

ONE HUNDRED EIGHTH LEGISLATURE - SECOND SESSION - 2024

COMMITTEE STATEMENT

LB991

Hearing Date: Tuesday January 30, 2024
Committee On: Banking, Commerce and Insurance
Introducer: Bostar
One Liner: Adopt the Blockchain Basics Act

Roll Call Vote - Final Committee Action:

Advanced to General File with amendment(s)

Vote Results:

Aye:	7	Senators Aguilar, Ballard, Bostar, Dungan, Kauth, Slama, von Gillern
Nay:	1	Senator Jacobson
Absent:		
Present Not Voting:		

Testimony:

Proponents:

Senator Eliot Bostar
Eric Peterson
Carter Smith
Matthew Carson

Representing:

Opening Presenter
Satoshi Action Fund
Congressman Mike Flood
AAIM Datacenters Inc.

Opponents:

Representing:

Neutral:

Representing:

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

LB 991 would create the Blockchain Basics Act ("Act"), a set of laws which seeks to establish new definitions and guardrails around blockchain technology.

Specifically, LB 991 provides that digital asset mining may be conducted in certain zoning areas so long as identified requirements are complied with. Local governments are restricted from imposing discriminative zoning standards, and from imposing any regulations that are different from those imposed on data centers located in the said government's jurisdiction.

The Act also prevents the state of Nebraska or political subdivisions from restricting the ability of individuals to purchase legal goods and services with controllable electronic records or to take self-custody of those types of assets.

Additionally there is a \$200 de minimis exemption from Nebraska income tax when these assets



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are used to purchase goods and services.

Finally, certain blockchain activities are exempt from the Securities Act of Nebraska and from licensing requirements under the Nebraska Money Transmitters Act.

Section-by-Section Summary:

Section 1: Lists the sections that would make up the Act if LB 991 were made law.

Section 2: Provides definitions for eleven (11) terms that are used throughout the Act.

Section 3: The section states what rights an individual has as it relates to “home digital asset mining” and operating a “node.”

The section also states that individuals engaged in “home digital asset mining”, a “digital asset mining business”, or operating a “node” or a series of nodes on a blockchain protocol are not required to obtain a license under the Nebraska Money Transmitters Act.

Section 4: This section states that a “digital asset mining business” may engage in “digital asset mining” in any area that is zoned for industrial use.

Section 5: This section places a number of restrictions on how political subdivisions may regulate “digital asset mining” within their jurisdictions, such as restrictions on zoning and sound decibel limitations.

Section 6: This section states that a business offering to provide “staking” as a service for individuals or other businesses shall not be considered as offering a security under the Securities Act of Nebraska.

Section 7: This section places a restriction on how the State and political subdivisions may prohibit, restrict or otherwise impair an individual’s ability to use a “controllable electronic record” to purchase legal goods or services or a self-hosted, third-party, or “hardware storage wallet” for self-custody of controllable electronic records.

This section also prevents the State or political subdivision from imposing any additional tax, withholding, assessment, or charge on a “controllable electronic record” used as a method of payment based solely on the use of the “controllable electronic record” as the method of payment.

The section creates an exemption from Nebraska income tax for any transaction involving a “controllable electronic record” that is valued at \$200 or less.

Finally, this section specifically states that Section 7 does not prohibit the state or any political subdivision from imposing or collecting a tax, withholding, assessment, or charge that would otherwise be collected if the transaction had taken place with United States currency.

Explanation of amendments:

AM 2224 amends LB 991 in a few ways. It removes Section 6 and subsection 11 of Section 2 from the bill. It adds language to clarify that individuals engaged in transferring digital assets



solely for other digital assets are not required to obtain a license under the Nebraska Money Transmitters Act. Finally, the amendment adds language to clarify that exemptions to the requirement to obtain a license under the Nebraska Money Transmitter Act will not apply to other business activities of individuals not referenced by the Blockchain Basics Act.

Julie Slama, Chairperson

