1 ENGROSSED HOUSE
BILL NO. 3279   By: Humphrey, Pae and Phillips
2   of the House

3   and

4   Jett of the Senate

5

6

7   [technology - creating the Oklahoma Distributed

8   Ledger Technology Assets Offering Act - permitting

9   act be used to regulate medical marijuana -

10   effective date]

11

12

13 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

14   SECTION 1.   NEW LAW   A new section of law to be codified

15 in the Oklahoma Statutes as Section 12001 of Title 74, unless there

16 is created a duplication in numbering, reads as follows:

17   This act shall be known and may be cited as the "Oklahoma

18 Distributed Ledger Technology Assets Offering Act".

19   SECTION 2.   NEW LAW   A new section of law not to be

20 codified in the Oklahoma Statutes reads as follows:

21   The Legislature makes the following findings concerning the

22 necessity for the Oklahoma Distributed Ledger Technology Assets

23 Offering Act:

24

1   1. For the immutable recording of identity, contracts, and

2 payments, as well as protocols that govern the production,

3 distribution, and consumption of goods and services in a digital

4 economy, distributed ledger technology assets offering ecosystems

5 afford the most efficient, effective, and transparent method of

6 achieving such, necessitating a proactive strategy to create,

7 maintain, and advance the regulation of Internet activities;

8   2. Especially configured and government-regulated blockchain

9 and distributed ledger technologies have emerged as critical

10 solutions to many Internet crimes, cyberwarfare, tax revenue

11 collection, product diversion, state and nonstate acts of terrorism,

12 money laundering, foreign interference with information

13 technologies, and corruption problems; and in view of such, the

14 State of Oklahoma has the potential to foster an Internet of

15 regulation and to create new forms of decentralized platforms and

16 distributed networks and distributed applications, and under the

17 jurisdiction and control of the state, such networks and

18 applications may have advantages over the current centralized

19 Internet platforms and applications;

20   3. The State of Oklahoma has the power and opportunity to

21 establish its own regulatory framework and to realize its potential

22 to become a global leader and a center for companies and

23 entrepreneurs that seek to utilize distributed ledger technology

24 ecosystems to power blockchain- or distributed-ledger-technology-

based business models, social media, and governmental systems, all of which will drive innovation within the state and give the State of Oklahoma an economic opportunity and global advantage to develop a regulated and operated network for local economies, to create new jobs, and export locally developed technologies;

4. Oklahoma's many sovereign entities and governmental units are not optimally integrated or united in law enforcement, Internet regulation, or first-responder efforts. Regulated distributed ledger technology assets offerings, digital contracts, and immutable identities can enable precise financial auditing and the coordinated tracking and tracing of the activities of criminal elements, cyber incursions, and organized crime, making it more difficult for these criminal and terrorist elements to be able to hide their activities. These same capabilities will augment, facilitate, and integrate the protection of public safety and can immediately help first responders to identify and meet the needs of the citizenry, especially in victim identification, triage, treatment, search-and-rescue functions during natural and man-made disaster events, such as pandemics, tornadoes, and floods, and also will assist in detecting and preventing foreign military cyber and signals intelligence operations;

5. The unalterable recordings of revenue collection and product tracking by any state, county, or local governmental unit or agency of the State of Oklahoma should occur through an ecosystem operator

that has had prior successful participation in state and federal no-action processes pertaining to securities registration, exemption, regulation, and compliance requirements for persons or entities using distributed ledger technology assets offerings. In addition, an ecosystem operator should have a demonstrated capacity to assist in the incubation of distributed ledger technology utilities, and may be available to assist in incubating use cases and collaborate with other ecosystem operators cooperatively to thwart the creation or formation of monopolies and to promote a thriving, free market approach; and

6. The anticipated benefits of the development and use by the State of Oklahoma and its political subdivisions or agencies thereof of an integrated logistics, information, custodial, and payment tracking ecosystem, which uses hack-resistant distributed ledger technologies and a convertible virtual currency include:

a. keeping customers' and any government citizens' or licensees' data secure and confidential, under the auspices of Oklahoma licensed fiduciaries, but available to ecosystem participants, stakeholders, regulators, and law enforcement communities on a transparent and need-to-know basis, as allowed or required by relevant laws or agreements between cooperating customers, persons, or parties,

1   b.   automating notifications of a child attempting to

2   purchase contraband,

3   c.   minimizing black market activities by:

