

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

Executive Summary:

- State regulators have begun to crack down, most often through cease and desist orders, on companies offering fraudulent Initial Coin Offerings (ICO) using their state's securities licensing and registrations laws.
- State level cryptocurrency regulation most often comes through money transmitter laws.
- A number of states do not regulate cryptocurrency at all, including California. A few have passed "study bills" to begin to study the effects of cryptocurrency and blockchain and how best to regulate them.
- On the blockchain front, the most common legislative actions tend to focus on statutorily affirming the validity of contracts that are made using blockchain technology.

Alabama

Passed Laws

- In May 2017, The Alabama Monetary Transmission Act was signed into law. Under this law, businesses that deal in virtual currencies are now required to register as money transmitters in Alabama and are subject to reporting and securitization requirements.

Enforcement

In May 2018, as part of "Operation Cryptosweep" - a coordinated and international crackdown on fraudulent Initial Coin Offerings (ICOs) and cryptocurrency-related investment products by the North American Securities Administrators Association (NASAA) - the Alabama Securities Commission issued cease and desist orders to three cryptocurrency companies, claiming they were offering unlicensed and/or unregistered securities.

Investor Alert

In February 2014 the Alabama Securities Commission issued an "investor alert" warning investors that, the "use of Bitcoins are HIGH RISK with Minimal Protection for Consumers" and that the "largest Bitcoin exchange experiences significant rise in complaints." In this alert, Joseph Borg, Director of the Alabama Securities Commission, says, "there is nothing inherently illegal about Bitcoin itself, noting that the real issues seem to arise in the problems some investors have had in turning the virtual currency into real, paper profits."

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

Alaska

Investor Alert

In January 2018, the Alaska Division of Banking and Securities issued a statement in which it, “reminds investors to be cautious about investments involving cryptocurrencies. The North American Securities Administrators Association (NASAA) identified initial coin offerings and cryptocurrency related investment products as emerging investor threats for 2018.” In this statement, Banking Division Director Anselm says, “Investors should go beyond the headlines and hype to understand the risks associated with investments in cryptocurrencies, cryptocurrency futures contracts, and other financial products that in some way link the virtual currencies to the underlying investment.”

Proposed Laws - Failed

- In March 2017, a money transmitter bill was introduced in the Alaska House that would have brought companies that deal in cryptocurrency into the definition of a money transmitter and subjected them to the licensing and securitization requirements of money transmitters.

Arizona

Passed Laws

- In April 2018, AZ Gov. Ducey signed HB 2417 into law which affirms the legality and enforceability of signatures secured through blockchain and affirms that smart contracts may exist in commerce.
- A bill that would prohibit the electronic tracking of firearm, to include the use of blockchain, was also signed into law in April 2018.
- HB 2602, which prohibits a city, town, or county, from blocking or otherwise restricting an individual from running a node on blockchain technology in a residence, was signed into law on 4/12/18.
- HB 2601, which provides a regulatory framework for ICOs in AZ, was signed into law on 4/12/18.
- HB 2434, which creates regulatory sandbox, was signed into law on 2/13/18.

Proposed Laws - Failed

- SB 1145 would make monetary gains from cryptocurrencies taxable.

California

Proposed Laws - Ongoing

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

- AB 2658, introduced in Feb. 2018, would require the Secretary of the Government Operations Agency to appoint a blockchain working group on or before July 1, 2019. The bill would also define blockchain and require the working group to report to the Legislature on the potential uses, risks, and benefits of the use of blockchain technology by the state government and California-based businesses, on or before July 1, 2020. Has passed the Assembly and is currently in the Senate Appropriations Committee.

Proposed Laws- Failed

- AB 1123, introduced in Feb. 2017, would prohibit a person from engaging in any virtual currency business in California unless the person is licensed by the Commissioner of Business Oversight or is exempt from the licensure requirement, as provided. The bill died in February 2018. A similar bill failed in 2016.

