

SENATE JOINT MEMORIAL 9

54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020

INTRODUCED BY

Gerald Ortiz y Pino

This document incorporates amendments that have been adopted during the current legislative session. The document is a tool to show the amendments in context and is not to be used for the purpose of amendments.

A JOINT MEMORIAL

REQUESTING THE SECRETARY OF INFORMATION TECHNOLOGY TO CONVENE A BLOCKCHAIN TECHNOLOGY TASK FORCE TO EXAMINE AND REPORT ON THE POTENTIAL BENEFITS AND RISKS TO THE PUBLIC ASSOCIATED WITH THE USE OF BLOCKCHAIN TECHNOLOGY IN THE PUBLIC AND PRIVATE SECTORS.

WHEREAS, "blockchain technology" means a digital ledger or database that uses a distributed, shared and replicated ledger, either public or private, with or without permission, where the data on the ledger is protected with cryptography and is immutable and auditable; and

.215921.2AIC February 5, 2020 (10:59am)

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WHEREAS, advances in blockchain technology have allowed for advances in record management and transaction processing, thus allowing for the expanded management and storage of data and digital items of value; and

WHEREAS, these advances in blockchain technology may have the potential to change business operating models within the state, national and global economies and be a catalyst for economic development; and

WHEREAS, these advances in blockchain technology may allow for greater efficiencies in economic activities through reducing the costs of verifying transactions, as blockchain technology eliminates the need for a third party to verify, monitor and complete financial transactions; and

WHEREAS, these advances in blockchain technology may significantly change financial institutions, speeding up transactions, allowing for more efficient person-to-person and business-to-business transactions, lowering transaction costs and providing expanded access to financial services; and

WHEREAS, these advances in blockchain technology have led to innovations such as contracts that can be executed without any human interaction; and

WHEREAS, these advances in blockchain technology may fundamentally change the manner of numerous applications in such areas as health care, energy, financial services, telecommunications, payments, asset management and government

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services; and

WHEREAS, the advances in blockchain technology have led to its increasing use; and

WHEREAS, the advances in blockchain technology continue to grow, and future developments and innovations will undoubtedly continue; and

WHEREAS, there is concern about disruption to existing industries, worker displacement, cyberattacks, the involvement of criminal enterprises and the use of blockchain technology on the black market; and

WHEREAS, the current statutory and regulatory framework on both the federal level and state level may not be equipped to handle the blockchain technological advances; and

WHEREAS, the advances in blockchain technology raise questions as to whether or not states or the federal government should take action to promote or regulate the sectors implicated by blockchain technology; and

WHEREAS, without wide-scale collaboration and coordination on all levels of government, the potential risks related to these technological advances may not be fully understood and any benefits may not be realized;

NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO that the secretary of information technology be requested to convene a task force to examine the possible social and economic benefits and risks to the

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residents of the state associated with the use of blockchain technology in both the public and private sectors, including the potential disruption to industries and the impact on public and private workforces; and

BE IT FURTHER RESOLVED that the task force include the following individuals or their designees:

- A. the secretary of economic development;
- B. the attorney general;
- C. the secretary of state;
- D. the secretary of workforce solutions;
- E. the secretary of information technology;
- F. the secretary of general services;
- G. the secretary of health;
- H. the secretary of higher education;

SRC→I. the secretary of transportation;

J. the secretary of finance and administration;←SRC

SRC→I←SRC SRC→K←SRC. the director of the financial institutions division of the regulation and licensing department;

SRC→J←SRC SRC→L←SRC. the director of the securities division of the regulation and licensing department; and

SRC→K←SRC SRC→M←SRC. members appointed by the secretary of information technology, including a representative:

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- (1) from the banking industry;
- (2) from a public post-secondary educational institution operating in the state with expertise in business and economics;
- (3) from a labor organization;
- (4) from a business actively engaged in the development or use of blockchain technology; and
- (5) with expertise in any other relevant area as the secretary of information technology deems appropriate; and

BE IT FURTHER RESOLVED that the task force investigate:

- A. the feasibility of using blockchain technology for managing government records or delivery of services;
- B. the advisability of creating limited exceptions to state securities laws to encourage the responsible development of blockchain-based funding tools for economic development;
- C. the advisability of amending laws to allow the use of blockchain technology in the transaction of business in the state, including contracting, business formation and governance, recordkeeping, reporting, asset transfer and security requirements;
- D. the current and potential impact on existing businesses and industries related to the use of blockchain technologies;

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E. the current and potential creation of new jobs and the displacement of existing jobs related to the use of blockchain technologies in both the public and private sectors; and

F. any other related topic that the task force may choose to examine in relation to blockchain technology; and

BE IT FURTHER RESOLVED that the task force report its findings and recommendations to the interim legislative committee dealing with economic and rural development issues by September 1, 2021; and

BE IT FURTHER RESOLVED that copies of this memorial be transmitted to the governor, the secretary of economic development, the attorney general, the secretary of state, the secretary of workforce solutions, the secretary of information technology, the secretary of general services, the secretary of health, the secretary of higher education, SRC→the secretary of transportation, the secretary of finance and administration,←SRC the director of the financial institutions division of the regulation and licensing department and the director of the securities division of the regulation and licensing department.