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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Commerce and Consumer Protection and
Energy, Economic Development, and Tourism
Tuesday, March 22, 2022
10:15 a.m.**

**On the following measure:
S.C.R. 31, REQUESTING THE DEPARTMENT OF COMMERCE AND CONSUMER
AFFAIRS TO CREATE A TASK FORCE TO STUDY THE APPROVAL OF
BLOCKCHAIN TECHNOLOGY AND CRYPTOCURRENCY IN THE STATE.**

Chairs Baker and Wakai and Members of the Committees:

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 resolution.

The purpose of this resolution is to request the Department to create a task force to study the approval of blockchain technology and cryptocurrency in the state.

The Department supports a task force to create a master plan for the state to explore the use of blockchain and cryptocurrency. The Department notes that because one of the objectives of the Department is consumer protection and because blockchain technology and cryptocurrency transactions potentially touches many aspects of consumers' lives, one of the main focuses of the Department's review will be on consumer protection.

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.

The Department notes that does not believe it has the resources to pay for any travel expenses that may be incurred by the task force members to attend meetings. Further, there is a measure that is more focused on the Department's purview to also form a task force that may overlap with the purpose of this resolution, S.B. 2695, S.D. 2.

Thank you for the opportunity to testify on this bill.

SCR-31

Submitted on: 3/17/2022 7:37:58 PM

Testimony for CPN on 3/22/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Carrie Blocher	Individual	Support	Written Testimony Only

Comments:

Please don't let us be the most unfriendly crypto state. I would think that you would want the tax revenue.

SCR-31

Submitted on: 3/19/2022 7:29:58 AM

Testimony for CPN on 3/22/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Paul Klink	Individual	Support	Written Testimony Only

Comments:

I support.

Paul L Klink

Statement of
Dagan Bernstein
before the

**Department of Commerce and Consumer Affairs' Division of Financial Institutions
and Hawaii Technology Development Corporation**

Tuesday, March 22, 2022

In consideration of
SCR30

**SCR 30 REQUESTING THE DEPARTMENT OF COMMERCE AND CONSUMER
AFFAIRS' DIVISION OF FINANCIAL INSTITUTIONS AND THE HAWAII
TECHNOLOGY DEVELOPMENT CORPORATION TO EXTEND THE DIGITAL
CURRENCY INNOVATION LAB PILOT PROJECT.**

Dagan Bernstein **supports** SCR30 in which the Department of Commerce and Consumer Affairs' Division of Financial Institutions and Hawaii Technology Development Corporation are requested to extend the Digital Currency Innovation Lab pilot project for another two years or until legislation is enacted that provides for a digital currency licensure program.

As a citizen of Hawaii the Digital Currency Innovation Lab has been crucial in providing relevant education around cryptocurrencies both here in Hawaii and across the country. In order to learn more about the uses and applications of cryptocurrencies, I have relied heavily on DCIL to provide up-to-date and accurate information.

As the state of Hawaii continues to explore the appropriate use and regulation of these technologies education is key. Access to professionals who are working in these industries helps me as a citizen access appropriate education. DCIL has held a number of free online seminars and regularly publishes information around current trends and news in the crypto industry. Rather than leaving me at the whim of what I can google on the internet, having access to curated information by respected professionals helps me know that I am safely educating myself on these topics.

In addition the DCIL also helps to support emerging industries that can be built around cryptocurrencies. This is an important part of the growth of crypto in Hawaii. As we look to a future for our keiki in Hawaii we need to make sure we are supporting industries that will allow them to participate in the dynamic industries that will be built around cryptocurrencies and blockchain. DCIL plays an important role in supporting this growth.

Thank you for considering my testimony.

LATE

Statement of **Katie Jackson**

Hawaii State Blockchain Advocate before the

**Senate Committees on Commerce and Consumer Protection and Energy,
Economic Development and Tourism**

Tuesday, March 22, 2022 10:15 AM State Capitol, Conference Room 229 &
Videoconference

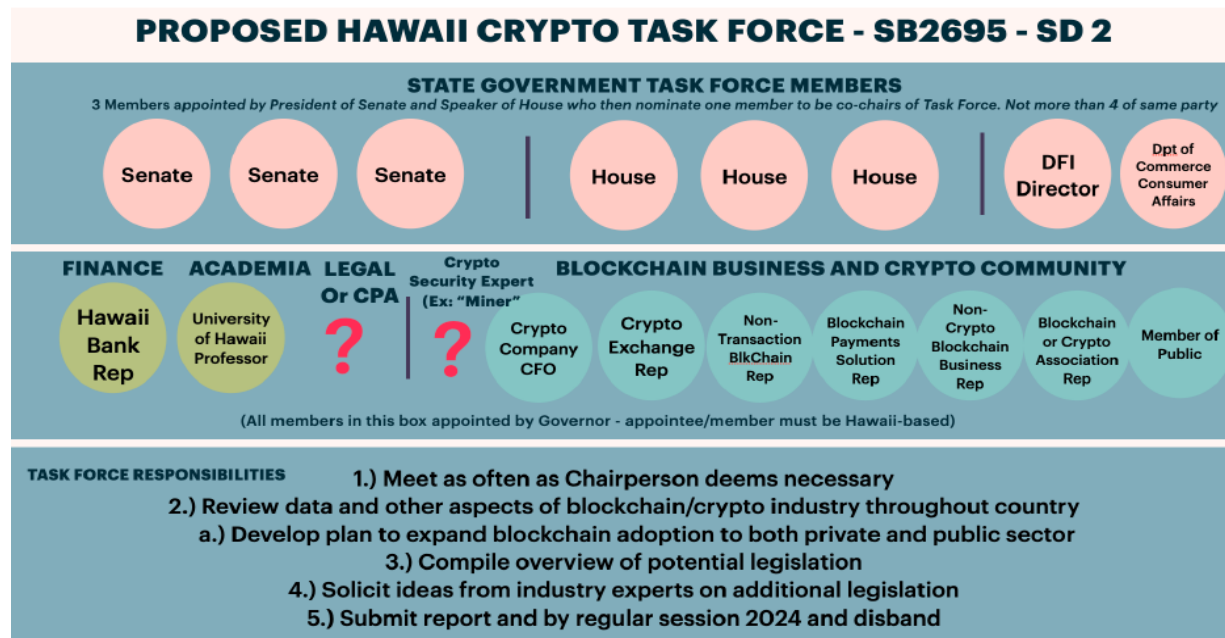
In consideration of **SCR 31/SR 26 REQUESTING THE DEPARTMENT OF
COMMERCE AND CONSUMER AFFAIRS TO CREATE A TASK FORCE TO STUDY THE
APPROVAL OF BLOCKCHAIN TECHNOLOGY AND CRYPTOCURRENCY IN THE
STATE**