4   (1)   integrating smart packaging, facilitated by Radio

5   Frequency Identification (RFID), Near-Field

6   Communication (NFC), or other uniquely

7   identifiable technology, to be placed on all

8   products with payments and tracking throughout

9   the supply chain using digital assets and

10   distributed ledger technologies,

11   (2)   making cashless purchasing easier with biometric

12   identification and database matching and

13   providing for the availability of easy digital

14   asset payment systems, which can also accommodate

15   cash payments as required in specific

16   circumstances where parties do not have access to

17   banking services,

18   (3)   holding down compliance costs and allowing legal

19   transactions at a lower price point, and

20   (4)   increasing logistical velocity and improving

21   quality and quantity in supply chains by reducing

22   delivery time, increasing specific product

23   availability, and facilitating predictive, just-

24

in-time production, processing, and

merchandising,

d.   enhancing the stability of any legal market by:

(1)   using the cashless, electronic funds transfer of

digital assets for transactions between parties

within the specified community, including

employees, to maximize micropayment capabilities

and to create a maximally productive and legally

adherent business community wherever lawfully

possible,

(2)   reporting shrinkage and lost product in the

supply chain at any point and identifying

culprits,

(3)   complying with the Anti-Money Laundering and Know

Your Customer provisions of the federal Bank

Secrecy Act, and the Suspicious Activity Reports

of the United States Treasury Financial Crimes

Enforcement Network,

(4)   increasing data collection for business owners

and policymakers at a lower cost, thus reducing

administrative compliance overhead, and

(5)   automating periodic data reporting volume and

tracking data from point-of-sale systems, thereby

providing policymakers and regulators with data

that predicts black market emergence,

e. generating statistical data for decision-making by:

(1) allowing designated agency or authorized

political subdivision personnel to create surveys

and order data sets,

(2) allowing digital asset micropayments to obtain

survey reporting participation, thereby

reinforcing research efficacy,

(3) establishing and collecting Health Insurance

Portability and Accountability Act of 1996

(HIPAA) compliant, self-reported, voluntary

patient reviews, and correlating and tracking

specific products for their physiological and

psychological efficacy, thus enabling patients,

health care providers, labs, processors, and

producers to better calibrate and correlate their

related choices, and

(4) giving policymakers empirically based and broad

statistical samples based on surveys,

f. optimizing the remittance, accounting, and reporting

of tax revenue by:

(1) tabulating financials for businesses and

regulators and making data available to business

1   owners and government agencies in an expedient

2   manner and on a need-to-know basis, while using

3   data privacy best practices,

4   (2) allowing regulators to calculate business or

5   activity density, estimate illegal activity, and

6   model taxation rates to compete with and minimize

7   black market activities,

8   (3) monitoring consumer price sensitivity to allow

9   for appropriate modification of taxation policy,

10   and

11   (4) keeping retail prices below the threshold

12   consistent with best practices for preventing

13   illegal activities,

14 g.   allowing local and tribal governments to train first

15   responders and search-and-rescue dogs as critical

16   adjuncts to a distributed ledger technology assets

17   offering used in a payment and tracking ecosystem for

18   detecting and preventing criminal activity, tax

19   evasion, and other unlawful behaviors, and also used

20   in response to natural and man-made disasters,

21 h.   enabling vocational technical training in distributed

22   ledger technologies for incarcerated persons in the

23   custody of the Department of Corrections, and

24

i.   facilitating public and private education on the

                         usefulness of distributed ledger technologies and the

                         law through Oklahoma Bar Foundation programs.

    SECTION 3.   NEW LAW   A new section of law not to be

codified in the Oklahoma Statutes reads as follows:

    This act may first be implemented for the lawful regulation of

the medical marijuana industry so long as the commodity is lawfully

permitted for use in the State of Oklahoma.

    SECTION 4.   NEW LAW   A new section of law to be codified

in the Oklahoma Statutes as Section 12002 of Title 74, unless there

is created a duplication in numbering, reads as follows:

    As used in this act:

    1. "Application programming interface" means a connection

between computers or between computer programs using a type of

software interface offering a service to other pieces of software;

    2. "Blockchain" means a system or digital ledger of

transactions maintained by a network of computers in a way that

makes it difficult to hack or alter, and every time a new

transaction occurs on the blockchain, a record of that transaction

is added to every participant's ledger. "Blockchain" may also be

interpreted as "ecosystem" interchangeably;

    3. "Consumptive purpose" means a purpose to provide or receive

goods, services, or content, including access to goods, services, or

content;

4. "Convertible virtual currency" means a substitute or avatar for real and legally recognized currency, even though it does not have the status of legal tender. Convertible virtual currency includes convertible digital currency, digital assets, or distributed ledger technology assets, a convertible virtual currency;

5. "Customer" means any person, corporation, or entity who may qualify for the required Anti-Money Laundering and Know Your Customer provisions of the Bank Secrecy Act, 31 U.S.C., Section 5311 et seq., and thereby obtains confirmation of their identity;

