

Honolulu, Hawaii
February 5, 2018

RE: H.B. No. 2257
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Intrastate Commerce, to which was referred
H.B. No. 2257 entitled:

"A BILL FOR AN ACT RELATING TO VIRTUAL CURRENCY,"

begs leave to report as follows:

The purpose of this measure is to protect consumers by:

- (1) Expanding the Money Transmitters Act (Chapter 489D, Hawaii Revised Statutes) to expressly apply to persons engaged in the transmission of virtual currency; and
- (2) Requiring licensees who deal with virtual currency to provide a clear and explicit warning to consumers prior to entering into any agreement to perform a money transmission involving virtual currency.

The Department of Commerce and Consumer Affairs and Coinbase supported this measure. The Commission to Promote Uniform Legislation submitted comments.

Your Committee has amended this measure by:

- (1) Including a second approach to the protection of consumers with respect to virtual currency -- namely by adding a new chapter in the Hawaii Revised Statutes that



largely adopts the Uniform Regulation of Virtual Currency Business Act, drafted by the National Conference of Commissioners on Uniform State Laws;

- (2) In lieu of permissible investments required by law under the expanded Money Transmitters Act, allowing a licensee, in connection with the storage or transfer of virtual currency, to possess like-kind virtual currency of the same value, instead of volume, as the outstanding payment obligations to be completed in virtual currency;
- (3) Changing its effective date to July 1, 3000, to encourage further discussion;
- (4) Adding a severability clause; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Your Committee respectfully requests that your Committee on Consumer Protection & Commerce, should it choose to deliberate further on this measure, determine which of the two approaches contained in this measure better protects consumer interests.

As affirmed by the record of votes of the members of your Committee on Intrastate Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2257, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2257, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Intrastate
Commerce,



TAKASHI OHNO, Chair



