

Honolulu, Hawaii

February 16, 2018

RE: H.B. No. 2257
H.D. 2

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

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2257, H.D. 1, 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 involved in virtual currency transactions by:

- (1) Adopting the Uniform Regulation of Virtual Currency Businesses Act for application to virtual currency business activities, in Part I of the measure; and
- (2) Extending the Money Transmitters Act to expressly apply to persons engaged in the transmission of virtual currency and requiring these persons to provide a pre-contractual warning to consumers, in Part II of the measure.

Your Committee received testimony in support of:

- (1) This measure from a concerned individual;
- (2) Part I of this measure from the Commission to Promote Uniform Legislation; and



- (3) Part II of this measure from the Department of Commerce and Consumer Affairs.

Your Committee received testimony in opposition to this measure from the Ciric Law Firm and two concerned individuals.

Your Committee received comments on Part I of the measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that the virtual currency industry is still evolving and that this measure combines two alternate frameworks to manage the virtual currency industry.

Your Committee notes that the adoption of the Uniform Regulation of Virtual Currency Businesses Act in Part I of this measure would provide the Department of Commerce and Consumer Affairs with a tailor-made, comprehensive framework for regulating companies engaged in virtual currency business activity.

However, your Committee recognizes that the application of the Money Transmitters Act to virtual currency companies, as provided in Part II of the measure, would allow the Department of Commerce and Consumer Affairs to apply an existing framework under which money transmissions of virtual currency companies may be regulated.

Your Committee has amended this measure by:

- (1) Deleting Part I of the Uniform Regulation of Virtual Currency Businesses Act, as set forth in Part I of the measure, which consists primarily of definitions; and
- (2) Correcting the term "same value" to "same volume" with regard to like-kind virtual currency that may be possessed in lieu of permissible investments, in the amendment being made to section 489D-8, Hawaii Revised Statutes, in Part II of the measure.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2257, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 2257, H.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,

R. Takumi

ROY M. TAKUMI, Chair



Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: HB 2257, HD 1	Committee Referral: IAC, CPC, FIN	Date: 2/9/10		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. TAKUMI, Roy M. (C)	✓			
2. ICHIYAMA, Linda (VC)	✓			
3. AQUINO, Henry J.C.	✓			
4. ITO, Ken	✓			
5. JOHANSON, Aaron Ling	✓			
6. LoPRESTI, Matthew S.				✓
7. MIZUNO, John M.	✓			
8. SAY, Calvin K.Y.	✓			
9. TOKIOKA, James Kunane	✓			
10. YAMANE, Ryan I.				✓
11. McDERMOTT, Bob				✓
TOTAL (11)	9	0	0	3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align:center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <i>Linda Ichijima</i>				
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