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| H.B. 177*<br>134th General Assembly | **Bill Analysis**<br>Click here for H.B. 177's Fiscal Note |
|---|---|

**Version:** As Reported by Senate Financial Institutions and Technology

**Primary Sponsors:** Reps. Carfagna and Fraizer

Yosef Schiff, Attorney

# SUMMARY

- Allows governmental entities to use distributed ledger technology, including blockchain technology.

# DETAILED ANALYSIS

## Governmental use of distributed ledger technology

Under the bill, a governmental entity may use distributed ledger technologies, including blockchain technology, in the exercise of its authority.[1]

"Distributed ledger technology" is not defined in the bill. Generally, a distributed ledger is a completely decentralized digital database that is shared and maintained by each individual computer on a network. Put another way, distributed ledger technology is a very specific kind of recordkeeping technology in which each user has an up-to-date copy of a digital database, and there is no centrally kept "official" version. A distributed ledger is useful for recording certain types of information, such as transactions or changes in ownership without the need for a central authority to verify the information.[2]

Under the bill, a "**governmental entity**" means the state or a political subdivision, both of which are also defined. "**State**" means the state of Ohio and includes:

- The General Assembly;

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\* This analysis was prepared before the report of the Senate Financial Institutions and Technology Committee appeared in the Senate Journal. Note that the legislative history may be incomplete.

[1] R.C. 9.16(B).

[2] Shawn S. Amuial, Josias N. Dewey, and Jeffrey R. Seul, *The Blockchain: A Guide for Legal & Business Professionals*, § 1:2 (2016).

- ▪ The Supreme Court;

- ▪ The offices of all elected state officers; and

- ▪ All departments, boards, offices, commissions, agencies, colleges and universities, institutions, and other instrumentalities of the state.

A "**political subdivision**" is a municipal corporation, township, county, school district, or any other body corporate and politic that is responsible for government activities in a geographic area smaller than the state. The definition includes a long list of specific examples, such as county hospitals, but those examples do not limit the definition's reach.[3]

For a more in-depth description of distributed ledger technology and blockchain technology, see the LSC Members Only Brief, *Blockchain Technology and Virtual Currency*. In addition to the preceding hyperlink, it can be found at http://www.lsc.state.oh.us/pages/ reference/current/membersbriefs.aspx.

# HISTORY

| Action | Date |
|---|---|
| Introduced | 03-04-21 |
| Reported, H. Technology & Innovation | 04-15-21 |
| Passed House (95-2) | 05-06-21 |
| Reported, S. Financial Institutions & Technology | --- |

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[3] R.C. 9.16(A), by reference to R.C. 9.48, 339.01, and 2744.01, not in the bill.