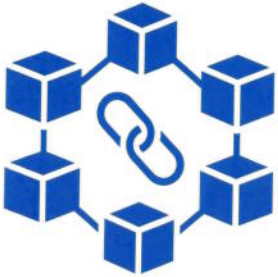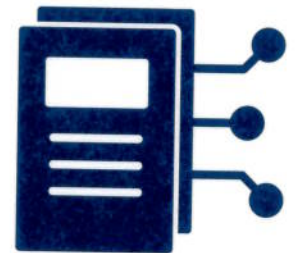# HB 357 Decentralized Autonomous Organizations Amendments

HB 357 establishes the requirements of a decentralized autonomous organization (DAO) to be recognized by the state. This bill allows a registered DAOs to be given limited liability protections like corporations or LLCs.

What is a DAO?

DAOs are entities structured with no central authority. Members of a DAO own tokens of the DAO, and members can vote on initiatives for the entity. Smart contracts are implemented for the DAO, and the code governing the DAO's operations in publicly disclosed.

What is the Purpose of a DAO

Instead of relying on a single individual or small collection of individuals to guide the direction of the entity, a DAO intends to give every member a voice, vote, and opportunity to propose initiatives. A DAO also strives to have strict governance that is dictated by code on a blockchain.

How will this benefit the State?

This new type of business organization is rapidly growing. Though other states have begun recognizing DAOs, this legislation is the first ground-up legislative approach. We have a unique opportunity as a state to become the preferred jurisdiction to register DAOs and start-up blockchain companies.