

SENATE BILL NO. 162—SENATOR KIECKHEFER

FEBRUARY 14, 2019

Referred to Committee on Judiciary

SUMMARY—Revises provisions relating to electronic transactions.
(BDR 59-876)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

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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; including a public blockchain as a type of electronic record for the purposes of the Uniform Electronic Transactions Act; providing that a person who uses a public blockchain to secure information does not relinquish any right of ownership related to that information; requiring a governmental agency to accept a certified copy of a record in electronic form under certain circumstances; authorizing the Secretary of State to adopt regulations specifying attributes required for a certified copy of a record in electronic form; prohibiting a local government from taxing or imposing restrictions upon the use of a public blockchain; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law gives legal recognition to electronic records, signatures and contracts that comply with certain requirements and allows an electronic record or signature to satisfy a requirement for a written record or signature in certain circumstances. (NRS 719.240-719.350) For these purposes, the definition of electronic record includes a blockchain under existing law. (NRS 719.090) Existing law also imposes certain restrictions on the authority of cities and counties to tax or regulate the use of a blockchain. (NRS 244.3535, 268.0979) **Section 7** of this bill amends the definition of “blockchain” to also include a “public blockchain,” which is defined in **section 2** of this bill.

Section 4 of this bill provides that a person who uses a public blockchain to secure information that the person owns or has a right to use does not thereby relinquish any right of ownership or use of such information, except as otherwise provided by an agreement of the person.



Under existing law, governmental agencies of this State and its political subdivisions are generally free to determine whether, and the extent to which, they will accept, process, use and rely upon an electronic record. (NRS 719.350) **Section 5** of this bill prohibits any such agency from refusing to accept, process, use or rely upon a certified copy of a record from another governmental agency solely because the copy is in electronic form. **Section 5** further authorizes the Secretary of State to adopt regulations specifying any attributes required for a certified copy in electronic form.

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

Section 1. Chapter 719 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 5, inclusive, of this act.

Sec. 2. *“Public blockchain” means an electronic record of transactions or other data which:*

1. Is uniformly ordered;

2. Is processed using a decentralized method by which two or more unaffiliated computers or machines verify the recorded transactions or other data;

3. Is redundantly maintained by two or more unaffiliated computers or machines to guarantee the consistency or nonrepudiation of the recorded transactions or other data;

4. Is validated by the use of cryptography; and

5. Does not restrict the ability of any computer or machine to:

(a) View the network on which the record is maintained; or

(b) Maintain or validate the state of the public blockchain.

Sec. 3. *“State of the public blockchain” means the cumulative record of data on a public blockchain, consisting of the first block of the public blockchain, all finalized transactions on the public blockchain and all block rewards recorded on the public blockchain.*

Sec. 4. *A person who uses a public blockchain to secure information that the person owns or has the right to use does not thereby relinquish any right of ownership or use with respect to the information, except to the extent that an agreement of the person expressly provides for the transfer of such a right.*

Sec. 5. 1. *If a person provides a receiving agency with a certified copy of a record of an originating agency, the receiving agency:*

(a) Shall not refuse to accept, process, use or rely upon the certified copy solely because it is in electronic form.

(b) May refuse to accept, process, use or rely upon the certified copy if it is in electronic form and fails to comply with any



1 *regulation adopted by the Secretary of State pursuant to*
2 *subsection 2.*

3 2. *The Secretary of State may specify by regulation any*
4 *attributes required for a certified copy described in subsection 1*
5 *and provided in electronic form. Any such regulation must be*
6 *consistent with the purposes of facilitating the application of*
7 *technology and promoting economy, efficiency and security in the*
8 *issuance and use of certified copies by governmental agencies and*
9 *the public.*

10 3. *As used in this section:*

11 (a) *“Originating agency” means a governmental agency which*
12 *attests that a certified copy described in subsection 1 is a true copy*
13 *of a record of the governmental agency.*

14 (b) *“Receiving agency” means a governmental agency of this*
15 *State or a political subdivision of this State to which a certified*
16 *copy is provided as described in subsection 1.*

17 **Sec. 6.** NRS 719.020 is hereby amended to read as follows:

18 719.020 As used in this chapter, unless the context otherwise
19 requires, the words and terms defined in NRS 719.030 to 719.180,
20 inclusive, *and sections 2 and 3 of this act* have the meanings
21 ascribed to them in those sections.

22 **Sec. 7.** NRS 719.045 is hereby amended to read as follows:

23 719.045 1. “Blockchain” means an electronic record of
24 transactions or other data which is:

25 ~~1-1~~ (a) Uniformly ordered;

26 ~~1-2~~ (b) Redundantly maintained or processed by one or more
27 computers or machines to guarantee the consistency or
28 nonrepudiation of the recorded transactions or other data; and

29 ~~1-3~~ (c) Validated by the use of cryptography.

30 2. *The term includes, without limitation, a public blockchain.*

31 **Sec. 8.** NRS 719.350 is hereby amended to read as follows:

32 719.350 1. Except as otherwise provided in subsection 6 of
33 NRS 719.290 and NRS 719.345, *and section 5 of this act*, each
34 governmental agency of this state shall determine whether, and the
35 extent to which, it will send and accept electronic records and
36 electronic signatures to and from other persons and otherwise create,
37 generate, communicate, store, process, use and rely upon electronic
38 records and electronic signatures.

39 2. Except as otherwise provided in NRS 719.345, to the extent
40 that a governmental agency uses electronic records and electronic
41 signatures under subsection 1, the governmental agency, giving due
42 consideration to security, may specify:

43 (a) The manner and format in which the electronic records must
44 be created, generated, sent, communicated, received and stored and
45 the systems established for those purposes;



(b) If electronic records must be signed by electronic means, the type of electronic signature required, the manner and format in which the electronic signature must be affixed to the electronic record, and the identity of, or criteria that must be met by, any third party used by a person filing a document to facilitate the process;

(c) Processes and procedures as appropriate to ensure adequate preservation, disposition, integrity, security, confidentiality and auditability of electronic records; and

(d) Any other required attributes for electronic records which are specified for corresponding nonelectronic records or reasonably necessary under the circumstances.

3. Except as otherwise provided in subsection 6 of NRS 719.290 and NRS 719.345, *and section 5 of this act*, the provisions of this chapter do not require a governmental agency of this state to use or permit the use of electronic records or electronic signatures.

Sec. 9. 1. This section and sections 1 to 4, inclusive, 6 and 7 of this act become effective on October 1, 2019.

2. Sections 5 and 8 of this act become effective:

(a) Upon passage and approval for the purpose of adopting regulations and performing any other preparatory administrative tasks that are necessary to carry out the provisions of those sections; and

(b) On January 1, 2020, for all other purposes.

