

Judiciary Committee JOINT FAVORABLE REPORT

Bill No.: SB-513

AN ACT CONCERNING THE STUDY OF DIGITAL CURRENCY, BLOCKCHAIN
AND SMART CONTRACTS TO PROMOTE ECONOMIC GROWTH AND

Title: DEVELOPMENT.

Vote Date: 4/2/2018

Vote Action: Joint Favorable

PH Date: 3/28/2018

File No.: 553

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SPONSORS OF BILL:

Judiciary Committee

REASONS FOR BILL:

The bill concept comes to the Judiciary Committee by Chairman Paul Doyle. The bill requires the Attorney General to study digital currency, blockchain, and smart contracts in consultation with the Banking Commissioner and the dean of the University of Connecticut School of Law in order to ensure that Connecticut efficiently, properly and safely regulates; educates the public; and promotes the use and development of these new technologies particularly through the support and creation of new innovative technology businesses.

RESPONSE FROM ADMINISTRATION/AGENCY:

None expressed.

NATURE AND SOURCES OF SUPPORT:

Trifecta Ecosystems, Spencer Curry, CEO and Co-founder:

Supports the bill. States that blockchain will revolutionize financial, legal and governmental systems by increasing transparency, reducing vulnerability to hacking, and lowering costs through decentralization and automation. Benefits of supporting this new industry include: new business tax base, growing pool of well-paid professional developers, increased governmental efficiencies through use of smart contracts, and a reduction in wasteful spending due to traceability of government spending. Connecticut can support this type of innovation through state grants, incentives and workforce development programs. Examples of practical government use include Arizona accepting CryptoCurrency for tax payments and Canada using blockchain to securely and publically track grant disbursements. Mr. Curry

urges Connecticut to pursue and support the study and implementation of blockchain technology so as not to be left behind in this emerging industry and also to reap the benefits of embracing it.

DappDevs, Bryant Eisenbach, Co-founder and Technical Lead:

Supports the bill and submitted testimony about the power of Smart Contracts which allow parties from anywhere in the world to enter a legally binding contract executed on a computer. Mr. Eisenbach encourages state legal experts to quickly start working with Connecticut citizens who are well versed in blockchain to create appropriate safeguards while also incorporating this new technology into our economy. He also sees the potential opportunity for young people to get involved in figuring out the safest and best ways to implement this type of coding, helping them be civically involved while becoming digital leaders. Other states have embraced blockchain: (1) Tennessee passed a law recognizing Smart Contracts as legally binding, (2) Arizona is allowing companies to experiment with CryptoCurrency and Smart Contracts in order to attract young tech talent to their state, and (3) Wyoming passed a law allowing Blockchain entities to incorporate in their state.

DappDevs:

Supports the bill because of the revolutionary possibilities and potential financial windfall of blockchain technology. Blockchain has the potential to change industries by (1) creating new revenue models, (2) reducing public and private infrastructure expenses, (3) automating internal and external processes through “smart contracts,” (4) increasing traceability and visibility in both the public and private sectors, and (5) improving cyber security. Launching a state-wide initiative to incentivize R and D and startups in this industry will help revitalize Connecticut’s economy and a highly paid, (between \$125,000 to \$325,000) in-demand workforce. There are potential benefits for the state government, as well, including an increase in civic engagement due to increased trust through transparency and increased reliability, efficiency and effectiveness in data transactions. Connecticut would also benefit from being an innovator and leader in this promising new field.

The CT Blockchain community looks forward to working with the state to advance these initiatives.

Supriyo Chatterjee:

Supports the bill. Specific examples of the benefits of this new technology are:

- Using “trusted verification” for real-estate deeds ownership and transfer,
- The United Nations uses blockchain to create unique, protected digital identities,
- UNICEF is encouraging digital innovators to help solve supply chain challenges and payments,
- The CDC is researching how to use blockchain for public health management.

Perhaps the most significant application of blockchain politically would be in creation of a tamper-proof electoral process.

NATURE AND SOURCES OF OPPOSITION:

None expressed.

Reported by: Tamara Morris

Date: April 23, 2018

