Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Community & Economic Development Committee

ESSB 5544

Brief Description: Establishing the Washington blockchain work group.

Sponsors: Senate Committee on Environment, Energy & Technology (originally sponsored by Senators Brown, Dozier, Frockt, Hasegawa, Mullet, Rolfes, Short, Wagoner, Wellman and Wilson, L.).

Brief Summary of Engrossed Substitute Bill

- Establishes the Washington blockchain work group (work group) for the purpose of examining various potential applications for blockchain technology.
- Requires the work group to submit a report to the Governor and the Legislature by December 1, 2023.

Hearing Date: 2/18/22

Staff: Emily Poole (786-7106).

Background:

Legislation was enacted in 2019 providing that an electronic record may not be denied legal effect because it is generated or stored using distributed ledger technology. Distributed ledger technology means any distributed ledger protocol and supporting infrastructure, including blockchain, that uses a distributed, decentralized, shared, and replicated ledger. Blockchain means a cryptographically secured, chronological, and decentralized consensus ledger or consensus database maintained via Internet, peer-to-peer network, or other similar interaction.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill:

The Washington blockchain work group (work group) is established. The purpose of the work group is to examine various potential applications for blockchain technology.

The work group is composed of one senator from each of the two largest caucuses of the Senate, one representative from each of the two largest caucuses of The House of Representatives, and the following individuals or their designees:

- the Secretary of State;
- the Director of the Department of Commerce;
- the Director of the Department of Financial Institutions;
- the Director of Washington Technology Solutions;
- the Director of the Department of Agriculture; and
- the Director of the Health Care Authority.

The work group also includes individuals representing the following:

- a federally recognized tribe located in Washington;
- trade associations for the technology sector, financial services companies, title insurance companies, health care companies, Washington-based agriculture, and property and casualty insurance companies;
- associations for county government officials and for public utility districts in Washington; and
- environmental advocacy organizations with expertise in energy policy and sustainability.

In addition, individuals representing other sectors may be invited to participate in the work group in an advisory capacity. Individuals participating in an advisory capacity are not members of the work group.

The work group shall hold its first meeting by August 1, 2022. Staff support for the work group must be provided by the Department of Commerce. A public comment period must be provided at every work group meeting.

The work group is required to submit a report to the Governor and the Legislature by December 1, 2023, on potential uses and impacts of blockchain, including impacts on existing industries, utilities, demand for electricity, and demand for computer processing capacity, and recommended policies that will facilitate the development of blockchain applications in Washington.

Appropriation: None.

Fiscal Note: Requested on February 12, 2022.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.