

Montana Blockchain and Digital Innovation Task Force

Meeting Minutes

Date: April 23, 2026

Time: 10:00 am MST

Location: Montana State Capitol, Room 455 (hybrid meeting with in-person and virtual attendance via Zoom)

Website: <https://doa.mt.gov/bfid/bditf>

Call to Order and Recording Notice

Senator Gayle Lammers called the meeting of the Blockchain and Digital Innovation Task Force to order and notice was given that the meeting was being audio and video recorded.

Roll Call

Roll call was conducted by Melanie Hall, with several members participating via Zoom.

Legislators Present:

- Cochair Gayle Lammers
- Cochair Curtis Schomer
- Senator Shane Morigeau
- Senator Daniel Zolnikov

State Officials and/or Designees Present:

- Kirsten Madsen, Deputy Securities Commissioner, Representative for Commissioner James Brown
- Trevor Graff, Director of Government Affairs, Representative for Commissioner James Brown
- Chase Scheuer, Representative for Attorney General Austin Knudsen

Industry & Public Members Present:

- Tanner Avery
- Loren Brown
- Julie Fredrickson
- Alex Miller
- Guillermo Perez
- Thadeus Pryor
- Sam Sill
- Ryan Young, Representative for Randall Chesler)

Staff:

- Melanie Hall
- Heather Bernet

Members Excused

- Representative Kelly Kortum

- Representative Brandon Ler
- Mark Baker
- Bill Bickel
- Commissioner James Brown
- Randall Chesler
- Leigh Drogen
- Kevin Gilbertson
- Attorney General Austin Knudsen
- Daniel Pittman

Approval of Prior Minutes

The task force approved the minutes from the December 15, 2025, and February 11, 2026, meetings by unanimous voice vote.

Agenda Adjustment

Because the meeting was running a little ahead of schedule, and Eric Peterson had not yet joined the meeting, the cochairs and members discussed either moving into a work session or changing the order of presentations. Commissioner Hall briefly explained that her afternoon presentation would focus on the Division of Banking and Financial Institutions and Montana statutes relating to consumer lending, payday lending, electronic funds transfers, and escrow, but would not yet address the GENIUS Act or the full stablecoin framework because those topics were still developing and would be discussed more fully at the June meeting.

The task force then agreed to proceed with John Gotts, who was available remotely, before hearing from Eric Peterson.

Presentation 1 - Crypto Fair Value – Understanding the Value of Layer-1 Coins

Presenter: John Gotts

Summary

John Gotts delivered a presentation on layer-1 cryptocurrency, digital asset valuation, and possible legislative approaches that could position Montana as a national leader in the digital asset space.

Presentation Overview

Mr. Gotts described his background in cryptocurrency policy and his work over several years with attorneys, market participants, and policymakers on digital asset classification issues. He stated that part of his goal was to explain cryptocurrency in simple terms for policymakers and to distinguish decentralized layer-1 cryptocurrencies from stablecoins and tokens issued on other chains.

Using examples such as Napster and BitTorrent, Mr. Gotts described the difference between centralized and decentralized systems. He explained that, in his view, the defining feature of Bitcoin and other layer-

1 networks is that they operate as decentralized ledgers maintained across many computers rather than through a single institution or intermediary.

Mr. Gotts argued that Montana could develop a niche by focusing on what he characterized as “true” cryptocurrency infrastructure instead of competing only in the stablecoin or fintech space. He stated that Montana’s energy resources, land, climate, and existing pro-mining laws could make it attractive for expansion of digital asset businesses.

Business and Industry Opportunities Discussed

Mr. Gotts’s written materials identified a range of industries that could be attracted to Montana, including:

- Layer-1 coin mining operations.
- Mining hardware, repair, and immersion-cooling businesses.
- Self-custody and hardware wallet companies.
- Lightning Network and non-custodial exchange infrastructure providers.
- Digital asset banks, trust companies, and multi-signature custody firms.
- Privacy technology firms and node-hosting providers.
- Energy companies pairing generation with mining or grid-balancing uses.

Fair Value Discussion

A significant part of the presentation focused on a proposed “fair value” method for evaluating digital assets. Mr. Gotts argued that cryptocurrency markets often move based on Bitcoin price action rather than the underlying fundamentals of each asset, and he described a valuation model based on adoption, transactions, transaction value, and developer ecosystem.

He stated that this framework could be relevant for state treasurers or other officials who must decide how to treat digital assets obtained through seizure or inheritance with no next of kin. In his view, states should not automatically liquidate such assets without first considering whether the assets are overvalued or undervalued relative to their underlying indicators.

Questions and Discussion

Senator Zolnikov raised the issue of exchange transparency and whether large exchanges should provide better public information about ownership and reserves. Mr. Gotts responded that exchanges could provide more transparency without compromising customer security and suggested that one state could potentially require that kind of disclosure as a condition of doing business there.

Commissioner Hall asked whether Mr. Gotts was proposing that Montana support a specific layer-1 coin or create its own. Mr. Gotts responded that both ideas were possible, stating that Montana could create a layer-1 coin if it wished, but that he was also speaking more broadly about creating a legal and tax environment favorable to businesses operating in layer-1 cryptocurrency.

