



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

SB 19-023

FINAL FISCAL NOTE

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|-------------------------|--|------------------------|---|
| Drafting Number: | LLS 19-0314 | Date: | May 9, 2019 |
| Prime Sponsors: | Sen. Tate; Fenberg Rep. Kraft-Tharp; McKean | Bill Status: | Signed into Law |
| | | Fiscal Analyst: | Todd Herreid 303-866-3522 Todd.Herreid@state.co.us |

Bill Topic: CRYPTOCURRENCY EXEMPTION CO DIGITAL TOKEN ACT

Summary of Fiscal Impact:

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| <input type="checkbox"/> State Revenue | <input type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure (<i>minimal</i>) | <input type="checkbox"/> Local Government |
| <input type="checkbox"/> State Transfer | <input type="checkbox"/> Statutory Public Entity |

This bill creates an exemption from the laws governing securities registration and licensing for individuals engaged in purchasing, selling, or transferring digital tokens for a strictly consumptive purpose. This bill increases state workload by a minimal amount.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Summary of Legislation

This bill provides limited exemptions from securities registration and broker-dealer licensing for individuals involved in purchasing, selling, or transferring digital tokens for a strictly consumptive purpose. Individuals engaged in dealing digital tokens are required to file a notice of intent with the securities commissioner before they qualify for the exemptions specified in the bill.

Background

Digital tokens or coins are new forms of money that can be issued by businesses or individuals as a way to raise money for various projects, software, or other types of goods and services. Digital tokens are usually managed over the internet, with people purchasing tokens online using fiat money, such as U.S. dollars. These transactions are recorded on a blockchain or digital ledger that enables people to trade or transfer these tokens without any intermediary or custodian managing the process. Digital tokens issued to represent an equity interest in a company would be treated as a security, subject to state and federal securities regulations. Digital tokens issued to provide access to an amount of a company's product or service is consumptive in nature, and would not typically be treated as an investment if it is not tied or linked to the future profits and earnings of the company.

State Expenditures

The bill is expected to create a minimal workload increase for the securities commissioner to adopt rules that may be needed to implement the exemptions from securities registration and broker-dealer licensing specified in the bill and to maintain the list of exempted persons. No change in appropriations is required.

Effective Date

The bill was signed into law by the Governor on March 6, 2019, and takes effect August 2, 2019, assuming no referendum petition is filed.

State and Local Government Contacts

Law Regulatory Agencies