Regulation

Cryptocurrency is currently not regulated in California.

Colorado

Enforcement

As part of Operation Cryptosweep, the Colorado Department of Securities issued cease and desist orders to two companies that advertised ICOs in CO for potentially offering unlicensed securities. Under these orders, the companies are required to show cause as to why they should not be issued sanctions under the Colorado Securities Act be required to cease and desist from selling securities in Colorado.

Proposed Laws - Failed

- In February 2018, the Colorado House introduced a bill, HB 1220, that subjects people who buy, sell or exchange cryptocurrency to regulation under the “Money Transmitters Act.”
- In April 2018, HB 1426/SB 277, a bill that exempts the transmission of virtual currency from regulation under the Colorado Money Transmitters Act was introduced.

Connecticut

Passed Laws

- HB 6800 was signed into law in June 2015 and requires any business that transmits virtual currencies to obtain a license under Connecticut’s Money Transmission Act.

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

- HB 7141 was signed into law in Nov. 2017 and states, “Each licensee that engages in the business of money transmission in this state by receiving, transmitting, storing or maintaining custody or control of virtual currency on behalf of another person shall at all times hold virtual currency of the same type and amount owed or obligated to such other person.”

Proposed Laws - Failed

- HB 5001 was introduced in Feb. 2018 and would have imposed a fee on virtual currency transactions.
- HB 5496, introduced in March 2018, would have establish regulations for virtual currency business activity.
- SB 513, introduced in March 2018, was a study bill that would examine the impact that digital currency, blockchain and smart contracts have on state law and businesses.

Investor Warning

In January 2018, the CT Department of Banking issued a statement titled, “Department of Banking Reminds Investors to Approach Cryptocurrency with Caution.”

Delaware

Delaware Blockchain Initiative

In May 2016, then-Governor Jack Markell launched the Delaware Blockchain Initiative to “embrace the emerging blockchain and smart contract technology industry, which can help the public and enterprises lower their transactional costs, speed up and automate manual processes, and reduce fraud.”

Passed Laws

- Governor John Carney signed SB 69 into law in July 2017 which is “intended to provide specific statutory authority for Delaware corporations” to use electronic databases, such as blockchain, “for the creation and maintenance of corporate records, including the corporation’s stock ledger.”

Investor Alert

In January 2018, the Investor Protection Unit of the Delaware Department of Justice issued a statement urging Delaware investors to be cautious about investments involving cryptocurrencies.

Florida

Passed Laws

Page 4 of 20

Compiled by the Electronic Transactions Association from various sources

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

- Gov. Rick Scott signed HB 1379 into law in June 2017, which defines the term ‘virtual currency’ and prohibits the laundering of virtual currency.

Proposed Office of Cryptocurrency Chief

In June 2018, Florida Chief Financial Officer (CFO) Jimmy Patronis released a statement on the need for Florida to provide oversight of the growing industry of cryptocurrency by creating a statewide cryptocurrency chief.

He said, “Florida can no longer remain on the sidelines when it comes to cryptocurrency. I have directed my office to create a position that will oversee how current securities and insurance laws apply to Initial Coin Offerings (ICOs) and cryptocurrencies as well as shape the future of these regulations in our state. ICO and cryptocurrency companies based in Florida will also be required to register with the Office of Financial Regulation (OFR) under the supervision of the cryptocurrency chief. The new position will coordinate the efforts of OFR and Office of Insurance Regulation (OIR) regarding the development of policy, legislation and regulation.”

Georgia

Passed Laws

- State regulators were given the power to create rules and regulations for all virtual currency businesses with the passage of HB 811, which Governor Nathan Deal signed in April 2016. It does not appear that any rules have been promulgated yet.

Proposed Laws - Failed

- SB 464, which was introduced, read, and referred to the Senate Finance Committee in February 2018, would require the state revenue commissioner to accept, and immediately convert into US dollars, cryptocurrencies for payment of taxes and license fees.

