

By Senator Gruters

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1 A bill to be entitled
2 An act relating to blockchain technology; providing
3 legislative findings; establishing the Florida
4 Blockchain Working Group in the Agency for State
5 Technology; providing for membership and duties of the
6 working group; requiring the working group to submit a
7 report to the Governor and the Legislature and make
8 presentations; requiring the agency to provide support
9 staff and other assistance to the working group;
10 providing for termination of the working group;
11 providing an effective date.

12
13 WHEREAS, blockchain has the ability to improve processes,
14 increase efficiency, and promote transparency in government, in
15 businesses, and for consumers, and it is imperative that
16 blockchain benefits and applications are studied so that its
17 potential can be fully realized, and

18 WHEREAS, investments in blockchain companies and projects
19 have skyrocketed from millions of dollars in 2015 to billions of
20 dollars in 2018, with venture capital funds and other private
21 investors investing \$1.3 billion between January and May of 2018
22 in blockchain and blockchain-adjacent early stage companies, and

23 WHEREAS, increasing legislative activity has occurred at
24 the state and federal levels examining and supporting the
25 benefits of blockchain technology, and a working group is an
26 important first step in coordinating information and technology
27 among industry and legislators to develop real proposals that
28 can be acted upon, and

29 WHEREAS, a cornerstone of any blockchain initiative is the

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30 exploration and understanding of blockchain and distributed
31 ledger technology, as these technologies are often complex and
32 must be properly understood and tested before implementation,
33 and a working group can determine applications of blockchain
34 that could cut costs for taxpayers and provide a gateway for
35 entrepreneurs to best understand the laws of their state and
36 surrounding blockchain and virtual currencies, and

37 WHEREAS, establishing a working group is the first step in
38 unlocking the transformative possibilities of blockchain and its
39 tremendous positive impact for economic advancement, NOW,
40 THEREFORE,

41
42 Be It Enacted by the Legislature of the State of Florida:

43
44 Section 1. (1) The Legislature finds that:

45 (a) Blockchain technology and distributed ledger technology
46 allow the secure recording of transactions through cryptographic
47 algorithms and distributed record sharing, and such technology
48 has reached a point where the opportunities for efficiency, cost
49 savings, and cybersecurity deserve study.

50 (b) Blockchain technology is a promising way to facilitate
51 more efficient government service delivery models and economies
52 of scale, including facilitating safe paperless transactions and
53 recordkeeping that are nearly impervious to cyberattacks and
54 data destruction.

55 (c) Blockchain technology can reduce the prevalence of
56 disparate government computer systems, databases, and custom-
57 built software interfaces; reduce costs associated with
58 maintenance and implementation; streamline information sharing;

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59 and allow more areas of the state to electronically participate
60 in government services.

61 (d) Nations, other states, and municipalities across the
62 world are studying and implementing government reforms that
63 bolster trust and reduce bureaucracy through verifiable open
64 source blockchain technology in a variety of areas, including,
65 but not limited to, medical and health records, land records,
66 banking, tax and fee payments, smart contracts, professional
67 accrediting, and property auctions.

68 (e) It is in the public interest to establish a Florida
69 Blockchain Working Group comprised of government and industry
70 representatives to study the ways in which state, county, and
71 municipal governments can benefit from a transition to a
72 blockchain-based system for recordkeeping, security, and service
73 delivery and to develop and submit recommendations to the
74 Governor and the Legislature concerning the potential for
75 implementation of blockchain-based systems that promote
76 government efficiencies, better services for citizens, economic
77 development, and safer cyber-secure interaction between
78 government and the public.

79 (2) There is established in the Agency for State Technology
80 the Florida Blockchain Working Group to explore and develop a
81 master plan for fostering the expansion of the blockchain
82 industry in the state, to recommend policies and state
83 investments to help make this state a leader in blockchain
84 technology, and to issue a report to the Legislature. The
85 working group shall study if and how state, county, and
86 municipal governments can benefit from a transition to a
87 blockchain-based system for recordkeeping, data security,

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88 financial transactions, and service delivery and to identify
89 ways to improve government interaction with businesses and the
90 public. The working group shall comply with the requirements of
91 s. 20.052, Florida Statutes, except as otherwise provided in
92 this section.

93 (a) The master plan shall:

94 1. Identify the economic growth and development
95 opportunities presented by blockchain technology.

96 2. Assess the existing blockchain industry in the state.

97 3. Identify innovative and successful blockchain
98 applications currently used by industry and other governments to
99 determine viability for state applications.

