

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 18-0864.01 Duane Gall x4335

HOUSE BILL 18-1220

HOUSE SPONSORSHIP

Melton,

SENATE SPONSORSHIP

(None),

House Committees
Business Affairs and Labor
Finance

Senate Committees

A BILL FOR AN ACT

101 CONCERNING A REQUIREMENT THAT PERSONS WHO DEAL IN
102 CRYPTOCURRENCY BE REGULATED UNDER THE LAWS
103 REGULATING MONEY TRANSMITTERS.

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 subjects persons who offer cryptocurrency "wallets", buy or sell cryptocurrencies, or exchange cryptocurrency with fiat currency to regulation under the "Money Transmitters Act". The bill defines cryptocurrency (e.g., bitcoin) and fiat currency.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

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

2 **SECTION 1.** In Colorado Revised Statutes, **amend** 11-110-102
3 as follows:

4 **11-110-102. Legislative declaration.** It is declared to be the
5 policy of this state that checks, drafts, money orders, ~~or~~
6 CRYPTOCURRENCIES, AND other instruments for the transmission or
7 payment of credit or money are widely used by the people of this state as
8 a process of settling accounts or debts and that sellers and issuers of the
9 instruments receive, in the aggregate, large sums of money from the
10 people of this state and it is therefore imperative that the integrity,
11 experience, and financial responsibility and reliability of those engaged
12 in the various types of businesses dealing in the instruments be above
13 reproach. In order that the people of this state may be safeguarded from
14 default in the payment of these instruments, it is necessary that proper
15 regulatory authority be established through the banking board. Any
16 person who sells or issues the instruments without complying with ~~the~~
17 ~~provisions of~~ this article 110 endangers the public interest.

18 **SECTION 2.** In Colorado Revised Statutes, 11-110-103, **amend**
19 (5) and (11); and **add** (3.5) and (6.5) as follows:

20 **11-110-103. Definitions.** As used in this article 110, unless the
21 context otherwise requires:

22 (3.5) "CRYPTOCURRENCY" MEANS A DIGITAL CURRENCY IN WHICH
23 ENCRYPTION TECHNIQUES ARE USED, INDEPENDENTLY OF A CENTRAL
24 AUTHORITY, TO DO ONE OR MORE OF THE FOLLOWING:

25 (a) REGULATE THE GENERATION OR ISSUANCE OF UNITS OF
26 CURRENCY;

- 1 (b) VERIFY THE TRANSFER OF FUNDS;
- 2 (c) RECORD TRANSACTIONS; OR
- 3 (d) PREVENT COUNTERFEITING AND FRAUDULENT TRANSACTIONS.

4 (5) "Exchange" means any check, draft, money order,
5 CRYPTOCURRENCY, or other instrument for the transmission or payment
6 of money or credit. It does not mean money or currency of any nation.

7 (6.5) "FIAT CURRENCY" MEANS A CURRENCY THAT HAS LITTLE OR
8 NO INTRINSIC VALUE AND IS NOT CONVERTIBLE INTO, OR BACKED BY, A
9 PHYSICAL COMMODITY.

10 (11) (a) "Money transmission" means the sale or issuance of
11 exchange or engaging in the business of receiving money for transmission
12 or transmitting money within the United States or to locations abroad by
13 any and all means including but not limited to payment instrument, wire,
14 facsimile, or electronic transfer.

- 15 (b) "MONEY TRANSMISSION" INCLUDES, WITHOUT LIMITATION:
- 16 (I) OFFERING OR MANAGING CRYPTOCURRENCY WALLETS;
- 17 (II) BUYING OR SELLING CRYPTOCURRENCY; AND
- 18 (III) TRADING OR EXCHANGING CRYPTOCURRENCY FOR ANY OTHER
19 FIAT CURRENCY.

20 **SECTION 3. Act subject to petition - effective date.** This act
21 takes effect at 12:01 a.m. on the day following the expiration of the
22 ninety-day period after final adjournment of the general assembly (August
23 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a
24 referendum petition is filed pursuant to section 1 (3) of article V of the
25 state constitution against this act or an item, section, or part of this act
26 within such period, then the act, item, section, or part will not take effect
27 unless approved by the people at the general election to be held in

1 November 2018 and, in such case, will take effect on the date of the
2 official declaration of the vote thereon by the governor.