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SENATE BILL NO. 439

Offered January 10, 2024

Prefiled January 9, 2024

A *BILL to amend the Code of Virginia by adding in Title 30 a chapter numbered 67, consisting of sections numbered 30-430 through 30-438, relating to Blockchain and Cryptocurrency Commission established; report.*

 Patron—Salim

Referred to Committee on Rules

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 30 a chapter numbered 67, consisting of sections numbered 30-430 through 30-438, as follows:

CHAPTER 67.**BLOCKCHAIN AND CRYPTOCURRENCY COMMISSION.****§ 30-430. Definitions.**

As used in this chapter, unless the context requires a different meaning:

"Blockchain" means a mathematically secured, chronological, and decentralized ledger or database.

"Cryptocurrency" means digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds and that operates independently of a central bank.

§ 30-431. Blockchain and Cryptocurrency Commission; purpose.

The Blockchain and Cryptocurrency Commission (the Commission) is established in the legislative branch of state government for the purpose of studying and making recommendations related to blockchain technology and cryptocurrency and fostering the appropriate expansion of blockchain technology and the cryptocurrency industry in the Commonwealth.

The Commission may coordinate with other agencies and entities of the Commonwealth with regard to the development and proposal of recommendations related to blockchain technology and the cryptocurrency industry.

§ 30-432. Membership; terms; vacancies; chairman and vice-chairman.

A. The Commission shall consist of 15 members, including seven legislative members and eight nonlegislative members. Members shall be appointed as follows: (i) the Chairmen of the House Committee on Commerce and Energy and the Senate Committee on Commerce and Labor; (ii) the Chairmen of the House Committee on Communications, Technology and Innovation and the Senate Committee on General Laws and Technology; (iii) the Chairmen of the House Committees on Appropriations and Finance and the Senate Committee on Finance and Appropriations; (iv) the Attorney General or his designee; (v) a representative of the Department of the Treasury; (vi) a representative of the Information Technology Advisory Council; and (vii) five persons to be appointed by the Governor, including one appointee from a cryptocurrency company, one appointee from a cryptocurrency exchange, one appointee of a company with a business model that uses blockchain for non-cryptocurrency transaction purposes, and two appointees representing institutions of higher education in the Commonwealth.

B. Legislative members of the Commission shall serve terms coincident with their terms of office. Nonlegislative citizen members shall be appointed for a term of two years. Appointments to fill vacancies, other than by expiration of a term, shall be for the unexpired terms. Legislative members and nonlegislative citizen members may be reappointed. However, no nonlegislative citizen member shall serve more than four consecutive two-year terms. The remainder of any term to which a member is appointed to fill a vacancy shall not constitute a term in determining the member's eligibility for reappointment. Vacancies shall be filled in the same manner as the original appointments.

C. The Commission shall elect a chairman and vice-chairman from among its membership.

§ 30-433. Quorum; meetings; recommendations.

A majority of the members shall constitute a quorum. The meetings of the Commission shall be held at the call of the chairman or whenever a majority of the members so request.

No recommendation of the Commission shall be adopted if the majority of the members appointed to the Commission vote against the recommendation.

§ 30-434. Compensation; expenses.

Legislative members of the Commission shall receive such compensation as provided in § 30-19.12. Nonlegislative citizen members shall not receive compensation. Members shall be reimbursed for

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reasonable and necessary expenses incurred in the performance of their duties as provided in §§ 2.2-2813 and 2.2-2825. Compensation to members of the General Assembly for attendance at official meetings of the Commission shall be paid by the offices of the Clerk of the House of Delegates or Clerk of the Senate, as applicable. Reimbursement for the reasonable and necessary expenses of nonlegislative citizen members of the Commission shall be paid from existing appropriations to the Commission or, if unfunded, shall be approved by the Joint Rules Committee.

§ 30-435. Powers and duties of the Commission; report.

