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DIGITAL CURRENCY MODIFICATIONS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Tyler Clancy

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3 **LONG TITLE**

4 **General Description:**

5 This bill makes modifications to the Uniform Commercial Code.

6 **Highlighted Provisions:**

7 This bill:

- 8 ▶ defines terms; and
- 9 ▶ excludes certain digital currencies from the definition of money.

10 **Money Appropriated in this Bill:**

11 None

12 **Other Special Clauses:**

13 None

14 **Utah Code Sections Affected:**

15 AMENDS:

16 **59-1-1502**, as last amended by Laws of Utah 2012, Chapter 399

17 **70A-1a-201**, as enacted by Laws of Utah 2007, Chapter 272

18

19 *Be it enacted by the Legislature of the state of Utah:*

20 Section 1. Section **59-1-1502** is amended to read:

21 **59-1-1502 . Specie legal tender is legal tender in the state -- Person may not**

22 **compel another person to tender or accept specie legal tender -- Court or congressional**
 23 **action to authorize gold or silver coin or bullion as legal tender.**

24 (1) Specie legal tender is legal tender in the state.

25 (2) Except as expressly provided by contract, a person may not compel any other person to
 26 tender or accept specie legal tender.

27 (3) Gold or silver coin or bullion, other than gold or silver coin that is issued by the United
 28 States, is considered to be specie legal tender and is legal tender in the state if:

29 (a) a court of competent jurisdiction issues a final, unappealable judgment or order
 30 determining that the state may recognize the gold or silver coin or bullion, other than
 31 gold or silver coin that is issued by the United States, as legal tender in the state; or

32 (b) Congress enacts legislation that:

33 (i) expressly provides that the gold or silver coin or bullion, other than gold or silver
 34 coin that is issued by the United States, is legal tender in the state; or

35 (ii) expressly allows the state to recognize the gold or silver coin or bullion, other
 36 than gold or silver coin that is issued by the United States, as legal tender in the
 37 state.

38 (4) A central bank digital currency, as defined in Section 70A-1a-201, is not specie legal
 39 tender and is not legal tender in the state.

40 Section 2. Section **70A-1a-201** is amended to read:

41 **70A-1a-201 . General definitions.**

42 (1) Unless the context otherwise requires, words or phrases defined in this section, or in the
 43 additional definitions contained in other chapters of this title that apply to particular
 44 chapters or parts thereof, have the meanings stated.

45 (2) Subject to definitions contained in other chapters of this title that apply to particular
 46 chapters or parts thereof:

47 (a) "Action," in the sense of a judicial proceeding, includes recoupment, counterclaim,
 48 set-off, suit in equity, and any other proceeding in which rights are determined.

49 (b) "Aggrieved party" means a party entitled to pursue a remedy.

50 (c) "Agreement," as distinguished from "contract," means the bargain of the parties in
 51 fact, as found in their language or inferred from other circumstances, including
 52 course of performance, course of dealing, or usage of trade as provided in Section
 53 70A-1a-303.

54 (d) "Bank" means a person engaged in the business of banking and includes a savings
 55 bank, savings and loan association, credit union, and trust company.

- 56 (e) "Bearer" means a person in possession of a negotiable instrument, document of title,
57 or certificated security that is payable to bearer or indorsed in blank.
- 58 (f) "Bill of lading" means a document evidencing the receipt of goods for shipment
59 issued by a person engaged in the business of transporting or forwarding goods.
- 60 (g) "Branch" includes a separately incorporated foreign branch of a bank.
- 61 (h) "Burden of establishing" a fact means the burden of persuading the trier of fact that
62 the existence of the fact is more probable than its nonexistence.
- 63 (i) "Buyer in ordinary course of business" means a person that buys goods in good faith,
64 without knowledge that the sale violates the rights of another person in the goods,
65 and in the ordinary course from a person, other than a pawnbroker, in the business of
66 selling goods of that kind. A person buys goods in the ordinary course if the sale to
67 the person comports with the usual or customary practices in the kind of business in
68 which the seller is engaged or with the seller's own usual or customary practices. A
69 person that sells oil, gas, or other minerals at the wellhead or minehead is a person in
70 the business of selling goods of that kind. A buyer in ordinary course of business
71 may buy for cash, by exchange of other property, or on secured or unsecured credit,
72 and may acquire goods or documents of title under a preexisting contract for sale.
73 Only a buyer that takes possession of the goods or has a right to recover the goods
74 from the seller under Chapter 2, Uniform Commercial Code - Sales, may be a buyer
75 in ordinary course of business. "Buyer in ordinary course of business" does not
76 include a person that acquires goods in a transfer in bulk or as security for or in total
77 or partial satisfaction of a money debt.
- 78 (j) "Central bank digital currency" means a digital currency, a digital medium of
79 exchange, or a digital monetary unit of account issued by the United States Federal
80 Reserve System, a federal agency, a foreign government, a foreign central bank, or a
81 foreign reserve system, that is:
- 82 (i) made directly available to a consumer by such entities; or
83 (ii) processed or validated directly by such entities.
- 84 [(j)] (k) "Conspicuous," with reference to a term, means so written, displayed, or
85 presented that a reasonable person against which it is to operate ought to have noticed
86 it. Whether a term is conspicuous or not is a decision for the court. Conspicuous
87 terms include the following:
- 88 (i) a heading in capitals equal to or greater in size than the surrounding text, or in
89 contrasting type, font, or color to the surrounding text of the same or lesser size;

