A BILL FOR AN ACT

RELATING TO BLOCKCHAIN TECHNOLOGY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that industries and governments are constantly adopting new innovative technology that will revolutionize products and services. One example of new technology being used is blockchain technology, a decentralized, distributed ledger that records the origin of a digital asset. Blockchain technology can protect data, streamline processes, and reduce fraud, waste, and abuse while simultaneously increasing trust and accountability. Blockchain technology additionally has the potential to solve legacy pain points and can offer the following benefits:

(1) Secure storage of government, citizen, and business data;

(2) Reduction of labor-intensive processes;

(3) Reduction of excessive costs associated with managing accountability;

(4) Reduced potential for corruption and abuse; and
(5) Increased trust in government and online civil systems.

The legislature recognizes that the distributed ledger format that blockchain technology functions as can be leveraged to support an array of government and public-sector applications, including land registration, identity management, supply chain traceability, health care, corporate registration, taxation, voting, digital currency and payments, and legal entities management. Such a technology requires an educated and thorough approach so that the implementation of blockchain technology in the State does not impede innovation and growth.

The purpose of this Act is to require the department of commerce and consumer affairs to establish a blockchain working group to determine a recommended definition for blockchain technology and recommendations for individuals, businesses, and state agencies to use blockchain technology.

SECTION 2. (a) There is established a blockchain working group within the department of commerce and consumer affairs for administrative purposes. The working group shall determine a recommended definition for blockchain technology and
recommendations for individuals, businesses, and state agencies to use blockchain technology.

(b) The director of commerce and consumer affairs shall serve as the chairperson of the task force and shall invite representatives from agencies the chairperson deems appropriate to participate in the working group. The head of each agency that receives an invitation from the chairperson shall appoint an officer or employee of the agency to serve as the designee on the working group.

(c) The chairperson shall also invite representatives from the following groups; provided that the chairperson shall consider knowledge of blockchain technology when inviting representatives to serve as members of the working group:

(1) Information and communications technology manufacturers, suppliers, software providers, service providers, and vendors;

(2) Blockchain technology experts representing industrial sectors other than the technology sector, as determined by the chairperson;

(3) Small, medium, and large businesses;
(4) Individuals and institutions engaged in academic research relating to blockchain technology;

(5) Nonprofit organizations and consumer advocacy groups engaged in activities relating to blockchain technology; and

(6) Rural and urban stakeholders.

(d) The members of the working group shall be designated and the working group shall convene no later than ninety days after the effective date of this Act.

(e) The working group shall submit a report of its findings and recommendations, including:

(1) A recommended definition of blockchain technology;

(2) Opportunities for individuals, businesses, and state agencies to use blockchain technology; and

(3) Any proposed legislation;

to the legislature no later than thirty days prior to the convening of the regular session of 2021.

(f) The working group shall cease to exist on June 30, 2021.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of $ or so
much thereof as may be necessary for fiscal year 2020-2021 for
the blockchain working group established pursuant to this Act.

The sum appropriated shall be expended by the department of
commerce and consumer affairs for the purposes of this Act.

SECTION 4. This Act shall take effect upon its approval;
provided that section 3 shall take effect on July 1, 2020.

INTRODUCED BY:
Report Title:
DCCA; Blockchain Technology; Working Group; Appropriation

Description:
Requires DCCA to establish a blockchain working group to determine a recommended definition for blockchain technology and recommendations for individuals, businesses, and state agencies to use blockchain technology and report to the legislature. Appropriates funds.

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