

DIGITAL CURRENCY MODIFICATIONS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Tyler Clancy

Senate Sponsor: Michael S. Kennedy

LONG TITLE

General Description:

This bill makes modifications to the Uniform Commercial Code.

Highlighted Provisions:

This bill:

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

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

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

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

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

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

59-1-1502. Specie legal tender is legal tender in the state -- Person may not compel another person to tender or accept specie legal tender -- Court or congressional action to authorize gold or silver coin or bullion as legal tender.



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

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

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

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

36 (b) Congress enacts legislation that:

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

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

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

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

44 **70A-1a-201. General definitions.**

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

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

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

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

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

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

58 (e) "Bearer" means a person in possession of a negotiable instrument, document of

59 title, or certificated security that is payable to bearer or indorsed in blank.

60 (f) "Bill of lading" means a document evidencing the receipt of goods for shipment
61 issued by a person engaged in the business of transporting or forwarding goods.

62 (g) "Branch" includes a separately incorporated foreign branch of a bank.

63 (h) "Burden of establishing" a fact means the burden of persuading the trier of fact that
64 the existence of the fact is more probable than its nonexistence.

65 (i) "Buyer in ordinary course of business" means a person that buys goods in good
66 faith, without knowledge that the sale violates the rights of another person in the goods, and in
67 the ordinary course from a person, other than a pawnbroker, in the business of selling goods of
68 that kind. A person buys goods in the ordinary course if the sale to the person comports with
69 the usual or customary practices in the kind of business in which the seller is engaged or with
70 the seller's own usual or customary practices. A person that sells oil, gas, or other minerals at
71 the wellhead or minehead is a person in the business of selling goods of that kind. A buyer in
72 ordinary course of business may buy for cash, by exchange of other property, or on secured or
73 unsecured credit, and may acquire goods or documents of title under a preexisting contract for
74 sale. Only a buyer that takes possession of the goods or has a right to recover the goods from
75 the seller under Chapter 2, Uniform Commercial Code - Sales, may be a buyer in ordinary
76 course of business. "Buyer in ordinary course of business" does not include a person that
77 acquires goods in a transfer in bulk or as security for or in total or partial satisfaction of a
78 money debt.

79 (j) "Central bank digital currency" means a digital currency, a digital medium of
80 exchange, or a digital monetary unit of account issued by the United States Federal Reserve
81 System, a federal agency, a foreign government, a foreign central bank, or a foreign reserve
82 system, that is:

83 (i) made directly available to a consumer by such entities; or

84 (ii) processed or validated directly by such entities.

85 [(j)] (k) "Conspicuous," with reference to a term, means so written, displayed, or
86 presented that a reasonable person against which it is to operate ought to have noticed it.
87 Whether a term is conspicuous or not is a decision for the court. Conspicuous terms include
88 the following:

89 (i) a heading in capitals equal to or greater in size than the surrounding text, or in

90 contrasting type, font, or color to the surrounding text of the same or lesser size; and

91 (ii) language in the body of a record or display in larger type than the surrounding text,
92 or in contrasting type, font, or color to the surrounding text of the same size, or set off from
93 surrounding text of the same size by symbols or other marks that call attention to the language.

94 ~~[(k)]~~ (l) "Consumer" means an individual who enters into a transaction primarily for
95 personal, family, or household purposes.

96 ~~[(h)]~~ (m) "Contract," as distinguished from "agreement," means the total legal
97 obligation that results from the parties' agreement as determined by this title as supplemented
98 by any other applicable laws.

99 ~~[(m)]~~ (n) "Creditor" includes a general creditor, a secured creditor, a lien creditor, and
100 any representative of creditors, including an assignee for the benefit of creditors, a trustee in
101 bankruptcy, a receiver in equity, and an executor or administrator of an insolvent debtor's or
102 assignor's estate.

103 ~~[(n)]~~ (o) "Defendant" includes a person in the position of defendant in a counterclaim,
104 cross-claim, or third-party claim.