Policy Ideas Presented

Mr. Gotts’s written materials listed a number of policy options for state consideration, including:

- Zero state capital gains tax on certain native crypto holdings.

- A de minimis tax exemption for small crypto transactions.
- Acceptance of taxes, fees, and fines in crypto through a payment processor.
- A strategic layer-1 reserve.
- Strengthened right-to-mine and self-custody protections.
- Energy partnership incentives and a regulatory sandbox.
- An SPDI-style digital asset custody charter.
- Clarification that non-custodial software is not money transmission.
- Anti-debanking protections, inheritance law updates, and workforce programs.

Presentation 2 – State and Federal Legislative Updates

Presenter: Eric Peterson, Kraken

Summary

Eric Peterson provided an update on federal digital asset legislation, recent state activity, and ways Montana could build on its existing statutory framework.

Organizational and Industry Overview

Mr. Peterson described Payward as Kraken’s parent company and reviewed Kraken Financial’s Wyoming SPDI model. He noted that Kraken Financial had become the first digital asset bank with a Federal Reserve master account in March 2026, which he described as a major development in the integration of digital asset institutions into the U.S. banking system.

Montana Legislative Foundation

Mr. Peterson’s presentation highlighted Montana’s recent digital asset legislation, including SB 265, SB 426, SB 330, and SB 178. He described Montana as having a strong foundation already in place, particularly with respect to network tokens, UCC modernization, the creation of the task force, and mining protections.

He also noted that Montana had been especially forward-looking on mining and right-to-compute issues, and suggested that those protections might make Montana well positioned as mining infrastructure increasingly overlaps with AI and high-performance computing.

Federal Developments Discussed

Mr. Peterson summarized the CLARITY Act as the emerging federal market-structure framework for digital commodities, investment contract assets, and payment stablecoins. He advised the task force to monitor potential preemption issues and evaluate how Montana’s network token framework may interact with any final federal bill.

He also reviewed the GENIUS Act and the movement by several states to establish “substantially similar” regulatory frameworks for stablecoin issuers. His presentation materials indicated that Montana had not yet entered that certification race and suggested that the task force evaluate whether Montana should do so or focus elsewhere.

Areas for Possible Montana Action

Mr. Peterson identified several areas where Montana could consider future legislative or policy action:

- Evaluating a private stablecoin issuer framework under the GENIUS Act or partnering with another state.
- Reviewing potential federal preemption under the CLARITY Act.
- Adopting in-kind custody provisions for digital assets under unclaimed property law.
- Enabling Montana-chartered banks and credit unions to offer additional digital asset services.
- Clarifying whether current mining protections extend to AI-only or hybrid mining/AI compute operations.

Questions and Discussion

Senator Zolnikov returned to the issue of proof of reserves and exchange transparency. Mr. Peterson emphasized Kraken's proof-of-reserves practices and stated that regulated firms are subject to financial review and audits. Senator Zolnikov stated that greater transparency from exchanges would build consumer trust and urged that message be taken back to the industry.

Representative Schomer asked what parts of the CLARITY Act Montana should be watching most closely. Mr. Peterson replied that preemption language and the opportunities for Montana-chartered banks and credit unions were among the most important issues to monitor.

Commissioner Hall asked whether there was a particular state GENIUS Act model Montana should look to. Mr. Peterson responded that it was still early to identify a single best model but pointed to the CSBS model and Delaware's additions as useful reference points.

Loren Brown asked about the role Montana community banks could play in digital asset services. Mr. Peterson answered generally that banks should have an opportunity to compete in the space and that other states were exploring ways to allow banks to engage in custody and related digital asset activities.

Additional Discussion Topics

Mr. Peterson also discussed the economic potential of high-performance computing and AI data center development, including how other states have attracted large infrastructure investments. Members discussed the importance of balancing innovation with concerns about energy use and cost-shifting to ratepayers.

Task Force Discussion

Following Mr. Peterson's presentation, task force members discussed the need for additional education on the CSBS model and the available state-level options under the GENIUS Act. Commissioner Hall stated that before the next meeting, staff from the Division of Banking and Financial Institutions, the securities regulator's office, and others should compare state models and be prepared to discuss how different approaches might fit within Montana's agency structure.

Members also discussed unclaimed property issues and noted that Montana had not yet adopted a digital asset framework for unclaimed property. Sam Sill indicated that he would be willing to work with others on how digital assets could fit within Montana's updated unclaimed property regime.

The task force then recessed for lunch.

Presentation 3 – How some Montana Laws are Impacted by the Digital Economy

Presenter: Melanie Hall, Banking Commissioner, Montana Division of Banking and Financial Institutions

Summary

Commissioner Melanie Hall presented a detailed review of how existing Montana financial statutes may or may not apply to digital assets, with particular attention to loans of money, deferred deposit lending, consumer lending, electronic funds transfers, and escrow regulation.

Presentation Purpose and Scope

Commissioner Hall explained that the presentation was intended to identify statutory questions, regulatory gaps, and policy options for the task force. She emphasized that the materials were informational and did not constitute official Department policy or legal advice.

