

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 Department of
5 Management Services; providing for membership and
6 duties of the working group; requiring the working
7 group to submit a report to the Governor and the
8 Legislature and make presentations; requiring the
9 department to provide support staff and other
10 assistance to the working group; providing for
11 termination of the working group; providing an
12 effective date.

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

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

24 WHEREAS, increasing legislative activity has occurred at
25 the state and federal level examining and supporting the

26 | benefits of blockchain technology, and a working group is an
 27 | important first step in coordinating information and technology
 28 | among industry and legislators to develop real proposals that
 29 | can be acted upon, and

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

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

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 43 | Be It Enacted by the Legislature of the State of Florida:

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 45 | Section 1. (1) The Legislature finds that:

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

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

56 (c) Blockchain technology can reduce the prevalence of
57 disparate government computer systems, databases, and custom-
58 built software interfaces; reduce costs associated with
59 maintenance and implementation; streamline information sharing;
60 and allow more areas of the state to electronically participate
61 in government services.

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

69 (e) It is in the public interest to establish a Florida
70 Blockchain Working Group comprised of government and industry
71 representatives to study the ways in which state, county, and
72 municipal governments can benefit from a transition to a
73 blockchain-based system for recordkeeping, security, and service
74 delivery and to develop and submit recommendations to the
75 Governor and the Legislature concerning the potential for

76 implementation of blockchain-based systems that promote
77 government efficiencies, better services for citizens, economic
78 development, and safer cyber-secure interaction between
79 government and the public.

80 (2) There is established in the Department of Management
81 Services the Florida Blockchain Working Group to explore and
82 develop a master plan for fostering the expansion of the
83 blockchain industry in the state, to recommend policies and
84 state investments to help make this state a leader in blockchain
85 technology, and to issue a report to the Legislature. The
86 working group shall study if and how state, county, and
87 municipal governments can benefit from a transition to a
88 blockchain-based system for recordkeeping, data security,
89 financial transactions, and service delivery and to identify
90 ways to improve government interaction with businesses and the
91 public. The working group shall comply with the requirements of
92 s. 20.052, Florida Statutes, except as otherwise provided in
93 this section.

94 (a) The master plan shall:

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

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

98 3. Identify innovative and successful blockchain

99 applications currently used by industry and other governments to
100 determine viability for state applications.

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

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

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

111 1. Two members appointed by the Governor.

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

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

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

117 5. One member appointed by the Minority Leader of the
118 House of Representatives.

119 6. One member appointed by the Chief Financial Officer.

120 7. One member appointed by the Attorney General.

121 8. The Secretary of the Department of Management Services
122 or his or her designee.

123 9. The executive director of the Agency for State
124 Technology or his or her designee.

125 10. One member of the Florida Technology Council,

126 appointed by the Florida Technology Council.

127 11. One member appointed by the Florida League of Cities.

128 12. One member appointed by the Florida Association of
129 Counties.

130 13. One member appointed by the Florida Local Government
131 Information Systems Association.

132 14. One member appointed by the Florida City and County
133 Management Association.

134 15. One member of the Florida Chamber of Commerce,
135 appointed by the Florida Chamber of Commerce.

136 16. One member appointed by the Chancellor of the State
137 University System.

138 (c) At least 10 members of the working group must have
139 knowledge and experience in blockchain technology.

140 (d) Within 90 days after the effective date of this act, a
141 majority of the members of the working group must be appointed
142 and the working group shall hold its first meeting. The working
143 group shall elect one of its members to serve as chair. Members
144 of the working group shall serve for the duration of the
145 existence of the working group. Any vacancy that occurs shall be
146 filled in the same manner as the original appointment. Working
147 group members shall serve without compensation but may be
148 reimbursed for necessary expenses incurred in the performance of
149 their duties and shall be allowed per diem and travel expenses
150 as provided in s. 112.061, Florida Statutes.

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

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

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

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

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

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

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

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

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

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

181 1. A general description of the costs and benefits of
182 state and local government agencies using blockchain technology.

183 2. Recommendations concerning the feasibility of
184 implementing blockchain technology in the state and the best
185 approach to finance the cost of implementation.

186 3. Recommendations for specific implementations to be
187 developed by relevant state agencies.

188 4. Any draft legislation the working group deems
189 appropriate to implement such blockchain technologies.

190 5. Identification of one pilot project that may be
191 implemented in the state.

192 6. Any other information deemed relevant by the working
193 group.

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

197 (5) The Department of Management Services shall provide
198 support staff for the working group and any relevant studies,
199 data, and materials in its possession to assist the working
200 group in the performance of its duties.

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

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