

HOUSE COMMITTEE OF REFERENCE REPORT

Chairman of Committee

May 2, 2018
Date

Committee on State, Veterans, & Military Affairs.

After consideration on the merits, the Committee recommends the following:

HB18-1426 be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation:

1 Amend printed bill, strike everything below the enacting clause and
2 substitute:

3 **"SECTION 1. Legislative declaration.** The general assembly
4 declares that virtual currency is a new and emerging technology with
5 global implications. As a result, it is of great importance to the state of
6 Colorado for such technology to be fully examined and defined prior to
7 further regulation or exemption from regulation by the state.

8 **SECTION 2.** In Colorado Revised Statutes, 11-51-201, **amend**
9 the introductory portion and (17); and **add** (11.8) as follows:

10 **11-51-201. Definitions.** As used in this article **5I**, unless the
11 context otherwise requires:

12 (11.8) "OPEN BLOCKCHAIN TOKEN" MEANS A DIGITAL UNIT THAT
13 IS:

14 (a) CREATED:

15 (I) IN RESPONSE TO THE VERIFICATION OR COLLECTION OF A
16 SPECIFIED NUMBER OF TRANSACTIONS RELATING TO A DIGITAL LEDGER OR
17 DATABASE;

18 (II) BY DEPLOYING COMPUTER CODE TO A BLOCKCHAIN NETWORK
19 OR DISTRIBUTED DIGITAL LEDGER THAT ALLOWS FOR THE CREATION OF
20 DIGITAL TOKENS OR OTHER UNITS; OR

21 (III) USING ANY COMBINATION OF THE METHODS SPECIFIED IN
22 SUBSECTIONS (11.8)(a)(I) AND (11.8)(a)(II) OF THIS SECTION;

23 (b) RECORDED IN A DIGITAL LEDGER OR DATABASE THAT IS

1 CONSENSUS-BASED, DECENTRALIZED, AND MATHEMATICALLY VERIFIED IN
2 NATURE, ESPECIALLY RELATING TO THE SUPPLY OF DIGITAL UNITS AND
3 THEIR DISTRIBUTION; AND

4 (c) CAPABLE OF BEING TRADED OR TRANSFERRED BETWEEN
5 PERSONS WITHOUT AN INTERMEDIARY OR CUSTODIAN OF VALUE.

6 (17) (a) "Security" means any note; stock; treasury stock; bond;
7 debenture; evidence of indebtedness; certificate of interest or
8 participation in any profit-sharing agreement; collateral-trust certificate;
9 preorganization certificate of subscription; transferable share; investment
10 contract; viatical settlement investment; voting-trust certificate; certificate
11 of deposit for a security; certificate of interest or participation in an oil,
12 gas, or mining title or lease or in payments out of production under such
13 a title or lease; or, in general, any interest or instrument commonly known
14 as a "security" or any certificate of interest or participation in, temporary
15 or interim certificate for, guarantee of, or warrant or right to subscribe to
16 or purchase any of the foregoing.

17 (b) "Security" does not include any insurance or endowment
18 policy or annuity contract under which an insurance company promises
19 to pay a sum of money either in a lump sum or periodically for life or
20 some other specified period.

21 (c) ~~For purposes of this article~~ AS USED IN SUBSECTION (17)(a) OF
22 THIS SECTION, an "investment contract":

23 (I) Need not involve more than one investor nor be limited to
24 those circumstances wherein there are multiple investors who are joint
25 participants in the same enterprise;

26 (II) INCLUDES AN INVESTMENT IN A COMMON ENTERPRISE WITH
27 THE EXPECTATION OF PROFITS TO BE DERIVED PRIMARILY FROM THE
28 EFFORTS OF A PERSON OTHER THAN THE INVESTOR. "COMMON
29 ENTERPRISE" MEANS AN ENTERPRISE IN WHICH THE FORTUNES OF THE
30 INVESTOR ARE INTERWOVEN WITH THOSE OF EITHER THE PERSON OFFERING
31 THE INVESTMENT, A THIRD PARTY, OR OTHER INVESTORS.

32 (III) DOES NOT INCLUDE AN OPEN BLOCKCHAIN TOKEN THAT IS
33 DEVELOPED OR SOLD FOR A CONSUMPTIVE PURPOSE WHERE THE BUYER AT
34 OR NEAR THE TIME OF SALE HAS NO EXPECTATION OF PROFIT.
35 "CONSUMPTIVE PURPOSE" MEANS THAT AN OPEN BLOCKCHAIN TOKEN IS
36 EXCHANGEABLE FOR, OR PROVIDED FOR THE RECEIPT OF, GOODS,
37 SERVICES, OR CONTENT, INCLUDING RIGHTS OF ACCESS TO GOODS,
38 SERVICES, OR CONTENT.

39 **SECTION 3. Act subject to petition - effective date.** This act
40 takes effect at 12:01 a.m. on the day following the expiration of the
41 ninety-day period after final adjournment of the general assembly (August

1 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a
2 referendum petition is filed pursuant to section 1 (3) of article V of the
3 state constitution against this act or an item, section, or part of this act
4 within such period, then the act, item, section, or part will not take effect
5 unless approved by the people at the general election to be held in
6 November 2018 and, in such case, will take effect on the date of the
official declaration of the vote thereon by the governor."

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