CHAPTER 97

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)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 44-7003, Arizona Revised Statutes, is amended to read:

44-7003. Scope
A. Except as otherwise provided in subsection SUBSECTIONS B AND C of this section, this chapter applies to any electronic record and electronic signature relating to a transaction.

B. FOR THE PURPOSES OF THIS ARTICLE AND ARTICLES 2, 3 AND 4 OF THIS CHAPTER, this chapter does not apply to a transaction to the extent the transaction is governed by:

1. Title 14 as it relates to the creation and execution of wills, codicils or testamentary trusts.

2. Title 47, other than TITLE 47, chapters 2 and 2A and section 47-1306 and as otherwise provided in section 44-7016.

C. ARTICLE 5 OF THIS CHAPTER APPLIES ONLY TO TRANSACTIONS GOVERNED BY TITLE 47, CHAPTERS 2, 2A AND 7.

D. This chapter applies to an electronic record or electronic signature otherwise excluded from the application of this chapter under subsection B OR C of this section to the extent the record or signature is governed by a law other than those laws described in subsection B OR C of this section.

E. Any transaction subject to this chapter is also subject to any other applicable substantive law.

Sec. 2. Title 44, chapter 26, Arizona Revised Statutes, is amended by adding article 5, to read:

ARTICLE 5. BLOCKCHAIN TECHNOLOGY

44-7061. Signatures and records secured through blockchain technology; smart contracts; ownership of information; definitions

A. A SIGNATURE THAT IS SECURED THROUGH BLOCKCHAIN TECHNOLOGY IS CONSIDERED TO BE IN AN ELECTRONIC FORM AND TO BE AN ELECTRONIC SIGNATURE.

B. A RECORD OR CONTRACT THAT IS SECURED THROUGH BLOCKCHAIN TECHNOLOGY IS CONSIDERED TO BE IN AN ELECTRONIC FORM AND TO BE AN ELECTRONIC RECORD.

C. SMART CONTRACTS MAY EXIST IN COMMERCE. A CONTRACT RELATING TO A TRANSACTION MAY NOT BE DENIED LEGAL EFFECT, VALIDITY OR ENFORCEABILITY SOLELY BECAUSE THAT CONTRACT CONTAINS A SMART CONTRACT TERM.

D. NOTWITHSTANDING ANY OTHER LAW, A PERSON THAT, IN OR AFFECTING INTERSTATE OR FOREIGN COMMERCE, USES BLOCKCHAIN TECHNOLOGY TO SECURE INFORMATION THAT THE PERSON OWNS OR HAS THE RIGHT TO USE RETAINS THE SAME RIGHTS OF OWNERSHIP OR USE WITH RESPECT TO THAT INFORMATION AS BEFORE THE PERSON SECURED THE INFORMATION USING BLOCKCHAIN TECHNOLOGY. THIS SUBSECTION DOES NOT APPLY TO THE USE OF BLOCKCHAIN TECHNOLOGY TO SECURE INFORMATION IN CONNECTION WITH A TRANSACTION TO THE EXTENT THAT THE TERMS
OF THE TRANSACTION EXPRESSLY PROVIDE FOR THE TRANSFER OF RIGHTS OF
OWNERSHIP OR USE WITH RESPECT TO THAT INFORMATION.

E. FOR THE PURPOSES OF THIS SECTION:

1. "BLOCKCHAIN TECHNOLOGY" MEANS DISTRIBUTED LEDGER TECHNOLOGY THAT
USES A DISTRIBUTED, DECENTRALIZED, SHARED AND REPLICATED LEDGER, WHICH MAY
BE PUBLIC OR PRIVATE, PERMISSIONED OR PERMISSIONLESS, OR DRIVEN BY
TOKENIZED CRYPTO ECONOMICS OR TOKENLESS. THE DATA ON THE LEDGER IS
PROTECTED WITH CRYPTOGRAPHY, IS IMMUTABLE AND AUDITABLE AND PROVIDES AN
UNCENSORED TRUTH.

2. "SMART CONTRACT" MEANS AN EVENT-DRIVEN PROGRAM, WITH STATE, THAT
RUNS ON A DISTRIBUTED, DECENTRALIZED, SHARED AND REPLICATED LEDGER AND
THAT CAN TAKE CUSTODY OVER AND INSTRUCT TRANSFER OF ASSETS ON THAT LEDGER.

APPROVED BY THE GOVERNOR MARCH 29, 2017.