

Cryptocurrency Mining Zoning Overlay District

These interim zoning regulations amend the Missoula County Zoning Regulations, with an effective date of April 4, 2019, and expiring on April 3, 2020, unless extended by the Board of County Commissioners after a public hearing.

Definitions added to **SECTION 1.04 DEFINITIONS**

Cryptocurrency Mining

The operation of specialized computer equipment for the purpose of mining one or more blockchain-based cryptocurrencies, such as Bitcoin. This activity typically involves the solving of algorithms as part of the development and maintenance of a blockchain which is a type of distributed ledger maintained on a peer-to-peer network. Typical physical characteristics of cryptocurrency mining include specialized computer hardware for mining operations as well as equipment to cool the hardware and operating space. For the purposes of the associated regulations, cryptocurrency mining does not include the exchange of cryptocurrency or any other type of virtual currency nor does it encompass the use, creation, or maintenance of all types of peer-to-peer distributed ledgers.

Renewable Energy

Renewable energy includes the following:

- a. Solar energy;
- b. Wind energy;
- c. Geothermal energy;
- d. Water power, in the case of a hydroelectric project that does not require a new appropriation, diversion, or impoundment of water and that has a nameplate rating of 10 megawatts or less, or is an expansion of an existing hydroelectric project;
- e. Landfill or farm-based methane gas;
- f. Gas produced from the treatment of wastewater;
- g. Low-emission, non-toxic biomass energy based on dedicated energy crops, animal wastes, or solid organic fuels from wood, forest, or field residues, except that the term does not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome arsenic; and,
- h. Hydrogen derived from any of the sources listed above for use in fuel cells.

Zoning Overlay District regulations added as a new section to Chapter 5

SECTION 5.05 CRYPTOCURRENCY MINING ZONING OVERLAY DISTRICT

A. Intent

This overlay zone establishes locations where cryptocurrency mining operations may be sited in Missoula County and conditions that must be met in order to protect the public health, safety, morals, and general welfare of county residents. The high energy consumption of cryptocurrency mining operations runs counter to Missoula County's objective to reduce its contribution to climate change. Equipment at cryptocurrency mining facilities has the potential to create noise pollution that negatively impacts nearby residents, businesses, and wildlife. In addition, electronic waste from cryptocurrency mining operations contains heavy metals and carcinogens that have the potential to damage human health, water quality, and air quality if not handled correctly.

B. Applicability

All land under jurisdiction of Missoula County, including unzoned lands and excluding incorporated portions of the county.

C. Effective Dates

This interim zoning overlay district is effective beginning April 4, 2019 and shall continue to April 3, 2020.

D. Cryptocurrency Mining Overlay Zone

There is hereby established a zoning overlay district whose boundaries are the boundaries of Missoula County in which a person may construct or operate a cryptocurrency mining operation subject to the conditions in subsection E.

E. Conditions

Cryptocurrency mining operations must meet all of the following conditions.

1. Cryptocurrency mining facilities may locate only in C-11 (Light Industrial) or C-12 (Heavy Industrial) districts.
2. Cryptocurrency mining facilities shall be reviewed as a conditional use in compliance with Section 4.05, except if adjacent to a residential district (excluding roads and other rights-of-way) or within 500' of residential property boundary when they shall be reviewed as a special exception.
3. These facilities shall be required to develop or purchase sufficient new renewable energy to offset 100 percent of the electricity consumed by the cryptocurrency mining operation. To meet this condition, the cryptocurrency mining operation must be able to establish that their actions will introduce new renewable energy onto the electrical grid beyond what would have been developed otherwise.

4. Verification must be provided that all electronic waste generated at the cryptocurrency mining operation will be handled by a DEQ-licensed electronic waste recycling firm.

F. Nonconforming Cryptocurrency Mining Use

This section shall supersede and replace Section 7.05 of these regulations.

A lawful cryptocurrency mining use existing on the effective date of this interim zoning overlay which would not be allowed under the terms of these regulations may continue so long as it remains otherwise lawful, subject to the following conditions:

1. Existing structures devoted to nonconforming cryptocurrency mining operations shall not be enlarged, extended, constructed, reconstructed, moved, or structurally altered except to change the complete use of the structure to a use that conforms with these regulations.
2. Non-conforming cryptocurrency mining operations may be expanded or extended to unoccupied portions of the building or to other buildings only if the expanded or extended portion of the operation conforms with these regulations.
3. Any nonconforming cryptocurrency mining operation may be replaced by the same use only in compliance with these regulations.
4. If a nonconforming cryptocurrency mining operation is discontinued or abandoned for one hundred eighty (180) days or a nonconforming cryptocurrency mining operation is replaced by a conforming use at any time, the structure shall thereafter be used in conformance with these regulations.
5. Removal or destruction of a structure occupied by a nonconforming use shall eliminate the nonconforming status of the use.
6. Any structure occupied by a nonconforming cryptocurrency mining use that is destroyed by any means such that the cost of reconstruction amounts to more than fifty percent (50%) of the total building replacement cost (exclusive of building foundation) shall thereafter be used in conformance with these regulations.