Investor Alerts

The Georgia Secretary of State has issued two advisories on ICOs and cryptocurrencies: “What to Know About ICOs” and “Be Cautious of the Crypto Investment Craze.”

Hawaii

Guidance

A memo issued by the Commissioner of Financial Institutions on February 26, 2014 states that, “no company is licensed to transmit bitcoin in Hawaii” and “if companies

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

are offering to transmit bitcoins, they are doing so in violation of Hawaii's money transmitter laws.”

Proposed Laws - Failed

- HB 1481, introduced in Jan. 2017, would establish a working group to study the uses and determine the best practices regarding blockchain technology.
- SB 2853 and SB 3082, both introduced in Jan. 2018, would define virtual currency within the Money Transmitters Act and would provide additional rules for those engaged in money transmissions of virtual currencies.
- H.C.R. 41/S.C.R. 38 would have requested the auditor conduct a sunrise analysis of the regulation of virtual currency business activities.
- S.B. 2129 would have adopted the Uniform Regulation of Virtual Currency Businesses Act and codified the Act into law.
- S.B. 2225 would have amended the laws relating to money transmitters to include virtual currency as a money transmission.

Participants

In February 2017, after applying for a money transmitter license as required, the HI Division of Financial informed Coinbase that they would be required to maintain permissible investments in order to operate in the state. Coinbase subsequently withdrew from the Hawaiian market.

Idaho

No known blockchain or cryptocurrency regulations or guidance issued at this time.

Investor Alerts

In Jan. 2018, the ID Department of Finance issued a statement warning investors to approach investments in cryptocurrencies with caution.

Illinois

Guidance

The Department of Financial and Professional Regulation issued guidance regarding digital currencies in June 2017 which specifies that “a person or entity engaged in the transmission of solely digital currencies, as defined, would not be required to obtain a TOMA [Transmitters of Money Act] license.” However, should transmission of digital currencies involve money in a transaction, that transaction may be considered money transmission depending on how the transaction is organized.

Proposed Laws - Ongoing

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

- In Feb. 2018, HB 5335 was introduced and would amend the Department of Revenue Law of the Civil Administrative Code of Illinois to allow for any tax to be paid in cryptocurrency. This bill is currently in the House Rules Committee.
- Introduced in Sept. 2017, HR 120 would establish the “Illinois Legislative Blockchain and Distributed Ledger Task Force” to study the potential benefit from a transition to blockchain based recordkeeping and service delivery. It is currently in the House Rules Committee.
- SB 3133 was introduced in Feb. 2018. The bill would create a regulatory sandbox. This bill is currently in the Committee on Assignments.

Illinois Blockchain Initiative

In 2017, Illinois convened a consortium of Illinois state and county agencies, known as the Illinois Blockchain Initiative, who will collaborate to explore innovations presented by Blockchain and distributed ledger technology.

Indiana

No known blockchain or cryptocurrency regulations or guidance issued at this time.

Iowa

No known blockchain or cryptocurrency regulations or guidance issued at this time.

Kansas

Guidance

The Office of the State Bank Commissioner issued guidance regarding the “Regulatory Treatment of Virtual Currencies Under the Kansas Money Transmitter Act” in June 2014 which specifies that “an entity engaged solely in the transmission of such [virtual] currency would not be required to obtain a license in the State of Kansas.”

Kentucky

Passed Laws

HB 394 was signed into law in April 2018. This bill amends KY’s unclaimed property law to, among other things, specifically define cryptocurrency as “property”.

Louisiana

No known blockchain or cryptocurrency regulations or guidance issued at this time.

Maine

Proposed Laws - Failed

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

An attempt was made through SB 950 to study the use of blockchain technology in conjunction with paper elections.