6. "Decision tree" means a decision support tool that uses a tree-like model of decisions and possible consequences, including chance event outcomes, to record agreements between parties;

7. "Digital contract" means a coded contract that functions as an immutable digital agreement which is entered into between customers, in order to specify the terms and conditions of payment, custody, performance, timing, delivery, tax remittance, regulatory compliance, escrow, contingencies, choice of law, forum, or other terms. Digital contract does not mean an asset or convertible virtual currency;

8. "Digital identity" means immutable information about an entity or individual used by computer systems to record and represent an external or internal agent, which may be a person, organization, application, or device, and any permissive access

relative to such is protected with biometric identification. Digital identity is functional software programmed uniquely for the individual customer and cannot be resold, duplicated, or counterfeited;

9. "Digital asset processor" means a method for recording and converting virtual currency as a digital asset to and from United States dollars, where both the processor and currencies use distributed ledger technologies and smart contracts programmed with computer code that will enable self-executing escrow accounts, also referred to as an electronic funds transfer system interchange;

10. "Distributed ledger technology" means a type of database spread across multiple sites, regions, or participants, known as validators, that does not require a sequence of blocks;

11. "Distributed ledger technology asset" means a digital unit with specified characteristics, secured through a decentralized ledger or database, exchangeable for goods or services, and capable of being traded or transferred between persons with the use of a distributed ledger technology asset offering agent and fiduciary or the custodial intermediary. A distributed ledger technology asset is a digital unit that is:

      a.   created in response to the verification or collection of a specified number of transactions relating to a digital ledger or database by deploying computer code to a blockchain or distributed ledger technology

network that allows for the creation of distributed

ledger technology assets, or

b. recorded in a digital ledger or database that is

chronological, consensus-based, decentralized, and

mathematically verified in nature, especially relating

to the supply of units and their distribution;

12. "Digital ledger technology asset offering card" means any instrument or device, whether known as a credit card, identification card, credit plate, gift card, prepaid card, charge plate, debit card, or by any other name, issued with or without fee by an ecosystem operator for the use of the cardholder in obtaining goods, services, or anything of value on credit or debit;

13. "Distributed ledger technology asset offering agent" means a person who is appointed by a distributed ledger technology asset offering ecosystem operator and who is a licensed attorney with at least fifteen (15) years of law practice, in good standing with the Oklahoma Bar Association, and is appointed as counsel by the submission of entry of appearance documentation to the Oklahoma Department of Securities, the Office of Management and Enterprise Services, and the Oklahoma Tax Commission;

14. "Electronic funds transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape, so as to order,

instruct, or authorize a financial institution to debit or credit an

account. Such term includes, but is not limited to, point-of-sale

transfers, automated teller machine transactions, automated

clearinghouses, direct deposits or withdrawals of funds, and

transfers initiated by telephone;

15. "Electronic funds transfer system interchange" means a

distributed ledger technology asset offering, an interchange

platform, or digital asset processor, which operates with a protocol

that allows customers to acquire and transfer any fiat currencies,

lawful cryptocurrencies, digital assets, convertible virtual

currency, or distributed ledger technology assets from one form of

value to the other by using a convertible virtual currency to

acquire and to transfer;

16. "Ecosystem" means a complex network of an interconnected

technology system or systems;

17. "Distributed ledger technology asset offering ecosystem

operator" or "ecosystem operator" means a person or entity

contracted with the State of Oklahoma or its instrumentalities,

agencies, or political subdivisions, which employs at least one

licensed Oklahoma fiduciary as its principal agent and which has

general supervisory control over the subject ecosystem and provides

to its customers smart contracts for electronic funds transfers, tax

remittances, contract forms, escrow, custody, and goods and services

tracking that become obligations for customers to pay the ecosystem

operator by agreement and in accordance with the terms of a

designated and immutable smart contract;

18. "Fintech" means a combination of finance and technology and

is a technology that seeks to improve, support, and automate

payment, banking, and other financial services;

19. "Hack" means to use a computer to gain unauthorized access

to data in a system;

20. "Micropayment" means small transactions or payments,

usually of less than One Dollar ($1.00) and, in some cases, only a

fraction of a cent, that are mainly made online and which are a way

to leverage the Internet to facilitate the immediate distribution of

digital rights, royalties, in-game purchases, online tipping, and to

coordinate devices connected via the Internet;

21. "Onboarding" means identifying and adding customers to an

ecosystem by first qualifying them with Anti-Money Laundering and

Know Your Customer provisions of the Bank Secrecy Act, 31 U.S.C.,

Section 5311 et seq.;

22. "Smart contract" means a self-executing digital contract,

which can be an escrow agreement, with the terms of the agreement

between buyer and seller directly written into lines of code wherein

the code and the agreement contained therein exist across a

distributed, decentralized, blockchain network. Smart contracts are

not digital assets but are software packages and use distributed

1   ledger technologies with unalterable accounting and immutable

2   identification and escrow functions; and

3   23.   "Travel Rule" means the rule promulgated under the Bank

4   Secrecy Act, 31 C.F.R., Section 1010.410(f), which requires

5   financial institutions to pass certain information on to the next

6   financial institution in certain funds transmittals involving more

7   than one financial institution.

