



MARYLAND STATE TREASURER
Dereck E. Davis

Informational Testimony of the Maryland State Treasurer’s Office

**House Bill 470: Digital Asset and Blockchain Technology Task Force –
Establishment**

House Economic Matters Committee

February 17, 2026

The State Treasurer’s Office (STO) appreciates the opportunity to provide information regarding House Bill 470 for the Committee’s consideration. Under the bill, the Digital Asset and Blockchain Technology Task Force (Task Force) is authorized to study and make recommendations regarding blockchain technology and cryptocurrency uses in the State. While a number of State officials are included, the State Treasurer is not. For the reasons discussed below, STO respectfully requests that, if the Committee gives House Bill 470 favorable treatment, the Committee adopt an **amendment** to add the State Treasurer or the State Treasurer’s designee to the Task Force.

Background on Blockchain Technology

Digital assets and blockchain technology are part of a relatively new and rapidly evolving industry. Blockchain is a decentralized digital ledger that constitutes the foundation of modern digital asset transactions. This emerging technology was first implemented for digital asset transactions by Bitcoin, and it has since gone on to be utilized by other cryptocurrencies. The decentralized nature of blockchain technology allows for direct peer-to-peer transactions and ensures a certain level of security. However, digital asset transactions completed via blockchain are not immune to financial fraud, and cryptocurrency scams accounted for at least \$9.9 billion in stolen funds in 2024. Additionally, the ever-changing nature of the industry has created legislative and regulatory uncertainty as states work to protect consumers and establish rules for this new financial system.

Background on Cryptocurrency

Cryptocurrencies present many of the same potential benefits and risks as blockchain technology. Principal among the potential risks of cryptocurrency is its volatility as a financial investment. In November, Bloomberg reported on a sharp decline in the total market value of all cryptocurrencies ([“Crypto Bear Market Wipes Out Almost Entire 2025 Value Gain”](#)):

“It took just over a month for cryptocurrencies to erase almost all of this year’s market value gains. At its Oct. 6 peak, the total market value of all cryptocurrencies touched a record of nearly \$4.4 trillion, but a 20% decline since then leaves asset class up a modest 2.5% for the year, according to [CoinGecko data](#). The downturn that began with the sudden liquidation of about \$19 billion in leveraged positions just days after the all-time high shattered confidence, and traders show few signs of [betting on a rebound](#).”

One potential reason for the decline in price is that some participants in the market are borrowing money to leverage purchases of Bitcoin and other cryptocurrency, essentially buying Bitcoin with borrowed money. Leverage is not unusual in the financial markets, however some reports suggest that a significant portion of all transactions in the cryptocurrency realm have been done with leveraged funds. Using leveraged funds in this manner can exacerbate a sell-off when market conditions sour and assets need to be liquidated.

STO’s Role in Monitoring Digital Assets

Over the last few years, STO has tracked cryptocurrency market conditions on a daily basis as part of the broader investment work that the State Treasurer undertakes. In addition, STO has surveyed legislative proposals in other states and participated in a webinar series led by the National Association of State Treasurers. Since some states have explored public investment in cryptocurrency, STO continually evaluates the costs and benefits of holding or investing in digital assets.

Based on all of the information available to STO, the Office has made the decision to wait and see how the market conditions surrounding cryptocurrencies continue to develop. A range of practical considerations have informed the decision to wait. For example, setting aside the market fluctuations, STO would need to promulgate regulations to allow the State to invest in cryptocurrency. In addition, STO would need to conduct a procurement to identify a bank that would accept digital currency.

Managing institutional cryptocurrency portfolios comes with unique challenges, including security risks and regulatory complexities. Therefore, to properly administer and invest such assets, institutions must adopt robust strategies and best practices tailored to the digital

asset market. If the State intends to explore whether to utilize blockchain technology or cryptocurrency, STO needs a seat at the table to share perspective on important banking and investment considerations.

Amendment to Preserve STO's Role

Treasurer Davis and STO hope that this information is useful as the Committee considers House Bill 470. If the Committee gives favorable treatment to the bill, STO respectfully requests an amendment to include the State Treasurer or the State Treasurer's designee on the Task Force. Please contact Laura Atas, Deputy Treasurer for Public Policy (latas@treasurer.state.md.us), with any questions.