Loans of Money

Commissioner Hall explained that Montana statutes governing loans of money do not define “money” internally, but that the closest statutory definition appears in Montana’s UCC provisions. Under that definition, money is a medium of exchange authorized or adopted by a domestic or foreign government and not in electronic form. She noted that Montana has also classified digital assets as personal property rather than money.

She stated that this creates uncertainty about whether current lending statutes apply to loans involving cryptocurrency and whether repayment provisions assuming “current money” can accommodate digital assets. She also discussed whether crypto might instead fall into the category of a loan for mere use, while noting that this concept does not appear well suited to actual crypto lending products.

Deferred Deposit and Consumer Lending

Commissioner Hall reviewed the Deferred Deposit Loan Act and the Consumer Loan Act and explained that both are written around USD-based concepts such as loan amounts, fees, interest limits, and repayment structures. Her slides raised questions about whether lenders could debit a consumer’s crypto account to collect a dollar-denominated loan, whether fees or compensation could be paid in crypto, and whether Montana should specifically address crypto-collateralized consumer loans.

She also discussed wage assignments and earned wage access products as examples of areas where digital assets could raise future statutory interpretation questions.

Electronic Funds Transfer Act

Commissioner Hall stated that Montana’s Electronic Funds Transfer Act largely follows the federal framework in Regulation E and the federal Electronic Funds Transfer Act. She explained that Montana law

lacks the same broad catch-all definition of “financial institution” found in federal law, creating questions about whether crypto exchanges or wallet providers fit within the statute.

Her presentation also noted recent federal court decisions treating cryptocurrencies as “funds” in certain federal EFTA claims and referenced the CFPB’s withdrawn proposed rule on digital assets used as a medium of exchange. She raised possible policy questions involving consumer remedies, unauthorized transfers, self-custody wallet transfers, and crypto ATM treatment under state law.

Escrow Regulation

Commissioner Hall reviewed the Regulation of Escrow Businesses Act and explained that many of its provisions assume the use of money, funds, bank accounts, or similar traditional financial instruments. She used examples involving personal property transactions paid in cryptocurrency to show that current law may create uncertainty about whether escrow businesses can or should handle such transactions. She also reported that the division is currently seeing traditional escrow activity, including real estate, livestock, feed, domain name, and vehicle transactions, but is not yet seeing significant crypto escrow activity in Montana.

Discussion

The presentation led to broader task force discussion about whether law should be updated to expressly permit certain digital asset activities, whether existing regulatory frameworks should be clarified rather than expanded, and how to balance innovation with consumer protection. Members and participants discussed the tension between the speed and efficiency promised by digital assets and the consumer-protection obligations long imposed on traditional financial institutions.

Work Session Discussion

Report Planning and Possible Recommendations

The task force then moved into a work session focused on report development and possible recommendations for the Economic Affairs Interim Committee. Cochair Lammers noted that likely report topics included a potential state-level GENIUS Act framework, crypto ATM issues, unclaimed property treatment for digital assets, and other policy ideas raised by presenters.

Commissioner Hall stated that she, Trevor Graff, Kirsten Madsen, and others would review the CSBS model along with state approaches from Georgia, Delaware, and North Carolina and return at the next meeting with a comparison of advantages and disadvantages for Montana.

Crypto ATM and Fraud Discussion

Members discussed the need to include crypto ATMs and fraud-prevention concepts in the report.

Commissioner Hall indicated that she had information on states that license crypto kiosks or have adopted restrictions, and Kirsten Madsen emphasized that additional friction in these transactions can create opportunities for intervention before consumer losses occur.

Participants also discussed whether delays, escrow-like features, or other consumer-protection mechanisms could help in scam scenarios, while recognizing that bad actors may attempt to route victims around regulated channels.

Unclaimed Property

Unclaimed property was identified as another likely report topic. Cochair Lammers and Senator Zolnikov both indicated interest in further work on this subject, and members noted that other states were increasingly moving toward in-kind custody of digital assets rather than immediate liquidation.

Future Meeting Topics

The task force also discussed future agenda items, including additional presentations on agriculture-related blockchain and AI uses, AARP concerns regarding crypto kiosks, and examples of blockchain-based recordkeeping or title systems in other states.

Action Items / Next Steps

- Staff to expand the report outline to include GENIUS Act implementation options, digital asset unclaimed property issues, and crypto ATM concerns.
- Commissioner Hall, Trevor Graff, Kirsten Madsen, and related offices to compare the CSBS model and selected state approaches before the next meeting.
- Staff to prepare additional education for the task force on the CSBS framework and federal versus state implementation paths.
- Staff to gather information on state regulation of crypto kiosks and fraud-prevention approaches.
- Members and staff to continue reviewing unclaimed property options for digital assets.
- Commissioner Hall to circulate additional materials from John Gotts for review in advance of a future work session.
- Staff to coordinate future presentations on agricultural applications, crypto kiosk concerns, and blockchain-based recordkeeping or title systems.

Adjournment

The meeting concluded after the presentations and work session discussion.