8   SECTION 5.   NEW LAW   A new section of law to be codified

9   in the Oklahoma Statutes as Section 12003 of Title 74, unless there

10 is created a duplication in numbering, reads as follows:

11   A.   Utilizing the assistance of any distributed ledger

12 technology company that contracts with the state, the State of

13 Oklahoma shall develop and employ an integrated logistics,

14 information, and payment tracking ecosystem as a publicly owned,

15 operated, and regulated payment tracking utility network, which uses

16 hack-resistant, distributed ledger technologies in support of state

17 agencies and tribal, county, and local governmental units:

18   1.   To facilitate information and revenue recording, collection,

19 and sharing; and

20   2.   To prevent cybercrimes, black market activities, money

21 laundering, and tax evasion.

22   B.   Every distributed ledger technology ecosystem described in

23 this section shall use types of software that are:

24

1. Digital representations of dollars such as convertible virtual currency;

2. Digital representations of identities such as blockchain and biometrics; or

3. Digital representations of contracts such as digital and smart contracts.

C. To contract with the state or any of its political subdivisions, a distributed ledger technology asset offering ecosystem which is equipped to license, maintain, and offer for sale software and to perform electronic funds transfers and logistical tracking services using digital assets or convertible virtual currencies as the medium of value transfer shall fulfill the following minimum threshold securities regulatory requirements:

1. Prior to the acceptance by a state, county, or local governmental unit or agency of a vendor's bid or offer to contract, the prospective ecosystem or distributed ledger technology asset offering ecosystem operator shall show proof of having successfully participated in a state or federal convertible virtual currency and payment gateway demonstration and no-action processes; and

2. Demonstrate the proper procedural protocol publicly or privately in a test of the distributed ledger technology to the satisfaction of the state or federal securities regulators' compliance review processes.

D. Preferences should be given to ecosystem operator applicants which have capabilities of a distributed ledger technology ecosystem incubator or which have obtained United States Treasury, United States Department of Agriculture, and government charters, or certification as community development entities or credit programs which have maintained such status for at least ten (10) years and which are headed by licensed Oklahoma fiduciaries.

E. Every fintech vendor or data company employing blockchain or distributed ledger technologies on behalf of the state, or its political subdivisions or agencies, and operating within the state shall adhere to the securities and finance laws of the state and the United States.

F. A convertible virtual currency or digital asset designed and used by the state and any of its agencies or political subdivisions shall be prepaid and stable and shall be designed for correlated payment and the tracking of goods, services, and custodians.

G. Distributed ledger technology asset offering ecosystem operators or blockchain-specialized vendors may use smartphone applications for the purchase and redemption of the convertible virtual currencies for onboarding customers who need payment and tracking services pursuant to any state-authorized program.

H. Every distributed ledger technology asset offering ecosystem shall be designed as a publicly owned, operated, and regulated entity and as the property of the State of Oklahoma and to become

autonomous and disintermediated by using programmable smart

contracts managed by algorithms and encoded with relevant state,

county, local, tribal, or federal laws and regulations for taxation,

accounting, escrows, remittances, custody tracking, and other

applications.

I. The initial use case shall be a distributed ledger

technology asset offering ecosystem which shall provide an

integrated logistics, payment, and tax recording and remittance

system for the use of government taxing and regulatory authorities

that will also provide for customer payment and custody transfers

using escrow and smart contracts for services and goods at the

retail and wholesale levels among producers, merchants, and

customers.

J. Every distributed ledger technology or fintech vendor shall

tailor its technology to comply with and conform to the state's

anti-monopoly and records laws and to include regulations for

dispute resolution, evidentiary proceedings, money services

businesses, tax revenue remittance, tax reporting, securities, and

escrow.

K. For logistical tracking and recording, the ecosystem shall

use correlated payment-custodian-product registries, technologies,

or other vendors with lawfully permissive technology for the state

and the ecosystem to achieve its ends, such as matching Radio

1 Frequency Identification, quick response code, or other bar-code-

2 enabled identification.

3 L. 1. Pursuant to the ecosystem's requirements, agencies,

4 customers, or users of the software shall:

5 a. create an unalterable recorded digital identity or

6 digital account or technology such as a lawful digital

7 wallet, and

8 b. open a digital or smart contract account which shall

9 enable the customer or user to interact within the

10 ecosystem.