105 ~~[(o)]~~ (p) "Delivery," with respect to an instrument, document of title, or chattel paper,
106 means voluntary transfer of possession.

107 ~~[(p)]~~ (q) "Document of title" includes bill of lading, dock warrant, dock receipt,
108 warehouse receipt or order for the delivery of goods, and also any other document which in the
109 regular course of business or financing is treated as adequately evidencing that the person in
110 possession of it is entitled to receive, hold, and dispose of the document and the goods it
111 covers. To be a document of title, a document must purport to be issued by or addressed to a
112 bailee and purport to cover goods in the bailee's possession which are either identified or are
113 fungible portions of an identified mass.

114 ~~[(q)]~~ (r) "Fault" means a default, breach, or wrongful act or omission.

115 ~~[(r)]~~ (s) "Fungible goods" means:

116 (i) goods of which any unit, by nature or usage of trade, is the equivalent of any other
117 like unit; or

118 (ii) goods that by agreement are treated as equivalent.

119 ~~[(s)]~~ (t) "Genuine" means free of forgery or counterfeiting.

120 ~~[(t)]~~ (u) "Good faith" means honesty in fact in the conduct or transaction concerned.

121 [~~(t)~~] (v) "Holder" means:

122 (i) the person in possession of a negotiable instrument that is payable either to bearer or
123 to an identified person that is the person in possession; or

124 (ii) the person in possession of a document of title if the goods are deliverable either to
125 bearer or to the order of the person in possession.

126 [~~(v)~~] (w) "Insolvency proceeding" includes an assignment for the benefit of creditors or
127 other proceeding intended to liquidate or rehabilitate the estate of the person involved.

128 [~~(w)~~] (x) "Insolvent" means:

129 (i) having generally ceased to pay debts in the ordinary course of business other than as
130 a result of bona fide dispute;

131 (ii) being unable to pay debts as they become due; or

132 (iii) being insolvent within the meaning of federal bankruptcy law.

133 [~~(x)~~] (y) (i) "Money" means a medium of exchange currently authorized or adopted by
134 a domestic or foreign government.

135 (ii) [~~The term includes~~] "Money" includes a monetary unit of account established by an
136 intergovernmental organization or by agreement between two or more countries.

137 (iii) "Money" does not include a central bank digital currency.

138 [~~(y)~~] (z) "Organization" means a person other than an individual.

139 [~~(z)~~] (aa) "Party," as distinguished from "third party," means a person that has engaged
140 in a transaction or made an agreement subject to this title.

141 [~~(aa)~~] (bb) "Person" means an individual, corporation, business trust, estate, trust,
142 partnership, limited liability company, association, joint venture, government, governmental
143 subdivision, agency, instrumentality, public corporation, or any other legal or commercial
144 entity.

145 [~~(bb)~~] (cc) "Present value" means the amount as of a date certain of one or more sums
146 payable in the future, discounted to the date certain by use of either an interest rate specified by
147 the parties if that rate is not manifestly unreasonable at the time the transaction is entered into
148 or, if an interest rate is not so specified, a commercially reasonable rate that takes into account
149 the facts and circumstances at the time the transaction is entered into.

150 [~~(cc)~~] (dd) "Purchase" means taking by sale, lease, discount, negotiation, mortgage,
151 pledge, lien, security interest, issue or reissue, gift, or any other voluntary transaction creating

152 an interest in property.

153 ~~[(dd)]~~ (ee) "Purchaser" means a person that takes by purchase.

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

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

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

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

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

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

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

182 (ii) in any other way to cause to be received any record or notice within the time it

183 would have arrived if properly sent.

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

186 ~~[(hh)]~~ (mm) "State" means a state of the United States, the District of Columbia, Puerto
187 Rico, the United States Virgin Islands, or any territory or insular possession subject to the
188 jurisdiction of the United States.

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

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

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

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

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

197 Section 3. **Effective date.**

198 This bill takes effect on May 1, 2024.