

# South Dakota gov's veto of cryptocurrency regulations upheld

March 27 2023, by Amancai Biraben

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South Dakota Gov. Kristi Noem takes part in a panel discussion during a Republican Governors Association conference, Nov. 15, 2022, in Orlando, Fla. South Dakota's House voted by a narrow margin Monday, March 27, 2023, to uphold Noem's recent veto of a bill that would have created regulations for the use of cryptocurrency in the state. Credit: AP Photo/Phelan M. Ebenhack, File

South Dakota's House failed Monday to override Gov. Kristi Noem's recent veto of a bill that would have created government regulations for the use of cryptocurrency in the state.

The [bill](#) had passed smoothly throughout the legislature, and Noem's veto of last week was upheld on a 37-30 vote.

Proponents had argued the bill would have centralized different [cryptocurrency](#) systems through one government oversight commission, boosting transparency. But opponents saw the proposed regulations as a tool for potential government surveillance and overreach, saying they wanted more time to see how such legislation fares in other states.

Six other states have passed the Uniform Commercial Code's update, which requires tangible records of cryptocurrency exchanges so that they can be considered money. National commercial standards aim to regulate digital currency exchanges by adding transaction records, but Noem said such a step would take away from South Dakotans' market freedoms.

"It would be imprudent to create regulations governing something that does not yet exist. More importantly, South Dakota should not open the door to a potential future overreach by the [federal government](#)," Noem said in a statement last week in vetoing the bill.

As similar bills emerge in other state legislatures, Republican counterparts like Gov. Ron [DeSantis](#) of Florida and U.S. Rep. Tom [Emmer](#) of Minnesota have expressed concerns about possible government surveillance akin to China's heavy-handed oversight of its markets. The suspicions over regulation of a Central Bank Digital Currency come a year after President Joe Biden's executive order to explore a federal bank-owned digital currency. Biden's step triggered a burst of misinformation, including claims it would create a cashless society.



An advertisement of Bitcoin, one of the cryptocurrencies, is displayed on a building in Hong Kong, on Nov. 18, 2021. South Dakota's House voted by a narrow margin Monday, March 27, 2023, to uphold Gov. Kristi Noem's recent veto of a bill that would have created regulations for the use of cryptocurrency in the state. Credit: AP Photo/Kin Cheung, File

Bill proponents argued that those who believe the government would replace cryptocurrency companies with a federal system are mistaken, and that the bill simply would have bridged federal government and digital currencies, which are not currently recognized as money.

The bill's sponsor, House Republican Hugh Bartels, said he expects most of the country will pass such code updates amid the rise of various forms

of cryptocurrency.

"The misconception is that this bill is authorizing [central bank digital currency](#)," Bartels said. "It's just setting up a way to do business with it."

The first most popular cryptocurrency, bitcoin, launched more than a decade ago. While fundamentally digital money, cryptocurrencies are not backed by any [government](#) institution.

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Correction note: This story has been corrected to show the House vote was 37-30, not 36-30.

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