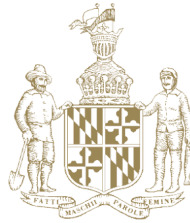


ADRIAN BOAFO
Legislative District 23
Prince George's County



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ASSISTANT MAJORITY LEADER

Economic Matters Committee

Chair
Workers' Compensation
Subcommittee

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Chairwoman Kris Valderrama
Economic Matters Committee
House Office Building, Room 230
Annapolis, Maryland 21401

Chair Valderrama, Vice-Chair Charkoudian, and Members of the Economic Matters Committee,

HB859 provides clear rules for how digital assets and digital asset staking are treated under Maryland law. It ensures that residents of our state can participate in blockchain networks, operate nodes, use self hosted or hardware wallets to control their digital assets, and participate in staking. The bill also clarifies that providing staking as a technical service does not constitute the offer or sale of a security under the Maryland Securities Act.

At its core, staking is simply the process of committing digital assets to a blockchain network so that the network can operate securely and verify transactions. Participants help maintain the integrity and accuracy of the blockchain by validating transactions and supporting the network's operations. In return, the blockchain protocol may provide rewards to those participants. In simple terms, staking allows individuals to help power the infrastructure that keeps decentralized networks running.

Since 2023, Maryland is estimated to have lost approximately nine million dollars in potential tax revenue from digital asset staking activity that has shifted to states with clearer regulatory frameworks. By providing clarity around staking and blockchain participation, this bill allows Maryland residents and companies to participate in this growing sector while ensuring that the economic activity and tax revenue remain in our state.

At the same time, this legislation does not remove consumer protections or regulatory oversight. State regulators still maintain authority to regulate digital assets under Maryland's Money Transmission Act, and the Office of the Attorney General retains full authority to enforce the Maryland Consumer Protection Act.

Ultimately, HB 859 ensures that Maryland residents can participate in blockchain technology, provides regulatory clarity for innovation, and positions our state to benefit from the economic growth of the digital asset industry.

Thank you for your consideration.

A handwritten signature in black ink, appearing to read 'Adrian A. Boafo'.

Delegate Adrian A. Boafo