

Honolulu, Hawaii

APR 29 2022

RE: S.B. No. 2695
S.D. 2
H.D. 1
C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

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

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2695, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CRYPTOCURRENCY,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to establish a Blockchain and Cryptocurrency Task Force.

Your Committee on Conference finds that despite the emerging growth and popularity of blockchain technology and cryptocurrency, Hawaii has yet to determine whether or how to regulate the digital currency industry in the State. Your Committee on Conference further finds that the adoption of this rapidly evolving technology requires an educated and thorough approach so that its implementation does not impede further innovation and growth, whether in public sector or private industry operations. Your Committee on Conference notes that this measure is intended to



support continued e-commerce activity in the State through appropriate consumer protection and oversight mechanisms.

Your Committee on Conference has amended this measure by:

- (1) Amending the list of required members of the task force by:
 - (A) Adding the Director of Commerce and Consumer Affairs or their designee;
 - (B) Removing the member representing a Hawaii-based company with a focus on non-traditional blockchains;
 - (C) Changing the appointing authority of the member that represents:
 - (i) A Hawaii-based bank or financial institution from the Governor to the Speaker of the House of Representatives;
 - (ii) A Hawaii-based cryptocurrency exchange from the Governor to the President of the Senate;
 - (iii) A representative of a company with a business model that uses blockchain for non-cryptocurrency transaction purposes from the Governor to the Speaker of the House of Representatives; and
 - (iv) A representative of a blockchain or cryptocurrency association from the Governor to the President of the Senate;
 - (D) Removing the requirement that representation from a blockchain payments solution company be from a Hawaii-based company; and
 - (E) Amending the specialization of the member who is a professor from the University of Hawaii from blockchain to digital currency;
- (2) Requiring the task force to:
 - (A) Recommend appropriate licensure requirements and a regulatory framework for this new evolving industry;



- (B) Observe and monitor the past and current activities of the Hawaii Digital Currency Innovation Lab (DCIL), a "sandbox" program conducted by Department of Commerce and Consumer Affairs' Division of Financial Institutions and Hawaii Technology Development Corporation;
 - (C) Analyze how the current framework of the Hawaii DCIL fits into the State's financial environment; and
 - (D) Consider aspects of the Hawaii DCIL that may be effective and practical in the implementation of the recommended regulatory framework;
- (3) Making it effective upon its approval; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2695, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2695, S.D. 2, H.D. 1, C.D. 1.



Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

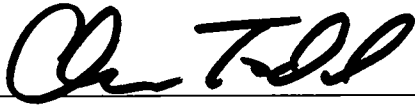
ON THE PART OF THE SENATE



AARON LENG JOHANSON
Co-Chair



BENNETTE MISALUCHA
Chair



CHRIS TODD
Co-Chair



ROSALYN H. BAKER
Co-Chair



GILBERT S.C. KEITH-AGARAN
Co-Chair



**Record of Votes of a
Conference Committee**

Bill / Concurrent Resolution No.: SB 2695, SD 2, HD 1	Date/Time: 4/29/22 11:27AM
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure

The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.

Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
MISALUCHA, Bennette E., Chr.	✓				JOHANSON, Aaron Ling, Co-Chr.	✓			
BAKER, Rosalyn H., Co-Chr.	✓				TODD, Chris, Co-Chr.	✓			
KEITH-AGARAN, Gilbert S.C., Co-Chr.	✓				KITAGAWA, Lisa	✓			
FEVELLA, Kurt				✓	MATSUMOTO, Lauren	✓			
TOTAL	3			1	TOTAL	4			

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature:
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