



## Legislative Council Staff

*Nonpartisan Services for Colorado's Legislature*

# FINAL FISCAL NOTE

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<b>Drafting Number:</b>	LLS 18-1269	<b>Date:</b>	July 25, 2018
<b>Prime Sponsors:</b>	Sen. Neville T. Rep. Pabon; Van Winkle	<b>Bill Status:</b>	Lost in Senate
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**Bill Topic:** VIRTUAL CURRENCY EXEMPTION MONEY TRANSMITTERS ACT

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**Summary of Fiscal Impact:** **No fiscal impact.** This bill would have defined terms related to cryptocurrency activities to exclude these activities from state regulation.

**Appropriation Summary:** No appropriation was required.

**Fiscal Note Status:** The fiscal note reflects the engrossed bill. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

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### Summary of Legislation

Under current law, cryptocurrency activities are not subject to any state regulation. This bill defines terms related to cryptocurrency exchanges and excludes cryptocurrency activity from the definition of an investment contract, which are regulated by the Division of Securities in the Department of Regulatory Agencies (DORA).

This bill also exempts the transmission of virtual currency from the Money Transmitters Act in the Division of Banking in DORA. The bill defines the term "virtual currency" to mean any type of digital representation of value that is used as a medium of exchange, unit of account, or store of value, which is not recognized as legal tender by the United States government.

### Background

Virtual currency, or cryptocurrency, is used to make online financial transactions outside the regulated banking system. Transactions are recorded on a digital public ledger called a blockchain. To date, five states have enacted legislation related to cryptocurrency and blockchain technology including Arizona, Delaware, Illinois, Nevada, and Vermont. As of writing, there are approximately 130 cryptocurrency exchanges in existence.

### Assessment of No Fiscal Impact

The bill codifies the state's current practice of not regulating virtual currencies. It will not affect the revenue or expenditures of any state or local government and is therefore assessed as having no fiscal impact.

**Effective Date**

The bill was lost on third reading in the Senate on May 7, 2018.

**State and Local Government Contacts**

Regulatory Agencies