

AN ACT concerning business.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 1. Short title. This Act may be cited as the Blockchain Technology Act.

Section 5. Definitions. As used in this Act:

"Blockchain" means an electronic record created by the use of a decentralized method by multiple parties to verify and store a digital record of transactions which is secured by the use of a cryptographic hash of previous transaction information.

"Cryptographic hash" means a mathematical algorithm which performs a one-way conversion of input data into output data of a specified size to verify the integrity of the data.

"Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

"Electronic record" means a record created, generated, sent, communicated, received, or stored by electronic means, including a blockchain or a smart contract.

"Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

"Smart contract" means a contract stored as an electronic record which is verified by the use of a blockchain.

Section 10. Permitted use of blockchain.

(a) A smart contract, record, or signature may not be denied legal effect or enforceability solely because a blockchain was used to create, store, or verify the smart contract, record, or signature.

(b) In a proceeding, evidence of a smart contract, record, or signature must not be excluded solely because a blockchain was used to create, store, or verify the smart contract, record, or signature.

(c) If a law requires a record to be in writing, submission of a blockchain which electronically contains the record satisfies the law.

(d) If a law requires a signature, submission of a blockchain which electronically contains the signature or verifies the intent of a person to provide the signature satisfies the law.

Section 15. Limitations to the use of blockchain.

(a) If parties have agreed to conduct a transaction by use of a blockchain and a law requires that a contract or other record relating to the transaction be in writing, the legal effect, validity, or enforceability of the contract or other record may be denied if the blockchain containing an electronic

record of the transaction is not in a form that is capable of being retained and accurately reproduced for later reference by all parties or other persons who are entitled to retain the contract or other record.

(b) Except as otherwise provided in subsection (f), if a law other than this Act requires a record to be posted or displayed in a certain manner, to be sent, communicated, or transmitted by a specified method, or to contain information that is formatted in a certain matter, the use of a blockchain to post, display, send, communicate, transmit, or store such a record does not satisfy the requirement of the other law.

(c) If a person inhibits the ability of another person to store or retrieve information contained in a blockchain, such information is not enforceable by the person who inhibited the storage or retrieval.

(d) Regardless of whether a smart contract was used to establish the relationship between the parties to an agreement, a requirement that a notice or an acknowledgment or other response to a notice be in writing is not satisfied by providing or delivering the notice or recording an acknowledgment or other response to the notice by the use of a blockchain if the notice is a notice of:

(1) the cancellation or termination of service by a public utility;

(2) default, acceleration, repossession, foreclosure, or eviction, or the right to cure, under a credit agreement

secured by or a rental agreement for, a primary residence of a natural person;

(3) the cancellation or termination of a policy of health insurance, benefits received under a policy of health insurance, or benefits received under a policy of life insurance, excluding annuities; or

(4) the recall of a product, or material failure of a product, that risks endangering the health or safety of a person.

(e) A requirement that a document be in writing is not satisfied by the use of a blockchain if the document is required to accompany any transportation or handling of hazardous materials, pesticides, or other toxic or dangerous materials.

(f) The requirements of this Section may not be varied by agreement, except that:

(1) to the extent a law other than this Act requires that a contract or other record relating to a transaction be in writing, but permits that requirement to be varied by agreement, the provisions of subsection (a) concerning the denial of legal effect, validity, or enforceability of the contract or other record relating to the transaction may also be varied by agreement; and

(2) a requirement under a law other than this Act to send, communicate, or transmit a record by first-class mail, postage prepaid, or regular United States mail, may

be varied by agreement to the extent permitted by the other law.

Section 20. Local government restrictions.

(a) A unit of local government shall not:

(1) impose any tax or fee on the use of a blockchain or smart contract by any person or entity;

(2) require any person or entity to obtain from the unit of local government any certificate, license, or permit to use a blockchain or smart contract; or

(3) impose any other requirement relating to the use of a blockchain or smart contract by any person or entity.

(b) Nothing in this Section prohibits a unit of local government from using a blockchain or smart contract in the performance of its powers or duties in a manner not inconsistent with the provisions of this Act.