

**SUBSTITUTE FOR
SENATE BILL NO. 888**

A bill to create the blockchain and cryptocurrency commission and prescribe its powers and duties; and to provide for the powers and duties of certain state and local governmental officers and entities.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act may be cited as the "blockchain and
2 cryptocurrency commission act".

3 Sec. 2. As used in this act:

4 (a) "Blockchain" means a mathematically secured,
5 chronological, and decentralized ledger or database.

6 (b) "Commission" means the blockchain and cryptocurrency
7 commission created under section 3.

8 (c) "Cryptocurrency" means digital currency in which

1 encryption techniques are used to regulate the generation of units
2 of currency and verify the transfer of funds, and that operates
3 independently of a central bank.

4 Sec. 3. (1) The blockchain and cryptocurrency commission is
5 created in the department of treasury.

6 (2) The commission must consist of the following members:

7 (a) One individual who is appointed by the speaker of the
8 house of representatives.

9 (b) One individual who is appointed by the minority leader of
10 the house of representatives.

11 (c) One individual who is appointed by the majority leader of
12 the senate.

13 (d) One individual who is appointed by the minority leader of
14 the senate.

15 (e) The attorney general or his or her designee.

16 (f) The director of the department of treasury or his or her
17 designee.

18 (g) The director of the department of technology, management,
19 and budget or his or her designee.

20 (h) One individual from a cryptocurrency company who is
21 appointed by the governor.

22 (i) One individual from a cryptocurrency exchange who is
23 appointed by the governor.

24 (j) One individual from a company with a business model that
25 uses blockchain for non-cryptocurrency transaction purposes who is
26 appointed by the governor.

27 (k) Two individuals who are users of and involved in the
28 blockchain and cryptocurrency industry who are appointed by the
29 governor.

1 (l) One individual who is appointed by the chair of the house
2 of representatives financial services committee.

3 (m) One individual who is appointed by the chair of the senate
4 insurance and banking committee.

5 (n) One individual who is appointed by the chair of the house
6 of representatives regulatory reform committee.

7 (o) One individual who is appointed by the chair of the senate
8 regulatory reform committee.

9 (3) The first members of the commission must be appointed
10 within 45 days after the effective date of this act.

11 (4) The term of a member of the commission is 2 years or until
12 a successor is appointed. If a vacancy occurs on the commission,
13 the vacancy must be filled for the unexpired term in the same
14 manner as the original appointment under subsection (2).

15 (5) The appointing official under subsection (2) may remove a
16 member of the commission who was appointed by that official for
17 incompetence, dereliction of duty, malfeasance, misfeasance, or
18 nonfeasance in office, or any other good cause.

19 (6) The governor shall call the first meeting of the
20 commission. At the first meeting, the commission shall elect a
21 member as a chairperson and may elect other officers that it
22 considers necessary or appropriate. The commission shall meet at
23 least quarterly, or more frequently at the call of the chairperson
24 or at the request of 9 or more members.

25 (7) A majority of the members of the commission constitute a
26 quorum for transacting business. A vote in favor by 9 or more of
27 the members of the commission serving is required for any action of
28 the commission.

29 (8) The commission shall conduct its business in compliance

1 with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

2 (9) A writing that is prepared, owned, used, possessed, or
3 retained by the commission in performing an official function is
4 subject to the freedom of information act, 1976 PA 442, MCL 15.231
5 to 15.246.

6 (10) A member of the commission is not entitled to
7 compensation for service on the commission, but the department of
8 licensing and regulatory affairs may reimburse a member for actual
9 and necessary expenses incurred in serving.

10 (11) The commission shall do all of the following:

11 (a) Investigate blockchain and cryptocurrency to develop a
12 master plan of recommendations for fostering an expansion of
13 blockchain technology and the cryptocurrency industry in this
14 state.

15 (b) Examine all of the following as they relate to
16 cryptocurrency:

17 (i) The feasibility, validity, risks, and admissibility,
18 including privacy risks and benefits, of using blockchain
19 technology in state and local government and businesses that are
20 based in this state. Both of the following apply to the
21 commission's examination described in this subparagraph:

22 (A) For government use, the commission's examination must
23 include, but is not limited to, all of the following:

24 (I) Consideration of government records and delivery of
25 services.

26 (II) Consideration of court proceedings.

27 (III) Consideration of statewide registries including
28 registries for marihuana and opiates and for election nominating
29 petitions, voter records, and election results.

1 (B) For business use, the commission's examination must
2 include, but is not limited to, consideration of the advisability
3 of allowing corporate records to be maintained using blockchain
4 technology, including any security requirements necessary to ensure
5 the accuracy of the corporate records.

6 (ii) The need for modifications to the definition of blockchain
7 in this act and to other laws of this state to effect the
8 appropriate deployment of blockchain technology.

9 (iii) The use of cryptocurrency as legal tender, including
10 cryptocurrency that has an absolute, finite, and scarce supply and
11 a transparent and unchangeable rate of release.

12 (iv) How cryptocurrency can foster higher rates of savings.

13 (v) How cryptocurrency can mitigate the deflation of fiat
14 currency.

15 (vi) The impact of the proliferation of the cryptocurrency
16 industry on state revenues and the need to restructure this state's
17 tax framework, including the advisability of taxing cryptocurrency
18 transactions as part of the sales tax.

19 (vii) The advisability of government agencies and relevant
20 business enterprises accepting payment in cryptocurrency.

21 (viii) Whether cryptocurrency mining should be encouraged in
22 this state.

23 (ix) The best practices for enabling blockchain technology and
24 cryptocurrency transactions to benefit this state, businesses that
25 are based in this state, and residents of this state, including an
26 examination of barriers to entry in emerging technologies and
27 markets.

28 (x) The considerations for and against this state holding
29 cryptocurrency in its accounts.

1 (xi) Measures that should be taken for consumer protection.

2 (xii) The impact of cryptocurrency on the environment.

3 (xiii) The state agencies best equipped to provide oversight of
4 blockchain technology and the cryptocurrency industry.

5 (xiv) Any other related topic that the commission may choose to
6 examine in relation to blockchain or cryptocurrency.

7 (c) Take input from a broad range of stakeholders with a
8 diverse range of interests affected by state policies governing
9 emerging technologies, privacy, business finance, the courts, the
10 legal community, and state and local government.

11 (d) By December 1, 2022, submit 2 reports to the senate and
12 house of representatives, 1 relating to blockchain and 1 relating
13 to cryptocurrency, that contain the results of the commission's
14 investigation and the commission's master plan of recommendations
15 to foster a positive blockchain and cryptocurrency economic
16 environment, together with drafts of legislation necessary to
17 effect the recommendations.