

Senate Commerce Committee

Aaron Jones 271-2609

HB 639-FN, relative to the use of and disputes over blockchain and digital currencies.

Hearing Date: April 29, 2025

Time Opened: 11:20 a.m.

Time Closed: 11:57 a.m.

Members of the Committee Present: Senators Innis, Ricciardi, Murphy, McGough, Fenton and Reardon

Members of the Committee Absent : None

Bill Analysis: This bill:

I. Creates an act to protect blockchain technology and its users.

II. Establishes a blockchain dispute docket to oversee blockchain-related disputes.

Sponsors:

Rep. Ammon

Rep. Beaulier

Rep. Osborne

Rep. Alexander Jr.

Rep. Sweeney

Rep. Warden

Sen. Avarad

Who supports the bill: Representative Keith Ammon, Representative Tom Schamberg, Justin Tidwell, Carl Cote, Daniel Huntington, Timothy Finney, James Gardner, Curtis Howland, Aubrey Freedman

Who opposes the bill: 246 individuals were in opposition. Full sign in sheets are available upon request by contacting the Legislative Aide, Aaron Jones (aaron.jones@gc.nh.gov).

Who is neutral on the bill: Jeff Willcox

Summary of testimony presented in support:

Representative Keith Ammon

- Representative Ammon disclosed that he owned digital assets, and he was Chair of the New Hampshire Blockchain Council.
- This bill was heard in both House Commerce and House Finance. It was amended into a study commission by House Commerce.

- Some of the purpose and findings section, specifically the blockchain dispute docket, came from Governor Sununu's Commission on Digital Assets and Cryptocurrency.
- There were definitions needed in statute. If there were a court case, a defendant would want a judge who understands these concepts, so they can receive a fair trial.
- Page 3, Line 7, would prevent a prohibition against using digital assets.
- Page 3, Line 14, would prevent municipalities from discriminating against energy use.
 - In New York, Representative Ammon said a moratorium was instituted based on misinformation about energy use.
 - This would ensure that the industry is not targeted, while also ensuring they abide by the same rules as any other industry.
- Page 3, Line 21, would deal with issues on how mining operations operate.
 - Energy costs are high in New Hampshire, so Representative Ammon did not think this would be a problem. Instead, it would project that the state is friendly.
 - Digital assets could help incentivize the market to generate new energy by using intermittent electrons.
- The blockchain dispute docket was based on the business dispute docket. As the docket received business, Representative Ammon envisioned there would be someone with expertise to swiftly handle these cases. The fees from these cases would pay for the docket. Judges would not be solely dedicated to the docket.
- Representative Ammon worked with the Secretary of State's Office to address their concerns.
 - Staking is a consensus mechanism that does not require as much energy.
 - Some states sued Coinbase saying it was a securities offering; however, they had to cancel their lawsuits because staking is not a securities offering.
 - This language would clarify that staking is not a securities offering. If an entity is fraudulent, and they are stealing assets, then the Office could go after them.
- **Senator Ricciardi** said there are concerns that the computers use super amounts of electricity 24/7, and they would have higher demand than hospitals. Individuals have also complained about the noise. She asked if this could be put into a study committee because it is a complicated issue.
 - **Representative Ammon** said they dealt with energy use in the Governor's Commission. This dispute was like the one between Edison and Telsa. For example, a blockchain company called Ripple hired an artist, who was paid by Greenpeace, to make Bitcoin look bad. Some of the opposition did not realize they were supporting one side over the other.

Summary of testimony presented in opposition:

Katie Taylor and Eric Forcier, Director, Bureau of Securities Regulation

- The Bureau was opposed to the amended bill. Specifically, the language in RSA 359-V:4, IV that states, “A business offering to provide digital asset mining or staking services for individuals or to other businesses shall not be considered as offering a security or investment contract under RSA 421-B.” From their perspective, this would prohibit their ability to protect New Hampshire investors.
- The Bureau has received complaints about digital asset mining and staking, and they have investigated them.
- In one digital asset mining investigation, they brought an administrative enforcement action against an individual. That individual told a group that they were engaged in mining at their home. He told the investors if they were able to provide money, he could buy more machines and do more mining. There were misrepresentations made in connection with the offering, and about \$250,000 was squandered. Under RSA 421-B, the Bureau was able to protect those investors.
- The Bureau worked with Representative Ammon on an amendment to address these concerns. They believed the language balanced the need to protect investors with the need to facilitate responsible capital formation.
- RSA 359-B:1, V, would have a new defined term for digital asset exchange.
- RSA 359-V:5, IV would allow individuals in their basement to mine digital assets or use their own funds to engage in staking.
- RSA 359-V:5, V would clarify that a digital asset exchange that offers to provide staking as a service to any person shall not be deemed to be an offering or selling of a security.
- This amendment would promote the ability of the Bureau to protect investors against bad actors who are falsely providing services.

Catherine Corkery, Chapter Director, New Hampshire Sierra Club

- Given there is a lot of instability in this industry, Ms. Corkery said there are avoidable risks.
- This bill lacked environmental guardrails, it created confusion, and it would usher in the erasure of the authority of the state, localities, and political subdivisions by protecting and promoting a single industry.
- While they are concerned about climate impacts, there is also an exponential energy demand. Energy is required for the facilities, their super computers, and their climate control. Energy is also required to create an asset.
- Bitcoin is very dynamic, and towns and communities are not ready for it.
- Line 29 would erase the authority of communities and the state by stating they shall not prohibit any person or business from operating.

