



Client Alert: Blockchain & Cryptocurrency: State Law Roundup 2019

July 18, 2019

The pace at which states are legislating blockchain technology and cryptocurrencies appears to be accelerating. However, there is no standardization or uniformity in how states are choosing to treat these emerging technologies.

Over the past year, several states have adopted or proposed new legislation that relates to the use of blockchain in business usually exempting digital currencies from money transmitter and securities laws or recognizing that records secured through blockchain technology have the same legal status as written records. Moreover, a small number of states are encouraging the development of blockchain technology by authorizing financial technology ("fintech") sandboxes. This allows creators to test their innovative technology in the "sandbox," free from state regulation.

While many states are putting out the welcome sign for the blockchain industry, others have trended toward restriction. These states have made it clear that cryptocurrencies will receive no securities exemptions and will be subject to various taxes and licensing requirements. Though these states certainly do not represent the majority of states, it is safe to say there is no "norm" when it comes to blockchain legislation on the state level.

Here is a sampling of state legislative activity relating to blockchain technology and cryptocurrencies:

In addition, the following states proposed to study blockchain technology in various contexts: Arizona, Colorado, Connecticut, Florida, Kentucky, Maine, Massachusetts, Nevada, New York, North Dakota, Oregon, Texas, and Virginia.

*The authors gratefully acknowledge the work and contributions of **Maddie Level**, a law school student at the University of Kansas, in preparation of this Alert.*