HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 2481 **PRINTER'S NO. 3791** **PRIME SPONSOR: Cabel**

COST / (SAVINGS)

FUND	FY 2024/25	FY 2025/26
General Fund	$0	$0

SUMMARY: HB 2481 PN 3791 creates the Digital Assets Authorization Act to provide for restrictions on involvement and regulations regarding digital assets. This legislation will take effect in 60 days.

ANALYSIS: This legislation creates the Digital Assets Authorization Act, which includes the following:

- ***Section 2 (Definitions)***
  - "*Blockchain*" – a distributed database or ledger shared across a computer network's nodes
  - "*Blockchain protocol*" - An executable software deployed to a blockchain composed of source code that is publicly available and accessible
  - "*Decentralized*" – a system or a network where no single entity holds unilateral control
  - "*Digital asset*" - A virtual currency, cryptocurrency, native electronic asset that confers economic, proprietary or access rights or powers
  - "*Hardware wallet*" - physical device that is not continuously connected to the Internet and allows an individual to secure and transfer a digital asset and under which the owner

    of the digital asset retains independent control over the digital asset
  - "*Node*" - computational device that contains and updates a copy of a blockchain
  - "*Self-hosted wallet*" - digital interface used to secure and transfer a digital asset and under which the owner of the digital asset retains independent control over the digital asset

- ***Section 3 (Restriction on use and custody of digital assets prohibited)***
  - Prohibits the Commonwealth or a local government from restricting or impairing the ability of an individual or a business from:
    - Accepting digital assets as a form of payment
    - Maintaining self-custody of such digital assets utilizing self-hosted or hardware wallets
  - Prohibits the imposition of additional taxes, withholdings, assessments, or charges for utilization of digital assets as a method of payment by the Commonwealth or local governments

- ***Section 4 (Use of nodes authorized)***
  - Allows for the operation of nodes within this commonwealth to:
    - Connecting to a blockchain protocol or a protocol built on top of a blockchain protocol
    - Transferring a digital asset on a blockchain protocol

- **_Section 5 (Construction)_**
  - Nothing shall override or limit the applicability of the following:
    - Title 13 (Commerce and Trade)
    - Title 20 (Decedents, Estates and Fiduciaries) Chapter 39 (Uniform Fiduciary Access to Digital Assets)
    - Requirements for licensing and regulation under Act 249 of 1965 (Money Transmission Business Licensing Law) or any other state law that provides for the licensing and regulation of virtual currency businesses and the protection of virtual currency business customers
    - Any state law or regulation that requires the reporting and disclosure of information regarding suspected or attempted financial exploitation or fraud

FISCAL IMPACT: The enactment of this legislation would have no fiscal impact on commonwealth funds as the legislation provides for restrictions and regulations of digital assets.

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House Appropriations Committee (D)

DATE: October 23, 2024

Estimates are calculated using the best information available. Actual costs and revenue impact incurred

may vary from estimates.