



# State of Tennessee

## PUBLIC CHAPTER NO. 861

### SENATE BILL NO. 535

By Watson

Substituted for: House Bill No. 653

By Hazlewood, Gant, Hardaway, Lamberth, Todd, Hawk

AN ACT to amend Tennessee Code Annotated, Title 4; Title 5; Title 6; Title 7; Title 8; Title 9; Title 11; Title 12; Title 13; Title 41; Title 42; Title 49; Title 54; Title 64; Title 68 and Title 69, relative to public finance.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 9, Chapter 3, is amended by adding the following as a new part:

#### **9-3-601.**

(a) Notwithstanding another law to the contrary, a governmental entity shall not pay, compensate, award, or remit funds in the form of, or facilitate directly or indirectly the conversion of compensation or funds to, blockchain, cryptocurrency, non-fungible tokens, or virtual currency to an individual person, corporation, or other entity without the prior written approval of the state treasurer.

(b) A governmental entity shall not procure services for the performance of the actions prohibited by subsection (a) without the prior written approval of the state treasurer.

#### **9-3-602.**

As used in this part:

(1) "Blockchain" means a decentralized data system in which the data stored is mathematically verifiable that uses distributed ledger technology, as defined in § 47-10-201, or databases to store specialized data in the permanent order of transactions recorded;

(2) "Cryptocurrency" means a virtual currency that utilizes cryptography to validate and secure transactions that are digitally recorded through distributed ledger technology;

(3) "Governmental entity" means a local governmental entity, including, but not limited to, a municipality, metropolitan government, county, utility district, school district, public building authority, and development district created and existing pursuant to the laws of this state, or an instrumentality of government created by one (1) or more of the named local governmental entities or by an act of the general assembly;

(4) "Non-fungible token" means a non-fungible cryptographic asset on a blockchain that possesses unique identifiers or other metadata that distinguishes the asset from another token or asset in a manner that makes the asset irreplaceable and non-exchangeable for a similar token or asset; and

(5) "Virtual currency" means a digital representation of value that functions as a medium of exchange, a unit of discount, or a store of value, but does not have legal tender status in the United States.

**9-3-603.**

This part is repealed on June 30, 2025.

SECTION 2. This act takes effect upon becoming a law, the public welfare requiring it.


SENATE BILL NO. 535

PASSED: March 31, 2022

  
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RANDY McNALLY  
SPEAKER OF THE SENATE

  
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CAMERON SEXTON, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 14<sup>th</sup> day of April 2022

  
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BILL LEE, GOVERNOR