State of Arizona
House of Representatives
Fifty-third Legislature
First Regular Session
2017

HOUSE BILL 2417

AN ACT

AMENDING SECTION 44-7003, ARIZONA REVISED STATUTES; AMENDING TITLE 44, CHAPTER 26, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 5; RELATING TO ELECTRONIC TRANSACTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2   Section 1. Section 44-7003, Arizona Revised Statutes, is amended to
3 read:
4   44-7003. Scope
5   A. Except as otherwise provided in ~~subsection~~ SUBSECTIONS B AND C
6 of this section, this chapter applies to any electronic record and
7 electronic signature relating to a transaction.
8   B. FOR THE PURPOSES OF THIS ARTICLE AND ARTICLES 2, 3 AND 4 OF THIS
9 CHAPTER, this chapter does not apply to a transaction to the extent the
10 transaction is governed by:
11   1. Title 14 as it relates to the creation and execution of wills,
12 codicils or testamentary trusts.
13   2. Title 47, other than TITLE 47, chapters 2 and 2A and section
14 47-1306 and as otherwise provided in section 44-7016.
15   C. ARTICLE 5 OF THIS CHAPTER APPLIES ONLY TO TRANSACTIONS GOVERNED
16 BY TITLE 47, CHAPTERS 2, 2A AND 7.
17   ~~C.~~ D. This chapter applies to an electronic record or electronic
18 signature otherwise excluded from the application of this chapter under
19 subsection B OR C of this section to the extent the record or signature is
20 governed by a law other than those laws described in subsection B OR C of
21 this section.
22   ~~D.~~ E. Any transaction subject to this chapter is also subject to
23 any other applicable substantive law.
24   Sec. 2. Title 44, chapter 26, Arizona Revised Statutes, is amended
25 by adding article 5, to read:
26   ARTICLE 5. BLOCKCHAIN TECHNOLOGY
27   44-7061. Signatures and records secured through blockchain
28   technology; smart contracts; ownership of
29   information; definitions
30   A. A SIGNATURE THAT IS SECURED THROUGH BLOCKCHAIN TECHNOLOGY IS
31 CONSIDERED TO BE IN AN ELECTRONIC FORM AND TO BE AN ELECTRONIC SIGNATURE.
32   B. A RECORD OR CONTRACT THAT IS SECURED THROUGH BLOCKCHAIN
33 TECHNOLOGY IS CONSIDERED TO BE IN AN ELECTRONIC FORM AND TO BE AN
34 ELECTRONIC RECORD.
35   C. SMART CONTRACTS MAY EXIST IN COMMERCE. A CONTRACT RELATING TO A
36 TRANSACTION MAY NOT BE DENIED LEGAL EFFECT, VALIDITY OR ENFORCEABILITY
37 SOLELY BECAUSE THAT CONTRACT CONTAINS A SMART CONTRACT TERM.
38   D. NOTWITHSTANDING ANY OTHER LAW, A PERSON THAT, IN OR AFFECTING
39 INTERSTATE OR FOREIGN COMMERCE, USES BLOCKCHAIN TECHNOLOGY TO SECURE
40 INFORMATION THAT THE PERSON OWNS OR HAS THE RIGHT TO USE RETAINS THE SAME
41 RIGHTS OF OWNERSHIP OR USE WITH RESPECT TO THAT INFORMATION AS BEFORE THE
42 PERSON SECURED THE INFORMATION USING BLOCKCHAIN TECHNOLOGY. THIS
43 SUBSECTION DOES NOT APPLY TO THE USE OF BLOCKCHAIN TECHNOLOGY TO SECURE
44 INFORMATION IN CONNECTION WITH A TRANSACTION TO THE EXTENT THAT THE TERMS

1 OF THE TRANSACTION EXPRESSLY PROVIDE FOR THE TRANSFER OF RIGHTS OF
2 OWNERSHIP OR USE WITH RESPECT TO THAT INFORMATION.
3   E. FOR THE PURPOSES OF THIS SECTION:
4   1. "BLOCKCHAIN TECHNOLOGY" MEANS DISTRIBUTED LEDGER TECHNOLOGY THAT
5 USES A DISTRIBUTED, DECENTRALIZED, SHARED AND REPLICATED LEDGER, WHICH MAY
6 BE PUBLIC OR PRIVATE, PERMISSIONED OR PERMISSIONLESS, OR DRIVEN BY
7 TOKENIZED CRYPTO ECONOMICS OR TOKENLESS. THE DATA ON THE LEDGER IS
8 PROTECTED WITH CRYPTOGRAPHY, IS IMMUTABLE AND AUDITABLE AND PROVIDES AN
9 UNCENSORED TRUTH.
10   2. "SMART CONTRACT" MEANS AN EVENT-DRIVEN PROGRAM, WITH STATE, THAT
11 RUNS ON A DISTRIBUTED, DECENTRALIZED, SHARED AND REPLICATED LEDGER AND
12 THAT CAN TAKE CUSTODY OVER AND INSTRUCT TRANSFER OF ASSETS ON THAT LEDGER.