11 2. Customers may purchase software-based contracts as digital

12 contracts for customer-to-customer, customer-to-business, business-

13 to-business, government-to-customer, business-to-government, or

14 government-to-government.

15 SECTION 6. NEW LAW A new section of law to be codified

16 in the Oklahoma Statutes as Section 12004 of Title 74, unless there

17 is created a duplication in numbering, reads as follows:

18 A. For convertible virtual currency designed for the state and

19 its political subdivisions, an entity operating an ecosystem, and

20 any entity affiliated with an ecosystem operator, shall not use any

21 proceeds from the convertible virtual currency sales, purchases,

22 transfers, or conversions to develop the ecosystem, applications, or

23 platforms referenced by this act, which shall be fully developed and

24

1 operational at the time of any convertible virtual currency transfer

2 or conversion.

3   B. The convertible virtual currency designed for the state and

4 its political subdivisions shall be exclusively marketed to

5 customers and immediately usable for its intended function or

6 functions at the time it is purchased, sold, transferred, or

7 converted and not with any potential for the increase in the market

8 value of the convertible virtual currency.

9   C. An ecosystem operator shall restrict sales, purchases,

10 transfers, and conversions of the convertible virtual currency to

11 ecosystem digital wallets only.

12   D. Any customer who holds convertible virtual currency designed

13 for the state and its political subdivisions may only transfer or

14 convert the convertible virtual currency at the face value of One

15 United States Dollar ($1.00) per convertible virtual currency to

16 another ecosystem-approved wallet.

17   E. An ecosystem operator shall sell, purchase, transfer, and

18 convert the convertible virtual currency designed for the state or

19 its political subdivisions at a price of One United States Dollar

20 ($1.00) per convertible virtual currency throughout the life of the

21 program, and each convertible virtual currency shall represent an

22 ecosystem obligation to convert or transfer the convertible virtual

23 currency at a value of One United States Dollar ($1.00) per

24 convertible virtual currency.

F.   Convertible virtual currency designed for the state or its political subdivisions shall be fully backed by United States dollar assets deposited in United States financial institutions.

G.   Selling, buying, converting, or transferring convertible virtual currency designed for the state or its political subdivisions for less or more than One United States Dollar ($1.00) shall be technologically impossible.

SECTION 7.   NEW LAW   A new section of law to be codified in the Oklahoma Statutes as Section 12005 of Title 74, unless there is created a duplication in numbering, reads as follows:

A.   Digital contracts or smart contracts used by this state and its political subdivisions shall be programmed for accountancy, identity, regulatory permissibility, and legality, credit verification, product location, work performance, customer status, agreements, and various relationships as conditions precedent to escrowed funds release.

B.   Smart contracts shall track performance from inception to completion and legally satisfy the release from escrow, which initiates a convertible virtual currency transfer.

C.   The ecosystem network provided for the benefit of state agencies, political subdivisions, and tribal-level entities on a voluntary basis shall be controlled and regulated by an electronic funds transfer system interchange.

D. Anyone who interacts with the ecosystem shall have a digital identity, or like technology, which shall be a precondition to initiating a convertible virtual currency transfer.

E. Any transfer of convertible virtual currency shall be in accordance with the Travel Rule as defined in Section 4 of this act.

F. Customers shall agree with a conspicuous electronic signature declaring that they are acquiring the convertible virtual currency for a consumptive purpose and not as an investment, nor with an expectation that the convertible virtual currency shall earn profits based upon the activities and efforts of third parties.

G. Convertible virtual currency functionality shall always be associated with a digital contract, which shall determine the terms of how, when, where, and to whom any convertible virtual currency is transferred or converted by an ecosystem operator.

H. Before any transfer, purchase, sale, or conversion of convertible virtual currency is finalized, the customer shall first enter decision tree terms to show mutuality of consent between customers.

I. To form a smart contract or to obtain any services from an ecosystem, customers in a supply chain must agree to terms and fees for using the smart contract software, which may be established by the participating state agency, political subdivision, or tribal entity regulating that ecosystem operator who provides various services in exchange for the customer paying the fees to the

ecosystem operator, as set forth in a smart contract agreement for services rendered as determined between the parties or by operation or direction of the participating government agency, tribal entity, or political subdivision.

J. Customers may purchase digital contracts and the negotiation of the charged fee in another digital contract, which is the smart contract, escrow, and accounting tool that determines the income going to an ecosystem operator for its services and that defines that particular relationship of an ecosystem operator-to-customer and any controlling law or regulation affecting or specifying contractual relationships.

