

**Testimony before the Senate Judiciary Committee
in support of Senate Bill 167
On behalf of the Oregon State Bar
January 30, 2025**

Chair Prozanski, Vice Chair Thatcher and Members of the Committee:

For the record my name is Carl Bjerre. I am a member of the State of Oregon's Commission on Uniform State Laws, and I also serve as a professor of business law at the University of Oregon. I am testifying on behalf of the Debtor Creditor section of the bar.

This bill is put forth as part of the Oregon State Bar's Law Improvement Program, through which Practice Sections of the bar may initiate legislative efforts to improve and clarify law. The Oregon State Bar (OSB) is a public corporation and an instrumentality of the court with over 15,000 active members. The OSB serves the public interest by: regulating the legal profession and improving the quality of legal services; supporting the judiciary and improving the administration of justice; and advancing a fair, inclusive and accessible justice system.

SB 167

Senate Bill 167 makes changes to state law governing commerce in order to take account of new types of business transactions, notably including virtual currencies.

Today, virtual currencies – assets that are available only in digital form - constitute a high volume of commercial transactions and continue to see increased adoption. Prominent virtual currencies, like Bitcoin, are now household names. And transactions in them are governed already today by general provisions appearing in the Uniform Commercial Code (UCC). However, the UCC's existing general provisions are not well suited to the needs and expectations of buyers and sellers of virtual currencies, or of borrowers and lenders who use virtual currencies as collateral. The UCC governs every kind of property other than real estate – from household appliances to liquor licenses to trademarks. And now that our national economy has new patterns of business involving virtual currencies, it is time for the UCC to adapt its general provisions to meet those new needs.

The UCC has been adopted in similar forms by all 50 states, to govern commercial transactions and facilitate commerce across the nation. The UCC is occasionally updated to reflect developments in commerce, and in 2022 it was amended to address transactions involving virtual currencies, other blockchain or digital assets, and other electronic developments. The amendments have already been enacted by 25 states, including Washington and California. The

amendments are well crafted and non-partisan, and they were formulated based on years of outreach and consultation with experts in all of the affected constituencies.

This bill, initiated by the Oregon State Bar's Debtor-Creditor practice section, would adopt the amendments in Oregon as well.

Among the key changes included in the amendments are provisions that facilitate the use of virtual currency as collateral for loans. The amendments do this by providing a lender with control over the virtual currency with a perfected security interest, and with priority over the interests of lenders who do not have control. The amendments have similar provisions for transfers of full ownership of virtual currency (not just collateral); that is, the amendments reconcile potentially conflicting claims of ownership according to criteria including which party has control.

Other changes include the modernization of statutory terms that up until now have only applied to paper transactions. For example, the amendments redefine the term "**sign**" so that it includes electronic signatures, and they use the term "**record**" instead of "**writing**" in order to accommodate electronic documents.

It is important for business law to provide clarity and predictability for the parties to all buying/selling transactions, and to all borrowing/lending transactions. This holds true for virtual currency and other digital assets, too. This legislation is a timely response to the need for modernization that has emerged over the last several years. It will better integrate the newer assets into Oregon's existing commercial law framework and bring Oregon law into line with the modernizing that is under way nationwide.

Thank you for your consideration of Senate Bill 167. I am happy to answer any questions.