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# 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 UNTIL JUNE 30, 2024,  
OR UNTIL LEGISLATION IS ENACTED THAT PROVIDES FOR A DIGITAL  
CURRENCY LICENSURE PROGRAM, WHICHEVER OCCURS FIRST.

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



1 companies in the State to better understand the cryptocurrency  
2 industry and determine the best method for its regulation and  
3 oversight; and

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5 WHEREAS, as of the fourth quarter of 2021, there are  
6 approximately one hundred thirty-four thousand digital currency  
7 consumers who have completed more than \$896,000,000 in  
8 transactions with the fifteen cryptocurrency-based companies  
9 that have been accepted into the DCIL pilot project; and

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

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16 WHEREAS, the results of the DCIL pilot project have  
17 confirmed the popularity and versatility of digital currency  
18 transactions and the need for more comprehensive regulation of  
19 digital currency; and

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

25  
26 BE IT RESOLVED by the House of Representatives of the  
27 Thirty-first Legislature of the State of Hawaii, Regular Session  
28 of 2022, that if the Legislature takes no action to exempt  
29 digital currency companies from the money transmitter license  
30 requirements or does not pass a measure establishing a  
31 comprehensive regulatory scheme for digital currency companies,  
32 then the Department of Commerce and Consumer Affairs' Division  
33 of Financial Institutions and Hawaii Technology Development  
34 Corporation are requested to extend the Digital Currency  
35 Innovation Lab pilot project until June 30, 2024, or until  
36 legislation is enacted that provides for a digital currency  
37 licensure program, whichever occurs first; and

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39 BE IT FURTHER RESOLVED that certified copies of this  
40 Resolution be transmitted to the Commissioner of Financial  
41 Institutions and Executive Director of the Hawaii Technology  
42 Development Corporation.

