

STAND. COM. REP. NO. **1472**-22

Honolulu, Hawaii

MAR 24 , 2022

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

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 S.B. No. 2695, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CRYPTOCURRENCY,"

begs leave to report as follows:

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

Your Committee received testimony in support of this measure from Cloud Nalu, LLC; and five individuals. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs and Grassroot Institute of Hawaii.

Your Committee finds that, despite the emerging growth and popularity of digital currency, there is little regulation of the industry. As there is vast potential for both the use and regulation of blockchain technology and cryptocurrency, it is in the interests of the State and its consumers to determine whether or how to regulate and provide oversight to the cryptocurrency industry. This measure establishes a Blockchain and Cryptocurrency Task Force, which will assist the State in creating a master plan to explore the use of blockchain and cryptocurrency in Hawaii.

2022-2479 SB2695 HD1 HSCR HMSO



Your Committee has amended this measure by:

- (1) Amending the membership of the Blockchain and Cryptocurrency Task Force by:
 - (A) Reducing the number of members from the Legislature from three state senators and three state representatives to one state senator and one state representative, who shall serve as the co-chairpersons of the Task Force;
 - (B) Deleting the language that restricted the political party of the members from the Legislature;
 - (C) Specifically adding the Commissioner of Financial Institutions, or the Commissioner's designee, as a member of the Task Force;
 - (D) Clarifying that the professor from the University of Hawaii is to be appointed by the President of the University of Hawaii, rather than the Governor; and
 - (E) Adding a representative of the blockchain or cryptocurrency security community and a representative of the blockchain or cryptocurrency legal community, who shall each be appointed by the Governor;
- (2) Changing the effective date to January 1, 2050, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes that the Department of Commerce and Consumer Affairs raised concerns in its testimony before your Committee that the Department lacks the available funding to reimburse task force members for any travel expenses. Your Committee respectfully requests that your Committee on Finance, should it deliberate on this measure, give consideration to these funding concerns raised by the Department.



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 is in accord with the intent and purpose of S.B. No. 2695, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2695, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

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



AARON LING JOHANSON, Chair



