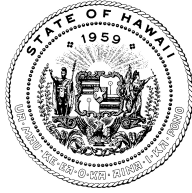


DAVID Y. IGE
GOVERNOR



TODD NACAPUY
CHIEF INFORMATION
OFFICER

STATE OF HAWAII
OFFICE OF ENTERPRISE TECHNOLOGY SERVICES

P.O. BOX 119, HONOLULU, HI 96810-0119
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ETS.HAWAII.GOV

Testimony of
TODD NACAPUY
Chief Information Officer, State of Hawai'i

Before the

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT AND BUSINESS

Friday, February 3, 2017; 9:15 a.m.
State Capitol, Conference Room 309

HOUSE BILL NO. 1481
RELATING TO ECONOMIC DEVELOPMENT

Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee:

I am Todd Nacapuy, Chief Information Officer of the State of Hawai'i and head of the Office of Enterprise Technology Services (ETS), testifying in **support** of House Bill No. 1481, Relating to Economic Development, which establishes a working group to study the uses of and best practices regarding blockchain technology.

ETS' technical team is actively considering the viability of blockchain technology and its potential as an emerging technology in facilitation of the State's open data goals, while maintaining the integrity of the information. ETS recognizes the benefits of the collaborative approach provided by a working group to gather input from stakeholders, particularly those familiar with the business needs within various departments and agencies. We look forward to our own participation providing technical input with regard to information technology governance from the perspective of the entire State enterprise.

Thank you for this opportunity to provide testimony in support of this bill.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
ECONOMIC DEVELOPMENT & BUSINESS

Friday February 3, 2017
9:15 AM
State Capitol, Room 309

in consideration of
HB 1481
RELATING TO ECONOMIC DEVELOPMENT.

Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee.

The Department of Business, Economic Development & Tourism (DBEDT) supports the intent and offers comments on HB 1481, which would require DBEDT to establish a working group to study the uses of and the best practices regarding “blockchain technology”.

DBEDT appreciates the need to defend against cyber-attacks in order to protect Hawaii’s businesses. DBEDT recognizes the potential for blockchain technology to improve public and private sector resiliency.

With a possible 14 to 28 members in this working group, DBEDT will need additional staff to manage the scope of work:

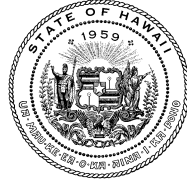
- 1) Study the uses of blockchain technology;
- 2) Develop curriculum and training methods;
- 3) Promote best practices for enabling blockchain technology to benefit local businesses and residents.

DBEDT requests an appropriation of \$100,000, provided it does not displace our priorities in the Executive Budget.

Thank you for the opportunity to provide the above comments.

DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
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To: The Honorable Mark M. Nakashima, Chair
and Members of the House Committee on Economic Development and Business

Date: Friday, February 3, 2017

Time: 9:15 A.M.

Place: Conference Room 309, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: H.B. 1481, Relating to Economic Development

The Department of Taxation (Department) appreciates the intent of H.B. 1481 and provides the following comments for your consideration.

H.B. 1481 creates a working group within the Department of Business, Economic Development, and Tourism to examine the use of blockchain technology to benefit local industries, residents, and the State of Hawaii.

The Department is willing and able to participate in the working group.

Thank you for the opportunity to provide comments.

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 1, 2017 8:57 AM
To: edbtestimony
Cc: jake@bkcm.co
Subject: Submitted testimony for HB1481 on Feb 3, 2017 09:15AM

HB1481

Submitted on: 2/1/2017

Testimony for EDB on Feb 3, 2017 09:15AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Jacob Dienelt	Individual	Comments Only	No

Comments: While I am not convinced that blockchain is the technology that will save the future - I am sure that the discussion around blockchain and blockchain technology have helped start a conversation about new technology upgrades across our systemically important infrastructure builds. This proposal seems like a "no-brainer" of a good idea. It would be irresponsible to not have formed a working group to best try and understand this new and potentially transformative technology.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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February 2, 2017

Aloha Committee on Economic Development and Business,

My name is Paul A. Kim a resident of Aiea, and lifelong resident of the state of Hawaii. I am writing this written testimony in favor of HB1481, to establish a working group to study the best uses of blockchain technology in Hawaii.

I think it goes without saying that any kind of new economic development in our state is sorely needed. Due to our cost of living, traditional industry is difficult to start and maintain. New technologies like blockchain can be used with very little public investment or regulation to great effect in improving the industries we do have and expanding our reach worldwide.

It is important that the State of Hawaii get behind innovators in this sector quickly and encourage innovation and development that will benefit all. Cybersecurity, emergency services, and finance are just a few examples of the areas this technology can greatly increase safety, security, and productivity.

Thank you for your time and consideration,

Mahalo,

Paul A. Kim

99-1194 Halawa Hts. Rd.

Aiea, HI 96701

(808)383-9068

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 2, 2017 7:39 AM
To: edbtestimony
Cc: elytist@gmail.com
Subject: Submitted testimony for HB1481 on Feb 3, 2017 09:15AM

HB1481

Submitted on: 2/2/2017

Testimony for EDB on Feb 3, 2017 09:15AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Elyse Chun	Individual	Support	No

Comments: I support this legislation because it will be helpful to the economy of Hawaii to become thought leaders in the dynamically changing fintech/digital space. This bill has the opportunity to keep the up and coming talent in Hawaii as it establishes Hawaii as enterprising state.

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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 1, 2017 8:24 PM
To: edbtestimony
Cc: brad@butterkiss.com
Subject: Submitted testimony for HB1481 on Feb 3, 2017 09:15AM

HB1481

Submitted on: 2/1/2017

Testimony for EDB on Feb 3, 2017 09:15AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
bradley chun	Individual	Support	No

Comments: From what I am seeing on the mainland and internationally, I can affirm the excitement over bitcoin and blockchain technology being used to disrupt a multitude of industries. With heavy institutional and government investment over the past few years, it's probably the most important but least understood piece of technology to be invented since the creation of the iPhone and I'm so glad Hawaii is building expertise in this area. I fully support this measure and hope positive legislation like this continues so we can encourage entrepreneurship and innovation and diversify our economy away from being too concentrated in tourism.

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From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 2, 2017 8:56 PM
To: edbtestimony
Cc: glenn.nagao@gmail.com
Subject: Submitted testimony for HB1481 on Feb 3, 2017 09:15AM



HB1481

Submitted on: 2/2/2017

Testimony for EDB on Feb 3, 2017 09:15AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Glenn Nagao	Individual	Support	Yes

Comments: Have you ever sent a payment or made a transfer where the money left your account and disappeared for a few days before finally reaching the recipient? This is just one simple case where Bitcoin would be able to securely remove the processing time. All of ways that you can think of transmitting money, Bitcoin could improve that process. As far reaching as Bitcoin applications are, the underlying technology, the blockchain, has the potential to be even more revolutionary across multiple industries. The put it simply, blockchains are a way to securely store and transmit information in a distributed way. A recent survey by Fortune magazine of 200 mid-to-large global banks indicated the 15% would implement some for of blockchain technology in 2017. IBM expects this number to jump to 66% in the next 4 years. I am excited at the prospect of Hawaii being an early adopter and leader in blockchain technology. You may be confused about how blockchain technology works and the specific applications, which is the aim of this bill to uncover. Ask yourself this questions: do we in Hawaii have uses for a secure, real-time and lower- cost method to transfer information (payment info, patient records, physical property ownership, etc.)? If your answer is yes, then approve bill H B1481 to provide Hawaii with the opportunity to improve operations and expand economic opportunity.

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