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Sponsor Testimony - House Bill 177
Senate Financial Institutions and Technology Committee
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Chairman Wilson, Vice Chair Hottinger, Ranking Member Maharath, and members of the Senate Financial Institutions and Technology Committee, thank you for affording us the opportunity to provide sponsor testimony on House Bill 177. This bill is a re-introduction of House Bill 220 from the 133rd General Assembly, which passed unanimously out of the House Commerce and Labor Committee and passed out of the Ohio House by a vote of 89-2. This iteration of the legislation passed the House in May by a vote of 95-2. As you can tell by the six lines of this legislation, the purpose of this bill is simple: to allow governmental entities in Ohio the ability to utilize blockchain technology in their operations.

Blockchain is a broad term with countless product types and applications, but at its core is a database of information that is shared across a large, decentralized public network that is protected from tampering. This technology allows for the secure transmission and storage of many forms of records and data. The revolutionary nature of blockchain stems from its ability to ensure that information is accessible to individuals within a network, while simultaneously maintaining the authenticity of the information. This is an exciting, innovative technology that has been proven to be effective in streamlining record-keeping practices and securing important data.

House Bill 177 builds on the accomplishments of Senate Bill 220 from the 132nd General Assembly, sponsored by Senators Bob Hackett (R-London) and Kevin Bacon (R-Minerva Park), which enhanced Ohio's laws relating to cybersecurity. One specific provision of SB 220 authorized private sector entities to utilize blockchain to secure records and contracts, as well as transmit electronic signatures.

While the passage of Senate Bill 220 was an important step to allow for the utilization of blockchain by Ohio businesses, we should allow Ohio's governmental entities to modernize their operations by utilizing technology that has shown proven results in the private sector. The possible implementation opportunities are endless, and include:

- Electronic Medical Records: Each patient could have a secure "block", containing copies of their patient information, easily accessible by caregivers.

- Smart Contracts: Contracts on blockchain can be written in a manner that causes automatic transfers of goods or currency upon the satisfaction of specified conditions.
- Government Benefit Transfers: Governments could utilize blockchain to ensure that benefits (disability checks, food stamps, etc.) are received and utilized by only the rightful recipient.
- Education Verification: Blockchain could allow for the sharing of student data across higher education institutions and also provide employers with instant access to transcripts.
- Title Transfers: Blockchain could provide a reliable way to ensure legitimacy and security of real estate or car titles.

Many of our political subdivisions and local agencies are creatures of statute, often requiring legislative approval when they have innovative ideas or wish to utilize new technologies or processes in their delivery of services. By removing all ambiguity and permitting governmental entities to integrate blockchain technology, HB 177 will help local, county, and state jurisdictions improve the effectiveness and efficiency of government operations.

House Bill 177 is also the latest in a series of government efforts across the state to enable a marketplace and legal framework for blockchain technology. In 2019, the County Auditors' Association of Ohio (CAAO) convened a working group to study how blockchain technology can be implemented at the county level to more effectively transfer property deeds. In Central Ohio, cities like Dublin and Columbus have embraced blockchain technology to craft forward-thinking tools such as personal data protections and smart transportation solutions. Finally, this legislation fulfills a key part of the DeWine administration's InnovateOhio initiative, which endeavors "to use technology in government to improve services, reduce cost, and spur a culture of innovation in Ohio".

Bear in mind, this legislation is entirely permissive. We are neither mandating that any entities actually use blockchain, nor even encouraging or incentivizing its application. Our local, county, and state governmental entities will retain full discretion as to the appropriateness of blockchain for their operations.

In the coming weeks, we expect to have a variety of public and private stakeholders from across Ohio speak to blockchain technology and the potential it holds for government modernization.

Mr. Chair and members of this committee, I hope you will join us in supporting HB 177 and allow these emerging technologies to succeed in Ohio. Thank you again for allowing us to provide testimony and at this time, we would be happy to answer any questions.