

Honolulu, Hawaii

MAR 01 2018

RE: S.B. No. 3082

S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,  
to which was referred S.B. No. 3082 entitled:

"A BILL FOR AN ACT RELATING TO VIRTUAL CURRENCY,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Extend the Money Transmitters Act to expressly apply to persons engaged in the transmission of virtual currency; and
- (2) Require a licensee dealing with virtual currency to provide a warning to a consumer prior to entering into an agreement with the consumer.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs. Your Committee received testimony in opposition to this measure from three individuals. Your Committee received comments on this measure from the Commission to Promote Uniform Legislation and Coinbase, Inc.

Your Committee finds that this measure extends the Money Transmitters Act to expressly apply to persons engaged in the transmission of virtual currency and provides a framework for the Division of Financial Institutions of the Department of Commerce



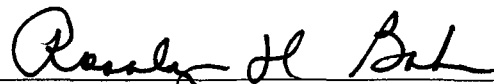
and Consumer Affairs to regulate the still-emerging virtual currency industry, including establishing requirements for licensure, license renewal, examination, recordkeeping, reporting, prohibited practices, sanctions, and penalties. This measure also specifically authorizes the Division of Financial Institutions to accept like-kind virtual currency as permissible investments. According to testimony from the Division of Financial Institutions, this measure authorizes the Division to accept like-kind virtual currency as permissible investments, which addresses the concerns raised by some virtual currency money transmitters that they are unable to hold cash and cash-like permissible investments to cover their virtual currency transactions, as currently required under the Money Transmitters Act. Your Committee further finds that this measure allows virtual currency companies to obtain licensure and operate in Hawaii, while also providing protections for consumers.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3082, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3082, S.D. 1, and be placed on the calendar for Third Reading.

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



ROSALYN H. BAKER, Chair



