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Ohio House Bill 116 – The Ohio Blockchain Basics Act

Chair Claggett, Vice Chair Workman, Ranking Member Mohamed and esteemed colleagues of the House Technology and Innovation Committee – thank you for allowing me to speak to House Bill 116, the Ohio Blockchain Basics Act.

One of the reasons I ran for office was because of my frustrations as a small business owner during the COVID 19 pandemic. I felt the government was encroaching on and overregulating not only my own business, but other small businesses across the country. In my experiences, the government isn't good at doing business or creating jobs, but it can be useful in creating frameworks to allow businesses to flourish and grow.

That kind of responsible business environment that I, and many other small business owners, desperately needed back in 2020, and still do today, is something I have fought hard for during my time here in the Ohio House. It's the reason I introduced House Bill 116, the Ohio Blockchain Basics Act.

The Blockchain Basics Act is simple. It lays out reasonable guardrails to protect blockchain companies, digital asset miners, and consumers of these technologies from being discriminated against. It also lays the foundation for other economic synergies such as energy efficiency and affordability. For example, the Blockchain Basics Act, prohibits the government from treating anyone differently for transacting with digital assets through unnecessary taxes or fees. It also ensures that Ohio businesses can accept digital assets as a form of payment. Small transactions, those under \$200, using digital assets would be free from capital gains tax when Blockchain Basics becomes law.

The bill also incorporates protections against unreasonable, anti-digital asset zoning practices. While Blockchain Basics still permits Ohio's local communities to have control over their zoning, it prevents undue discrimination against the data centers that make Bitcoin function. Local municipalities can still put forward restrictions, but they need to be general or at least on par with restrictions that would apply to other similar businesses, such as a traditional data center. This part of the bill respects local autonomy, while ensuring that Ohio does not miss out on this quickly growing industry.

All of these aforementioned benefits within Blockchain Basics come in addition to establishing clear definitions for terms such as blockchain protocol, digital asset, hardware wallet, and staking to name a few. These definitions will give the Ohio legislature a strong foundation to work from to help facilitate our growing blockchain and digital asset industries.

A thriving blockchain industry in Ohio can catalyze growth across various sectors of the economy. To meet the evolving demands of manufacturing and technology, it's essential to diversify our energy sources and integrate interruptible loads into our energy grid for stability. Digital asset miners can utilize essentially any energy source, allowing Ohio to continue to diversify its energy mix and meet its goals of having affordable and reliable energy. Mining operations serve as prime examples of interruptible energy loads being capable of swiftly adjusting or halting activity when required, bolstering our energy grid resilience. Through initiatives like Blockchain Basics, we establish a legal framework to support digital asset mining in Ohio.

Ohio has already seen economic growth in the blockchain and digital asset space. Companies like Standard Power, River Financial, and Champ Title have shown us that viability and growth are possible in these industries - right here in Ohio. However, we must take steps to protect blockchain development. By passing Blockchain Basics into law, Ohio will make it clear that the Buckeye State welcomes more jobs and growth by creating an environment for blockchain and digital asset businesses to thrive.

Blockchain is a newly evolving technology and it's important to create some regulatory guidelines while at the same time keeping the laws open for innovation. As digital commerce and privacy become even more important in the lives of Ohioans, it's crucial to ensure that the blockchain and digital asset industries can thrive not just anywhere, but here in the Buckeye State.

Thank you, Mr. Chairman, for bringing this bill before your committee, and I look forward to addressing any questions.