

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2481 Session of 2024

INTRODUCED BY CABELL, KAUFER, FLICK, RYNCAVAGE, ECKER AND KUTZ,
JULY 2, 2024

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES,
OCTOBER 22, 2024

AN ACT

1 Providing for restriction on use and custody of digital assets
2 prohibited and for use of nodes authorized.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Digital
7 Assets Authorization Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall
10 have the meanings given to them in this section unless the
11 context clearly indicates otherwise:

12 "Blockchain." Data that is shared across a network to create
13 a ledger of verified transactions or information among network
14 participants linked using cryptography to maintain the integrity
15 of the ledger and to execute other functions and distributed
16 among network participants in an automated fashion to
17 concurrently update network participants on the state of the

1 ledger and any other functions.

2 "Blockchain protocol." An executable software deployed to a
3 blockchain composed of source code that is publicly available
4 and accessible, including a smart contract or a network of smart
5 contracts.

6 "DECENTRALIZED." A SYSTEM OR NETWORK WHERE NO SINGLE ENTITY, <--
7 INCLUDING A PUBLIC OR PRIVATE ENTITY, HOLDS UNILATERAL CONTROL
8 OVER THE GOVERNANCE, TRANSACTIONS OR MAINTENANCE OF THE LEDGER,
9 AND IN WHICH CONSENSUS IS ACHIEVED THROUGH A DISTRIBUTED NETWORK
10 OF PARTICIPANTS.

11 "Digital asset." A DECENTRALIZED virtual currency, <--
12 cryptocurrency, native electronic asset, including a
13 DECENTRALIZED stablecoin or nonfungible token, or any other <--
14 digital-only asset that confers economic, proprietary or access
15 rights or powers. THE TERM DOES NOT INCLUDE A CENTRAL BANK <--
16 DIGITAL CURRENCY OR ANY OTHER GOVERNMENT-CONTROLLED DIGITAL-ONLY
17 ASSET.

18 "Hardware wallet." A physical device that is not
19 continuously connected to the Internet and allows an individual
20 to secure and transfer a digital asset and under which the owner
21 of the digital asset retains independent control over the
22 digital asset.

23 "Node." A computational device that contains and updates a
24 copy of a blockchain.

25 "Self-hosted wallet." A digital interface used to secure and
26 transfer a digital asset and under which the owner of the
27 digital asset retains independent control over the digital
28 asset.

29 Section 3. Restriction on use and custody of digital assets
30 prohibited.

1 (a) Prohibition.--The Commonwealth or a municipality may not
2 prohibit, restrict or otherwise impair the ability of an
3 individual or business to do either of the following:

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

6 (2) Maintain self-custody of a digital asset using a
7 self-hosted wallet or hardware wallet.

8 (b) Additional taxation prohibited.--The Commonwealth or a
9 municipality may not impose an additional tax, withholding,
10 assessment or charge on a digit asset that is based solely on
11 the use of the digital asset as a method of payment to purchase
12 legal goods or services. Nothing in this subsection shall be
13 construed to prohibit the Commonwealth or a municipality from
14 imposing a tax, withholding, assessment or charge on a digital
15 asset for a purchase if the tax, withholding, assessment or
16 charge would otherwise be imposed for the purchase through the
17 use of legal tender of the United States.

18 Section 4. Use of nodes authorized.

19 It shall be lawful in this Commonwealth to operate a node for
20 any of the following purposes:

21 (1) Connecting to a blockchain protocol or a protocol
22 built on top of a blockchain protocol.

23 (2) Transferring a digital asset on a blockchain
24 protocol.

25 Section 5. Construction.

26 Nothing in this act shall be construed to override or limit
27 the applicability of any of the following:

28 (1) 13 Pa.C.S. (relating to commercial code), including
29 provisions regarding transferrable electronic records.

30 (2) 20 Pa.C.S. Ch. 39 (relating to uniform fiduciary

1 access to digital assets).

2 (3) Requirements for the licensing and regulation of
3 virtual currency businesses under the act of September 2,
4 1965 (P.L.490, No.249), referred to as the Money Transmission
5 Business Licensing Law, or any other State law providing for
6 the licensing and regulation virtual currency businesses and
7 the protection of virtual currency business customers.

8 (4) Any State law or regulation that requires the
9 reporting and disclosure of information regarding suspected
10 or attempted financial exploitation or fraud.

11 Section 6. Effective date.

12 This act shall take effect in 60 days.