

SENATE BILL NO. 398—SENATOR KIECKHEFER

MARCH 20, 2017

Referred to Committee on Judiciary

SUMMARY—Establishes various provisions relating to the use of blockchain technology. (BDR 59-158)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to electronic transactions; recognizing and authorizing the use of blockchain technology; prohibiting a local government from taxing or imposing restrictions upon the use of a blockchain; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law gives legal recognition to electronic records, signatures and
2 contracts that comply with certain requirements and allows an electronic record or
3 signature to satisfy a requirement for a written record or signature in certain
4 circumstances. (NRS 719.240-719.350) **Sections 2-10** of this bill provide similarly
5 for the legal recognition of the use of blockchain technology for similar purposes.
6 **Section 11** of this bill prohibits a local government from: (1) imposing a tax or fee
7 on the use of a blockchain; (2) requiring a certificate, license or permit to use a
8 blockchain; and (3) imposing any other requirement relating to the use of a
9 blockchain.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Title 59 of NRS is hereby amended by adding
2 thereto a new chapter to consist of the provisions set forth as
3 sections 2 to 13, inclusive, of this act.

4 **Sec. 2.** *As used in this chapter, unless the context otherwise*
5 *requires, the words and terms defined in sections 3 to 9, inclusive,*
6 *of this act have the meanings ascribed to them in those sections.*



* S B 3 9 8 *

1 **Sec. 3.** *“Agreement” has the meaning ascribed to it in NRS*
2 *719.030. The term includes an agreement formed by use of one or*
3 *more electronic agents, as defined in NRS 719.080.*

4 **Sec. 4.** *“Blockchain” means an electronic record created by*
5 *the use of a decentralized method by multiple parties to verify and*
6 *store a digital record of transactions which is secured by the use of*
7 *a cryptographic hash of previous transaction information.*

8 **Sec. 5.** *“Cryptographic hash” means a mathematical*
9 *algorithm which performs a one-way conversion of input data into*
10 *output data of a specified size to verify the integrity of the data.*

11 **Sec. 6.** *“Electronic” has the meaning ascribed to it in*
12 *NRS 719.070.*

13 **Sec. 7.** *“Electronic record” has the meaning ascribed to it in*
14 *NRS 719.090.*

15 **Sec. 8.** *“Record” has the meaning ascribed to it in*
16 *NRS 719.150.*

17 **Sec. 9.** *“Smart contract” means a contract stored as an*
18 *electronic record pursuant to chapter 719 of NRS which is verified*
19 *by the use of a blockchain.*

20 **Sec. 10.** *For the purposes of NRS 719.260 to 719.290,*
21 *inclusive, and 719.310 to 719.350, inclusive, a blockchain or a*
22 *smart contract shall be deemed to be an electronic record.*

23 **Sec. 11. 1.** *A smart contract, record or signature may not*
24 *be denied legal effect or enforceability solely because a blockchain*
25 *was used to create, store or verify the smart contract, record or*
26 *signature.*

27 **2.** *In a proceeding, evidence of a smart contract, record or*
28 *signature must not be excluded solely because a blockchain was*
29 *used to create, store or verify the smart contract, record or*
30 *signature.*

31 **3.** *If a law requires a record to be in writing, submission of a*
32 *blockchain which electronically contains the record satisfies the*
33 *law.*

34 **4.** *If a law requires a signature, submission of a blockchain*
35 *which electronically contains the signature or verifies the intent of*
36 *a person to provide the signature satisfies the law.*

37 **Sec. 12. 1.** *If parties have agreed to conduct a transaction*
38 *by use of a blockchain and a law requires that a contract or other*
39 *record relating to the transaction be in writing, the legal effect,*
40 *validity or enforceability of the contract or other record may be*
41 *denied if the blockchain containing an electronic record of the*
42 *transaction is not in a form that is capable of being retained and*
43 *accurately reproduced for later reference by all parties or other*
44 *persons who are entitled to retain the contract or other record.*



2. Except as otherwise provided in subsection 6, if a law other than this chapter requires a record to be posted or displayed in a certain manner, to be sent, communicated or transmitted by a specified method or to contain information that is formatted in a certain matter, the use of a blockchain to post, display, send, communicate, transmit or store such a record does not satisfy the requirement of the other law.

3. If a person inhibits the ability of another person to store or retrieve information contained in a blockchain, such information is not enforceable by the person who inhibited the storage or retrieval.

4. Regardless of whether a smart contract was used to establish the relationship between the parties to an agreement, a requirement that a notice or an acknowledgment or other response to a notice be in writing is not satisfied by providing or delivering the notice or recording an acknowledgment or other response to the notice by the use of a blockchain if the notice is a notice of:

(a) The cancellation or termination of service by a public utility;

(b) Default, acceleration, repossession, foreclosure or eviction, or the right to cure, under a credit agreement secured by, or a rental agreement for, a primary residence of a natural person;

(c) The cancellation or termination of a policy of health insurance, benefits received pursuant to a policy of health insurance or benefits received pursuant to a policy of life insurance, excluding annuities; or

(d) The recall of a product, or material failure of a product, that risks endangering the health or safety of a person.

5. A requirement that a document be in writing is not satisfied by the use of a blockchain if the document is required to accompany any transportation or handling of hazardous materials, pesticides or other toxic or dangerous materials.

6. The requirements of this section may not be varied by agreement, except that:

(a) To the extent a law other than this chapter requires that a contract or other record relating to a transaction be in writing but permits that requirement to be varied by agreement, the provisions of subsection 1 concerning the denial of legal effect, validity or enforceability of the contract or other record relating to the transaction may also be varied by agreement; and

(b) A requirement under a law other than this chapter to send, communicate or transmit a record by first-class mail, postage prepaid, regular United States mail, may be varied by agreement to the extent permitted by the other law.



1 **Sec. 13. 1. A local governmental entity shall not:**

2 **(a) Impose any tax or fee on the use of a blockchain or smart**
3 **contract by any person or entity;**

4 **(b) Require any person or entity to obtain from the local**
5 **governmental entity any certificate, license or permit to use a**
6 **blockchain or smart contract; or**

7 **(c) Impose any other requirement relating to the use of a**
8 **blockchain or smart contract by any person or entity.**

9 **2. Nothing in this section prohibits a local governmental**
10 **entity from using a blockchain or smart contract in the**
11 **performance of its powers or duties in a manner not inconsistent**
12 **with the provisions of this chapter.**

13 **Sec. 14.** This act becomes effective upon passage and
14 approval.

