

SENATE BILL NO. 888

February 24, 2022, Introduced by Senators ANANICH, SHIRKEY, HOLLIER, BULLOCK, WOJNO, GEISS and HORN and referred to the Committee on Economic and Small Business Development.

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,

1 chronological, and decentralized ledger or database.

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

4 (c) "Cryptocurrency" means digital currency in which
5 encryption techniques are used to regulate the generation of units
6 of currency and verify the transfer of funds, and that operates
7 independently of a central bank.

8 Sec. 3. (1) The blockchain and cryptocurrency commission is
9 created in the department of licensing and regulatory affairs.

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

11 (a) One individual who is appointed by the speaker of the
12 house of representatives.

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

15 (c) One individual who is appointed by the majority leader of
16 the senate.

17 (d) One individual who is appointed by the minority leader of
18 the senate.

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

20 (f) The director of the department of treasury or his or her
21 designee.

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

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

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

28 (j) One individual from a company with a business model that
29 uses blockchain for non-cryptocurrency transaction purposes who is

1 appointed by the governor.

2 (k) Two individuals from institutions of higher education in
3 this state who are appointed by the governor.

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

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

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

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

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

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

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

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

28 (7) A majority of the members of the commission constitute a
29 quorum for transacting business. A vote in favor by 9 of the

1 members of the commission serving is required for any action of the
2 commission.

3 (8) The commission shall conduct its business in compliance
4 with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

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

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

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

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

18 (b) Examine all of the following:

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

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

26 (I) Consideration of government records and delivery of
27 services.

28 (II) Consideration of court proceedings.

29 (III) Consideration of statewide registries including for

1 firearms; marihuana and opiates; and election nominating petitions,
2 voter records, and election results.

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

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

11 (iii) The impact of the proliferation of the cryptocurrency
12 industry on state revenues and the need to restructure this state's
13 tax framework, including the advisability of taxing cryptocurrency
14 transactions as part of the sales tax.

15 (iv) The advisability of government agencies and relevant
16 business enterprises, including, but not limited to, cannabis
17 retail stores, accepting payment in cryptocurrency.

18 (v) The feasibility of regulating the energy consumption
19 associated with cryptocurrency.

20 (vi) The best practices for enabling blockchain technology and
21 cryptocurrency transactions to benefit this state, Michigan-based
22 businesses, and residents of this state, including an examination
23 of historical barriers to entry and participation in emerging
24 technologies and markets for individuals underrepresented in these
25 industries and markets.

26 (vii) The state agencies best equipped to provide oversight of
27 blockchain technology and the cryptocurrency industry.

28 (viii) Any other related topic that the commission may choose to
29 examine in relation to blockchain or cryptocurrency.

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

5 (d) Not later than 1 year after all appointments to the
6 commission have been made, submit a report to the senate and house
7 of representatives that contains the result of the commission's
8 investigation and the commission's master plan of recommendations
9 to foster a positive blockchain and cryptocurrency economic
10 environment, together with drafts of legislation necessary to
11 effect the recommendations.