

MAR 08 2022

SENATE 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 and
2 acceptance nationwide, but there is little regulation of the
3 industry; and

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

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

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16 WHEREAS, in 2016, the Department of Commerce and Consumer
17 Affairs' Division of Financial Institutions found that digital
18 currency transactions differ from money transmissions and that
19 subjecting digital currency companies, virtual currency
20 companies, and cryptocurrency companies to the licensing and
21 asset reserve scheme under the Money Transmitters Modernization
22 Act under chapter 489D, Hawaii Revised Statutes, made it too
23 burdensome for these companies to do business in the State; and

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

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S.R. NO. 25

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

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

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 11 WHEREAS, the results of the DCIL pilot program has
 12 confirmed the popularity and versatility of digital currency
 13 transactions and the need for more comprehensive regulation of
 14 digital currency; and

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 16 WHEREAS, the Legislature has yet to pass a measure that
 17 either exempts digital currency from the Money Transmitters Act
 18 or regulates digital currency within the State; now, therefore,

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

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 29 BE IT FURTHER RESOLVED that certified copies of this
 30 Resolution be transmitted to the Commissioner of Financial
 31 Institutions and Executive Director of the Hawaii Technology
 32 Development Corporation.

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OFFERED BY: 

