



June 27, 2022

Re: Support for A.9275

Dear :

This letter is submitted on behalf of the Blockchain Association (the “Association”), a member-led, member-driven organization dedicated to improving the public policy environment for crypto networks through innovation, collaboration, leadership, networking, diversity, and representation. The Association recently opened an office in Albany, and we are eager to share our expertise with the legislature in the weeks, months and years ahead.

The Association writes to strongly support the passage of **A.9275** by Assemblyman Clyde Vanel. This legislation provides a clear path for the state to identify the consumer, environmental, energy, and financial impacts that emerging blockchain technology brings to New York. It would provide clarity and transparency for New York residents, many of whom are unaware of the industry’s operations and presence in the state. The Blockchain Study Task Force can provide real answers to the biggest questions facing policymakers regarding crypto by making informed legislative and regulatory recommendations with the input of legislative appointees.

Cryptocurrency is the most well-known application of blockchain technology and has developed into several of the largest and most secure computer networks in the world. It allows anyone in the world to send and receive value simply by connecting to the internet. While the effectiveness and security of blockchain networks is not being questioned, their impact on state policies and priorities is under deep scrutiny. To this end, a statutory mandate to answer these questions is a must.

Emerging technologies are complicated and difficult to assign value, especially when that value is based on transformative potential that may be difficult to contemplate. For example, it is easy to look at the energy consumption associated with proof-of-work consensus mechanisms and draw unfavorable conclusions, but further scrutiny reveals how a thriving in-state Bitcoin network can support the state’s electrical grid in its transition to cleaner energy production. The development of co-location sites between mining operations and renewable generation could provide greater resiliency to the grid as the state seeks to move away from fossil fuels. However, this shift will not happen overnight, and it is critical to maintain operations that bolster the state’s ability to mine crypto.

The use of crypto helps facilitate direct money transfers without a corporate middleman and gives the lowest-income New Yorkers the increased ability to transfer their own money without the burden of long delays and high fees. The ability to move the dollar at the speed of the

blockchain can open doors to greater financial freedom, especially in underbanked areas of the state. In addition, crypto can provide greater opportunities to finance new businesses, especially for minority and women-owned businesses who may be denied traditional loans. Additionally, there are other non-financial applications that utilize blockchain technology. For example web3, non-fungible tokens or NFTs, and the supply chain can provide users with innovative and highly efficient systems that create jobs, lower costs, and offer new opportunities to earn income.

However, the mechanisms through which these transactions and wealth creation occur require greater education and understanding by the general public. The Blockchain Task Force, through stakeholder input, would be best equipped to offer recommendations that safely and efficiently allow for the use of crypto and blockchain by every day New Yorkers.

Accordingly, we support New York being the first state to mandate a deep and multifaceted analysis of blockchain technology, without having any predetermined outcome in mind. By embracing the facts and assessing them as they become available, we can be assured that policymakers and regulators have the best and fullest arsenal of information at their disposal to make New York an example of responsible regulation that ensures the state will be the crypto center for years to come.

For these reasons, we strongly urge the committee to advance this legislation. Thank you for the opportunity to comment on this important issue. We look forward to being a resource to the Committee as it continues to evaluate policy that directly impacts the blockchain and crypto industry in the state.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kristin Smith".

Kristin Smith  
Executive Director  
Blockchain Association

Cc: Micah Lasher  
John O'Leary  
Kate Harris  
Rajiv Shah