A. The Commission shall have the power and duty to:

1. Examine the feasibility, validity, and admissibility as well as the risks, including privacy risks, and benefits of using blockchain technology in state and local government and in businesses in the Commonwealth. For use by state and local government, the Commission's examination shall include consideration of government records and delivery of services, court proceedings, statewide registries, voter records, and election results. For use by businesses in the Commonwealth, the Commission's examination shall include consideration of the advisability of allowing corporate records to be maintained using blockchain technology, including any security requirements necessary to ensure their accuracy;

2. Examine and assess the impact of the proliferation of the cryptocurrency industry on state revenues and the need to restructure the Commonwealth's tax framework, including the advisability of taxing cryptocurrency transactions as part of the sales tax;

3. Examine the feasibility of regulating the energy consumption associated with cryptocurrency;

4. Review best practices for enabling blockchain technology and cryptocurrency transactions to benefit the Commonwealth, businesses in the Commonwealth, and residents of the Commonwealth, including an examination of historical barriers to entry and participation in emerging technologies for individuals underrepresented in such industries and markets;

5. Determine which state agencies are best equipped to provide oversight of blockchain technology and the cryptocurrency industry and evaluate the jurisdiction, powers and duties, operations, management, and interrelationships of any department, division, board, bureau, commission, authority, or other agency with responsibility over services that may be impacted by blockchain technology or the cryptocurrency industry;

6. Solicit input from a broad range of stakeholders with a diverse range of interests affected by state policies governing emerging technologies, privacy, business, finance, the courts, the legal community, and state and local government;

7. Develop recommendations related to the use of and regulation over blockchain technology and cryptocurrency in the Commonwealth;

8. Study any other related topic that the Commission may choose to examine in relation to blockchain or cryptocurrency; and

9. Report its recommendations to the General Assembly and the Governor annually and to make such interim reports as it deems advisable or as may be required by the General Assembly and the Governor.

B. The Commission may contract with consultants to assist in carrying out its duties under subsection A. Compensation for any consultant shall be payable from funds made available to the Commission.

§ 30-436. Staffing.

The Commission may appoint, employ, and remove an executive director and such other persons as it deems necessary and shall determine the duties and fix the salaries or compensation of such executive director and other persons, within the amounts appropriated for such purpose. The Commission may also employ experts who have knowledge of the issues before it.

§ 30-437. Chairman's executive summary.

The chairman of the Commission shall submit to the General Assembly and the Governor an annual executive summary of the interim activities and the work of the Commission no later than the first day of each regular session of the General Assembly. The executive summary shall be submitted for publication as a report document as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

§ 30-438. Cooperation of other state agencies and political subdivisions.

The Commission may request records, including data and information, that it may require for the performance of its duties, and every department, division, board, bureau, commission, authority, or other agency created by the Commonwealth or to which the Commonwealth is a party or any political subdivision of the Commonwealth shall provide such records, including data and information, to the fullest extent possible, except as prohibited by law. The Commission shall receive cooperation and assistance in the performance of its duties from every department, division, board, bureau, commission, authority, or other agency created by the Commonwealth or to which the Commonwealth is a party or

121 *from any political subdivision of the Commonwealth upon request.*

122 *Upon request and availability, the Commission shall receive access to the facilities of and ample*
123 *opportunity to observe the operations of every department, division, board, bureau, commission,*
124 *authority, or other agency created by the Commonwealth or to which the Commonwealth is a party or*
125 *of any political subdivision of the Commonwealth.*

126 **2. That no later than 45 days after the effective date of this act, the appointments required by**
127 **§ 30-432 of the Code of Virginia, as created by this act, shall be made. The chairman and**
128 **vice-chairman of the Blockchain and Cryptocurrency Commission (the Commission) shall meet**
129 **with the members of the Commission no later than 90 days after the effective date of this act.**

130 **3. That no later than one year after all appointments to the Blockchain and Cryptocurrency**
131 **Commission (the Commission) have been made pursuant to § 30-432 of the Code of Virginia, as**
132 **created by this act, and annually thereafter, the Commission shall submit an executive summary to**
133 **the Governor and the General Assembly of its findings and recommendations to foster a positive**
134 **economic environment for blockchain technology and the cryptocurrency industry in the**
135 **Commonwealth. The executive summary shall be submitted as provided in the procedures of the**
136 **Division of Legislative Automated Systems for the processing of legislative documents and reports**
137 **no later than the first day of the 2026 Regular Session of the General Assembly and shall be**
138 **posted on the General Assembly's website.**