[CVV005] Proposal: Enable Burning Mechanism

Proposal to Enable 100% Transaction Fee Burning on Casper Network

Executive Summary

This proposal recommends implementing permanent burning of all transaction fees on Casper Network.

Key benefits:

- Creates deflationary pressure on CSPR supply
- Increases token scarcity over time
- Maintains validator earnings through block rewards
- Aligns with successful models like Ethereum and BNB Chain

Technical Implementation

Core Changes:

Immediate Changes:

- Modify chainspec to burn 100% of transaction fees:
- Current setting: `fee_handling = { type = 'pay_to_proposer' }`
- Proposed setting: `fee_handling = { type = 'burn' }`

Future Changes:

- Implement a feature which allows partial burns where certain percentage of the tx fee is burned and the rest is sent to a designated account. Both the percentage and the designated account values will be chainspec parameters.

Monitoring:

- Add burn tracking
- Track burned fees in block headers
- Display in network explorers (Implementation details are up to the development team’s best judgement as long as the desired goal of being able to monitor the burned amounts is achieved.)

Economic Impact

- Same total earnings (via block/signature rewards)
- Potential CSPR value appreciation benefits all

Deployment of the 100% Burn:

- Devnet: Practically immediately post-approval
- Testnet: In 1 week post-approval
- Mainnet: In 2 weeks after Testnet deployment
- Monitoring: In 6 months post-approval

Implementation of the Partial Burn Feature:

- Scheduled to be released in Casper v2.2

Risk Mitigation

Risk	Solution
Validator concerns	Show equivalent earnings
Spam attacks	Keep minimum fees
Volatility	Gradual implementation
Explorer issues	Pre-launch coordination

Ecosystem Benefits

- Token value growth
- Simplified economics
- Competitive advantage for:
  - DeFi applications
  - Financial dApps
  - Long-term holders
- Sustainability of the chain is supported with a revenue stream for future developments through partial burns.

Conclusion

- Fee burning creates sustainable tokenomics by:
  - Reducing supply permanently
  - Maintaining validator incentives

  - Following proven industry models

Proposal Lifecycle

- **Stage**: Pre-voting
- **Voting Options**
  - **For**: Support the proposal.
    - 011de3a86cd71d98a83bddf57384e1a0c3b4ea5be696fcbd6fa9a80b3cdcf396de
  - **Against**: Oppose the proposal.
    - 0118c145c88386f6cf0dd12c30702742013ab23260253e8748f620dd31c27ccadb
  - **Abstain**: No opinion.
    - 015dc16c2072eaf747f559385ee0ac277fbf91ab87b536da8c5bb6177940e833ac
- **Voting Starts**: ~20:19 UTC, September 17, 2025 (at block height 5500490)
- **Voting Ends**: ~20:19 UTC, September 20, 2025 (at block height 5516690)

How to vote:

- A voting token, with a total supply of 100.00, for the proposal will be created, and distributed to Mainnet validators based on their network weights as of era 19499.
- Voting token contract: TBD
- Make your decision and send all (recommended) voting tokens to one of the corresponding addresses below.
  - For: 011de3a86cd71d98a83bddf57384e1a0c3b4ea5be696fcbd6fa9a80b3cdcf396de
  - Against: 0118c145c88386f6cf0dd12c30702742013ab23260253e8748f620dd31c27ccadb
  - Abstain: 015dc16c2072eaf747f559385ee0ac277fbf91ab87b536da8c5bb6177940e833ac

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Evaluation of the results:

- Quorum ratio: +50% network weight (>50.00 tokens, including the abstains)
- Decision threshold: Simple majority (+50% of participating weight, excluding the abstains)
- Example:
  - For:35.00, Against: 25.00, Abstain: 15.00
  - Quorum reached with 75.00%, proposal accepted with ~58.33%

- The feedback collection & discussion topic: https://forum.casper.network/t/proposal-enable-burning-mechanism/1486 (https://forum.casper.network/t/proposal-enable-burning-mechanism/1486)
- The final proposal topic: https://forum.casper.network/t/cvv005-proposal-enable-burning-mechanism/1538 (https://forum.casper.network/t/cvv005-proposal-enable-burning-mechanism/1538)
- Proposal on IPFS for reference: TBD