Ohio hopes giving blockchain data, contracts legal status will draw more economic activity

Ohio lawmakers are hopeful that new blockchain legislation will make the state a leader in developing the emerging technology and attracting businesses that would use it.

In June, the legislature approved SB 220, which gives legal standing to data recorded through blockchain technology. It took effect upon Gov. John Kasich's signature in August, making Ohio the first Midwestern state to consider records or contracts secured through blockchain technology an electronic form and record under the Uniform Electronic Transactions Act.

“What that did was send a message to anyone in the private sector, and hopefully the public sector, who wants to conduct business using blockchain technology that it is acceptable in Ohio,” says Sen. Matt Dolan, sponsor of SB 300, the original blockchain bill.

SB 300 included language that put electronic signatures obtained through blockchain technology on par with other forms of electronic signatures. That provision was the only part of the bill to survive when it was approved as an amendment to SB 220, which deals with cybersecurity issues.

Blockchain technology is based on a series of decentralized computer networks, in which data is divided and publicly stored among several computers instead of one database or server. Records, currency and electronic information stored through blockchain are verified by several sources and can't be erased or altered. Therefore, transactions made through blockchain technology are transparent, efficient and highly secure. (Blockchain is most commonly known as the technology behind Bitcoin.)

In addition to being used by businesses for transactions, blockchain can provide the public sector with a safe and secure way of recording and storing records, such as birth certificates, licenses and other documentation.

Technology experts point to blockchain as the next generation of the Internet, one that will eventually become commonplace in the flow of digital commerce, storage of public records, and everyday transactions.

Proponents in Ohio hope that by being among the first states to recognize blockchain transactions, the move will translate into attracting blockchain developers and companies, adding to Ohio's growing tech sector.

One week after SB 220 was signed into law, Cleveland announced that businesses and nonprofits in the city would have free access to data and research from the Toronto-based Blockchain Research Institute.

Supporters also see new jobs for those trained in blockchain coding and are looking to universities to graduate students with the skill to work with blockchain and carry that skill into the private workforce.

“In my position as a state senator, I want to send a clear and loud signal that Ohio is innovative, that we are thinking about today’s and tomorrow's economy,” Dolan says. “And if you are a young person in Ohio, you know that you can get a job in a sector of the economy that is growing and that is new.

“If Ohio creates a workforce that can provide coders familiar with this latest technology to companies who want to go into blockchain, that's a win,” Dolan says. “It's a burgeoning industry, and we want to be part of it here in Ohio.

“It's the image that we want Ohio to be part of,” he adds. “When you think of tech, you don't necessarily think of Ohio, but if we can take the lead in blockchain technology then we fill that space and people start talking about Ohio like they talk about Boston and Austin, Texas, and the Silicon Valley. We want a slice of that. This is what getting out ahead on this technology can do.”