Maryland

Guidance

While Maryland does not regulate virtual currencies, the Office of the Commissioner of Financial Regulation issued an April 24, 2014 advisory which clarifies the state's position on the matter, essentially deferring to federal laws and regulations. For example, one advisory point states "an administrator or exchanger that accepts and transmits a convertible virtual currency or buys or sells convertible virtual currency for any reason is a money transmitter under federal regulations and therefore should be registered as a money services business."

Passed Laws

- HB 1634 was introduced in Feb. 2018 and signed by the governor in May. This bill includes:
 - A requirement that the Commissioner of Financial Regulation conduct a study to assess whether the Commissioner has enough statutory authority to regulate FinTech firms who offer financial services.
 - The study shall identify any gaps in the regulation of FinTech firms, including any specific types of companies that are not subject to the regulation under state law.
 - A requirement that, among other issues, the Consumer Protection Commission study the CFPB's arbitration rule and the Model State Consumer and Employee Justice Enforcement Act and cryptocurrencies/blockchain.
 - A requirement that Commission include recommendations regarding regulating cryptocurrencies and changes to state law to provide the protection intended by the Model State Consumer and Employee Justice Enforcement Act in its 2018 report to the Governor.
 - By December 31, 2019, the Commissioner shall report to the General Assembly, its findings and any recommendations for legislative proposals to regulate FinTech firms.

Massachusetts

Guidance

The Division of Banks issued "Selected Opinion 14-004" on May 12, 2014 which determined Bitcoin ATMs were not to be considered a financial institution and that Bitcoin is exempt from foreign currency transmission regulations.

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

Investor Alert

Secretary of the Commonwealth, William Galvin, warned investors about “Bitcoin Mania” in a December 13, 2017 release. The secretary has also said his office will “begin a sweep of entities” who raise funds through Initial Coin Offerings (ICO).

Enforcement

In March 2018, the MA Secretary of the Commonwealth order five firms to halt ICOs that they claim amounted to unregistered securities offerings.

Press Statement

On CNBC in Dec. 2017, MA Secretary of the Commonwealth William Galvin said, “There is no product here. This is entirely speculation. That’s already been proven by the high gyrations of the value,” Galvin said. “It’s also subject to manipulation, because no one can explain it, no one can control it.”

Michigan

Guidance

The Michigan Department of Treasury issued guidance concerning virtual currency and explaining how sales tax applies to use of virtual currencies. For instance, “...a taxpayer accepting virtual currency in a retail sale transaction must convert the value of the virtual currency to USD as of the day and the exact time of the transaction.” Additionally, “purchases of virtual currency — as contrasted with purchases made with virtual currency — are not subject to sales or use tax.”

Proposed Laws - Ongoing

- HB 6257 was introduced in June 2018 and was referred to the House Committee on Law and Justice. This bill would make it illegal to alter a record made using distributed ledger technology.
- HB 6254 was introduced in June 2018 and would provide a definition of cryptocurrency in the money laundering definition section of penal code.
- HB 6253 was introduced in June 2018 and would add cryptocurrency in definitions in the embezzlement section in penal code.
- HB 6258 was introduced in June 2018 and would add cryptocurrency and distributed ledger technology in the definition section of credit chapter in penal code.

Minnesota

No known blockchain or cryptocurrency regulations or guidance issued at this time.

Mississippi

Page 9 of 20

Compiled by the Electronic Transactions Association from various sources

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

No known blockchain or cryptocurrency regulations or guidance issued at this time.

Missouri

Enforcement

The Office of the Secretary of State issued a June 2016 cease and desist order which makes clear that the selling of stock in Bitcoin amounts to the unregistered selling of securities in Missouri.

Guidance

In a 2015 private letter ruling, the Missouri Department of Revenue determined that Bitcoin purchased through an ATM provider “is not subject to Missouri sales tax because bitcoin is intangible property” and the “only tangible personal property is subject to sales tax in Missouri.”

