

# Blockchain

## Background

Emerging technologies, such as blockchain, drones, artificial intelligence, and cloud computing, are taking root in everyday CPA firm operations. While these technologies bring exciting innovations in audits and other accounting services, they also bring new laws and regulations. Several states – including Arizona, Illinois, and Nevada – have introduced legislation related to blockchain during the 2017 legislative sessions.

Blockchain is a decentralized, transparent public ledger where individuals can share information without having to trust a third party to verify the information. Multiple people can access copies of the ledger simultaneously, allowing transactions such as contracts to be recorded and verified without a principal authority.

## Importance to CPAs

Blockchain could be revolutionary for the CPA profession because the blockchain can record all parts of a transaction in real time from multiple sources, helping reduce errors. Once records are submitted on the blockchain, they cannot be altered, even by the records' owner, providing transactions a high level of security.

## State Activity

The AICPA's State Regulation and Legislation Team is tracking blockchain legislation to determine its impact on how CPAs use the technology. For example, the Nevada Senate is considering a bill to expand blockchain's authorized uses. The bill would allow records and signatures legally required to be in writing to be submitted on the blockchain. This legislation would open the door for new ways to store and verify contracts, records, and other documents. Additionally, Arizona Governor Doug Ducey signed a bill stating that a smart contract, meaning a contract that is stored and verified on the blockchain, may not be denied legal effect or enforceability just because the contract involves the blockchain.

CPAs should also be aware that some state governments are considering moving state records and government services onto the blockchain. This would drastically change how CPAs audit these records. The Illinois House of Representatives is considering a resolution to create a task force to study moving all Illinois state government recordkeeping and service delivery to a blockchain-based system.