

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

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

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

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

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

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

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

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

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

27           WHEREAS, the advances in blockchain technology have led to an increasing use

1 and market of cryptocurrencies throughout the world; and

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

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

7 WHEREAS, the current statutory and regulatory framework of laws on both the  
8 federal and state level may not be equipped to handle the burgeoning blockchain  
9 technological advances; and

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

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

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

22 NOW, THEREFORE,

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

25 ➔Section 1. The House of Representatives urges the Kentucky Cabinet for  
26 Economic Development to work with state and federal officials to study the issue of  
27 blockchain technology to determine the best way to both support further innovation and

1 economic growth and ensure that consumer privacy and rights are protected through  
2 enhanced cybersecurity.

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

13       ➔Section 3. The Clerk of the House of Representatives is ordered to transmit a  
14 copy of this Resolution to Senate President Robert Stivers, 700 Capital Avenue, Room  
15 319, Frankfort, Kentucky 40601; Allison Ball, Kentucky State Treasurer, 1050 US  
16 Highway 127 South, Suite 100, Frankfort, Kentucky 40601; Terry R. Gill, Secretary,  
17 Kentucky Cabinet for Economic Development, Old Capitol Annex, 300 West Broadway,  
18 Frankfort, Kentucky 40601; and Governor Matthew Bevin, 700 Capitol Avenue, Suite  
19 100, Frankfort, Kentucky 40601.