Montana

Currently, Montana is the only state with no money transmission laws enacted. Thus, by default, there are no transmission laws specific to virtual currencies. The state amended its Electronic Contributions Act to require reporting of donations made “through a payment gateway” which includes Bitcoin.

Blockchain Grant

In June 2017, Governor Steve Bullock announced a \$416,000 grant to Project Spokane. He stated “The funds will be used for purchase of equipment, machinery, furniture and software and for wage reimbursement. Project Spokane, LLC is a data center that provides blockchain security services for the bitcoin network.” This is the first “known instance of a direct government investment in a bitcoin mining operation.”

Nebraska

Proposed Laws - Failed

Nebraska had a series of bills introduced to the legislature in January 2018. All failed.

- LB 691 would adopt the “Nebraska Virtual Currency Money Laundering Act” to both define and redefine terms under the Nebraska Money Transmitters Act.
- LB 694 would prohibit cities, villages, and counties from taxing or regulating distributed ledger technology.
- LB 695 would legally define and recognize smart contracts as well as authorize the use of blockchain technology for digital signatures.

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

- LB 987 would adopt the Uniform Regulation of Virtual-Currency Business Act which would provide a regulatory framework for “virtual-currency business activity.”

Nevada

Passed Laws

- Governor Brian Sandoval signed SB 398 into law in June 2017. This bill establishes various provisions related to the use of blockchain technology such as banning local governments from taxing the use of a blockchain or smart contract and would consider electronic signatures contained in a blockchain legally viable.

Investor Alert

The NV Secretary of State issued a statement in Jan. of 2018 reminding investors to approach cryptocurrency with caution.

New Hampshire

Proposed Laws - Failed

- HB 552 was a 2015 effort to require the state treasurer to develop and implement a plan for the state to accept Bitcoin as payment for state taxes and fees.

Passed Laws

- In June 2017, Governor John Sununu signed HB 436 into law which exempts those using virtual currencies from registering as money transmitters.

New Jersey

Guidance

The New Jersey Division of Taxation issued a 2015 memo clarifying the state’s position on the taxation of transactions involving “convertible virtual currency.” It advises that any “seller and/or retailer of taxable goods or services that accept convertible virtual currency as payment must determine the fair market value of the currency in U.S. dollars as of the date of payment and charge the purchaser Sales Tax on the underlying transaction.”

Passed Laws

- The Uniform Fiduciary Access to Digital Assets Act, or AB 3433 was signed by Governor Chris Christie in September 2017 and authorizes an “executor, agent,

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

guardian, or trustee, under certain circumstances, to manage electronic records of decedent, principal, incapacitated person, or trust creator.”

Proposed Laws – Ongoing

- AB 1906 was introduced and referred to the Assembly Science, Innovation, and Technology Committee in Jan. 2018 and would establish a regulatory framework through the “Digital Currency Jobs Creation Act.”
- AB 3817, introduced in April 2018, would require cryptocurrency businesses to register with the Department of Banking and Insurance and would institute consumer protections. One of these is to maintain permissible investments. Cryptocurrency businesses would also be prohibited from selling, transferring, assigning, lending, hypothecating, pledging, or otherwise using or encumbering any digital currency, the custody of which is maintained for a New Jersey person, except for the sale, transfer, or assignment of such assets at the direction of the New Jersey person. This bill is currently in the Assembly Science, Innovation and Technology Committee.

Enforcement

In March & May 2018, the NJ Bureau of Securities entered cease and desist orders on a number of companies offering ICOs to NJ residents, saying they amounted to unregistered securities offerings.

New Mexico

Passed Laws

- HB 250 was signed into law by Governor Susana Martinez in 2016 and requires money transmitters to obtain a license effective January 1, 2017. It did not mention businesses transmitting cryptocurrencies, making the legal obligations for these businesses to conduct business within the state unclear.

