A bill to create the blockchain and cryptocurrency commission and prescribe its powers and duties; and to provide for the powers and duties of certain state and local governmental officers and entities.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1. This act may be cited as the "blockchain and cryptocurrency commission act".

Sec. 2. As used in this act:

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

(b) "Commission" means the blockchain and cryptocurrency commission created under section 3.

(c) "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.

Sec. 3. (1) The blockchain and cryptocurrency commission is created in the department of treasury.

(2) The commission must consist of the following members:

(a) One individual who is appointed by the speaker of the house of representatives.

(b) One individual who is appointed by the minority leader of the house of representatives.

(c) One individual who is appointed by the majority leader of the senate.

(d) One individual who is appointed by the minority leader of the senate.

(e) The attorney general or his or her designee.

(f) The director of the department of treasury or his or her designee.

(g) The director of the department of technology, management, and budget or his or her designee.

(h) One individual from a cryptocurrency company who is appointed by the governor.

(i) One individual from a cryptocurrency exchange who is appointed by the governor.

(j) One individual from a company with a business model that uses blockchain for non-cryptocurrency transaction purposes who is appointed by the governor.

(k) Two individuals who are users of and involved in the blockchain and cryptocurrency industry who are appointed by the governor.
(l) One individual who is appointed by the chair of the house of representatives financial services committee.

(m) One individual who is appointed by the chair of the senate insurance and banking committee.

(n) One individual who is appointed by the chair of the house of representatives regulatory reform committee.

(o) One individual who is appointed by the chair of the senate regulatory reform committee.

(3) The first members of the commission must be appointed within 45 days after the effective date of this act.

(4) The term of a member of the commission is 2 years or until a successor is appointed. If a vacancy occurs on the commission, the vacancy must be filled for the unexpired term in the same manner as the original appointment under subsection (2).

(5) The appointing official under subsection (2) may remove a member of the commission who was appointed by that official for incompetence, dereliction of duty, malfeasance, misfeasance, or nonfeasance in office, or any other good cause.

(6) The governor shall call the first meeting of the commission. At the first meeting, the commission shall elect a member as a chairperson and may elect other officers that it considers necessary or appropriate. The commission shall meet at least quarterly, or more frequently at the call of the chairperson or at the request of 9 or more members.

(7) A majority of the members of the commission constitute a quorum for transacting business. A vote in favor by 9 or more of the members of the commission serving is required for any action of the commission.

(8) The commission shall conduct its business in compliance
with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(9) A writing that is prepared, owned, used, possessed, or retained by the commission in performing an official function is subject to the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(10) A member of the commission is not entitled to compensation for service on the commission, but the department of licensing and regulatory affairs may reimburse a member for actual and necessary expenses incurred in serving.

(11) The commission shall do all of the following:

(a) Investigate blockchain and cryptocurrency to develop a master plan of recommendations for fostering an expansion of blockchain technology and the cryptocurrency industry in this state.

(b) Examine all of the following as they relate to cryptocurrency:

(i) The feasibility, validity, risks, and admissibility, including privacy risks and benefits, of using blockchain technology in state and local government and businesses that are based in this state. Both of the following apply to the commission's examination described in this subparagraph:

(A) For government use, the commission's examination must include, but is not limited to, all of the following:

(I) Consideration of government records and delivery of services.

(II) Consideration of court proceedings.

(III) Consideration of statewide registries including registries for marihuana and opiates and for election nominating petitions, voter records, and election results.
(B) For business use, the commission's examination must include, but is not limited to, consideration of the advisability of allowing corporate records to be maintained using blockchain technology, including any security requirements necessary to ensure the accuracy of the corporate records.

(ii) The need for modifications to the definition of blockchain in this act and to other laws of this state to effect the appropriate deployment of blockchain technology.

(iii) The use of cryptocurrency as legal tender, including cryptocurrency that has an absolute, finite, and scarce supply and a transparent and unchangeable rate of release.

(iv) How cryptocurrency can foster higher rates of savings.

(v) How cryptocurrency can mitigate the deflation of fiat currency.

(vi) The impact of the proliferation of the cryptocurrency industry on state revenues and the need to restructure this state's tax framework, including the advisability of taxing cryptocurrency transactions as part of the sales tax.

(vii) The advisability of government agencies and relevant business enterprises accepting payment in cryptocurrency.

(viii) Whether cryptocurrency mining should be encouraged in this state.

(ix) The best practices for enabling blockchain technology and cryptocurrency transactions to benefit this state, businesses that are based in this state, and residents of this state, including an examination of barriers to entry in emerging technologies and markets.

(x) The considerations for and against this state holding cryptocurrency in its accounts.
(xi) Measures that should be taken for consumer protection.

(xii) The impact of cryptocurrency on the environment.

(xiii) The state agencies best equipped to provide oversight of blockchain technology and the cryptocurrency industry.

(xiv) Any other related topic that the commission may choose to examine in relation to blockchain or cryptocurrency.

c) Take 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.

d) By December 1, 2022, submit 2 reports to the senate and house of representatives, 1 relating to blockchain and 1 relating to cryptocurrency, that contain the results of the commission's investigation and the commission's master plan of recommendations to foster a positive blockchain and cryptocurrency economic environment, together with drafts of legislation necessary to effect the recommendations.