K. The digital contract shall determine how an ecosystem operator compensates the customer and how the customer compensates its ecosystem operator for goods and services. The contents of a digital contract may be determined by reference to existing terms administered by an ecosystem operator as an agent of a participating state agency, tribe, or political subdivision, but any participation by a tribal entity must be voluntary and as part of a memorandum of understanding or other appropriate agreement as provided by this act or by federal, state, or tribal law. A digital contract and payment to the customer by an ecosystem operator may include, but is not limited to, customer efforts as measured by volume of transfers or conversions, payment for the customer filling out a survey, or a referral fee for additional customers brought in by a customer.

Services that an ecosystem operator may provide to customers for which the operator is compensated may include such matters as identification, transfers, conversions, agreements, escrow, consent, due diligence, custody, taxation, or other matters.

L. Any state-authorized ecosystem operator shall extract fees pursuant to the controlling law, regulation, agency rule, or digital contract account's defined terms, debited from the business or customer bank account as payment for the ecosystem operator's services. The defined terms for those services shall be found in the digital contract accounts or the relevant law or regulation affecting the specific agency, political subdivision, or tribal entity.

M. An ecosystem operator's debits and credits shall be entered onto the immutable ledger in the form of a customer credit or debit to their digital wallets or corresponding bank accounts using automated clearinghouse services and application program interface.

N. Compensation shall be paid to or by an ecosystem operator in United States dollars. Any fees an ecosystem operator charges for transfers, conversions, escrows, tax remittances, or other services performed in assisting in the execution of customers' transactions, or digital contracts entered between customers, shall be based upon a negotiated fee schedule, which shall be calculated, accounted for, tracked, and collected from any transaction between the customers, and a deduction shall be debited from the customers' accounts

pursuant to an agreement as memorialized in the smart contract

account. Such fees charged may differ depending on matters such as

the type of transaction, identity of the parties to the transaction,

amount and level of services or goods, and the terms of individual

smart contracts.

O. Tax remittances, withholding, reporting, or payments shall

be determined by reference to the digital or smart contract, and

that particular ecosystem operator in that transaction shall collect

the same as an agent on behalf of individuals, businesses,

government regulators, and taxing authorities. Nothing in this

subsection shall be used to limit the authority or power of agencies

to define the contours best applicable to the custody and transfer

of monies owed to the state.

SECTION 8.   NEW LAW   A new section of law to be codified

in the Oklahoma Statutes as Section 12006 of Title 74, unless there

is created a duplication in numbering, reads as follows:

A distributed ledger technology asset offering ecosystem

operator shall provide relevant tax revenue and information sharing

optimization models, designs, and processes to the Office of

Management and Enterprise Services and the Oklahoma Tax Commission,

and shall prevent tax evasion and other financial crimes.

SECTION 9.   NEW LAW   A new section of law to be codified

in the Oklahoma Statutes as Section 12007 of Title 74, unless there

is created a duplication in numbering, reads as follows:

A.   The Oklahoma Tax Commission shall determine which cards or smartphone applications shall be accepted. However, the Tax Commission shall ensure that no loss of state revenue shall occur using any such card or smartphone application in relation to tax collection and remittance.

B.   The Tax Commission and Office of Management and Enterprise Services shall promulgate rules to allow for the orderly implementation of payment by digital assets and distributed ledger technologies using the services of an ecosystem operator.

SECTION 10.   NEW LAW   A new section of law to be codified in the Oklahoma Statutes as Section 12008 of Title 74, unless there is created a duplication in numbering, reads as follows:

A.   Taxes may be collected using a digital asset loaded onto a card or smartphone application as a credit or a prepaid store of value as long as no loss of state revenue shall occur by the acceptance of such payment.

B.   The Oklahoma Tax Commission shall have discretion to determine the nature of the instrument or device used for tax remittance, so long as the Tax Commission ensures that the electronic funds transfer solution does not result in any loss of state revenue because of the use of such a card, device, or application. The Tax Commission shall promulgate rules to allow for the orderly implementation of payment by convertible virtual currency. The digitized credit or distributed ledger technology

1 asset shall then be transmitted via electronic funds transfer system

2 interchange.

3 C. The Tax Commission, or the applicable taxing jurisdiction,

4 may exercise authority to ensure monies correlation as with the

5 purpose of this act.

6 D. Businesses shall assist in the collection of taxes. The Tax

7 Commission may mandate how the taxes are paid when using electronic

8 fund transfer cards or smartphone applications. The duty to pay and

9 collect the tax shall be on the customer, business, or other end

10 user.

11 SECTION 11.   NEW LAW   A new section of law to be codified

12 in the Oklahoma Statutes as Section 12009 of Title 74, unless there

13 is created a duplication in numbering, reads as follows:

14 A. The Oklahoma Tax Commission shall promulgate rules and

15 regulations on how to collect taxes using a convertible virtual

16 currency, by and through the services of distributed ledger

17 technology asset offering ecosystem operators, to provide a

18 functional electronic funds transfer asset offering system

19 interchange platform and network.