- 90 and
- 91 (ii) language in the body of a record or display in larger type than the surrounding
- 92 text, or in contrasting type, font, or color to the surrounding text of the same size,
- 93 or set off from surrounding text of the same size by symbols or other marks that
- 94 call attention to the language.
- 95 ~~[(k)]~~ (l) "Consumer" means an individual who enters into a transaction primarily for
- 96 personal, family, or household purposes.
- 97 ~~[(t)]~~ (m) "Contract," as distinguished from "agreement," means the total legal obligation
- 98 that results from the parties' agreement as determined by this title as supplemented by
- 99 any other applicable laws.
- 100 ~~[(m)]~~ (n) "Creditor" includes a general creditor, a secured creditor, a lien creditor, and
- 101 any representative of creditors, including an assignee for the benefit of creditors, a
- 102 trustee in bankruptcy, a receiver in equity, and an executor or administrator of an
- 103 insolvent debtor's or assignor's estate.
- 104 ~~[(n)]~~ (o) "Defendant" includes a person in the position of defendant in a counterclaim,
- 105 cross-claim, or third-party claim.
- 106 ~~[(o)]~~ (p) "Delivery," with respect to an instrument, document of title, or chattel paper,
- 107 means voluntary transfer of possession.
- 108 ~~[(p)]~~ (q) "Document of title" includes bill of lading, dock warrant, dock receipt,
- 109 warehouse receipt or order for the delivery of goods, and also any other document
- 110 which in the regular course of business or financing is treated as adequately
- 111 evidencing that the person in possession of it is entitled to receive, hold, and dispose
- 112 of the document and the goods it covers. To be a document of title, a document must
- 113 purport to be issued by or addressed to a bailee and purport to cover goods in the
- 114 bailee's possession which are either identified or are fungible portions of an identified
- 115 mass.
- 116 ~~[(q)]~~ (r) "Fault" means a default, breach, or wrongful act or omission.
- 117 ~~[(t)]~~ (s) "Fungible goods" means:
- 118 (i) goods of which any unit, by nature or usage of trade, is the equivalent of any other
- 119 like unit; or
- 120 (ii) goods that by agreement are treated as equivalent.
- 121 ~~[(s)]~~ (t) "Genuine" means free of forgery or counterfeiting.
- 122 ~~[(t)]~~ (u) "Good faith" means honesty in fact in the conduct or transaction concerned.
- 123 ~~[(t)]~~ (v) "Holder" means:

- 124 (i) the person in possession of a negotiable instrument that is payable either to bearer
125 or to an identified person that is the person in possession; or
- 126 (ii) the person in possession of a document of title if the goods are deliverable either
127 to bearer or to the order of the person in possession.
- 128 ~~(v)~~ (w) "Insolvency proceeding" includes an assignment for the benefit of creditors or
129 other proceeding intended to liquidate or rehabilitate the estate of the person involved.
- 130 ~~(w)~~ (x) "Insolvent" means:
- 131 (i) having generally ceased to pay debts in the ordinary course of business other than
132 as a result of bona fide dispute;
- 133 (ii) being unable to pay debts as they become due; or
- 134 (iii) being insolvent within the meaning of federal bankruptcy law.
- 135 ~~(x)~~ (y) (i) "Money" means a medium of exchange currently authorized or adopted by
136 a domestic or foreign government.
- 137 (ii) ~~[The term includes]~~ "Money" includes a monetary unit of account established by
138 an intergovernmental organization or by agreement between two or more
139 countries.
- 140 (iii) "Money" does not include a central bank digital currency.
- 141 ~~(y)~~ (z) "Organization" means a person other than an individual.
- 142 ~~(z)~~ (aa) "Party," as distinguished from "third party," means a person that has engaged in
143 a transaction or made an agreement subject to this title.
- 144 ~~(aa)~~ (bb) "Person" means an individual, corporation, business trust, estate, trust,
145 partnership, limited liability company, association, joint venture, government,
146 governmental subdivision, agency, instrumentality, public corporation, or any other
147 legal or commercial entity.
- 148 ~~(bb)~~ (cc) "Present value" means the amount as of a date certain of one or more sums
149 payable in the future, discounted to the date certain by use of either an interest rate
150 specified by the parties if that rate is not manifestly unreasonable at the time the
151 transaction is entered into or, if an interest rate is not so specified, a commercially
152 reasonable rate that takes into account the facts and circumstances at the time the
153 transaction is entered into.
- 154 ~~(ee)~~ (dd) "Purchase" means taking by sale, lease, discount, negotiation, mortgage,
155 pledge, lien, security interest, issue or reissue, gift, or any other voluntary transaction
156 creating an interest in property.
- 157 ~~(dd)~~ (ee) "Purchaser" means a person that takes by purchase.

