

AMENDED IN SENATE JUNE 14, 2018

AMENDED IN ASSEMBLY MAY 9, 2018

AMENDED IN ASSEMBLY APRIL 5, 2018

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 2658

Introduced by Assembly Member Calderon

February 15, 2018

An act to add *and repeal* Sections 11546.8 and 11546.9 ~~to~~ of the Government Code, relating to ~~electronic records~~; *blockchain technology*.

LEGISLATIVE COUNSEL'S DIGEST

AB 2658, as amended, Calderon. Secretary of the Government Operations Agency: working group: ~~electronic records~~; *blockchain technology*.

Existing law, the Uniform Electronic Transactions Act, specifies that a record or signature may not be denied legal effect or enforceability solely because it is in electronic form and that a contract may not be denied legal effect or enforceability solely because an electronic record was used in its formation. Among other things, the act provides that if a law requires a record to be in writing, or if a law requires a signature, an electronic record or signature satisfies the law.

Existing law specifies that there is, in the Government Operations Agency, the Department of General Services, which shall develop and enforce policy and procedures and institute or cause the institution of those investigations and proceedings as it deems proper to assure effective operation of all functions performed by the department and to conserve the rights and interests of the state.

This bill, until January 1, 2022, would require the Secretary of the Government Operations Agency to appoint a blockchain working group on or before July 1, 2019. The bill would define blockchain and require the working group to report to the Legislature on the potential uses, risks, and benefits of the use of blockchain technology by state government and California-based businesses, on or before July 1, 2020, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 11546.8 is added to the Government
2 Code, to read:

3 11546.8. (a) For the purpose of this chapter, “blockchain”
4 means ~~an electronic record of transactions or other data that is: a~~
5 *mathematically secured, chronological, and decentralized ledger*
6 *or database of transactions or other data.*

7 ~~(1) Uniformly ordered.~~

8 ~~(2) Redundantly maintained or processed by one or more~~
9 ~~computers or machines to guarantee the consistency or~~
10 ~~nonrepudiation of the recorded transactions or other data.~~

11 ~~(3) Validated by the use of cryptography.~~

12 (b) This section shall remain in effect only until January 1, 2022,
13 and as of that date is repealed, unless a later enacted statute, that
14 is enacted before January 1, 2022, deletes or extends that date.

15 SEC. 2. Section 11546.9 is added to the Government Code, to
16 read:

17 11546.9. (a) The Secretary of the Government Operations
18 Agency shall appoint a blockchain working group *and designate*
19 *the chairperson of that group* on or before July 1, 2019, to evaluate
20 all of the following:

21 (1) The uses of blockchain in state government and
22 California-based businesses.

23 (2) The risks, including privacy risks, associated with the use
24 of blockchain by state government and California-based businesses.

25 (3) The benefits associated with the use of blockchain by state
26 government and California-based businesses.

27 (4) The legal implications associated with the use of blockchain
28 by state government and California-based businesses.

1 (5) The best practices for enabling blockchain technology to
2 benefit the State of California, California-based businesses, and
3 California residents.

4 (b) The working group shall consist of participants from all of
5 the following:

6 (1) Three appointees from the technology industry.

7 (2) Three appointees from nontechnology-related industries.

8 (3) Three appointees with a background in law chosen in
9 consultation with the Judicial Council.

10 (4) Two appointees representing privacy organizations.

11 (5) Two appointees representing consumer organizations.

12 (6) The State Chief Information Officer, or his or her designee.

13 (7) The Director of Finance, or his or her designee.

14 (8) The chief information officers of three other state agencies,
15 departments, or commissions.

16 (9) One member of the Senate, appointed by the Senate
17 Committee on Rules, and one member of the Assembly, appointed
18 by the Speaker of the Assembly.

19 (c) The blockchain working group shall take input from a broad
20 range of stakeholders with a diverse range of interests affected by
21 state policies governing emerging technologies, privacy, business,
22 the courts, the legal community, and state government.

23 (d) On or before July 1, 2020, the blockchain working group
24 shall report to the Legislature on the potential uses, risks, and
25 benefits of the use of blockchain technology by state government
26 and California-based businesses.

27 (1) The working group's report shall include recommendations
28 for modifications to the definition of blockchain in Section 11546.8
29 and recommendations for amendments to other code sections that
30 may be impacted by the deployment of blockchain.

31 (2) A report submitted pursuant to this subdivision shall be
32 submitted in compliance with Section 9795 of the Government
33 Code.

34 (e) The members of the working group shall serve without
35 compensation, but shall be reimbursed for all necessary expenses
36 actually incurred in the performance of their duties.

- 1 (f) This section shall remain in effect only until January 1, 2022,
- 2 and as of that date is repealed, unless a later enacted statute, that
- 3 is enacted before January 1, 2022, deletes or extends that date.