## HB 2179 A    STAFF MEASURE SUMMARY

**House Committee On Economic Development**

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| **Action Date:** | 04/08/19 |
| **Action:** | Do pass with amendments and be referred to Ways and Means by prior reference. (Printed A-Eng.) |
| **Vote:** | 11-0-0-0 |
| **Yeas:** | 11 - Barreto, Bonham, Drazan, Fahey, Helm, Lively, Marsh, McKeown, McLain, Wallan, Witt |
| **Fiscal:** | Fiscal impact issued |
| **Revenue:** | No revenue impact |
| **Prepared By:** | Melissa Leoni, LPRO Analyst |
| **Meeting Dates:** | 4/1, 4/8 |

**WHAT THE MEASURE DOES:**

Creates Task Force on Blockchain Applications and Legislation to study and evaluate status and development of blockchain technology, investigate potential uses for economic development and business transactions, and make recommendations for legislation to promote adoption, use, and development of the technology. Requires report to Legislative Assembly by September 15, 2020. Sunsets December 31, 2020. Takes effect 91st day following adjournment sine die.

**ISSUES DISCUSSED:**
- Basics of blockchain technology, including cryptography, mechanisms, and how technology is applied
- Application of technology to cannabis industry for tracking and financial services

**EFFECT OF AMENDMENT:**

Adds member to be appointed by the State Treasurer.

**BACKGROUND:**

Blockchain is a distributed ledger database that records and shares every transaction that occurs in the network of users. In a blockchain transaction, the buyer initiates the purchase, known as the block, which contains transaction data such as the date, time and payment amount. Both the buyer and seller can see the block of transaction data, so both parties can confirm that the payment was sent and received. Each transaction's block is created in a shared online accounting ledger that can involve multiple buyers and sellers within a network. As new transactions occur between the buyer and seller, each data block is recorded and forms the chain that documents the transaction history.

Other applications of blockchain include online voting, medical records, insurance policies, property and real estate records, copyrights and licenses, and supply chain tracking. Applications can also include smart contracts, where payouts between the contracted parties are embedded in the blockchain and automatically execute when contractual conditions have been met.

A number of states have begun drafting or adopting legislation to study, allow certain uses of, or promote the adoption of blockchain for economic development purposes. House Bill 2179-A creates the Task Force on Blockchain Applications and Legislation to study and evaluate the status and development of blockchain technology, investigate potential uses for economic development and business transactions, and make recommendations for legislation to promote the adoption, use, and development of the technology.