STAND. COM. REP. NO. 1299

Honolulu, Hawaii March 24 , 2017

RE: S.B. No. 949 S.D. 1 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Ninth State Legislature Regular Session of 2017 State of Hawaii

Sir:

Your Committees on Intrastate Commerce and Consumer Protection & Commerce, to which was referred S.B. No. 949, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO MONEY TRANSMITTERS,"

beg leave to report as follows:

The purpose of this measure, as received by your Committees, is to clarify and strengthen the Money Transmitters Act found in Chapter 489D, Hawaii Revised Statutes, by:

- (1) Clarifying definitions and permissible investment requirements for money transmitter licensees; and
- (2) Updating requirements for license and change in control applications, extraordinary reporting requirements, and criminal background checks.

For the purposes of a public hearing on this bill, your Committees circulated a Proposed S.B. No. 949, S.D. 1, H.D. 1 (Proposed Draft), and notified the public that they would be accepting testimony on the Proposed Draft. The Proposed Draft amended this measure by:

(1) Defining "decentralized virtual currency";



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- (2) Amending the definition of "money transmission" to exclude decentralized virtual transmission; and
- (3) Exempting decentralized virtual currency from the Money Transmitters Act.

The Department of Commerce and Consumer Affairs offered comments.

The use of decentralized virtual currency, which includes bitcoin, is becoming more commonplace throughout the world. Your Committees find that it would be beneficial to study whether decentralized virtual currency should be regulated under the Money Transmitters Act or remain unregulated by state government.

After considering the merits of this measure, as received by your Committees, and the Proposed Draft, your Committees amended this measure to adopt the substantive provisions of the Proposed Draft. In addition, your Committees:

- Deleted the amendments to the definition of "money transmission";
- (2) Established the Decentralized Virtual Currency Working Group to study whether decentralized virtual currency should be regulated under the Money Transmitters Act or remain unregulated by state government; and
- (3) Changed the effective date to July 1, 2090, to promote further discussion.

As affirmed by the records of votes of the members of your Committees on Intrastate Commerce and Consumer Protection & Commerce that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 949, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 949, S.D. 1, H.D. 1, and be referred to your Committee on Finance.





Respectfully submitted on behalf of the members of the Committees on Intrastate Commerce and Consumer Protection & Commerce,

TAKASHI OHNO, Chair

ROY M. TAKUMI, Chair



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## Record of Votes of the Committee on Intrastate Commerce

Bill/Resolution No.:		Referral:	EINI Date:	3-21-	17	
☐ The committee is reconside	ering its previous decision	on the measure.	, , , , , , , , , , , , , , , , , , ,		•	
The recommendation is to:	<ul><li>Pass, unamended (</li><li>Pass short form bil</li></ul>		ss, with amendments ( mmit for future public			
IAC Men	ibers	Ayes	Ayes (WR)	Nays	Excused	
1. OHNO, Takashi (C)						
2. CHOY, Isaac W. (VC	)		1. Space has a set when we start that we say that	The second s		
3. CACHOLA, Romy M						
4. ITO, Ken						
5. ONISHI, Richard H.I	210.00.200322 2003 000.000 Z					
5. ONISHI, Kichard II.						
6. TOKIOKA, James Ki	unane					
7. WOODSON, Justin H				ALE CONTRACTOR OF A CONTRACT		
8. WARD, Gene	aya manana ya manima da sa sana ƙwa ya musi pakatika da sa				linda alla politica de contra	
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TOTAL (8)		6			2	
The recommendation is:	Adopted	Not Adopt	ied	<u></u>		
If joint referral, did not support recommendation.						
Vice Chair's or designee's sig	gnature:	) a	m M	the		
Distribution: Original (Whi		plicate (Yellow) -	- Chief Clerk's Office	Duplicate (P	ink) – HMSO	

State of Hawaii House of Representatives The Twenty-ninth Legislature



## **Record of Votes of the Committee on Consumer Protection & Commerce**

Bill/Resolution No.: 68 949 501	Committe TAC	e Referral:	EN Date:	03/2	21/17		
The committee is reconside	ering its previous decision	n on the measure.		. · · · ·			
The recommendation is to:	<ul><li>Pass, unamended</li><li>Pass short form bi</li></ul>		ss, with amendments ( mmit for future public				
CPC Men	ıbers	Ayes	Ayes (WR)	Nays	Excused		
1. TAKUMI, Roy M. (C)							
2. ICHIYAMA, Linda (N	VC)				~		
3. AQUINO, Henry J.C.					-		
4. ITO, Ken							
5. SAY, Calvin K.Y.				· · · · · · · · · · · · · · · · · · ·	-		
6. TAKAYAMA, Gregg				- 16411 - same			
7. TODD, Chris	· · · · ·						
8. YAMANE, Ryan I.							
9. FUKUMOTO, Beth	·		· · · · · · · · · · · · · · · · · · ·	1			
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TOTAL (9)		6	0	0	3		
The recommendation is:	Adopted	Not Adop	ted		· · · · · ·		
	If joint referral,	did not support recommendation.					
		committee acronym					
Vice Chair's or designee's sig	gnature:	Uler	Y.W				
Distribution: Original (Whit	te) – Committee Du	uplicate (Yellow)	- Chief Clerk's Office	Duplicate (I	Pink) – HMSO		