



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

DAVID Y. IGE
GOVERNOR

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Statement of
LUIS P. SALAVERIA
Director

Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

Wednesday, February 22, 2017
2:00 PM
State Capitol, Room 308

in consideration of
HB 1481, HD1
RELATING TO ECONOMIC DEVELOPMENT.

Chair Luke, Vice Chair Cullen, and Members of the Committee.

The Department of Business, Economic Development & Tourism (DBEDT) supports the intent and offers comments on HB 1481, HD1, 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



STATE OF HAWAII
DEPARTMENT OF TAXATION
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MARIA E. ZIELINSKI
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DEPUTY DIRECTOR

To: The Honorable Sylvia Luke, Chair
and Members of the House Committee on Finance

Date: Wednesday, February 22, 2017

Time: 2:00 P.M.

Place: Conference Room 308, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: H.B. 1481, H.D. 1, Relating to Economic Development

The Department of Taxation (Department) appreciates the intent of H.B. 1481, H.D. 1, and provides the following comments for your consideration.

This measure 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. H.D. 1 has a defective effective date of July 1, 2038. Should the defective date be amended, 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: Tuesday, February 21, 2017 9:58 AM
To: FINTestimony
Cc: purebliss4all@icloud.com
Subject: Submitted testimony for HB1481 on Feb 22, 2017 14:00PM

HB1481

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Matthew Brittain, LCSW	Effective Change, LLC	Support	No

Comments: Blockchain technology is a natural movement forward in progressive economic, record-keeping, and secure and decentralized transparency. This is particularly important at this time when Federal government censorship is deleting valuable database access.

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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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 20, 2017 7:12 PM
To: FINTestimony
Cc: duongle@hawaii.edu
Subject: Submitted testimony for HB1481 on Feb 22, 2017 14:00PM

HB1481

Submitted on: 2/20/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

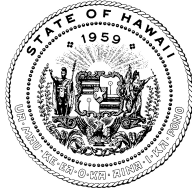
Submitted By	Organization	Testifier Position	Present at Hearing
Derrick Le	Individual	Support	No

Comments: I support the bill of HB1481 for a reason, that by creating the block-chain, not only local businesses are benefited from it, but there will be more opportunities on jobs for local IT students in Hawaii.

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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DAVID Y. IGE
GOVERNOR



TODD NACAPUY
CHIEF INFORMATION
OFFICER

STATE OF HAWAII
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LATE

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

Before the

HOUSE COMMITTEE ON FINANCE
Friday, February 22, 2017; 2:00 p.m.
State Capitol, Conference Room 308

HOUSE BILL NO. 1481, H.D. 1
RELATING TO ECONOMIC DEVELOPMENT

Chair Luke, Vice Chair Cullen, 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, H.D. 1, 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.

LATE



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Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair
Committee on Finance

Hearing: Wednesday, February 22, 2017

February 21, 2017

Nation of Hawai'i's Written Testimony in Support with Amendments of H.B. 1481, H.D. 1

Nation of Hawai'i would like to inform the Committee on Finance that in 2015, the Nation established *Aloha Coin* as its official monetary system. *Aloha Coin* is a Japan-based cryptocurrency and its founders consulted closely with the Nation in its development. Information regarding *Aloha Coin* can be found at alohacoin.info and alohacoin.com. Nation of Hawai'i supports initiatives aimed towards recognizing and utilizing cryptocurrencies and block chain technologies for the benefit of the people of Hawai'i. Cryptocurrency is a good alternative to traditional banking and credit card systems, which have largely failed Hawaiians and other people of color due to discriminatory and predatory practices. Nation of Hawai'i would like to be considered as a member of the working group due to our leadership role in establishing Hawai'i's first cryptocurrency.

Nation of Hawai'i supports the purpose and intent of H.B. 1481, H.D. 1, but strongly suggests amending the effective date from July 1, 2038 to "upon its approval" as the original version of the bill stated (*see* H.B. 1481, § 4). Japan passed legislation in May 2016 that recognized cryptocurrency on par with fiat currency and those regulations take effect in June 2017.¹ Other Pacific Rim countries such as China, South Korea, Vietnam, and Australia are also utilizing blockchain technologies and cryptocurrencies. On February 9, 2017, the U.S. Congress launched the bipartisan Blockchain Caucus, which focuses on advocating for "sound public policy toward blockchain-based technologies and digital currencies."² The State of Hawai'i should stay current with the global trend towards incorporating blockchain technologies and cryptocurrencies into modern economies. Establishing a working group in twenty-one years does not make any sense. Instead, establishing the working group upon the passage of the bill will allow Hawai'i to stay relevant and remain competitive in the global market.

¹See <https://smnweekly.com/2016/05/26/revised-law-requires-fsa-regulation-for-japanese-cryptocurrency-exchanges/>.

²See <http://thehill.com/policy/technology/318845-lawmakers-introduce-the-blockchain-caucus>.