

BLOCKCHAIN TECHNOLOGY ACT

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel Hemmert

House Sponsor: Michael K. McKell

LONG TITLE

General Description:

This bill enacts provisions related to blockchain technology.

Highlighted Provisions:

This bill:

- ▶ defines and clarifies terms related to blockchain technology;
- ▶ exempts a person who facilitates the creation, exchange, or sale of certain blockchain technology-related products from Title 7, Chapter 25, Money Transmitter Act;
- ▶ creates a legislative task force to:
 - study the potential applications of blockchain technology to government services;
 - review current uses of blockchain technology by governments in other states and countries;
 - recommend a pilot project for blockchain technology in Utah at a state or municipal level;
 - review commercial applications of blockchain technology for future economic development in Utah; and
 - provide a report, including any proposed legislation, to the Business and Labor Interim Committee and the Legislative Management Committee; and
- ▶ makes technical changes.



28 **Money Appropriated in this Bill:**

29 None

30 **Other Special Clauses:**

31 This bill provides a repeal date for the task force.

32 **Utah Code Sections Affected:**

33 AMENDS:

34 **7-25-102**, as enacted by Laws of Utah 2015, Chapter 284

35 ENACTS:

36 **36-29-106**, Utah Code Annotated 1953



38 *Be it enacted by the Legislature of the state of Utah:*

39 Section 1. Section **7-25-102** is amended to read:

40 **7-25-102. Definitions.**

41 As used in this chapter:

42 (1) "Applicant" means a person filing an application for a license under this chapter.

43 (2) "Authorized agent" means a person designated by the licensee under this chapter to
44 sell or issue payment instruments or engage in the business of transmitting money on behalf of
45 a licensee.

46 (3) "Blockchain" or "blockchain technology" means an electronic method of storing
47 data that is:

48 (a) maintained by consensus of multiple unaffiliated parties;

49 (b) distributed across multiple locations; and

50 (c) mathematically verified.

51 (4) "Blockchain token" means an electronic record that is:

52 (a) recorded on a blockchain; and

53 (b) capable of being traded between persons without an intermediary.

54 [~~3~~] (5) "Executive officer" means the licensee's president, chair of the executive
55 committee, executive vice president, treasurer, chief financial officer, or any other person who
56 performs similar functions.

57 [~~4~~] (6) "Key shareholder" means a person, or group of persons acting in concert, who
58 is the owner of 20% or more of a class of an applicant's stock.

59 ~~[(5)]~~ (7) "Licensee" means a person licensed under this chapter.

60 ~~[(6)]~~ (8) "Material litigation" means litigation that, according to generally accepted
61 accounting principles, is considered significant to a person's financial health and would be
62 required to be referenced in an annual audited financial statement, report to shareholders, or
63 similar document.

64 ~~[(7)]~~ (9) (a) "Money transmission" means the sale or issuance of a payment instrument
65 or engaging in the business of receiving money for transmission or transmitting money within
66 the United States or to locations abroad by any and all means, including payment instrument,
67 wire, facsimile, or electronic transfer.

68 (b) "Money transmission" does not include a blockchain token.

69 ~~[(8)]~~ (10) "Nationwide database" means the Nationwide Mortgage Licensing System
70 and Registry, authorized under 12 U.S.C. Sec. 5101 for federal licensing of mortgage loan
71 originators.

72 ~~[(9)]~~ (11) "Outstanding payment instrument" means a payment instrument issued by
73 the licensee that has been sold in the United States directly by the licensee or a payment
74 instrument issued by the licensee that has been sold and reported to the licensee as having been
75 sold by an authorized agent of the licensee in the United States, and that has not yet been paid
76 by or for the licensee.

77 ~~[(10)]~~ (12) (a) "Payment instrument" means a check, draft, money order, travelers
78 check, or other instrument or written order for the transmission or payment of money, sold or
79 issued to one or more persons, whether or not the instrument is negotiable.

80 (b) "Payment instrument" does not include a credit card voucher, letter of credit, or
81 instrument that is redeemable by the issuer in goods or services.

82 ~~[(11)]~~ (13) "Remit" means either to make direct payment of the money to the licensee
83 or its representatives authorized to receive the money, or to deposit the money in a depository
84 institution in an account in the name of the licensee.

85 Section 2. Section **36-29-106** is enacted to read:

86 **36-29-106. Blockchain Pilot Project Evaluation Task Force.**

87 (1) As used in this section:

88 (a) "Blockchain" means the same term as is defined in Section [7-25-102](#).

89 (b) "Task force" means the Blockchain Pilot Project Evaluation Task Force created in

90 this section.

91 (2) There is created the Blockchain Pilot Project Evaluation Task Force consisting of
92 the following 12 members:

93 (a) one member of the Senate appointed by the president of the Senate;

94 (b) one member of the House of Representatives appointed by the speaker of the House
95 of Representatives;

96 (c) the executive director of the Department of Technology Services created in Section
97 63F-1-103 or the executive director's designee;

98 (d) the executive director of the Utah Department of Financial Institutions created in
99 Section 7-1-201 or the executive director's designee;

100 (e) the director of the Utah Division of Securities created in Section 61-1-18 or the
101 director's designee;

102 (f) an individual who represents the Office of the Attorney General;

103 (g) three members from the private business and technology community who are
104 familiar with blockchain technology, appointed by the president of the Senate; and

105 (h) three members from the private business and technology community who are
106 familiar with blockchain technology, appointed by the speaker of the House of Representatives.

107 (3) (a) The member of the Senate appointed under Subsection (2)(a) shall serve as a
108 cochair of the task force.

109 (b) The member of the House of Representatives appointed under Subsection (2)(b)
110 shall serve as a cochair of the task force.

111 (4) (a) A majority of the members of the task force constitutes a quorum.

112 (b) The action of a majority of a quorum constitutes an action of the task force.

113 (5) (a) Salaries and expenses of the members of the task force who are legislators shall
114 be paid in accordance with Section 36-2-2 and Legislative Joint Rules, Title 5, Chapter 3,
115 Legislator Compensation.

116 (b) A member of the task force who is not a legislator:

117 (i) may not receive compensation for the member's work associated with the task force;

118 and

119 (ii) may receive per diem and reimbursement for travel expenses incurred as a member
120 of the task force at the rates established by the Division of Finance under Sections 63A-3-106

121 and [63A-3-107](#).

122 (6) The Office of Legislative Research and General Counsel shall provide staff support
123 to the task force.

124 (7) The task force shall:

125 (a) review the potential applications of blockchain technology to government services;

126 (b) review current uses of blockchain technology by governments in other states or
127 countries;

128 (c) recommend a pilot project for blockchain technology in Utah at a state or municipal
129 level; and

130 (d) review commercial applications of blockchain technology for future economic
131 development in the state.

132 (8) On or before November 30, 2019, the task force shall provide a report on the task
133 force's findings and recommendations, including any proposed legislation, to:

134 (a) the Business and Labor Interim Committee; and

135 (b) the Legislative Management Committee.

136 Section 3. **Repeal date.**

137 Section [36-29-106](#), is repealed on June 1, 2020.