New York

BitLicense

Effective August 8, 2015, the New York State Department of Financial Services established a regulatory framework that any virtual currency businesses would need to abide by. This was known as the BitLicense or 23 NYCRR 200. In addition to 44 pages of compliance requirements, the license requires a \$5,000 application fee. This led to “The Great Bitcoin Exodus” as businesses were either not able to meet the license requirements or found it too costly to comply. A recent February 2018 public hearing was held to voice concerns over the license.

Circle, Ripple, Square, and Coinbase have all been granted BitLicenses.

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

Proposed Laws - Ongoing

- AB 8783, introduced in Nov. 2017, would establish an additional task force to study the potential effects of a widespread implementation of digital currencies on financial markets in the state. This bill passed the legislature in June 2018 and is currently eligible for the Governor's desk.
- AB 8780, introduced in Nov. 2017, would legally validate signatures, records, and contracts secured through blockchain technology and would allow smart contracts to exist in commerce. This bill is currently in the Assembly Committee on Governmental Operations.
- AB 8792, introduced in Nov. 2017, would direct the board of elections to study the use of blockchain technology to protect voter records and election results. This bill is currently in the Assembly Committee on Election Law.
- AB 8793, introduced in Nov. 2017, would establish a task force to study the potential use of blockchain technology in state record keeping, information storage, and service delivery. This bill is currently in the Assembly Committee on Governmental Operations.
- AB 9685 was introduced in Feb. 2018 and would create a task force to study the impact of a state-issued cryptocurrency on the state of New York. It is currently in the Assembly Committee on Governmental Operations
- AB 9899 was introduced in Feb. 2018 and would require that any person, corporation, partnership or other entity that conducts cryptocurrency business activity be audited by a public or private third-party depository service. This bill is currently in the Assembly Banks Committee.
- AB 9782, introduced in February 2018, would establish that state agencies are allowed to accept cryptocurrencies as payment.
- AB 9862, introduced in February 2018, would establish a task force to study the potential designation of economic empowerment zones for the mining of cryptocurrencies in the state of New York.

Guidance

The Department of Financial Services issued guidance to all business entities licensed under 23 NYCRR Part 200 on February 7, 2018 which emphasizes the importance of “effectively preventing and responding to fraud and similar wrongdoing” and stated that “effective measures must include implementation of a written policy to...identify an effectively prevent risk.” License holders are also instructed to report “any wrongdoing” to the Department of Financial Services.

North Carolina

Passed Laws

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

- The North Carolina Money Transmitters Act, or HB 289, was enacted into law in June 2016 with the signature of then-Governor Pat McCrory. It updates North Carolina's Money Transmitter Act to include those who transmit virtual currency.
- The current Governor, Roy Cooper, signed HB 229 into law July 12, 2017 which defines virtual currency traders as money transmitters required to obtain a license and imposes additional insurance requirements on virtual currency transmitters.
- HB 86 was signed by the governor in June 2018. This bill allows the Commissioner of Banks to request that the money transmitter licensees verify, in a manner acceptable to the Commissioner, aggregate virtual currency transmission obligations outstanding and virtual currency held as permissible investments, including virtual currency stored offline.

Enforcement

In April 2018, the NC SOS published cease and desist orders against two cryptocurrency companies for selling unlicensed securities in the state.

North Dakota

Proposed Laws - Failed

- SB 2100 which failed to pass upon a second reading in March 2017. It would have established a "legislative management study" of virtual currency.

Ohio

Guidance

The Ohio Department of Public Safety decided "Bitcoin cannot be accepted as a payment for alcohol in the State of Ohio." The agent in charge of the Ohio Investigative Unit of the Department of Public Safety said that because Bitcoin's value fluctuates so much, it is more of a commodity and "not recognized as legal tender."

Proposed Laws - Ongoing

- SB 300 was introduced in May 2018 and defines records and contracts secured by blockchain technology as electronic records and allows the use of smart contract terms. The bill is currently in the Insurance and Financial Institutions Committee.

