

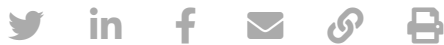


ENERGY & ENVIRONMENT

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Georgia lawmakers, environmentalists blast tax break plan to expand crypto-mining in state

BY: **JILL NOLIN** - FEBRUARY 9, 2024 1:00 AM



📷 Rep. Scott Hilton, a Peachtree Corners Republican, pitches his “Blockchain Basics Act” at a committee hearing Thursday. Jill Nolin/Georgia Recorder

A proposal designed to boost the already thriving Bitcoin-mining industry in Georgia has crashed into concerns over the noise created by local crypto-mining operations and the drain on electricity and water resources.

The bill, sponsored by Peachtree Corners Republican Rep. Scott Hilton, would grant crypto mining companies a sales tax on equipment purchased to outfit their centers, set out in state code

that the centers can lawfully exist in areas zoned for industry and block local officials from passing any noise limits specific to the centers.

Hilton's attempt to bolster the emerging industry was quickly met with concerns from lawmakers in both parties, cities and counties, environmentalists and the head of the state's securities and charities division.

"We built two reactors over at Plant Vogtle, and we're using so much power, we're going to have to build another one," said Rep. Penny Houston, a Nashville Republican, adding that the cost to do so would fall to ratepayers.

Houston said a crypto-mining operation [in her rural district](#) had subjected long-time residents to noise that she heard firsthand and called "absolutely atrocious." At a committee meeting held Thursday, she also pointed out more than once that China had recently banned Bitcoin trading and mining.

"I've always come to the conclusion that if it wasn't good enough for China, it's not good enough for Cook County," Houston said.



📷 Rep. Penny Houston, a Nashville Republican, raises concerns about the noise associated with bitcoin centers, citing the experience of Adel residents who live near one in her district. Jill Nolin/Georgia Recorder

A public hearing was held on the [bill](#) Thursday, but no vote was taken. Crossover Day, which is when a measure needs to clear at least one chamber to have a smooth path to the governor's desk, is set for Feb. 29.

Some of the lawmakers were still grappling with the basics of what the crypto industry is mining at these local warehouses

or large containers, where computer servers are constantly running to process the transactions.

"I'm still confused about what we're mining," said Rep. Dale Washburn, a Macon Republican. "I have rock quarries in my district, and they find the granite under the ground, and they get permitted and we can all ride by and watch what they're doing."

Proponents of the bill argued the changes would help the industry expand into more rural communities and provide more jobs. Already, Georgia mines the second most bitcoin of any state in the country.

Bo Ginn, site manager for a CleanSpark center in Sandersville, said his company employs more than 100 people, with about 50 of them working at the south Georgia location.

Ginn said the Nevada-based company has worked with local utilities to create safeguards. In Dalton, where the company has two mining facilities, he said the company has agreed to shut off in the case of a grid emergency in exchange for a fixed power credit.

“We’re not just mining bitcoin. We’re investing in Georgia’s future, pioneering sustainable energy practices and contributing to our communities and the state’s wellbeing,” he said to lawmakers Thursday.

A representative from Satoshi Action Fund, which is a nonprofit advocacy group that represents bitcoin-mining companies, sat next to Hilton at Thursday’s meeting to answer technical questions from lawmakers.

The group was [behind a controversial law](#) that passed in Arkansas and is pushing for so-called “right to mine” laws in other states.

“This legislation is particularly developed to balance the need for rural economic development and making sure that those in those rural areas have the tools that they need to make sure folks continue to have a high quality of life,” said Eric Peterson, the fund’s policy director.

Representatives of cities and counties came out against the bill, arguing local officials should be allowed to regulate the centers as they see fit. That argument resonated with some lawmakers.

“Most low-income areas are the areas associated with the industrial areas. They’re already home to a lot of the negative effects of our ‘society’ and our ‘civilization’ as it is,” said Rep. Carolyn Hugley, a Columbus Democrat who objected to the proposed limits on local zoning decisions.

And others blasted the 10-page [bill](#) as overly broad and unnecessary. Clean energy advocates warn that the growth of crypto-mining operations and other energy-intensive data centers undercuts the movement away from fossil fuel sources, like coal.

“Georgia is already the No. 2 state for crypto mining without this exemption. So what incentive is it providing besides extra profit to these companies?” said Bob Sherrier, staff attorney with the Southern Environmental Law Center.

One provision of the bill also drew concerns from the director of the securities and charities division with the Secretary of State’s office. Noula Zaharis said the bill would bar the state from treating cryptocurrency as securities, which would impede her office’s ability to investigate fraud within the industry.

Like money, cryptocurrency is not a security on its own, but it becomes one when a consumer gives it a third-party platform with the expectation of making a profit, she explained.

The division has done over 20 investigations on staking and crypto mine investment programs. Staking is when someone agrees to commit crypto assets for a period of time with the expectation of earning more cryptocurrency.

That work identified more than 16,000 Georgia investors with more than \$160 million in digital assets who have been harmed. Some of them lost all their savings, Zaharis said.

“Passing this law as it is drafted would shut down our ability to do these investigations and leave defrauded Georgian investors with less protections and deplete their life savings,” she said.

“But let me point out: It is not our position that crypto mining and staking investment programs should be banned in Georgia. Not at all. It is our position that Georgians and these programs be protected just like everyone else who invests in another platform or program.”

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JILL NOLIN  

Jill Nolin has spent nearly 15 years reporting on state and local government in four states, focusing on policy and political stories and tracking public spending. She has spent the last five years chasing stories in the halls of Georgia's Gold Dome, earning recognition for her work showing the impact of rising opioid addiction on the state's rural communities. She is a graduate of Troy University.

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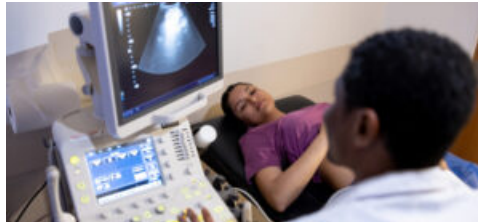
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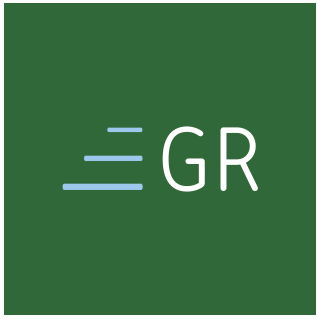
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