
HOUSE RESOLUTION

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.

1 WHEREAS, cryptocurrency has grown in popularity nationwide,
2 but there is little regulation of the industry; and

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4 WHEREAS, according to the Federal Trade Commission,
5 cryptocurrency is digital money, which is the blanket term used
6 to describe any money-like asset that is primarily managed,
7 stored, or exchanged using internet technology; and

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9 WHEREAS, digital currency does not have a physical form
10 like banknotes or minted coins, is not typically issued or
11 backed by the United States government or any other government
12 or central bank, and is not considered legal tender in most
13 countries; and

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15 WHEREAS, in 2016, the Department of Commerce and Consumer
16 Affairs' Division of Financial Institutions found that digital
17 currency transactions differ from money transmissions and that
18 subjecting digital currency companies, virtual currency
19 companies, and cryptocurrency companies to the licensing and
20 asset reserve scheme under the Money Transmitters Modernization
21 Act made it too burdensome for these companies to do business in
22 the State; and

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24 WHEREAS, the Division of Financial Institutions of the
25 Department of Commerce and Consumer Affairs and Hawaii
26 Technology Development Corporation have jointly created a two-
27 year sandbox, called the Digital Currency Innovation Lab (DCIL)
28 pilot project, to allow for limited activity of digital currency
29 companies, virtual currency companies, and cryptocurrency
30 companies in the State to better understand the cryptocurrency



1 industry and determine the best method for its regulation and
2 oversight; and

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4 WHEREAS, there are approximately sixty-one thousand digital
5 currency consumers who have completed more than \$611,000,000 in
6 transactions with the fifteen cryptocurrency-based companies
7 that have been accepted into the DCIL pilot project; and

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9 WHEREAS, with the termination of the DCIL pilot project on
10 June 30, 2022, these digital currency consumers will have no
11 choice but to empty and close their digital wallets by
12 December 31, 2022; and

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14 WHEREAS, the results of the DCIL pilot program have
15 confirmed the popularity and versatility of digital currency
16 transactions and the need for more comprehensive regulation of
17 digital currency; and

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19 WHEREAS, the Legislature has yet to pass a measure that
20 either exempts digital currency from the Money Transmitters
21 Modernization Act or regulates digital currency within the
22 State; now, therefore,

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24 BE IT RESOLVED by the House of Representatives of the
25 Thirty-first Legislature of the State of Hawaii, Regular Session
26 of 2022, that the Department of Commerce and Consumer Affairs'
27 Division of Financial Institutions and Hawaii Technology
28 Development Corporation are requested to extend the Digital
29 Currency Innovation Lab pilot project for another two years or
30 until legislation is enacted that provides for a digital
31 currency licensure program, whichever occurs first; and

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33 BE IT FURTHER RESOLVED that certified copies of this
34 Resolution be transmitted to the Commissioner of Financial
35 Institutions and Executive Director of the Hawaii Technology
36 Development Corporation.

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