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**Written Testimony Only
Testimony of the Department of Commerce and Consumer Affairs**

**Before the
Senate Committee on Commerce and Consumer Protection and
Ways and Means
Thursday, February 24, 2022
9:30 a.m.
Via Videoconference**

**On the following measure:
S.B. 2695 S.D. 1, RELATING TO CRYPTOCURRENCY**

Chairs Baker and Chair Dela Cruz and Members of the Committee:

My name is Iris Ikeda, and I am the Commissioner of the Department of Commerce and Consumer Affairs' (Department), Division of Financial Institutions (DFI). The Department offers comments on this bill.

The purpose of this bill is to establish a blockchain and cryptocurrency task force.

The Department supports a task force to create a master plan for the state to explore the use of blockchain and cryptocurrency, however the Department notes that there are broad applications for the use of blockchain and possibly broad application for cryptocurrency and suggests that a more narrowly focused task force may be more productive. The Department notes that its responsibility area is narrow, focused on various industries, and does not have expertise in all areas of blockchain. In addition, the Department notes that the task force has 17 members which may be a lot of ideas to manage to address the goals of the task force by January 2023.

One way to think of blockchain is working on a document in Google Docs or Microsoft SharePoint, where everyone who has access to the document can edit the document at the same time, in real time, and a history of the changes are retained by the software. The data is stored on each participants computer with no central repository.

The blockchain core concept is similar, it is a public ledger with copies spread out among multiple locations called nodes, which usually referred to individual computers with copies of the ledger. Consequently, no one person or entity has control of the information kept in the record. Instead, it's distributed among the many nodes that make up the network.

Blockchain is not just for cryptocurrency, it is for any system that requires transactions to be recorded. This includes activities from agricultural supply chains to land title records and real estate transactions, medical and healthcare to food safety, media to protect intellectual property and energy supply transactions for metering, billing and asset management as well as storing emission and renewable energy data. Blockchain also has application in government for records management, identity management, voting, and filing taxes as well as financial management, records management, and holding big data.

If this committee is inclined to pass this measure, the Department respectfully asks for an appropriation to pay for travel costs for the task force members and a consultant to assist in organizing and writing a report for the legislature. Because the timeline to conduct the meetings and writing a report is short, the Department does not believe it has the resources to dedicate an employee to this task force to organize the public meetings and write a report. Further, the Department does not have funds to pay for any travel expenses that may be incurred by the task force members to attend meetings.

Thank you for the opportunity to testify on this bill.

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February 22, 2022

Aloha, Senator Rosalyn H. Baker, Chair; Senator Stanley Chang, Vice Chair; members of the Committee on Commerce and Consumer Protection; and Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair; members of the Committee on Ways and Means:

I am writing to express my **support** of SB2695 Relating to Cryptocurrency.

I currently serve as a Community Engagement Consultant with the state's Digital Currency Innovation Lab (DCIL), but this testimony represents solely my personal opinion as a Hawaii resident and technologist.

The best time to form such a task force was five years ago. The second best time is now.

Thank you very much for the opportunity to testify on this matter.



Ryan Kawaiiani Ozawa