H. R. 6597

To require the Administrator of the Small Business Administration to conduct a study on the state of blockchain technology and its use in consumer protection, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 3, 2022

Ms. Salazar (for herself, Mr. Khanna, Mrs. Kim of California, Mr. Soto, Mr. Budd, Mrs. Cammack, Mr. Donalds, Mr. Waltz, Ms. Tenney, Mr. Emmer, Mr. Rose, Mr. Davidson, Mr. Norman, Mr. Austin Scott of Georgia, Mr. Steil, Mr. Timmons, Mr. Cawthorn, Mr. Steube, and Mrs. Wagner) introduced the following bill; which was referred to the Committee on Small Business

A BILL

To require the Administrator of the Small Business Administration to conduct a study on the state of blockchain technology and its use in consumer protection, and for other purposes.

1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

2 SECTION 1. SHORT TITLE.

3 This Act may be cited as the “Blockchain Solutions for Small Businesses Act”.

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SEC. 2. FINDINGS.

Congress finds the following:

(1) Blockchain or distributed ledger technology allows computers connected by a peer-to-peer network to reach agreement over a shared ledger of data. Changes to the shared ledger can only be effected if the majority of the computers in the network verify the validity of the change and agree to its inclusion in the ledger.

(2) The Connected Commerce Council found that 72 percent of small businesses increased their use of digital tools during the COVID–19 crisis, and 48 percent utilized a new digital tool.

(3) As small businesses increasingly move their operations online, it is critical that any and all information relevant to the business is protected and secure. Blockchain technology is an additional tool that small businesses can leverage to ensure that the operation is adequately protected from cyberattack.

(4) Blockchains are decentralized and distributed across peer-to-peer networks that are continually updated and kept in sync. Because these networks are not contained in a central location, they do not have a single point of failure and cannot be changed from a single computer operating within the network. These features of blockchain technology
make stealing data or engaging in fraud significantly more difficult.

(5) Blockchain technology has the ability to bolster trust and efficiency. All participants in the blockchain networks have access to the same information, which is not only immutable but also updated in real time, which means that information sharing and verification is streamlined and accessible to all relevant parties.

SEC. 3. STUDY ON BLOCKCHAIN TECHNOLOGY AND ITS USES AT THE SMALL BUSINESS ADMINISTRATION.

(a) Study Required.—The Administrator of the Small Business Administration, in consultation with any other Federal agency the Administrator determines appropriate, shall conduct a study on—

(1) the current and potential uses of blockchain technology to carry out the requirements of subsections (a) and (b)(2) of section 7 of the Small Business Act (15 U.S.C. 636); and

(2) the potential uses of blockchain technology to—

(A) minimize fraud in the lending programs established under such subsections; and
(B) improve the provision of services under such lending programs.

(b) ELEMENTS.—The study required under subsection (a) shall include the following:

(1) An assessment of trends in the use of blockchain technology in the financial sector.

(2) A description of best practices to facilitate partnerships between private entities and the Administration to use blockchain technology to carry out the requirements of subsections (a) and (b)(2) of section 7 of the Small Business Act (15 U.S.C. 636), minimize fraud in the lending programs established under such subsections, and improve the provision of services under such lending programs.

(3) With respect to carrying out the requirements of subsections (a) and (b)(2) of section 7 of the Small Business Act (15 U.S.C. 636), a description of—

(A) the potential benefits and risks of using blockchain technology;

(B) how blockchain technology can be used to maximize efficiency of the Administration; and

(C) how blockchain technology can be used to reduce fraud and increase the security of the
lending programs established under such subsections.

(4) Any other relevant information or recommendations related to the use of blockchain technology by the Administrator.

(c) REPORT.—Not later than one year after the date of the enactment of this Act, the Administrator of the Small Business Administration shall submit to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate a report on the results of the study.

(d) BLOCKCHAIN DEFINED.—In this Act, the term “blockchain” means a digital ledger or database which is chronological, consensus-based, decentralized, and mathematically verified in nature.