

COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2325
(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Arizona blockchain budget initiative pilot
3 program; department of administration;
4 requirements; reports; delayed repeal

5 A. The Arizona blockchain budget initiative pilot program is
6 established in the department of administration to assess the feasibility
7 and cost-effectiveness of using a blockchain platform to record and publish
8 the budget data of selected agencies in this state.

9 B. The department shall:

10 1. Select up to three agencies to participate in the pilot program.
11 In determining which agencies to select, the department shall consider:

12 (a) The agency's overall budget size and complexity.

13 (b) The agency's technical readiness and willingness to collaborate
14 with the department of administration.

15 (c) The public interest in the agency's expenditures.

16 2. Procure a blockchain platform that is capable of securely
17 publishing budget allocations and expenditures. The platform must:

18 (a) Allow real-time or near real-time publication and verification
19 of data.

20 (b) Protect confidential information and comply with all applicable
21 state and federal confidentiality and privacy laws.

22 (c) Except as provided in subsection E of this section, be
23 accessible to the public.

1 3. Require each agency that participates in the pilot program to
2 record at least the following information on the blockchain platform:

3 (a) The budget appropriations enacted into law for each fiscal year.

4 (b) Actual expenditures, including vendor payments and operational
5 costs, that do not violate federal or state confidentiality requirements.

6 (c) The frequency for updating budget data, which must occur at
7 least monthly.

8 4. Issue guidelines and provide training to participating agencies
9 on data security, privacy compliance and proper methods for recording and
10 verifying data on the blockchain platform.

11 5. Use the monies appropriated for the purposes of this act to
12 develop or procure technology, conduct staff training and implement any
13 necessary infrastructure. The department may pursue federal grants or
14 public-private partnerships to support the pilot program if those funding
15 sources comply with applicable state law.

16 C. On or before December 31, 2026, the department of administration
17 shall submit a preliminary report regarding the pilot program to the
18 governor, the president of the senate and the speaker of the house of
19 representatives and shall provide a copy of this report to the secretary of
20 state. The report shall include:

21 1. A description of the pilot program's implementation status,
22 including any technical challenges encountered.

23 2. The estimated costs, expenditures to date and any adjustments
24 needed.

25 3. Any preliminary findings regarding the effectiveness of
26 blockchain technology for budget transparency.

27 D. On or before December 31, 2028, the department of administration
28 shall submit a final report regarding the pilot program to the governor,
29 the president of the senate and the speaker of the house of representatives
30 and shall provide a copy of this report to the secretary of state. The
31 report shall include:

1 1. An evaluation of the pilot program's effectiveness in increasing
2 transparency and public access to budget data.

3 2. A cost-benefit analysis comparing the blockchain platform to
4 existing financial reporting methods.

5 3. Recommendations on whether to expand, modify or discontinue the
6 use of blockchain technology for other agencies in this state.

7 E. This section does not require publication of data that is
8 classified as confidential under federal or state law. The department of
9 administration and each participating agency shall ensure that personal
10 identifying information and any legally protected information is redacted
11 or otherwise excluded from the publicly accessible blockchain platform.

12 F. This act is repealed from and after December 31, 2029.

13 Sec. 2. Appropriation; department of administration; Arizona
14 blockchain budget initiative pilot program;
15 exemption

16 A. The sum of \$1,000,000 is appropriated from the state general fund
17 in fiscal year 2025-2026 to the department of administration for the
18 Arizona blockchain budget initiative pilot program.

19 B. The appropriation made in subsection A of this section is exempt
20 from the provisions of section 35-190, Arizona Revised Statutes, relating
21 to lapsing of appropriations."

22 Amend title to conform

And, as so amended, it do pass

DAVID LIVINGSTON
CHAIRMAN

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