

STAND. COM. REP. NO. 1761 -22

Honolulu, Hawaii

APR 07 , 2022

RE: H.C.R. No. 115
H.D. 2

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.C.R. No. 115, H.D. 1, entitled:

"HOUSE CONCURRENT RESOLUTION REQUESTING THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS' DIVISION OF FINANCIAL INSTITUTIONS AND THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION TO EXTEND THE DIGITAL CURRENCY INNOVATION LAB PILOT PROJECT,"

begs leave to report as follows:

The purpose of this measure is to request the Division of Financial Institutions of the Department of Commerce and Consumer Affairs and Hawaii Technology Development Corporation to extend the Digital Currency Innovation Lab pilot project.

Your Committee received testimony in support of this measure from the Hawaii Technology Development Corporation. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs and Grassroot Institute of Hawaii.

Your Committee finds that the Division of Financial Institutions of the Department of Commerce and Consumer Affairs and the Hawaii Technology Development Corporation are conducting a two-year pilot project, the Digital Currency Innovation Lab, to study digital currency transactions. The pilot project consists of fifteen digital currency companies serving over one hundred

2022-2919 HCR115 HD2 HSCR HMSO



thirty-four thousand digital currency consumers who have collectively completed more than \$896,000,000 in transactions as of the fourth quarter of 2021. The Digital Currency Innovation Lab, which is scheduled to expire on June 30, 2022, has been successful in providing the State with more insight into the increasing relevance of digital currency.

Your Committee further finds that the participating companies have expressed unanimous support for a clear regulatory structure. The participating companies have also expressed the need for clear and consistent regulatory guidelines for companies to conduct business in the State following the end of the pilot project. However, no law has been enacted to exempt digital currency companies from the Money Transmitters Modernization Act or regulate digital currency companies. This measure requests that the Digital Currency Innovation Lab continue for another two years or until a law is enacted to regulate digital currency companies.

Your Committee notes that your Committee's preference is to establish a comprehensive regulatory framework for the regulation of digital currency companies. However, in the event that the Legislature does not pass such a framework, your Committee believes that the Digital Currency Innovation Lab pilot project should continue as requested by this measure.

Your Committee has amended this measure by:

- (1) Including the most recent statistics for the Digital Currency Innovation Lab pilot project;
- (2) Clarifying that the extension of the Digital Currency Innovation Lab pilot project is requested only if the Legislature:
 - (A) Takes no action to exempt digital currency companies from the money transmitter licensing requirements; or
 - (B) Does not pass a measure establishing a comprehensive regulatory scheme for digital currency companies;



- (3) Changing the requested extension of the pilot project to a date certain of June 30, 2024, rather than requesting the extension be for another two years;
- (4) Amending its title in accordance with its amended purpose; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 115, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 115, H.D. 2.

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


AARON LING JOHANSON, Chair



