

Honolulu, Hawaii

FEB 15 2022

RE: S.B. No. 2695

S.D. 1

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

Sir:

Your Committee on Energy, Economic Development, and Tourism,
to which was referred S.B. No. 2695 entitled:

"A BILL FOR AN ACT RELATING TO CRYPTOCURRENCY,"

begs leave to report as follows:

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

Your Committee received testimony in support of this measure
from Grassroot Institute of Hawaii and four individuals. Your
Committee received testimony in opposition to this measure from
one individual. Your Committee received comments on this measure
from the Department of Budget and Finance, Department of Commerce
and Consumer Affairs' Division of Financial Institutions, and one
individual.

Your Committee finds that there is a vast potential for
blockchain technology to drastically change and improve the
State's public sector operations and private industry capabilities
in areas such as cybersecurity, disaster recovery, clearance and
settlement, supply chain transparency, title registries,
communications, and document verification. Your Committee further
finds that Hawaii has yet to determine whether or how to regulate
and/or provide oversight to the cryptocurrency industry in the
State.



Your Committee has amended this measure by:

- (1) Placing the Blockchain and Cryptocurrency Task Force (Task Force) administratively within the Department of Commerce and Consumer Affairs;
- (2) Expanding the scope of the Task Force's purpose to include the review of additional aspects of the blockchain and cryptocurrency industry, including but not limited to the development of a plan to expand blockchain adoption in both the private and public sectors;
- (3) Adding the following members to the Task Force:
 - (A) A representative from the Department of Commerce and Consumer Affairs' Division of Financial Institutions;
 - (B) A representative from a Hawaii-based bank or financial institution who shall be appointed by the Governor; and
 - (C) A representative of a Hawaii-based company with a focus on non-transactional blockchains who shall be appointed by the Governor;
- (4) Specifying that the following members be from Hawaii-based organizations:
 - (A) A president or chief financial officer of a cryptocurrency company who shall be appointed by the Governor;
 - (B) A representative of a cryptocurrency exchange who shall be appointed by the Governor; and
 - (C) A representative of a blockchain payments solution company who shall be appointed by the Governor;
- (5) Clarifying that:



- (A) The President of the Senate and the Speaker of the House of Representatives shall designate one member each to serve as co-chairpersons of the Task Force; and
- (B) Members of the Task Force are not considered employees of the State for purposes of chapter 84, Hawaii Revised Statutes, based solely upon their participation on the Task Force; and
- (6) 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 Energy, Economic Development, and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2695, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2695, S.D. 1, and be referred to your Committees on Commerce and Consumer Protection and Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Energy, Economic
Development, and Tourism,



GLENN WAKAI, Chair



The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Energy, Economic Development, and Tourism
EET

Bill / Resolution No.:* SB 2695	Committee Referral: EET, CPN/WAM	Date: 2-7-22		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	✓			
MISALUCHA, Bennette E. (VC)	✓			
LEE, Chris	✓			
RIVIERE, Gil	✓			
FEVELLA, Kurt	✓			
TOTAL	5	0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes