



June 3, 2026

Re: Opposition to the Digital Asset Privilege Tax Act (SB 3019, House Amendment 001, Article 3)

The Illinois Blockchain Association and The Digital Chamber write in strong opposition to the Digital Asset Privilege Tax Act, introduced as Article 3 of SB 3019, House Amendment 001 (the “Tax”). In a misguided attempt to fill a budget hole, the Tax punitively slaps a 0.2% fee on everyday Illinoisans’ use of digital assets, from bitcoin to stablecoins and any other assets within this class. We urge Illinois to reject this measure. The tax is substantively unsound, procedurally deficient, and economically destructive.

Formed in 2024, the IBA is a non-profit member organization dedicated to advocating for sound public policy in Illinois concerning blockchain, digital assets and cryptocurrency. Chicago and Illinois are home to a thriving community of blockchain innovators, start-ups, and investors. Our members include large and small businesses, start-ups, lawyers, students, and others.

Launched in 2025, The Digital Chamber’s (TDC) State Network advocates for thoughtful and transformative digital asset policies at the state and local levels, serving as a bridge between industry leaders and policymakers. The State Network leverages the expertise and reach of TDC—the world’s largest digital asset and blockchain trade association, founded in 2014 and representing more than 250 members across the global blockchain ecosystem, including stablecoin issuers, digital asset firms, national banks, blockchain analytics firms, custodians, tokenization platforms, and companies building core blockchain infrastructure.

Lawmakers gave the industry zero advance notice of the Tax. No stakeholder outreach was conducted; no public hearing was held; no request for comment was issued. Instead, this measure slipped into the state budget overnight and the industry learned of it only afterwards.

When passing the Digital Assets Consumer Protection Act (“DACPA”), lawmakers proactively engaged the industry, and the final product reflected industry input and numerous compromises that vastly improved the final product. We were proud to have been part of that collaborative process, and we understood lawmakers engaged in it because they saw the value of the digital assets industry to Illinois’ life and economy. By contrast, the Tax epitomizes the discriminatory treatment of the digital asset industry and the shortsighted policymaking that could drive innovators out of Illinois. A first of its kind tax targeting an entire industry demands meaningful engagement with those it directly affects.

The process by which the Tax passed was an unfortunate and severe example of midnight policymaking. Burying a novel, industry-specific tax in a floor amendment to an unrelated bill undermines public confidence in the legislative process. It denies affected stakeholders the opportunity to present evidence or propose alternatives and denies members of the General Assembly the benefit of informed deliberation.

It is also unclear how the Tax will work. The legislation imposes a 0.2% tax on the value of any digital asset involved in a “digital asset business activity”. Digital asset business activity is broadly defined to include any single occurrence of exchanging, transferring, or storing a digital asset on behalf of a customer. Thus, a digital asset business *or* their customer, who merely transfers assets between wallets, converts one digital asset to another, or places assets in custodial storage, could be taxed at 0.2% of full asset value regardless of whether any economic gain has been realized, and even in instances where economic loss occurs. The Tax will discourage the use of digital assets at the very time when financial services are moving to the blockchain, freezing Illinois residents out of progress and innovation and pushing the existing IL blockchain and crypto companies out of the state.

This creates competitive distortion whereby regulated digital asset exchanges and custodians operating lawfully in Illinois bear the full tax burden, while the same tax does not exist for traditional assets or traditional asset businesses. The Tax punishes compliance by the digital asset industry and incentivizes regulatory arbitrage.

No other state currently imposes a transaction-level privilege tax of this nature on digital asset activity. The cumulative effect will render Illinois noncompetitive with virtually every other U.S. jurisdiction when companies are evaluating where to locate or expand operations.

The IBA and TDC unequivocally oppose the Digital Asset Privilege Tax Act. This legislation will not generate the revenue its proponents promise, but it will generate an exodus of innovation and investment from the State.

Respectfully submitted,

**Illinois Blockchain Association**

**The Digital Chamber State Network**