

SENATE, No. 2297

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED MARCH 13, 2018

Sponsored by:

Senator THOMAS H. KEAN, JR.

District 21 (Morris, Somerset and Union)

Senator JAMES BEACH

District 6 (Burlington and Camden)

SYNOPSIS

Establishes NJ Blockchain Initiative Task Force.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 9/18/2018)

1 **AN ACT** creating the New Jersey Blockchain Initiative Task Force
2 to study if State, county, and municipal governments can benefit
3 from a transition to a Blockchain-based system for recordkeeping
4 and service delivery.

5
6 **BE IT ENACTED** *by the Senate and General Assembly of the State*
7 *of New Jersey:*

8
9 1. The Legislature finds and declares that:

10 a. The development of distributed databases and ledgers
11 protected against revision by publicly-verifiable open source
12 cryptographic algorithms, and protected from data loss by
13 distributed records sharing, colloquially called "Blockchain," has
14 reached a point where the opportunities for efficiency, cost savings,
15 and cybersecurity deserve study.

16 b. Blockchain technology is a promising way to facilitate a
17 transition to more efficient government service delivery models and
18 economies of scale, including facilitating safe, paperless
19 transactions, and permanent recordkeeping nearly
20 resistant/impervious to cyber-attacks and data destruction.

21 c. Blockchain technology can reduce the prevalence of
22 government's disparate computer systems, databases, and custom-
23 built software interfaces, reducing costs associated with
24 maintenance and implementation, streamlining the sharing of
25 information, and allowing more regions of the State to participate in
26 electronic government services.

27 d. Nations and municipalities across the world are studying and
28 implementing government reforms that bolster trust and reduce
29 bureaucracy through verifiable open source Blockchain technology
30 in a variety of areas, including medical records, land records,
31 banking, and property auctions.

32 e. It is in the public interest to establish a New Jersey
33 Blockchain Initiative Task Force to study if State, county, and
34 municipal governments can benefit from a transition to a
35 Blockchain-based system for recordkeeping and service delivery
36 and to develop and submit recommendations to the Governor and
37 the Legislature concerning the potential for implementation of a
38 Blockchain-based system.

39
40 2. a. There is established in the Office of Information
41 Technology, the New Jersey Blockchain Initiative Task Force. The
42 purpose of the task force shall be to study if State, county, and
43 municipal governments can benefit from a transition to a
44 Blockchain-based system for recordkeeping and service delivery.

45 b. The task force shall consist of 14 members as follows:

46 (1) two public members who shall be appointed by the
47 Governor;

48 (2) two members appointed by the President of the Senate;

1 (3) two members appointed by the Speaker of the General
2 Assembly;

3 (4) one member appointed by the Assembly Minority Leader;

4 (5) one member appointed by the Senate Minority Leader; and

5 (6) the Chief Technology Officer; the Commissioner of Banking
6 and Insurance; the Clerk of the County of Bergen; the Mayor of the
7 City of Newark, County of Essex; the Mayor of the City of Jersey
8 City, County of Hudson; and the Mayor of the City of Camden,
9 County of Camden, or their designees, who shall serve ex-officio.

10 c. Within 90 days after the effective date of this act, a majority
11 of the task force's authorized membership shall be appointed and
12 the task force shall hold its initial meeting. The task force shall
13 organize upon the appointment of a majority of its authorized
14 membership and shall elect a chair from among the members. The
15 members of the task force, other than those serving ex-officio, shall
16 serve for the duration of the existence of the task force. Any
17 vacancy shall be filled in the same manner as the original
18 appointment. The task force members shall serve without
19 compensation, but may be reimbursed for necessary expenses
20 incurred in the performance of their duties.

21 d. The task force shall study the issue of Blockchain
22 technology including, but not limited to, the following:

23 (1) opportunities and risks associated with using Blockchain and
24 distributed ledger technology;

25 (2) different types of Blockchains, both public and private, and
26 different consensus algorithms;

27 (3) projects and use cases currently under development in other
28 states and nations, and how those cases could be applied in New
29 Jersey; and

30 (4) how the Legislature can modify current State laws to support
31 secure, paperless recordkeeping.

32 e. Not later than 180 days after the initial meeting of the task
33 force, the task force shall issue a report to the Governor and,
34 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1) to the
35 Legislature, and shall present its findings before the General
36 Assembly Science, Innovation and Technology Committee. The
37 report shall include a general description of the costs and benefits of
38 State and local government agencies utilizing Blockchain
39 technology; recommendations concerning the feasibility of
40 implementing Blockchain technology in the State and the best
41 approach to finance the cost of implementation; any draft
42 legislation the task force deems appropriate to implement
43 Blockchain technology; and any other information relevant to the
44 subject of the report.

45 f. The task force shall be entitled to the assistance and services
46 of the employees of any State board, bureau, commission, or agency
47 as it may require and as may be available to it for these purposes,
48 and to employ stenographic and clerical assistants and incur

1 traveling and other miscellaneous expenses, as necessary, to
2 perform its duties.

3 g. The Office of Information Technology shall assist the task
4 force in the performance of its duties and provide the task force
5 with studies, data, or other materials in its possession, to the extent
6 that such materials are relevant to the purposes of the task force.
7 The Office of Information Technology shall provide administrative
8 staff to support the task force.

9
10 3. This act shall take effect immediately and shall expire upon
11 the issuance of the task force's report.

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14 STATEMENT

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16 This bill establishes in the Office of Information Technology the
17 “New Jersey Blockchain Initiative Task Force.” The purpose of the
18 task force is to study if State, county, and municipal governments
19 can benefit from a transition to a Blockchain-based system for
20 recordkeeping and service delivery.

21 The task force is to be comprised of 14 members as follows:

22 (1) two members appointed by the Governor;

23 (2) two members appointed by the President of the Senate;

24 (3) two members appointed by the Speaker of the General
25 Assembly;

26 (4) one member appointed by the Assembly Minority Leader;

27 (5) one member appointed by the Senate Minority Leader; and

28 (6) the Chief Technology Officer; the Commissioner of Banking
29 and Insurance; the Clerk of Bergen County; the Mayor of Newark;
30 the Mayor of Jersey City; and the Mayor of Camden, or their
31 designees, who will serve ex-officio.

32 The bill requires that, within 180 days after the initial meeting of
33 the task force, the task force is to issue a report to the Governor and
34 the Legislature and present its findings to the General Assembly
35 Science, Innovation and Technology Committee. The bill requires
36 the report to include a general description of the costs and benefits
37 of State and local government agencies utilizing Blockchain
38 technology; recommendations concerning the feasibility of
39 implementing Blockchain technology and the best approach to
40 finance the cost of implementation; any draft legislation the task
41 force deems appropriate to implement Blockchain technology; and
42 any other information relevant to the subject of the report.