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.
(c) A home rule unit may not regulate a blockchain or smart contract in a manner inconsistent with the regulation by the State of a blockchain or smart contract under this Act. This subsection (c) is a limitation under subsection (i) of Section 6 of Article VII of the Illinois Constitution on the concurrent exercise by home rule units of powers and functions exercised by the State.