
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.*



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

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

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

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

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

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

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

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

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

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

41 (b) *A requirement under a law other than this chapter to send,*
42 *communicate or transmit a record by first-class mail, postage*
43 *prepaid, regular United States mail, may be varied by agreement to*
44 *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.

