

Columbus Office

Vern Riffe Center  
77 S. High Street  
11th Floor  
Columbus, Ohio 43215-6111

Contact Information

(614) 644-5088  
Rep35@ohiohouse.gov  
www.ohiohouse.gov/members/  
steve-demetriou



**Steve Demetriou**  
State Representative

35<sup>th</sup> House District

Parts of Geauga, Portage and  
Summit Counties

Committees

Vice Chair - Armed Services  
and Veterans Affairs  
Homeland Security  
Public Health Policy  
Technology and Innovation  
Ways and Means

HB 406 Sponsor Testimony

Chairman LaRe, Vice Chairman Pizzulli, Ranking Member Dell'Aquila and esteemed colleagues of the House Financial Institutions Committee – thank you for allowing me to speak to HB 406, the Ohio Blockchain Basics Act.

I first became aware of digital assets and blockchain technology in 2014, a couple of weeks before I deployed to Afghanistan when I was an infantry platoon leader in the Army. One of my fellow Lieutenants I was serving with at the time, who I always thought of as very intelligent, was singing the praises of this cool new “thing” called Bitcoin. Before that conversation, I had never heard of blockchain technology, a digital asset, nor bitcoin. Back in 2014 Bitcoin had already increased in value many times over to a whopping price of roughly \$600. Remember those good old days? It's clear that Ohioans have seen the value in owning digital assets as well, considering that over one million adults in our state own them.

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 over regulating 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. These technologies will allow Ohio businesses to work at the fast and efficient speed of business instead of at the underwhelming and slow speed of government.

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 first term here in the Ohio House. It's the reason I introduced House Bill 406, the Ohio Blockchain Basics Act.

The Blockchain Basics Act is simple. It lays out reasonable guardrails to protect blockchain companies, digital asset miners or data centers, 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 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, 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 operations in Ohio. Through potential follow on legislation, we can further optimize energy usage and tap into additional energy reservoirs through digital asset mining, fostering energy efficiency and resiliency.

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. Many in Washington D.C. have tried to apply traditional financial and tech regulations to blockchain. This has caused immense confusion and stifled growth in the industry. 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, its 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.