien, privilege, UCC-9  
24           security interest, or other encumbrance of the subject property, which is filed in the  
25           public records or is perfected. Such notice shall be provided in the same manner as  
26           provided in R.S. 40:2608 or R.S. 14:90.1.

27           (3)(a) If the court finds that a violation of this Section has occurred, the court  
28           shall order the digital asset mining business to be sold at a judicial sale in accordance  
29           with the procedural requirements of Code of Civil Procedure Article 2331, et seq.

1           (b) The proceeds of the sale pursuant to this Paragraph shall be disbursed to  
2           the lienholders in order of priority. Prior recorded or perfected encumbrances shall  
3           have priority over any subsequently awarded remedies, penalties, or damages  
4           authorized pursuant to Subparagraphs (4)(a) and (c) and Paragraph (5) of this  
5           Subsection.

6           (c) If the assets of the digital asset mining business include immovable  
7           property, the procedures provided for in R.S. 9:2717.1 related to notice and sale of  
8           immovable property shall be followed.

9           (4) The attorney general may pursue other remedies authorized by law in an  
10          action brought pursuant to the provisions of this Subsection including but not limited  
11          to any of the following:

12           (a) A civil penalty not to exceed one million dollars or twenty-five percent  
13           of the fair market value on the date of the assessment of the civil penalty of the  
14           prohibited foreign party's interest in the digital asset mining business for the failure  
15           to divest of all interest in the digital asset mining business within three hundred  
16           sixty-five calendar days as required by this Section.

17           (b) Court costs associated with the civil action.

18           (c) Judicial interest on the amount of a judgment accruing from the date the  
19           lawsuit is filed by the attorney general pursuant to Paragraph (2) of this Subsection.

20           (d) Reasonable attorney fees.

21           (5) In addition to the remedies provided in Paragraph (4) of this Subsection,  
22           the attorney general may pursue damages against a digital asset mining business if  
23           the digital asset mining business is held in violation of this Section by the court, is  
24           ordered to pay a civil penalty as provided in Paragraph (4) of this Subsection, and  
25           fails to pay the civil penalty imposed.

26           (6) The approval of a digital asset mining business by a local government or  
27           the receipt by a digital asset mining business of a permit or other authorization from  
28           the state to operate shall not be a defense to a cause of action brought pursuant to this  
29           Section.

1           E. No mortgage, lien, privilege, or other security interest recognized under  
 2           the laws of this state and no ownership interest in indivision, lease, servitude,  
 3           usufruct, right of use, bond for deed, or other real right shall be affected by a  
 4           divestiture or disposition pursuant to this Section.

5           F. No attorney, title insurer, title insurance producer, title insurance agency  
 6           producer, lender, mortgage loan servicer, notary public, real estate agent, real estate  
 7           broker, seller, or lessor shall have a duty to make any investigation as to whether a  
 8           party to a transaction involving immovable property is a prohibited foreign party, nor  
 9           shall any such person be liable for failing to identify that a party to a transaction  
 10          involving immovable property is a prohibited foreign party.

11          G. If a prohibited foreign party acquires immovable property despite the  
 12          prohibitions provided in this Section, the property shall only be subject to divestiture  
 13          or disposition during the period in which the prohibited foreign party owns the  
 14          property. Rights in immovable property shall not be void or voidable because the  
 15          property or right held in the property was previously held by a prohibited foreign  
 16          party.

17          Section 2. Section 3 of Act No. 331 of the 2023 Regular Session of the Legislature  
 18          is hereby amended and reenacted to read as follows:

19                 Section 3. The provisions of this Act shall terminate on July 1, ~~2025~~ 2027.

\_\_\_\_\_  
 SPEAKER OF THE HOUSE OF REPRESENTATIVES

\_\_\_\_\_  
 PRESIDENT OF THE SENATE

\_\_\_\_\_  
 GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_