158 ~~[(ee)]~~ (ff) "Record" means information that is inscribed on a tangible medium or that is
159 stored in an electronic or other medium and is retrievable in perceivable form.

160 ~~[(ff)]~~ (gg) "Remedy" means any remedial right to which an aggrieved party is entitled
161 with or without resort to a tribunal.

162 ~~[(gg)]~~ (hh) "Representative" means a person empowered to act for another, including an
163 agent, an officer of a corporation or association, and a trustee, executor, or
164 administrator of an estate.

165 ~~[(hh)]~~ (ii) "Right" includes remedy.

166 ~~[(ii)]~~ (jj) "Security interest" means an interest in personal property or fixtures which
167 secures payment or performance of an obligation. "Security interest" includes any
168 interest of a consignor and a buyer of accounts, chattel paper, a payment intangible,
169 or a promissory note in a transaction that is subject to Chapter 9a, Uniform
170 Commercial Code - Secured Transactions. "Security interest" does not include the
171 special property interest of a buyer of goods on identification of those goods to a
172 contract for sale under Section 70A-2-401, but a buyer may also acquire a "security
173 interest" by complying with Chapter 9a, Uniform Commercial Code - Secured
174 Transactions. Except as otherwise provided in Section 70A-2-505, the right of a
175 seller or lessor of goods under Chapter 2, Uniform Commercial Code - Sales, or
176 Chapter 2a, Uniform Commercial Code - Leases, to retain or acquire possession of
177 the goods is not a "security interest," but a seller or lessor may also acquire a
178 "security interest" by complying with Chapter 9a, Uniform Commercial Code -
179 Secured Transactions. The retention or reservation of title by a seller of goods
180 notwithstanding shipment or delivery to the buyer under Section 70A-2-401 is
181 limited in effect to a reservation of a "security interest." Whether a transaction in the
182 form of a lease creates a "security interest" is determined pursuant to Section
183 70A-1a-203.

184 ~~[(jj)]~~ (kk) "Send" in connection with a writing, record, or notice means:

185 (i) to deposit in the mail or deliver for transmission by any other usual means of
186 communication with postage or cost of transmission provided for and properly
187 addressed and, in the case of an instrument, to an address specified thereon or
188 otherwise agreed, or if there be none to any address reasonable under the
189 circumstances; or

190 (ii) in any other way to cause to be received any record or notice within the time it
191 would have arrived if properly sent.

192 ~~[(kk)]~~ (ll) "Signed" includes using any symbol executed or adopted with present intention
193 to adopt or accept a writing.

194 ~~[(H)]~~ (mm) "State" means a state of the United States, the District of Columbia, Puerto
195 Rico, the United States Virgin Islands, or any territory or insular possession subject
196 to the jurisdiction of the United States.

197 ~~[(mm)]~~ (nn) "Surety" includes a guarantor or other secondary obligor.

198 ~~[(nn)]~~ (oo) "Term" means a portion of an agreement that relates to a particular matter.

199 ~~[(oo)]~~ (pp) "Unauthorized signature" means a signature made without actual, implied, or
200 apparent authority. The term includes a forgery.

201 ~~[(pp)]~~ (qq) "Warehouse receipt" means a receipt issued by a person engaged in the
202 business of storing goods for hire.

203 ~~[(qq)]~~ (rr) "Writing" includes printing, typewriting, or any other intentional reduction to
204 tangible form. "Written" has a corresponding meaning.

205 Section 3. **Effective date.**

206 This bill takes effect on May 1, 2024.