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# A BILL FOR AN ACT

RELATING TO BLOCKCHAIN TECHNOLOGY.

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

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

- 11           (1) Secure storage of government, citizen, and business  
12           data;
- 13           (2) Reduction of labor-intensive processes;
- 14           (3) Reduction of excessive costs associated with managing  
15           accountability;
- 16           (4) Reduced potential for corruption and abuse; and



1           (5) Increased trust in government and online civil  
2           systems.

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

12           The purpose of this Act is to require the office of  
13 enterprise technology services to establish a blockchain working  
14 group to determine a recommended definition for blockchain  
15 technology and recommendations for individuals, businesses, and  
16 state agencies to use blockchain technology.

17           SECTION 2. (a) There is established a blockchain working  
18 group within the office of enterprise technology services for  
19 administrative purposes. The working group shall determine a  
20 recommended definition for blockchain technology and



1 recommendations for individuals, businesses, and state agencies  
2 to use blockchain technology.

3 (b) The working group shall consist of:

4 (1) The chief information officer of the office of  
5 enterprise technology services, or the chief  
6 information officer's designee, who shall serve as  
7 chairperson;

8 (2) The director of business, economic development, and  
9 tourism, or the director's designee;

10 (3) The director of taxation, or the director's designee;

11 (4) The chairperson of the board of land and natural  
12 resources, or the chairperson's designee;

13 (5) The director of commerce and consumer affairs, or the  
14 director's designee;

15 (6) The chief executive officer of the Hawaii technology  
16 development corporation, or the chief executive  
17 officer's designee; and

18 (7) A representative from any other agency the chairperson  
19 deems appropriate to participate in the working group.

20 (c) The chairperson may also invite representatives from  
21 the following groups; provided that the chairperson shall



1 consider knowledge of blockchain technology when inviting  
2 representatives to serve as members of the working group:

- 3 (1) Information and communications technology  
4 manufacturers, suppliers, software providers, service  
5 providers, and vendors;
- 6 (2) Blockchain technology experts representing industrial  
7 sectors other than the technology sector, as  
8 determined by the chairperson;
- 9 (3) Small, medium, and large businesses;
- 10 (4) Individuals and institutions engaged in academic  
11 research relating to blockchain technology;
- 12 (5) Nonprofit organizations and consumer advocacy groups  
13 engaged in activities relating to blockchain  
14 technology; and
- 15 (6) Rural and urban stakeholders.

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

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

- 21 (1) A recommended definition of blockchain technology;



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

3 (3) Any proposed legislation;  
4 to the legislature no later than thirty days prior to the  
5 convening of the regular session of 2021.

6 (f) The working group shall cease to exist on June 30,  
7 2021.

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

12 The sum appropriated shall be expended by the department of  
13 accounting and general services for the purposes of this Act.

14 SECTION 4. This Act shall take effect upon its approval;  
15 provided that section 3 shall take effect on July 1, 2050.



**Report Title:**

ETS; Blockchain Technology; Working Group; Appropriation

**Description:**

Requires ETS 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. Effective 7/1/2050. (HD2)

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