PREAMENDED

This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading

LLS NO. 18-1269.01 Yelana Love x2295   **SENATE BILL 18-277**

SENATE SPONSORSHIP

Neville T., Hill

HOUSE SPONSORSHIP

Pabon and Van Winkle, Saine

Senate Committees	House Committees
Finance	

A BILL FOR AN ACT

101   CONCERNING THE EXEMPTION OF VIRTUAL CURRENCY FROM
102   REGULATION UNDER THE **"MONEY TRANSMITTERS ACT".**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov.)

The bill exempts the transmission of virtual currency from regulation under the Colorado "Money Transmitters Act".

1   *Be it enacted by the General Assembly of the State of Colorado:*

1   **SECTION 1.** In Colorado Revised Statutes, 11-51-201, **amend**
2   the introductory portion and (17); and **add** (11.8) as follows:
3   **11-51-201. Definitions.** As used in this article *51*, unless the
4   context otherwise requires:
5   (11.8) "OPEN BLOCKCHAIN TOKEN" MEANS A DIGITAL UNIT THAT
6   IS:
7   (a) CREATED:
8   (I) IN RESPONSE TO THE VERIFICATION OR COLLECTION OF A
9   SPECIFIED NUMBER OF TRANSACTIONS RELATING TO A DIGITAL LEDGER OR
10   DATABASE;
11   (II) BY DEPLOYING COMPUTER CODE TO A BLOCKCHAIN NETWORK
12   OR DISTRIBUTED DIGITAL LEDGER THAT ALLOWS FOR THE CREATION OF
13   DIGITAL TOKENS OR OTHER UNITS; OR
14   (III) USING ANY COMBINATION OF THE METHODS SPECIFIED IN
15   SUBSECTIONS (11.8)(a)(I) AND (11.8)(a)(II) OF THIS SECTION;
16   (b) RECORDED IN A DIGITAL LEDGER OR DATABASE THAT IS
17   CONSENSUS-BASED, DECENTRALIZED, AND MATHEMATICALLY VERIFIED IN
18   NATURE, ESPECIALLY RELATING TO THE SUPPLY OF DIGITAL UNITS AND
19   THEIR DISTRIBUTION; AND
20   (c) CAPABLE OF BEING TRADED OR TRANSFERRED BETWEEN
21   PERSONS WITHOUT AN INTERMEDIARY OR CUSTODIAN OF VALUE.
22   (17) (a) "Security" means any note; stock; treasury stock; bond;
23   debenture; evidence of indebtedness; certificate of interest or
24   participation in any profit-sharing agreement; collateral-trust certificate;
25   preorganization certificate of subscription; transferable share; investment
26   contract; viatical settlement investment; voting-trust certificate; certificate
27   of deposit for a security; certificate of interest or participation in an oil,

1 gas, or mining title or lease or in payments out of production under such

2 a title or lease; or, in general, any interest or instrument commonly known

3 as a "security" or any certificate of interest or participation in, temporary

4 or interim certificate for, guarantee of, or warrant or right to subscribe to

5 or purchase any of the ~~foregoing~~ ITEMS LISTED IN THIS SUBSECTION

6 (17)(a).

7 (b) "Security" does not include any insurance or endowment

8 policy or annuity contract under which an insurance company promises

9 to pay a sum of money either in a lump sum or periodically for life or

10 some other specified period.

11 (c) ~~For purposes of this article~~ AS USED IN SUBSECTION (17)(a) OF

12 THIS SECTION, an "investment contract":

13 (I) Need not involve more than one investor nor be limited to

14 those circumstances wherein there are multiple investors who are joint

15 participants in the same enterprise;

16 (II) INCLUDES AN INVESTMENT IN A COMMON ENTERPRISE WITH

17 THE EXPECTATION OF PROFITS TO BE DERIVED PRIMARILY FROM THE

18 EFFORTS OF A PERSON OTHER THAN THE INVESTOR. "COMMON

19 ENTERPRISE" MEANS AN ENTERPRISE IN WHICH THE FORTUNES OF THE

20 INVESTOR ARE INTERWOVEN WITH THOSE OF EITHER THE PERSON OFFERING

21 THE INVESTMENT, A THIRD PARTY, OR OTHER INVESTORS.

22 (III) DOES NOT INCLUDE AN OPEN BLOCKCHAIN TOKEN THAT IS

23 EXCHANGEABLE WITHIN SIXTY CALENDAR DAYS AFTER ITS SALE AND, AT

24 THE TIME OF SALE, IS EXCHANGEABLE FOR, OR PROVIDED FOR THE RECEIPT

25 OF, GOODS, SERVICES, OR CONTENT, INCLUDING RIGHTS OF ACCESS TO

26 GOODS, SERVICES, OR CONTENT.

27 **SECTION 2.** In Colorado Revised Statutes, 11-110-103, **add** (18)

1 as follows:

2   **11-110-103. Definitions.** As used in this article 110, unless the

3 context otherwise requires:

4   (18) "VIRTUAL CURRENCY" MEANS ANY TYPE OF DIGITAL

5 REPRESENTATION OF VALUE THAT:

6   (a) IS USED AS A MEDIUM OF EXCHANGE, UNIT OF ACCOUNT, OR

7 STORE OF VALUE; AND

8   (b) IS NOT RECOGNIZED AS LEGAL TENDER BY THE UNITED STATES

9 GOVERNMENT.

10   **SECTION 3.** In Colorado Revised Statutes, **amend** 11-110-106

11 as follows:

12   **11-110-106. Exemptions.** (1) Nothing in this article 110 ~~shall~~

13 ~~apply~~ APPLIES to:

14   (a) Departments or agencies of the United States of America, or

15 to any state or municipal government, or to corporations organized under

16 the general banking, savings and loan, or credit union laws of this state

17 or of the United States, or to the receipt of money by an incorporated

18 telegraph or cable company at any office or agency thereof for immediate

19 transmission by telegraph or cable;

20   (b) THE TRANSMISSION OF VIRTUAL CURRENCY.

21   **SECTION 4. Act subject to petition - effective date.** This act

22 takes effect at 12:01 a.m. on the day following the expiration of the

23 ninety-day period after final adjournment of the general assembly (August

24 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a

25 referendum petition is filed pursuant to section 1 (3) of article V of the

26 state constitution against this act or an item, section, or part of this act

27 within such period, then the act, item, section, or part will not take effect

1   unless approved by the people at the general election to be held in

2   November 2018 and, in such case, will take effect on the date of the

3   official declaration of the vote thereon by the governor.