Legislative Analysis

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DIGITAL ASSETS

House Bill 4511 as introduced
Sponsor: Rep. Bryan Posthumus
Committee: Economic Competitiveness
Complete to 11-5-25

SUMMARY:

House Bill 4511 would create a new act to prohibit the state or its political subdivisions from banning, limiting, requiring a permit or license for, or imposing an additional tax on ***digital assets***, in addition to other provisions concerning digital assets as described below.

Digital asset would mean virtual currency, cryptocurrencies, and stablecoins.

The bill would prohibit, subject to provisions in the Michigan Penal Code, the state or any of its political subdivisions from doing any of the following:

- Banning the ***holding*** of digital assets.
- Requiring a permit or license for the holding of digital assets.
- Imposing any other impairment for the holding of digital assets.
- Imposing any additional tax, withholding, assessment, or charge based solely on use of a digital asset as a method of payment.
- Prohibiting any of the following:
    - The operation of a ***node*** for connecting to a ***blockchain protocol*** or a protocol built on top of a blockchain protocol.
    - The transfer of digital assets on a blockchain protocol.
    - The participation in ***staking*** on a blockchain protocol.

Holding would mean possession, including electronic possession.

Node would mean a computational device that contains and updates a copy of a ***blockchain***.

Blockchain would mean data shared across a network to create a ledger of verified transactions or information among network participants linked using cryptography to maintain the integrity of the ledger and execute other functions, and distributed among network participants in an automated way to concurrently update network participants on the state of the ledger and any other functions.

Blockchain protocol would mean any executable software deployed to a blockchain composed of source code that is publicly available and accessible, including a ***smart contract*** or any network of smart contracts.

Smart contract would mean a self-executing contract or agreement that is stored on a blockchain network that executes automatically when the contract's conditions are met.

Staking would mean using a node to lock digital assets to operate the ***consensus mechanism*** of a blockchain protocol.

Consensus mechanism would mean a protocol or set of protocols that bring all nodes of a blockchain network into agreement to verify the state of a digital ledger.

In addition, a state agency or department would be prohibited from advocating for or supporting the testing, adoption, or implementation of a central bank digital currency by the United States government.

Finally, the bill would state that if a person only validates a transaction for ***digital asset mining***, the operation of a node or series of nodes on a blockchain network, or the provision of digital asset mining or staking services for persons, they cannot be found civilly liable.

Digital asset mining would mean using electricity to power a computer or node for the purpose of securing a blockchain network.

FISCAL IMPACT:

The bill would have no direct fiscal impact to the state or to local units of government.

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