20 B. The Tax Commission may appoint a qualified ecosystem

21 operator as its agent to assist in collecting taxes using

22 distributed ledger technologies and for enforcing the tax laws by

23 examination and investigation.

24

1   SECTION 12.   NEW LAW   A new section of law to be codified

2 in the Oklahoma Statutes as Section 12010 of Title 74, unless there

3 is created a duplication in numbering, reads as follows:

4   A.   Every distributed ledger technology asset offering ecosystem

5 operator is required to appoint, and always have in place, a

6 distributed ledger technology asset offering agent:

7   1.   Who shall be a licensed attorney in good standing with the

8 Oklahoma Bar Association; and

9   2.   Whose representation is made known to the Oklahoma

10 Department of Securities, the Office of Management and Enterprise

11 Services, and the Oklahoma Tax Commission.

12   B.   The distributed ledger technology asset offering agent

13 shall:

14   1.   Ensure that his or her ecosystem operator has satisfied all

15 requirements as prescribed in the provisions of this act and of any

16 rules or regulations issued thereunder, including that such issuer

17 is a fit and proper person to carry out the activity or activities

18 under this act;

19   2.   Advise and guide his or her ecosystem operator as to its

20 responsibilities and obligations to ensure compliance with the

21 provisions of this act and any rules or regulations issued

22 thereunder;

23   3.   Advise and guide his or her ecosystem operator on all

24 matters relating to the admission of the issuer's convertible

virtual currencies for transfer on an electronic funds transfer

system interchange, and ongoing interchanges and transfers thereon,

and submit all required documentation and information in relation

thereto;

4.   Submit to the United States Securities and Exchange

Commission, Oklahoma Department of Securities, Office of Management

and Enterprise Services, Oklahoma Banking Department, and the Tax

Commission all required information and documentation under this act

and any regulations made or rules issued thereunder, including the

confirmations in terms, in a timely manner;

5.   Disclose to the Office of Management and Enterprise

Services, the Tax Commission, or other cooperating agencies,

political subdivisions, or tribal entities without delay any

information or explanations that those agencies may reasonably

require for the purpose of verifying any information submitted;

6.   Act as liaison between the ecosystem operator and the Office

of Management and Enterprise Services and the Tax Commission on all

matters in connection with the transfer of his or her ecosystem

operator's distributed ledger technology assets on an electronic

funds transfer system interchange;

7.   Notify the Office of Management and Enterprise Services or

the Tax Commission in writing without delay of the distributed

ledger technology asset offering agent's resignation, his or her

intention to surrender his or her appointment, or if his or her

appointment is terminated, giving details of any relevant fact or

circumstances thereto. A copy of such notification shall also be

sent to the ecosystem operator;

8.   Submit to the Office of Management and Enterprise Services

and the Tax Commission, on behalf of his or her ecosystem operator,

an annual certificate of compliance; and

9.   Comply with any other conditions as the Oklahoma Department

of Securities, Office of Management and Enterprise Services, and the

Tax Commission may require or as may be prescribed.

C.   In discharging his or her obligations under subsection B of

this section, a distributed ledger technology asset offering agent

shall:

1.   Deal with the Oklahoma Department of Securities, Office of

Management and Enterprise Services, and the Tax Commission in an

open and cooperative manner;

2.   Deal promptly with all inquiries raised by any such agency;

3.   Disclose to the agencies in a timely manner any material

information relating to the agent's or his or her ecosystem

operator's, of which the agent has knowledge of, noncompliance with

any of the provisions of this act or of any regulations made or

rules issued thereunder; and

4.   Provide upon request, and without unreasonable delay, data

to the Legislative Office of Fiscal Transparency to ensure that

policymakers are operating with transparent data sets.

1   SECTION 13.   NEW LAW   A new section of law to be codified

2 in the Oklahoma Statutes as Section 12011 of Title 74, unless there

3 is created a duplication in numbering, reads as follows:

4   A distributed ledger technology asset offering ecosystem

5 operator shall:

6   1. Conduct its business with honesty and integrity;

7   2. Communicate with all stakeholders in a fair, clear, and

8 nonmisleading manner;

9   3. Conduct its business with due skill, care, and diligence;

10   4. Identify and manage any conflict of interest that may arise;

11   5. Have effective arrangements in place for the protection of

12 stakeholders' and customers' funds;

13   6. Have effective administration arrangements;

14   7. Maintain all of its systems and security access protocols to

15 appropriate international standards; and

16   8. When an ecosystem operator maintains a website and is

17 required to make public disclosures, make public any information or

18 provide notice to the public on its website as required by law.

