

[Second Reprint]

SENATE, No. 2297

STATE OF NEW JERSEY
218th LEGISLATURE

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SYNOPSIS

Establishes NJ Blockchain Initiative Task Force.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on December 3, 2018, with amendments.



(Sponsorship Updated As Of: 5/24/2019)

1 AN ACT creating the New Jersey Blockchain Initiative Task Force
2 to study ¹**[if]** whether¹ State, county, and municipal
3 governments can benefit from a transition to a ¹**[Blockchain-**
4 **based]** blockchain-based¹ system for recordkeeping and service
5 delivery.

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

9
10 1. The Legislature finds and declares that:

11 a. The development of distributed databases and ledgers
12 protected against revision by publicly-verifiable open source
13 cryptographic algorithms, and protected from data loss by
14 distributed records sharing, colloquially called ¹**["Blockchain,"**
15 **“blockchain,”**¹ has reached a point where the opportunities for
16 efficiency, cost savings, and cybersecurity deserve study.

17 b. Blockchain technology is a promising way to facilitate a
18 transition to more efficient government service delivery models and
19 economies of scale, including facilitating safe, paperless
20 transactions, and permanent recordkeeping ¹**[nearly**
21 **resistant/impervious]** resistant or nearly impervious¹ to cyber-
22 attacks and data destruction.

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

29 d. Nations and municipalities across the world are studying and
30 implementing government reforms that bolster trust and reduce
31 bureaucracy through verifiable open source ¹**[Blockchain]**
32 blockchain¹ technology in a variety of areas, including medical
33 records, land records, banking, and property auctions.

34 e. It is in the public interest to establish a New Jersey
35 Blockchain Initiative Task Force to study ¹**[if]** whether¹ State,
36 county, and municipal governments can benefit from a transition to
37 a ¹**[Blockchain-based]** blockchain-based¹ system for recordkeeping
38 and service delivery and to develop and submit recommendations to
39 the Governor and the Legislature concerning the potential for
40 implementation of a ¹**[Blockchain-based]** blockchain-based¹
41 system.

42
43 2. a. There is established in the Office of Information
44 Technology, the New Jersey Blockchain Initiative Task Force. The

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SSG committee amendments adopted September 27, 2018.

²Senate SBA committee amendments adopted December 3, 2018.

1 purpose of the task force shall be to study if State, county, and
2 municipal governments can benefit from a transition to a
3 ¹**Blockchain-based** blockchain-based¹ system for recordkeeping
4 and service delivery.

5 b. The task force shall consist of ¹**[14]** ²**[15¹]** 16² members as
6 follows:

7 (1) two ²**public**² members who shall be appointed by the
8 Governor;

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

10 (3) two members appointed by the Speaker of the General
11 Assembly;

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

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

14 (6) the Chief Technology Officer; ²the Chief Innovation
15 Officer;² the Commissioner of Banking and Insurance; the Clerk of
16 the County of Bergen; ¹the Clerk of the County of Monmouth;¹ the
17 Mayor of the City of Newark, County of Essex; the Mayor of the
18 City of Jersey City, County of Hudson; and the Mayor of the City
19 of Camden, County of Camden, or their designees, who shall serve
20 ex-officio.

21 c. Within 90 days after the effective date of this act, a majority
22 of the task force's authorized membership shall be appointed and
23 the task force shall hold its initial meeting. The task force shall
24 organize upon the appointment of a majority of its authorized
25 membership and shall elect a chair from among the members. The
26 members of the task force, other than those serving ex-officio, shall
27 serve for the duration of the existence of the task force. Any
28 vacancy shall be filled in the same manner as the original
29 appointment. The task force members shall serve without
30 compensation, but may be reimbursed for necessary expenses
31 incurred in the performance of their duties.

32 d. The task force shall study the issue of ¹**Blockchain**
33 blockchain¹ technology including, but not limited to, the following:

34 (1) opportunities and risks associated with using ¹**Blockchain**
35 blockchain¹ and distributed ledger technology;

36 (2) different types of ¹**Blockchains** blockchains¹, both public
37 and private, and different consensus algorithms;

38 (3) projects and use cases currently under development in other
39 states and nations, and how those cases could be applied in New
40 Jersey; and

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

43 e. Not later than 180 days after the initial meeting of the task
44 force, the task force shall issue a report to the Governor and,
45 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1)^{1,1} to the
46 Legislature, and shall present its findings before the General

1 Assembly Science, Innovation and Technology Committee ¹and the
2 Senate State Government, Wagering, Tourism and Historic
3 Preservation Committee¹. The report shall include a general
4 description of the costs and benefits of State and local government
5 agencies utilizing ¹**Blockchain** blockchain¹ technology;
6 recommendations concerning the feasibility of implementing
7 ¹**Blockchain** blockchain¹ technology in the State and the best
8 approach to finance the cost of implementation; any draft
9 legislation the task force deems appropriate to implement
10 ¹**Blockchain** blockchain¹ technology; and any other information
11 relevant to the subject of the report.

12 f. The task force shall be entitled to the assistance and services
13 of the employees of any State board, bureau, commission, or agency
14 as it may require and as may be available to it for these purposes,
15 and to employ stenographic and clerical assistants and incur
16 traveling and other miscellaneous expenses, as necessary, to
17 perform its duties.

18 g. The Office of Information Technology shall assist the task
19 force in the performance of its duties and provide the task force
20 with studies, data, or other materials in its possession, to the extent
21 that such materials are relevant to the purposes of the task force.
22 The Office of Information Technology shall provide administrative
23 staff to support the task force.

24
25 3. This act shall take effect immediately and shall expire upon
26 the issuance of the task force's report.