- **Senator Innis** asked if the primary objection of the Sierra Club was energy usage.
 - **Ms. Corkery** said it was the energy use, but they have a government of laws. The state and communities have the authority to regulate what comes into their community. This enterprise received special attention, which was alarming.

Kennard Soleyn

- One cryptomining transaction required 1,200 kilowatts per hour, which was enough to power a house for 50 days.
- New Hampshire's power generation was 55 percent from nuclear, 19 percent from natural gas, 6 percent from coal, and 16 percent from renewable energy.
- Mr. Soleyn asked how the installation of these large energy demanding facilities would affect residential and small business electric rates. New Hampshire already paid among the highest electrical rates. Local citizens would subsidize blockchain facilities by having their rates increased.
- These facilities are not clean, they are based on electrical demand. Natural gas and other fossil fuels are converted into electricity.

Pat Stevens

- About 4 years ago, a large cryptomining facility was built in North Tonawanda, New York. The residents were upset because they felt they were pushed into it, and they did not know enough about it.
- Ms. Stevens played an audio clip that was a mile to a mile and a half from the facility.
- **Senator Innis** asked what was generating the noise.
 - **Ms. Stevens** said it was the facility itself in combination with the computers and the fans. Sometimes residents cannot stand the noise with their windows closed. North Tonawanda was willing to share the things they have went through, and their suggestions for individuals who are thinking of starting this kind of a business.

Lena Nirk

- Other states have adopted similar legislation to attract investment, but there have been unintended consequences that have severely impacted local communities.
- In 2023, legislation was adopted in Arkansas.
 - Local communities began to complain about the extreme noise pollution at these centers that run 24/7. Daily life and business operations were disrupted. In addition, housing values plummeted as residents were unable to sell their homes.
 - Local infrastructure was stressed by the massive energy and water needs.
 - The jobs did not materialize because facilities are operated remotely.

- In less than a year, Arkansas passed new legislation to restore local control.
- In Pennsylvania, a farmer reported health issues with their livestock due to incessant noise.
- The Department of State stated this bill would limit the authority of the Bureau of Securities to regulate digital asset mining or staking services. The Bureau would lose their ability to seek restitution for investors, or collect fines and penalties related to these services.
- Since this regulatory authority would not be transferred to another body, Ms. Nirk believed it would have serious implications for consumer protection in the state.
- Ms. Nirk said New Hampshire should not repeat the costly missteps made by other states.

Lee Oxenham

- A negative feature of the industry and its mining operations was the enormous usage and waste of water, which was needed to meet the demands for cooling the computers. Also, the coal and gas fired powerplants that generate electricity use water to cool their production.
- Given its escalating annual increases in water usage, Bitcoin mining threatened other industrial uses and endangered drinking water.
- Often, Bitcoin mining plants discharge heated wastewater that increases temperatures in lakes and rivers. Thermal pollution endangers public health as well as threatens wildlife habitats through algal blooms, fish deaths, biodiversity losses, direct thermal shock, and changes in oxygen levels. These are also exacerbated by trace elements of arsenic and magnesium.
- The costs needed to upgrade water treatment plants would be imposed on local communities, their property taxpayers, and their water rates.
- Bitcoin mining consumes about 100 gegaliters of water, which is equivalent to the water consumption of 300,000 households. Each transaction on the Bitcoin blockchain uses 16,000 liters of water.
- According to the U.S. Drought Monitor and the Department of Environment Services, New Hampshire is experiencing drought conditions. As of April 22nd, 21 percent of the state was under drought conditions and 51 percent was classified as abnormally dry. Ms. Oxenham asked the Committee to think about how much the economy relied on lakes and rivers.
- Ms. Oxenham said New Hampshire residents and our economy would not benefit from carving out special exemptions for this industry; instead, it was all cost and there were no benefits.

Leslie Woodard

- Ms. Woodard said this bill went too far, too fast.

- As others have stated, cryptocurrency mines produce noise pollution 24/7, 365 days a year. Ms. Woodard said she has a condition that made her sensitive to noises, and if she lived near a mine, it would be painful.
- In Arkansas, one resident stated the noise was a form of military grade torture. Another resident said it caused migraines and problems with their hearing and blood pressure.
- National security risks have been raised due to the foreign ownership of cryptocurrency mines.
- A mine in Rockdale, Texas had promised to create 300 jobs, but it only created 14.

Paul Fiondella

- On March 26th, the Chan School of Public Health published a peer review article in *Nature*. They tried to assess the level of air pollution associated with cryptomining. Over 11 months, they studied the 34 largest Bitcoin mines in the U.S. They discovered they used the supply of 635 powerplants, and they used 33 percent more energy than the City of Los Angeles, which is 32.3 terawatts. 85 percent of the energy came from fossil fuels.
- The small particles generated by fossil fuel plants would affect 1.9 million people.
- Mr. Fiondella said there are a lot of environmental concerns that need to be reviewed.
- If this bill were passed, Mr. Fiondella said senior citizens would think cryptocurrency was great, yet there have been many tokens that have gone to zero. He asked what their recourse would be if they placed their lifesavings into cryptocurrency and it went to zero.
- The purpose of regulation was to reduce risks. This bill did not reduce risk; instead, it left open areas where the public would suffer.

Neutral Information Presented: None