

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 526

Introduced by Jacobson, 42; at the request of the Governor.

Read first time January 22, 2025

Committee: Revenue

- 1 A BILL FOR AN ACT relating to cryptocurrency mining; to amend section
2 70-655, Reissue Revised Statutes of Nebraska; to define terms; to
3 provide powers and duties to public power districts; to allow public
4 power districts to require payments or letters of credit from
5 cryptocurrency mining operations for certain infrastructure
6 upgrades; to provide for an excise tax on cryptocurrency mining; to
7 harmonize provisions; to provide an operative date; and to repeal
8 the original section.
9 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** (1) For purposes of this section:

2 (a) Cryptocurrency mining means a process used to generate new
3 cryptocurrency and verify blockchain transactions; and

4 (b) Cryptocurrency mining operation means any entity that conducts
5 cryptocurrency mining.

6 (2) Public power districts may require direct payment or a letter of
7 credit from cryptocurrency mining operations for the cost of significant
8 infrastructure upgrades necessitated by such operations and may impose
9 terms and conditions on such cryptocurrency mining operations. Such
10 prepayment or financial assurances or terms and conditions may be
11 required or imposed for any facility that uses energy for cryptocurrency
12 mining.

13 (3) Direct payments, letters of credit, and terms and conditions
14 required or imposed pursuant to this section shall be fair, reasonable,
15 and not unduly discriminatory.

16 (4) Before any direct payment, letter of credit, or terms and
17 conditions are required or imposed pursuant to this section, the public
18 power district shall conduct an independent grid impact study to
19 determine the cost of significant infrastructure upgrades necessitated by
20 the cryptocurrency mining operation and the direct payment, letter of
21 credit, or terms and conditions required or imposed.

22 **Sec. 2.** (1) For purposes of this section:

23 (a) Cryptocurrency mining means a process to generate new
24 cryptocurrency and verify blockchain transactions; and

25 (b) Cryptocurrency mining operations means any entity that conducts
26 cryptocurrency mining.

27 (2) There is hereby levied and imposed an excise tax of two and one-
28 half cents per kilowatt hour on the energy used by cryptocurrency mining
29 operations to conduct cryptocurrency mining in excess of one thousand
30 kilowatt hours in a calendar year.

31 (3) The tax imposed by this section shall:

1 (a) Not apply to data processing centers, cloud computing, or any
2 other industrial or commercial entities not engaged in cryptocurrency
3 mining;

4 (b) Be paid by the cryptocurrency mining operation and enforced by
5 the Department of Revenue; and

6 (c) Be fair, reasonable, and not unduly discriminatory.

7 (4) The excise tax imposed by this section shall be due and payable
8 to the Department of Revenue monthly on or before the twentieth day of
9 the month next succeeding each monthly period.

10 (5) All taxes collected by the Department of Revenue under this
11 section shall be remitted to the State Treasurer for credit to the
12 General Fund.

13 (6) The Department of Revenue may adopt and promulgate rules and
14 regulations to carry out this section.

15 **Sec. 3.** Section 70-655, Reissue Revised Statutes of Nebraska, is
16 amended to read:

17 70-655 (1) Except as otherwise provided in this section, the board
18 of directors of any district organized under or subject to Chapter 70,
19 article 6, shall have the power and be required to fix, establish, and
20 collect adequate rates, tolls, rents, and other charges for electrical
21 energy, water service, water storage, and for any and all other
22 commodities, including ethanol and hydrogen, services, or facilities
23 sold, furnished, or supplied by the district, which rates, tolls, rents,
24 and charges shall be fair, reasonable, nondiscriminatory, and so adjusted
25 as in a fair and equitable manner to confer upon and distribute among the
26 users and consumers of commodities and services furnished or sold by the
27 district the benefits of a successful and profitable operation and
28 conduct of the business of the district.

29 (2) The board of directors of any district may fix, establish, and
30 collect adequate direct payments and letters of credit from
31 cryptocurrency mining operations for infrastructure upgrades necessitated

1 by such cryptocurrency mining operations and may impose adequate terms
2 and conditions on such cryptocurrency mining operations and the
3 requirements for and imposition of such payments, letters of credit, and
4 terms and conditions shall be fair, reasonable, and not unduly
5 discriminatory.

6 (3) ~~(2)~~ The board of directors may negotiate, fix, establish, and
7 collect rates, tolls, rents, and other charges for users and consumers of
8 electrical energy and associated services or facilities different from
9 those of other users and consumers. Any negotiated rates, tolls, rents,
10 and other charges for a commercial or industrial customer shall be
11 effective for no more than five years and in no case shall such rates,
12 tolls, rents, and charges include a production component that is less
13 than the incremental production cost of supplying such services if (a)
14 such customer has entered an agreement with the state or any political
15 subdivision to provide an economic development project pursuant to state
16 or local law and (b) such economic development project has projected new
17 or additional electrical load requirements greater than five hundred
18 kilowatts and a minimum annual load demand factor of sixty percent during
19 the applicable billing period. This subsection shall also apply to any
20 nonprofit corporation organized for the purpose of furnishing electric
21 service pursuant to the Electric Cooperative Corporation Act or the
22 Nebraska Nonprofit Corporation Act, any agency created pursuant to the
23 Municipal Cooperative Financing Act, and any municipality engaged in
24 furnishing electrical service to customers at retail or wholesale.

25 (4) ~~(3)~~ In order to facilitate the merger and consolidation of
26 districts, the board of directors of a merged or consolidated district
27 may negotiate, fix, establish, and collect rates, tolls, rents, and other
28 charges for consumers in the service area of one or more of the
29 predecessor districts which are different than rates, tolls, rents, and
30 other charges for consumers in the remaining service area of the merged
31 or consolidated district. Any different rates, tolls, rents, and other

1 charges pursuant to this subsection shall be effective for no more than
2 five years after the date of merger or consolidation and shall be based
3 on cost of service or other rate studies showing that adoption of
4 dissimilar rates for consumers in otherwise similar rate classes is
5 needed to effectuate the merger or consolidation. This subsection shall
6 also apply in the event of a merger or consolidation of any nonprofit
7 corporation organized for the purpose of furnishing electric service
8 pursuant to the Electric Cooperative Corporation Act or the Nebraska
9 Nonprofit Corporation Act.

10 **Sec. 4.** This act becomes operative on October 1, 2025.

11 **Sec. 5.** Original section 70-655, Reissue Revised Statutes of
12 Nebraska, is repealed.