Chairs Wakai and Baker, Vice Chairs Misalucha and Chang, and Members of the
Committees.

I strong support this resolution – SCR 31/SR 26

Below is a visual representation of a proposed task force bill currently in the
House (SB2695) that would help accomplish the request above.

**This bill and the three suggested amendments – to include additional
task force members and an extension of the digital sandbox by 2
years – would keep Hawaii at the cutting edge of crypto innovation.**



Suggested Amendments: On page 3, line 6 insert the following three lines.

“(13) A representative of a blockchain or cryptocurrency security community (such as “miners”) who shall be appointed by the governor; and

(14) A representative of a blockchain or cryptocurrency legal community who shall be appointed by the governor;”

(15) Extend the Digital Currency Innovation Lab Pilot Project until June 2024 to allow the continued study of crypto currency in the State of Hawaii.

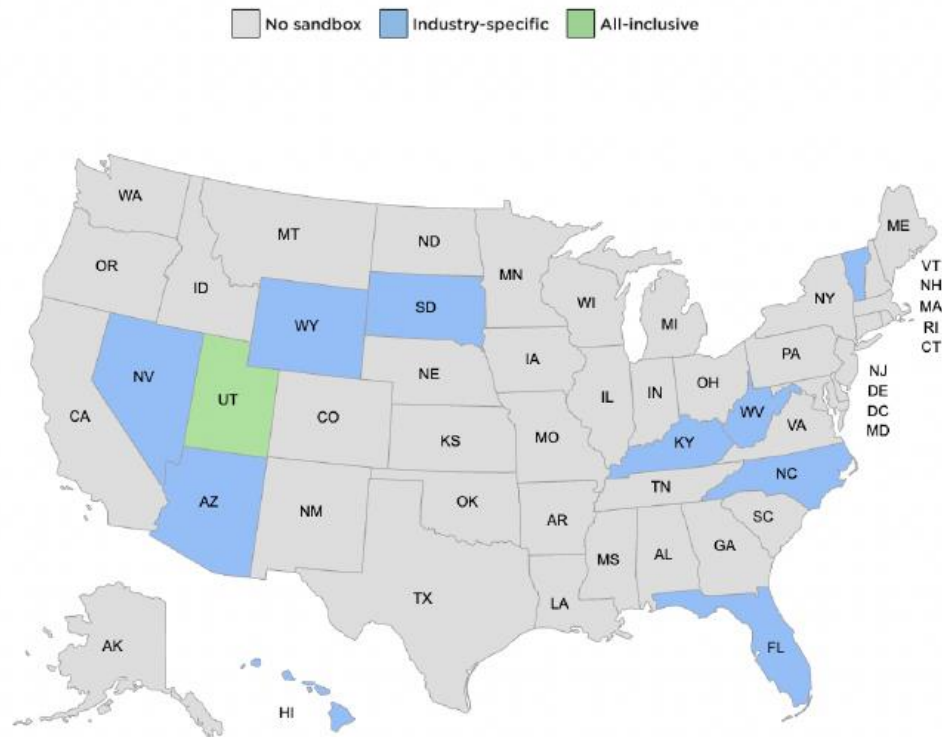
Additionally, to give the Committee context on how important it is to maintain Hawaii’s leading edge on crypto below is a map tracking all active sandboxes across the country, many of which looked at Hawaii’s sandbox for inspiration.

Here is a map¹ tracking all of the active sandboxes across the country, as well as a list below:

- Arizona: Fintech, PropTech
- Wyoming: Fintech, Medical Products
- Nevada: Fintech • Hawaii: Crypto
- South Dakota: Insurance
- Vermont: Insurance
- West Virginia: Fintech, Insurance
- Kentucky: Insurance
- Florida: Fintech
- North Carolina: Fintech and Insurance

¹ <https://libertas.org/outreach/sandbox>

Impact Map



¹ <https://libertas.org/outreach/sandbox/>, January 28, 2022

If the State of Hawaii were to create a Task Force, it would give us time and space to study the regulatory environment of other state efforts that are also trying to answer the difficult but exciting questions on regulating an entirely new digital asset ecosystem.

Thank you for the opportunity to offer these comments.