



Testimony in Support of the Ohio Blockchain Basics Act (H.B. No. 116)

Chairman Claggett, Vice-Chair Workman, and Ranking Member Mohamed. My name is Donovan O'Neil, and I serve as the State Director with Americans For Prosperity Ohio. I am here today to express our support for the Ohio Blockchain Basics Act (H.B. 116). This legislation is critical to fostering innovation, economic growth, and technological advancement in Ohio. My testimony will focus on a few key aspects of HB 116 that align best with our Buckeye Blueprint policy agenda.

Prohibition on Targeted Taxes and Fees: One of the most significant aspects of this bill is its prohibition on imposing special taxes or fees specifically on digital assets used for payments. By ensuring that digital asset transactions are treated equally to those involving traditional currency, Ohio is promoting fairness and encouraging the adoption of digital assets without fear of discriminatory taxation. This approach aligns with our principles of economic freedom and limited government intervention.

Local Government Tax Restrictions: The bill also addresses local government tax restrictions, preventing counties, townships, and municipalities from implementing discriminatory fees, taxes, or assessments on digital assets when used as a payment method. This uniform approach across all levels of government ensures that digital assets are not unfairly targeted, fostering a more inclusive and supportive environment for blockchain technology.

Brief Notes on Other Positive Aspects:

- **Definitions of Key Terms:** The bill provides clear definitions for terms such as "Blockchain," "Digital Asset," "Digital Asset Mining," and "Staking," establishing legal certainty and ensuring a common understanding among stakeholders.
- **Money Transmission Law Exemptions:** The legislation clarifies that digital asset activities like mining, staking, and exchanging do not require money transmitter licenses, reducing regulatory burdens and encouraging innovation.

- **Protection for Accepting and Custodying Digital Assets:** Ensures individuals and entities can accept digital assets as payments and custody them securely without interference.
- **Zoning for Digital Asset Mining:** Allows digital asset mining in residential areas if compliant with local laws and permits mining businesses in industrial zones, supporting the growth of this innovative industry.
- **Securities Exemption:** The bill explicitly states that digital asset mining or staking services are not considered securities or investment contracts under Ohio law, providing legal clarity and reducing regulatory hurdles for businesses in this space.
- **Self-Custody of Digital Assets:** The legislation ensures that individuals and entities have the freedom to accept digital assets as payments and custody them using hardware or self-hosted wallets without interference, promoting secure and private management of digital assets.

In conclusion, the Ohio Blockchain Basics Act (H.B. 116) is a comprehensive and forward-looking piece of legislation that will position Ohio as a leader in the blockchain and digital asset space. By promoting fairness, reducing regulatory burdens, and providing legal certainty, this bill will foster innovation, attract investment, and drive economic growth in our state. I urge you to support this legislation and help Ohio embrace the future of technology.

Thank you for your time and consideration. I am happy to try and answer any questions this committee may have.