

# SENATE BILL REPORT

## SSB 6065

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As Amended by House, March 5, 2020

**Title:** An act relating to establishing the Washington blockchain work group.

**Brief Description:** Establishing the Washington blockchain work group.

**Sponsors:** Senate Committee on Environment, Energy & Technology (originally sponsored by Senators Brown, Hasegawa, Kuderer, Nguyen, Rolfes, Short, Wilson, L., Das and Wellman).

**Brief History:**

**Committee Activity:** Environment, Energy & Technology: 1/14/20, 1/30/20 [DPS, DNP].

**Floor Activity:**

Passed Senate: 2/18/20, 48-0.

Passed House: 3/05/20, 97-0.

### Brief Summary of First Substitute Bill

- Establishes the Washington blockchain work group (work group) with the purpose of examining various potential applications of blockchain technology.
- Requires the work group to submit a report of recommendations by December 1, 2021.

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## SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

**Majority Report:** That Substitute Senate Bill No. 6065 be substituted therefor, and the substitute bill do pass.

Signed by Senators Carlyle, Chair; Lovelett, Vice Chair; Sheldon, Assistant Ranking Member, Energy & Technology; Brown, Das, Hobbs, Lias, McCoy, Nguyen, Rivers, Short, Stanford and Wellman.

**Minority Report:** Do not pass.

Signed by Senators Ericksen, Ranking Member; Fortunato, Assistant Ranking Member, Environment.

**Staff:** Angela Kleis (786-7469)

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Background:** In 2019, legislation was enacted providing that an electronic record may not be denied legal effect because it is generated or stored using distributed ledger technology.

Distributed ledger technology means any distributed ledger protocol and supporting infrastructure, including blockchain, that uses a distributed, decentralized, shared, and replicated ledger.

Blockchain means a cryptographically secured, chronological, and decentralized consensus ledger or consensus database maintained via internet, peer-to-peer network, or other similar interaction.

**Summary of First Substitute Bill:** Subject to appropriations, the work group is established with the purpose of examining various potential applications of blockchain technology such as computing, banking and other financial services, the real estate transaction process, health care, supply chain management, higher education, and public recordkeeping.

The work group is composed of:

- one member from each of the two largest caucuses in the Senate and the House of Representatives;
- the director, or the director's designee, for the departments of Commerce, Agriculture, and Financial Institutions and the Consolidated Technology Services Agency; and
- individuals representing specified associations that must be appointed by the Governor, subject to Senate confirmation.

In addition, individuals representing other sectors may be invited by the chair, in consultation with the other appointed members of the work group, to participate in the work group in an advisory capacity. These invited representatives are not members of the work group, may not vote, and are not subject to Senate confirmation. There is no limit on the number of invited individuals acting in an advisory capacity.

The work group shall hold its first meeting by August 1, 2020, and elect a chair from its members at that meeting. A public comment period must be provided at every work group meeting. Staff support for the work group must be provided by Senate Committee Services and the House of Representatives Office of Program Research.

The work group shall submit a report on recommended policies that will facilitate the development of blockchain applications in Washington to the Governor and the appropriate committees of the Legislature by December 1, 2021. The work group dissolves January 1, 2022.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** Yes.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Original Bill:** *The committee recommended a different version of the bill than what was heard.* PRO: Companies are adopting blockchain technology to improve the delivery of services. This bill is a critical step in allowing the state and the private sector to work together for the benefit of each other as well as Washington residents. Blockchain creates new business opportunities as well as jobs throughout the industry not just in technology. We request a representative from a public utility district be added to the task force membership.

**Persons Testifying:** PRO: Senator Sharon Brown, Prime Sponsor; Arry Yu, Chair, Cascadia Blockchain Council; Brock Freeman, FIBREE; Kristy-Leigh Minehan, citizen; Alvaro Jimenez Jimenez, Yunity & Gaudium Capital; Christopher Spanton, Principal Architect of Emerging Technology Strategy, T-Mobile; Lawrence Lerner, Managing Director, Lerner Consulting, citizen; Jill Williamson, Gravis Law, citizen; Nicolas Garcia, Washington PUD Association.

**Persons Signed In To Testify But Not Testifying:** No one.

**EFFECT OF HOUSE AMENDMENT(S):**

- Adds the Lieutenant Governor, or the Lieutenant Governor's designee, to the work group membership.
- Removes the requirement for certain work group members to be appointed by the Governor, subject to Senate confirmation.
- Provides staff support by the Office of the Lieutenant Governor rather than Senate Committee Services and the House Office of Program Research.
- Removes the requirement for expenses for the work group to be paid jointly by the Senate and the House of Representatives.