Oklahoma

Guidance

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

In 2014, the Oklahoma state legislature added an official comment to Okla. Stat. Ann. § 1-9-332 which specifies that Bitcoin transferees would not be afforded same protections that would otherwise be afforded to the transferees of money. It states, as well, that a seller of a product or service that accepts Bitcoin does not “take the cryptocurrency free of an existing security interest.”

Oregon

Passed Laws

- Governor Kate Brown signed SB 277 into law in May 2015 which requires virtual currency exchanges to register as money transmitters and obtain a license from the Department of Consumer and Business Services. This led to CEX.IO, an international Bitcoin exchange, announcing it would no longer continue operations in the State of Oregon.

Pennsylvania

Passed Laws

- The passage of HB 850 amended the states money transfer laws to include virtual currencies within the state’s definition of money. The bill was signed into law in November 2016 by Governor Tom Wolf.

Rhode Island

No known blockchain or cryptocurrency regulations or guidance issued at this time.

South Carolina

Enforcement

In March & May the SC AG issued cease and desist orders against a number of cryptocurrency firms for selling unlicensed securities in the state.

South Dakota

No known blockchain or cryptocurrency regulations or guidance issued at this time.

Tennessee

Guidance

The Tennessee Department of Financial Institutions issued guidance on December 16, 2015 exempting cryptocurrency from the state’s money transmitter laws. “Because cryptocurrency is not money under the Tennessee Money Transmitter Act, receiving it in exchange for a promise to make it available at a later time or different location is not money transmission.”

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

Passed Laws

- SB 1662 would recognize the legal authority to use blockchain technology and smart contracts in conducting electronic transactions and protects ownership rights of certain information secured by blockchain technology. This bill was signed by the governor in March 2018.

Proposed Laws - Failed

- HB 2093 would prohibit, “trustees of any defined contribution plan or related investment vehicle established as a health benefit by the state insurance company from investing in cryptocurrency.”

Investor Alert

In January 2018, the TN Department of Commerce and Insurance issued a statement reminding investors to approach cryptocurrency with caution.

Texas

Guidance

The Texas Department of Banking issued a guidance memo in April 2014 establishing that “because cryptocurrency is not money under the Money Services Act, receiving it in exchange for a promise to make it available at a later time or different location is not money transmission.”

Proposed Laws - Failed

- HJR 89 was introduced in March 2017 but died in committee. It proposed an amendment to the Texas Constitution regarding the right to own, hold, and use any mutually agreed upon medium of exchange.

Enforcement

In Jan. & Feb. 2018 the Texas State Securities Board issued cease and desist orders against at least three cryptocurrency companies for offering unregistered securities in the state.

Proposed Laws

In April 2018, the Texas House Committee on Economic & Small Business Development held a hearing to discuss regulatory sandboxes.

Utah

Passed Laws

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

- The legislature passed SB 175, which Governor Gary Herbert signed into law in March 2017 and modifies the state's Uniform Unclaimed Property Act to include virtual currencies.

Proposed Laws - Failed

- In 2015, HRC 006 was proposed and would have allowed residents to pay their taxes in Bitcoin.

Vermont

Passed Laws

- Then-Governor Peter Shumlin signed HB 868 into law in June 2016 allowing for blockchain data to be used in the Vermont court system.
- The current Governor, Phil Scott, signed HB 182 in May 2017 which updates the state's money transmission rules with a definition for "virtual currency."
- The governor also signed SB 135 in June 2017 which establishes a working group to study how blockchain technology could help the state.
- Introduced in January 2018 and referred to the Committee on Economic Development, Housing, and General Affairs, SB 269 requires a review of the potential application of blockchain technology to the insurance and banking industries; authorizes a FinTech Summit; and creates a new "blockchain based LLC". This bill was signed by governor in May 2018.

