A RESOLUTION urging a comprehensive study of and subsequent plan to deal with the growing blockchain technology.

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

WHEREAS, these advances in blockchain technology have led to increased use of cryptocurrencies, such as Bitcoin, throughout the world; and

WHEREAS, these advances in blockchain technology have great potential in the area of economic development as many innovative startups and entrepreneurs have entered the blockchain sector; and

WHEREAS, these advances in blockchain technology have great potential to transform business operating models as well as the way we interact within our economy and be a catalyst for economic development; and

WHEREAS, these advances in blockchain technology have great potential to transform worldwide commerce, allowing for greater efficiencies through payment with digital currencies and reducing costs of verifying transactions since it eliminates the need for a third party to verify, monitor, and complete financial transactions; and

WHEREAS, these advances in blockchain technology have great potential to transform financial institutions, speeding up transactions, allowing for more efficient person-to-person and business-to-business transactions, lowering transaction costs, and providing universal access to financial services and government benefits; and

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

WHEREAS, these advances in blockchain technology have the potential to fundamentally change the manner of numerous applications in such areas as health care, energy, financial services, telecommunications, payments, and property management; and

WHEREAS, the advances in blockchain technology have led to an increasing use
and market of cryptocurrencies throughout the world; and

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

WHEREAS, as with any technological advance, there is growing concern about cyberattacks and the involvement of criminal enterprises and uses on the black market; and

WHEREAS, the current statutory and regulatory framework of laws on both the federal and state level may not be equipped to handle the burgeoning 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; and

WHEREAS, without wide-scale collaboration and coordination on all levels of government, the potential benefits of these technological advances cannot be fully realized; and

WHEREAS, the Kentucky Cabinet for Economic Development, in consultation with the Governor, the State Treasurer, and other state officials, must take a comprehensive examination of both the potential and the ramifications of these technological advances in order to determine if new laws should be passed to address the burgeoning blockchain sector or whether current laws should be amended, or whether these issues are best left to be addressed by the federal government;

NOW, THEREFORE,

Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky:

Section 1. The House of Representatives urges the Kentucky Cabinet for Economic Development to work with state and federal officials to study the issue of blockchain technology to determine the best way to both support further innovation and
economic growth and ensure that consumer privacy and rights are protected through enhanced cybersecurity.

Section 2. The comprehensive examination of the issue should address the wide-ranging impact of these blockchain technologies, including the potential economic development impact in the creation of a statewide ecosystem that encourages innovative startups and entrepreneurs in the blockchain sector or startups and entrepreneurs that utilize blockchain in their operations, the potential need for regulation of cryptocurrencies, ways in which the state government can utilize cryptocurrencies to make and receive payments, whether transactions involving the transmission of cryptocurrencies should be subject to taxation, cybersecurity, and customer privacy, and whether the transmission of cryptocurrencies for financial purposes should be licensed or regulated at the state level.

Section 3. The Clerk of the House of Representatives is ordered to transmit a copy of this Resolution to Senate President Robert Stivers, 700 Capital Avenue, Room 319, Frankfort, Kentucky 40601; Allison Ball, Kentucky State Treasurer, 1050 US Highway 127 South, Suite 100, Frankfort, Kentucky 40601; Terry R. Gill, Secretary, Kentucky Cabinet for Economic Development, Old Capitol Annex, 300 West Broadway, Frankfort, Kentucky 40601; and Governor Matthew Bevin, 700 Capital Avenue, Suite 100, Frankfort, Kentucky 40601.