



The *State* of Crypto & Blockchain Law in 2025

What's Happening, What's Working, and and What Montana Can Do

What Montana Has Already Done



- **SB 178 (2023)** - protects digital asset mining from discriminatory utility rates, restricts local zoning discrimination against mining, bars extra taxation solely for paying with digital assets, and treats digital assets as personal property.
- **SB 426 (signed Apr 17, 2025)** - modernizes MT's UCC to cover digital assets (this is where UCC Article 12-style clarity lands for commercial law).
- **SB 265 (Financial Freedom and Innovation Act; effective Oct 1, 2025)** - bans state/local acceptance/testing of CBDC; protects self-custody; confirms rights to run nodes / develop / transfer / stake; creates a certification pathway & securities exemption for “network token” issuers.
- **SB 330 (2025)** - creates this Task Force; explicitly charges it with knowledge-building and recommendations on adoption, incentives, partnerships w/ financial institutions, and regulation.

What We'll Cover Here



- How states regulate and embrace crypto today (5 categories)
- What worked and what hasn't
- Federal & international context
- Practical lessons and policy directions for Montana

The 5 Buckets of State Crypto Law



- Legal recognition & definitions
- Licensing & business regulation
- Commercial law & custody
- Taxation & economic incentives
- Government adoption & task forces

Legal Recognition & Definitions



- Smart contracts recognized as valid contracts
- Blockchain records treated as legal records
- Digital assets defined as property
- DAO recognition (in some states)

Why Legal Recognition Matters



- Lower legal uncertainty
- Easier dispute resolution
- Enables banking, lending, and insurance
- Low political risk / high payoff

Licensing & Business Regulation



- Heavy bespoke licensing (e.g., NY BitLicense)
- Crypto under money transmitter laws
- Exemptions or tailored regimes
- Regulatory sandboxes
- Special bank / trust charters

Two Competing Models



Restrictive Model

- High cost to enter
- Few licensed firms
- Businesses avoid state

Clarity Model

- Clear rules
- Moderate compliance
- More firms operate in-state

Commercial Law, Custody & Investor Protection



- UCC updates for digital assets
- Rules for crypto as collateral
- Custody authority for banks/trusts
- State-level token/securities treatment
- Anti-fraud enforcement

Taxation & Economic Incentives



- Tax treatment clarity (income, sales, property)
- Mining & data center incentives
- Energy pricing & exemptions
- Limited acceptance of crypto for payments
- Treasury exploration (pilot authority)

Case Study: Washington & Hawaii



What They Did

- Double-reserve requirements
- Major exchanges exited
- States later reversed course

Lesson

- Extreme safeguards can eliminate legal markets

International Example: Switzerland & Singapore



- Early legal recognition
- Tailored financial regulation
- Strong compliance, clear rules
- Dense crypto ecosystems formed

Where to focus



- Exchange/custody regulatory clarity
 - If an exchange wants to locate in MT: what license applies? Money transmitter? something else? How predictable is approval?
- Banking integration
 - Many “crypto states” succeed by getting local banks comfortable with compliant crypto businesses.
- Consumer protection playbook
 - How will the state enforce against scams while not punishing legitimate activity?
- Government procurement/pilots
 - SB330 talks about adoption/partnerships; what pilots are worth doing?

Policy Direction: Finish the Legal Plumbing



- The goal is not more bills for the sake of bills.
- “Usability” looks like:
 - Clear public guidance from the State Auditor/CSI on SB265 certification expectations and timelines (avoid a de facto “BitLicense-by-process”).
 - Education materials for businesses: what qualifies as a network token; what doesn’t; what evidence is persuasive.
 - On mining: tech-neutral standards for noise, safety, interconnection

Policy Direction: Smart Business Regulation



- Avoid bespoke heavy licenses
- Consider sandbox or light registration
- Coordinate with federal standards
- Clear enforcement posture: punish fraud; don't criminalize protocol participation.

Policy Direction: Banking & Custody Innovation



- Digital asset trust or charter pathways
- Explicit custody authority
- Partnerships with existing banks
- High standards, clear rules

Policy Direction: Government Pilots & Education



- Limited blockchain pilots
- Public education initiatives
- University partnerships
- Possible Areas
 - Notarization
 - Supply Chain Provenance
 - Credentialing

Policy Direction: Financial Inclusion



- Convene MT banks/credit unions + CSI + AG to define “acceptable risk baselines”
- Develop standardized due diligence checklists for crypto businesses operating in MT
- Encourage pilot programs for:
 - compliant custody services
 - secured lending against digital assets (made possible by SB426)

Final Takeaways



- Crypto law is about clarity, not hype
- States that lead attract capital and talent
- Mistakes are well-documented
- Montana can be early, careful, and competitive