Enforcement

In June 2018, the VT Dept. of Financial Regulation entered a cease and desist order against a cryptocurrency company for "violations related to the Vermont Uniform Securities Act".

Virginia

Passed Laws

- Signed by then-Governor Terry McAuliffe in February 2017, HB 1608, or the Uniform Fiduciary Access Act, created the Uniform Fiduciary Access to Digital Assets Act which allows fiduciaries to manage digital property such as computer files, web domains, and virtual currency.

Proposed Laws - Failed

- Joint resolution HJR 153 was introduced in January 2018. The resolution would establish a subcommittee charged to study the potential implementation of blockchain technology in state recordkeeping, information storage, and service delivery.

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

- SB 864, introduced in January 2018, directs the State Corporation Commission to study of the effects of the growth of cryptocurrencies and issue a report on it.

Guidance

A notice from the Virginia Bureau of Financial Institutions informs residents that the Money Order Sellers and Money Transmitters codes do “not currently regulate virtual currencies; however, to the extent virtual currency transactions also involve the transfer of fiat currencies.”

Washington

Passed Laws

- Governor Jay Inslee signed SB 5031 in April 2017 which updates the existing money transmission laws to include businesses dealing with virtual currencies. This includes a permissible investment requirement. Shortly after going into effect, exchanges such as Bitfinex, Bitstamp, Kraken, and Poloniex pulled out of the state.

Proposed Laws - Failed

- Referred to the Business & Financial Services Committee in January 2018, HB 1045 would additionally address licensing and enforcement provisions applicable to money transmitters.
- SB 5264, introduced in January 2018, would prohibit a marijuana producer, processor, or retail outlet from paying with or accepting virtual currency for the purchase or sale of marijuana or marijuana products.

West Virginia

Passed Laws

- The legislature passed HB 2585 and Governor Jim Justice signed it into law in April 2017. This bill legally defines cryptocurrency as a monetary instrument and outlaws its use in association with criminal activities.

Proposed Laws - Failed

- H.C.R. 29, introduced in January 2018, would request that the Joint Committee on Government and Finance study Bitcoin, its future and potential impact on the state, it's citizens, and businesses.

Wisconsin

Guidance

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

While no official regulations have passed, the Wisconsin Department of Financial Institutions decided that those companies that have already obtained a license to sell or issue checks or receive fiat currency for transmissions may also transmit virtual currency, so long as they enter an agreement with the division. Two companies, Coinx Inc. and Circle Internet Financial Inc., have entered into this agreement.

Wyoming

Passed Laws

- HB 70 known as the “utility token bill” would define a utility token, or “open blockchain token” as neither traditional money nor a security and those who facilitate the exchange of utility tokens are not considered traditional brokers of securities and are not subject to securities and money transmission laws. Signed by the governor in March 2018.
- “The Bitcoin bill,” or HB 19, would exempt cryptocurrency from the Wyoming Money Transmitters Act. Signed by the governor in March 2018.
- HB 101 would update Wyoming’s Business Corporations Act to authorize corporations to use electronic networks or databases for the creation or maintenance of corporate records. Signed by the governor in March 2018.
- HB 126 would allow for the creation of “series LLCs” which are favorable to decentralized protocols. Signed by the governor in March 2018.
- HB 111 would exempt cryptocurrency from Wyoming state property taxes. Signed by the governor in March 2018.

About ETA

The Electronic Transactions Association is the leading trade association for the payments industry, representing over 500 companies worldwide involved in electronic transaction processing products and services. The purpose of ETA is to influence, monitor and shape the payments industry by providing leadership through education, advocacy and the exchange of information.

State Cryptocurrency and Blockchain Efforts

Last updated: 10/18/18

ETA's membership spans the breadth of the payments industry to include independent sales organizations (ISOs), payments networks, financial institutions, transaction processors, mobile payments products and services, payments technologies, and software providers (ISV) and hardware suppliers.

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