19   SECTION 14.   NEW LAW   A new section of law to be codified

20 in the Oklahoma Statutes as Section 12012 of Title 74, unless there

21 is created a duplication in numbering, reads as follows:

22   A. The Oklahoma Tax Commission, the State Treasurer, the

23 Secretary of State, and the Office of Management and Enterprise

24 Services shall promulgate rules to implement the provisions of this

act including, without limitation, the implementation of methods to validate transactions for distributed ledger technologies.

B. The Tax Commission and Office of Management and Enterprise Services may contract with third-party vendors and other governmental entities to carry out the respective duties and functions as specified in this act, and may work with the Oklahoma State Banking Department, the State Treasurer, and the Oklahoma Development Finance Authority to develop good practices and standards for banking and finance for distributed ledger technology assets offering businesses.

C. The Office of Management and Enterprise Services, Secretary of State, Oklahoma Development Finance Authority, and the Tax Commission may be assisted by ecosystem operators and shall be authorized to enter and negotiate the terms of any memorandums of understanding between themselves and other states, federal, tribal, county, and local governments and agencies thereof in effectuating the terms of this act.

D. The Office of Management and Enterprise Services, the Tax Commission, the Secretary of State, the Oklahoma State Banking Department, the Oklahoma State Bureau of Investigation, the Oklahoma Department of Securities, Oklahoma Development Finance Authority, and the State Treasurer may participate in an interagency working group, assisted by ecosystem operators designated by the agencies, for implementing data-driven solutions for sustainable economic

1 development, financial crime, and tax evasion problems by using

2 distributed ledger technologies.

3   E.   The Office of Management and Enterprise Services may

4 coordinate with any designated ecosystem operator to determine the

5 funding requirements and information data points state agencies and

6 local governments need in order to optimize their regulatory duties

7 for compliance and enforcement and for using fintech and databases.

8 The Office of Management and Enterprise Services and the Tax

9 Commission shall appoint a steering committee or working group to

10 determine the compliance burdens and optimal revenue sharing

11 formulas between the local and state governmental subunits.

12 Thereafter, there shall be developed a formula for revenue-sharing

13 or apportioning regulatory funding based upon the needs and burdens

14 of state agencies and local governments, all to be memorialized by a

15 memorandum of understanding.

16   SECTION 15.   NEW LAW   A new section of law to be codified

17 in the Oklahoma Statutes as Section 12013 of Title 74, unless there

18 is created a duplication in numbering, reads as follows:

19   No cause of action brought pursuant to this act shall be

20 certified as a class action.

21   SECTION 16.   NEW LAW   A new section of law to be codified

22 in the Oklahoma Statutes as Section 12014 of Title 74, unless there

23 is created a duplication in numbering, reads as follows:

24

1   A. An individual filing any pleading that raises or attempts to

2 raise a claim under this act must file at the same time as filing

3 the pleading a surety bond or other security if the pendency of the

4 case would impede or interfere with:

5   1. The operation of any distributed ledger technology asset

6 offering ecosystem operator;

7   2. The collection of any tax;

8   3. The tracking of products, payments, or custodians; or

9   4. Any other state or local governmental function under this

10 act.

11   B. The surety bond or other security required by subsection A

12 of this section must be approved by the Oklahoma Tax Commission and

13 shall be in such form and amount as applicable tax law shall require

14 or, in the absence of a specific requirement, in such amount as the

15 Tax Commission may require, and shall be signed as surety by a

16 surety company authorized to transact business in this state. In

17 lieu of such surety bond, a claimant may file with the court clerk

18 security in the form of a negotiable bond or other obligation of the

19 United States or this state of an actual market value not less than

20 the amount fixed by applicable law or the Tax Commission.

21   C. The surety bond or other security required by this section

22 shall not exceed Twenty-five Million Dollars ($25,000,000.00).

23

24

1 SECTION 17.   NEW LAW   A new section of law to be codified

2 in the Oklahoma Statutes as Section 12015 of Title 74, unless there

3 is created a duplication in numbering, reads as follows:

4   The provisions of this act are severable and if any part of this

5 act be decided by the courts to be unconstitutional or invalid, the

6 same shall not affect the validity of this act as a whole, or any

7 part thereof other than the part so decided to be unconstitutional

8 or invalid.

9   SECTION 18. This act shall become effective November 1, 2022.

10   Passed the House of Representatives the 15th day of March, 2022.

11

12   _____

                                      Presiding Officer of the House
13   of Representatives

14
       Passed the Senate the ___ day of _____, 2022.
15

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17   _____
                                      Presiding Officer of the Senate

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