100 4. Review workforce needs and academic programs required to
101 build blockchain technology expertise across all relevant
102 industries.

103 5. Make recommendations to the Governor and the Legislature
104 that will promote innovation and economic growth by reducing
105 barriers to and expedite the expansion of the state's blockchain
106 industry.

107 (b) The working group shall consist of 19 members. Members
108 must demonstrate an interest in, familiarity with, or knowledge
109 of blockchain technology. Membership shall be as follows:

110 1. Two members appointed by the Governor.

111 2. Two members appointed by the President of the Senate.

112 3. Two members appointed by the Speaker of the House of
113 Representatives.

114 4. One member appointed by the Minority Leader of the
115 Senate.

116 5. One member appointed by the Minority Leader of the House

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- 117 of Representatives.
- 118 6. One member appointed by the Chief Financial Officer.
- 119 7. One member appointed by the Attorney General.
- 120 8. The Secretary of the Department of Management Services
121 or his or her designee.
- 122 9. The executive director of the Agency for State
123 Technology or his or her designee.
- 124 10. One member of the Florida Technology Council, appointed
125 by the Florida Technology Council.
- 126 11. One member appointed by the Florida League of Cities.
- 127 12. One member appointed by the Florida Association of
128 Counties.
- 129 13. One member appointed by the Florida Local Government
130 Information Systems Association.
- 131 14. One member appointed by the Florida City and County
132 Management Association.
- 133 15. One member of the Florida Chamber of Commerce,
134 appointed by the Florida Chamber of Commerce.
- 135 16. One member appointed by the Chancellor of the State
136 University System.
- 137 (c) At least 10 members of the working group must have
138 knowledge and experience in blockchain technology.
- 139 (d) Within 90 days after the effective date of this act, a
140 majority of the members of the working group must be appointed
141 and the working group shall hold its first meeting. The working
142 group shall elect one of its members to serve as chair. Members
143 of the working group shall serve for the duration of the
144 existence of the working group. Any vacancy that occurs shall be
145 filled in the same manner as the original appointment. Working

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146 group members shall serve without compensation but may be
147 reimbursed for necessary expenses incurred in the performance of
148 their duties and shall be allowed per diem and travel expenses
149 as provided in s. 112.061, Florida Statutes.

150 (e) The working group shall study blockchain technology,
151 including, but not limited to, the following:

152 1. Opportunities and risks associated with using blockchain
153 and distributed ledger technology for state and local
154 government.

155 2. Different types of blockchains, both public and private,
156 and different consensus algorithms.

157 3. Projects and cases currently under development in other
158 states and local governments, and how these cases could be
159 applied in this state.

160 4. Ways the Legislature can modify general law to support
161 secure, paperless recordkeeping, increase cybersecurity, improve
162 interactions with citizens, and encourage blockchain innovation
163 for businesses in the state.

164 5. Identifying potential economic incentives for companies
165 investing in blockchain technologies in collaboration with the
166 state.

167 6. Recommending projects for potential blockchain
168 solutions, including, but not limited to, use cases for state
169 agencies that would improve services for citizens or businesses.

170 7. Identifying the technical skills necessary to develop
171 blockchain technology and ensuring that instruction in such
172 skills is available at secondary and postsecondary educational
173 institutions in this state.

174 (3) The working group shall submit a report to the

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175 Governor, the President of the Senate, and the Speaker of the
176 House of Representatives and present its findings to the
177 appropriate legislative committees in each house of the
178 Legislature within 180 days after the initial meeting of the
179 working group. The report must include:

180 (a) A general description of the costs and benefits of
181 state and local government agencies using blockchain technology.

182 (b) Recommendations concerning the feasibility of
183 implementing blockchain technology in the state and the best
184 approach to finance the cost of implementation.

185 (c) Recommendations for specific implementations to be
186 developed by relevant state agencies.

187 (d) Any draft legislation the working group deems
188 appropriate to implement such blockchain technologies.

189 (e) Identification of one pilot project that may be
190 implemented in the state.

191 (f) Any other information deemed relevant by the working
192 group.

193 (4) The working group is entitled to the assistance and
194 services of any state agency, board, bureau, or commission as
195 necessary and available for the purposes of this act.

196 (5) The Agency for State Technology shall provide support
197 staff for the working group and any relevant studies, data, and
198 materials in its possession to assist the working group in the
199 performance of its duties.

200 (6) The working group shall terminate upon submission of
201 the report and the presentation of findings.

202 Section 2. This act shall take effect upon becoming a law.