SENATE BILL REPORT
SB 5534

As Reported by Senate Committee On:
Environment, Energy & Technology, January 20, 2022
Ways & Means, February 4, 2022

Title: An act relating to the use of verifiable credentials.

Brief Description: Concerning the use of verifiable credentials.

Sponsors: Senators Brown and Wagoner.

Brief History:
Committee Activity: Environment, Energy & Technology: 1/12/22, 1/20/22 [DP].
Ways & Means: 1/31/22, 2/04/22 [DP].

Brief Summary of Bill

- Requires the Consolidated Technology Services Agency (CTS), the departments of Health and Licensing, institutions of higher education, and the Secretary of State to each report which programs, services, and projects may be well-suited to the use of verifiable credentials as a means of improving efficiency, customer experience, and safeguarding privacy, by December 1, 2022.

- Requires CTS to create a process for developing a recommended trust framework for verifiable credentials (trust framework) in Washington, by October 1, 2022.

- Requires CTS to engage in the the process developed for creating a trust framework and submit the trust framework by December 1, 2023.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Majority Report: Do pass.
Signed by Senators Carlyle, Chair; Lovelett, Vice Chair; Short, Ranking Member;

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Brown, Das, Fortunato, Liias, Lovick, Nguyen, Schoesler, Sheldon, Stanford and Wellman.

Staff: Angela Kleis (786-7469)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.
Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Capital; Robinson, Vice Chair, Operating & Revenue; Wilson, L., Ranking Member; Brown, Assistant Ranking Member, Operating; Schoesler, Assistant Ranking Member, Capital; Honeyford, Ranking Minority Member, Capital; Billig, Braun, Carlyle, Conway, Dhingra, Gildon, Hasegawa, Hunt, Keiser, Mullet, Muzzall, Pedersen, Rivers, Van De Wege, Wagoner, Warnick and Wellman.

Staff: Sarian Scott (786-7729)

Background: Under current Washington law, blockchain means a cryptographically secured, chronological, and decentralized consensus ledger or consensus database maintained via Internet, peer-to-peer network, or other similar interaction.

Blockchain-based technology is enabling new developments in various fields including digital identities.

The Consolidated Technology Services Agency (CTS), also known as Washington Technology Solutions, supports state agencies as a centralized provider and procurer of information technology (IT) services.

Summary of Bill: Reports on Use of Verifiable Credentials. By December 1, 2022, CTS, the departments of Health and Licensing, institutions of higher education, and the Secretary of State must each report to the Legislature which programs, services, and projects may be well-suited to the inclusion and use of verifiable credentials as a means of improving efficiency, customer experience, and safeguarding privacy. Appropriate technology industry representatives must be consulted in preparing the reports to ensure each agency becomes informed of basic definitions and standards used by the technology industry in Washington for verifiable credentials.

Verifiable credentials means a tamper-evident credential that has authorship that can be cryptographically verified.

Recommended Trust Framework for Verifiable Credentials. By October 1, 2022, CTS must develop a process for creating a trust framework for verifiable credentials (trust framework) in Washington. The process should include the public and private sectors and must involve participation with technology industry representatives, consumer protection advocates, and other similar stakeholders.

By December 1, 2023, CTS must engage with stakeholders and others through the process developed for creating the trust framework and submit the trust framework, along with any recommendations for legislation necessary to enact or implement the trust framework, to the appropriate committees of the Legislature.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony (Environment, Energy & Technology): PRO: Companies are already using this technology. Other jurisdictions are creating trust frameworks. Washington should establish a trust framework too in order to remain competitive. This technology is more secure because private information is not stored on the blockchain. This bill is an important step towards laying the groundwork for the use of this technology in the state, ensuring interoperability, protecting privacy, and increasing the safety and security of supply chains.

OTHER: The costs associated with this legislation are not in the Governor's budget and we are happy to provide feedback.

Persons Testifying (Environment, Energy & Technology): PRO: Senator Sharon Brown, Prime Sponsor; Molly Jones, Washington Technology Industry Association; Zhihong Mao, ArcBlock, Inc.; Arry Yu, Cascadia Blockchain Council.

OTHER: Derek Puckett, Consolidated Technology Services (WaTech).

Persons Signed In To Testify But Not Testifying (Environment, Energy & Technology): No one.

Staff Summary of Public Testimony (Ways & Means): PRO: This promotes verifiable credentials in Washington State. This would be a foundational step towards verifiable credentials in this state. We are focused on making Cascadia a global hub of blockchain. This would be privacy preserving. Adoption of verifiable credentials will increase state security.

Persons Testifying (Ways & Means): PRO: Senator Sharon Brown, Prime Sponsor; Molly Jones, Washington Technology Industry Association; Arry Yuu, Cascadia Blockchain Council.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.