

SB 167 STAFF MEASURE SUMMARY

Carrier: Sen. Prozanski

Senate Committee On Judiciary**Action Date:** 02/05/25**Action:** Do pass.**Vote:** 5-1-0-0**Yeas:** 5 - Broadman, Gelser Blouin, Manning Jr, McLane, Prozanski**Nays:** 1 - Thatcher**Fiscal:** Has minimal fiscal impact**Revenue:** No revenue impact**Prepared By:** Tisha Pascone, LPRO Analyst**Meeting Dates:** 1/30, 2/5**WHAT THE MEASURE DOES:**

The measure updates Oregon's Uniform Commercial Code (UCC) to address digital assets and transactions of electronic money, and it sets criteria for who has control of the digital asset for determining who can transfer or enforce a right to the asset. The changes do not apply to transactions entered into before the effective date of the act or security interests perfected before the measure's effective date, and there is a one-year grace period for others. The measure modifies terminology throughout the Oregon UCC to incorporate electronic methods of communicating and transacting, such as electronic records and signatures. It also makes a technical correction in the voidable transactions law.

ISSUES DISCUSSED:

- Consistency with the model act and other states' adoption of UCC Article 12.
- UCC definition of money is tied to government authorization or adoption as legal tender.
- Consumer privacy interests in digital currency.
- Virtual currency in the UCC distinguished from Central Bank Currency.
- Inadvertent omission in HB 2330 (2023) relating to voidable transactions.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Uniform Commercial Code is a national model act regulating commercial transactions that encourages the free flow of commerce across state lines, with laws recommended by the American Law Institute and Uniform Law Commission. Oregon adopted its version of the UCC in 1961 and has amended it periodically to incorporate changes in the national model UCC. The model UCC added Article 12 in 2022 to address modern digital forms of assets and currency, and it made conforming changes throughout the existing UCC Articles. Prior to Article 12, digital assets were often classified as general intangibles, which did not fit well with how digital assets are used now and created confusion over who had rights to the asset and how they could be transferred. Approximately 25 states have adopted it into their state UCCs. The Debtor-Creditor Section of the Oregon State Bar brings Senate Bill 167 to adopt UCC Article 12 and related updates into the Oregon UCC.