

May 24, 2022

Dear Senator,

We write to you to urge you to vote against S6486D, a companion bill to A7389C, which would order a state-wide moratorium on cryptocurrency generation or mining.

If passed, this bill would be a death blow to the Bitcoin and cryptocurrency industry, resulting in thousands of jobs lost in New York, a loss of capital to scale up renewable energy, and would harm all potential benefits to consumers from cryptocurrency projects and initiatives.

The aim of embracing climate goals to ensure 100% renewable energy usage in cryptocurrency generation and mining is well-intended, but a complete ban will have a devastating impact on innovators and entrepreneurs hosting their facilities in the state of New York, and consumers and investors that rely on their services.

As a consumer group, it may seem odd for us to weigh in on a topic that affects mostly industry players and firms. However, because we believe that Bitcoin, and cryptocurrencies more broadly, will serve a vital role in making finance and economics more inclusive and accessible for sending, receiving, and saving value, we hold it in the interest of consumers that the hashrate (the total computing power of the network) continue to grow, and that better public policy on cryptocurrencies is embraced among state legislatures.

If the Bitcoin hashrate grows specifically in the United States, then we will have more control in how mining develops and how it can benefit the country, its citizens, and our energy grids.. This last part is vital for climate goals, which cannot be said for China or other nations.

According to the latest figures from the first quarter of 2022 on Bitcoin mining specifically, [58.4% of miners](#) are using renewable energy sources, and that number has only increased in several years. In New York, many firms are [retooling](#) abandoned processing and power generation plants to build cryptocurrency data centers, and are providing economic value in return that is putting renewable energy to work.

What's more, this wide-ranging energy diversification is happening at a pace faster than any [other industry](#), leading to more investment in renewable energy capacities and delivery systems. This increased demand is leading to [more environmentally favorable energy delivery](#) for customers of all public electricity utilities, and will also help bring down costs. And this is being carried out due to the incentives of firms and individuals who participate in adding hash rate to mining: they want to lower their costs and find better alternatives.

Cryptocurrency generation and mining firms have an incentive to use the most affordable and renewable energy sources available, and the [data backs up this claim](#). This is a win-win scenario for towns and localities with these facilities, for employees of these firms, residents in these towns that benefit from increased commerce, and energy customers overall.

As cryptocurrency mining has proliferated in New York, it has opened up new entrepreneurial activities that will help improve the lives of New Yorkers in small communities and large



urban centers alike. Entertaining a ban on these activities, in pursuit of an unclear climate goal, will negate these gains. There is a better path.

It should not surprise you to know that New York's previous policy decisions, including the [highly criticized](#) BitLicense, have locked many New Yorkers out of the new cryptocurrency ecosystem due to the high compliance costs. Some New Yorkers have chosen to change residences in order to acquire cryptocurrency or to invest in crypto businesses, which they can do in any other state, but more specifically Texas, Wyoming, and Florida.

If this moratorium on cryptocurrency generation comes to pass, it will be yet another signal to entrepreneurs and consumers that Bitcoin and other cryptocurrencies are not welcomed in New York, and the regulatory framework is too unfavorable to justify investing here.

A number of industry organizations, communities, and unions have already expressed their concerns about the impact this bill would have on their families and livelihoods, fearing potential job loss in case industry gets driven away from the state as a result of this legislation. The loss of future investments and new jobs is another concern expressed by many communities in cities such as Rochester, Albany, and Syracuse.

According to the [May 2022 Empire State Manufacturing Survey](#), the general business conditions index has dropped thirty-six points statewide. The last thing many affected and marginalized communities need is a moratorium that would drive businesses away from the state, and keep millions of New Yorkers from being included in a new system of value.

We understand that the quick rise of cryptocurrency mining raises many questions for residents, particularly when it involves the local economy and environment. However, a more prudent path would be an environmental review conducted by relevant authorities, rather than a wholesale ban and moratorium that would put many projects in legal jeopardy.

As consumer advocates, we are strongly opposed to this bill. We believe that New York residents deserve a chance to take part in the nascent industry that so many other states are hoping to accommodate. Using the force of regulation to drive away investments and jobs, stop economic progress, and shut out millions of New Yorkers from a more inclusive financial system would not only be wrong, but it would also be negligent.

Please vote No on S6486D aiming to place a moratorium on proof-of-work and help New York become a hub of innovation that embraces new technologies. New Yorkers should have the opportunity to participate in one of the biggest innovations of our age. With your vote against this bill and a more prudent direction, we can ensure that will happen.

Sincerely Yours,

Yaël Ossowski
Deputy Director

Aleksandar Kokotovic
Crypto Fellow