
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2021 - 2022 Regular Session

SB 1190 (Hertzberg) - Department of Technology: California Trust Framework

Version: April 18, 2022

Urgency: No

Hearing Date: May 2, 2022

Policy Vote: G.O. 14 - 0

Mandate: No

Consultant: Janelle Miyashiro

Bill Summary: SB 1190 requires, by January 1, 2024, the California Department of Technology to create a California Trust Framework to provide industry standards and best practices regarding the issuance of cryptographically secure credentials to verify information about a person or legal entity.

Fiscal Impact: Unknown, significant costs for the California Department of Technology (CDT) to create the framework with all of the components prescribed by the bill. While total resources to CDT are unknown at this time, costs would likely include additional specialized staff to develop the initial framework and provide technical assistance. To the extent that the CDT will need to solicit feedback from industry stakeholders or other government entities to create the framework, there may be additional operating expenses related to convening working groups or conducting meetings.

Background: AB 2658 (Calderon, Chapter 875, Statutes of 2018) requires that the Secretary of the Government Operations Agency appoint a blockchain technology working group and chairperson by July 1, 2019 and issue a report with policy recommendations by July 1, 2020.

This group is charged with:

- Evaluating blockchain uses, risks, benefits, legal implications, and best practices;
- Defining the term blockchain; and
- Recommending amendments to other statutes that may be impacted by blockchain.

The California Blockchain Working Group released its report in July 1, 2020. The working group defined “blockchain” as a domain of technology used to build decentralized systems that increase the verifiability of data shared among a group of participants that may not necessarily have a pre-existing trust relationship.

One of the key findings of the report recommends considering a “unit within the California Department of Technology to monitor developments in the blockchain industry.”

Proposed Law:

- Requires, by January 1, 2024, the CDT to create a California Trust Framework to provide industry standards and best practices regarding the issuance of credentials to verify information about a person or legal entity.
- Requires the Framework to be designed, to the greatest extent possible, to be interoperable with other government trust and governance frameworks for verifiable credentials.
- Requires the CDT to include all of the following requirements in the Framework:
 - Design principles, purpose, governing body, accreditation processes, technical standards, roles and functions of participants, authoritative trust anchors, onboarding and assurance processes, and enforceability mechanisms.
- Establishes definitions:
 - “Verifiable credential” to mean a cryptographically secure set of information which comply with and protect all existing privacy protections and is a user-controlled, portable means of sharing information through publicly available services.
 - “Verifiable credentials and data model” to mean a universal data format that allows an entity to express information about another entity in a way that is cryptographically secure, privacy respecting, interoperable, and machine verifiable.

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