REFERENCE TITLE: electronic documents; signatures; wills; trusts

State of Arizona Senate Fifty-third Legislature First Regular Session 2017

SB 1298

Introduced by Senators Worsley: Borrelli, Brophy McGee, Burges, Fann; Representative Shope

AN ACT

AMENDING TITLE 14, CHAPTER 2, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 14-2500; AMENDING SECTIONS 14-2502, 14-2504, 14-2510, 14-2511 AND 14-2513, ARIZONA REVISED STATUTES; AMENDING TITLE 14, CHAPTER 2, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 14-2518 AND 14-2519; AMENDING SECTIONS 14-10103 AND 14-10109, ARIZONA REVISED STATUTES; AMENDING TITLE 14, CHAPTER 11, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 14-10206; AMENDING TITLE 14, CHAPTER 11, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 14-10419; AMENDING SECTIONS 44-7002 AND 44-7003, ARIZONA REVISED STATUTES; RELATING TO ELECTRONIC DOCUMENTS AND SIGNATURES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona: Section 1. Title 14, chapter 2, article 5, Arizona Revised 2 Statutes, is amended by adding section 14-2500, to read: 3 4 14-2500. Definitions IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES: 5 6 1. "AUTHENTICATION METHOD" MEANS A METHOD OF AUTHENTICATING AN 7 ELECTRONIC WILL THAT MEETS THE REQUIREMENTS PRESCRIBED IN SECTION 14-2519. 2. "ELECTRONIC RECORD" HAS THE SAME MEANING PRESCRIBED IN SECTION 8 9 44-7002. 10 3. "ELECTRONIC SIGNATURE" HAS THE SAME MEANING PRESCRIBED IN 11 SECTION 44-7002. 12 4. "ELECTRONIC WILL" MEANS A WILL OR CODICIL THAT IS CREATED AND MAINTAINED AS AN ELECTRONIC RECORD AND THAT MEETS THE REQUIREMENTS 13 14 PRESCRIBED IN SECTION 14-2519. 5. "EXECUTED" OR "SIGNED" INCLUDES THE USE OF AN ELECTRONIC 15 16 SIGNATURE. 17 6. "TRUST" INCLUDES AN ELECTRONIC TRUST INSTRUMENT AS DEFINED IN SECTION 14-10103. 18 19 7. "WILL" INCLUDES AN ELECTRONIC WILL. 8. "WRITING" OR "WRITTEN" INCLUDES THE USE OF AN ELECTRONIC RECORD. 20 21 Sec. 2. Section 14-2502, Arizona Revised Statutes, is amended to 22 read: 23 14-2502. Execution; witnessed wills; holographic wills 24 A. Except as provided in sections 14-2503, 14-2506 and 14-2513, a 25 will shall be: 26 1. In writing. 27 2. Signed by the testator or in the testator's name by some other individual in the testator's conscious presence and by the testator's 28 29 direction. 30 3. Signed by at least two people, each of whom signed within a 31 reasonable time after that person witnessed either the signing of the will 32 as described in paragraph 2 OF THIS SUBSECTION or the testator's acknowledgment of that signature or acknowledgment of the will. THE 33 34 SIGNATURE OR ACKNOWLEDGEMENT MAY BE WITNESSED IN PERSON OR BY MEANS OF A 35 TWO-WAY AUDIO AND VIDEO CONFERENCE. 36 B. Intent that the document constitute the testator's will can be 37 established by extrinsic evidence, including, for holographic wills under 38 section 14-2503, portions of the document OR RECORD that are not in the 39 testator's handwriting. 40 Sec. 3. Section 14-2504, Arizona Revised Statutes, is amended to 41 read: 42 14-2504. <u>Self-proved wills; sample form; signature</u> 43 requirements A. A will may be simultaneously executed, attested and made 44 45 self-proved by its acknowledgment by the testator and by affidavits of the witnesses if the acknowledgment and affidavits are made before an officer authorized to administer oaths under the laws of the state in which execution occurs and are evidenced by the officer's certificate, under official seal, in substantially the following form:

5 I, _____, the testator, sign my name to this 6 instrument this _____ day of _____, and being first 7 duly sworn, do declare to the undersigned authority that I 8 sign and execute this instrument as my will and that I sign it 9 willingly, or willingly direct another to sign for me, that I 10 execute it as my free and voluntary act for the purposes expressed in that document and that I am eighteen years of age 11 12 or older, of sound mind and under no constraint or undue 13 influence.

Testator

We, _____, ____, the witnesses, sign our names to this instrument being first duly sworn and do declare to the undersigned authority that the testator signs and executes this instrument as his/her will and that he/she signs it willingly, or willingly directs another to sign for him/her, and that each of us, in the presence and hearing of the testator, signs this will as witness to the testator's signing and that to the best of our knowledge the testator is eighteen years of age or older, of sound mind and under no constraint or undue influence.

Witness

Witness

The State of _____ County of _____

Subscribed, sworn to and acknowledged before me by ______, the testator, and subscribed and sworn to before me by ______ and _____, witnesses, this _____ day of ______. (Seal)

37 38

14 15

16

17

18

19 20

21 22

23

24 25

26 27

28 29

30

31 32

33

34

35

36

39

(Official capacity of officer)

(Signed)_____

B. An attested will may be made self-proved at any time after its execution by its acknowledgment by the testator and the affidavits of the witnesses, each made before an officer authorized to administer oaths under the laws of the state in which the acknowledgment occurs and evidenced by the officer's certificate, under the official seal, attached

1	or annexed to the will OR LOGICALLY ASSOCIATED WITH AN ELECTRONIC WILL in
2	substantially the following form:
3	The State of
4	County of
5	We,,, and,
6	the testator and the witnesses, respectively, whose names are
7	signed to the attached or foregoing instrument being first
8	duly sworn do declare to the undersigned authority that the
9	testator signed and executed the instrument as the testator's
10	will and that he/she signed willingly, or willingly directed
11	another to sign for him/her, and that he/she executed it as
12	his/her free and voluntary act for the purposes expressed in
13	that document, and that each of the witnesses, in the presence
14	and hearing of the testator, signed the will as witness and
15	that to the best of his/her knowledge the testator was at that
16	time eighteen years of age or older, of sound mind and under
17	no constraint or undue influence.
18 19	Testator
20	restator
21	Witness
22	WICHCSS
23	Witness
24	Subscribed, sworn to and acknowledged before me by
25	, the testator, and subscribed and sworn to before
26	me by and, witnesses, this day
27	of
28	(Seal)
29	(Signed)
30	
31	(Official capacity of officer)
32	C. A signature affixed to OR LOGICALLY ASSOCIATED WITH a
33	self-proving affidavit attached to a will OR LOGICALLY ASSOCIATED WITH AN
34	ELECTRONIC WILL is considered a signature affixed to OR LOGICALLY
35	ASSOCIATED WITH the will, if necessary to prove the will's due execution.
36	Sec. 4. Section 14–2510, Arizona Revised Statutes, is amended to
37	read:
38	14-2510. <u>Incorporating outside document into a will;</u>
39	requirements
40	A testator may incorporate a written document OR RECORD into the
41	testator's will by reference if the following requirements are met:
42	1. The document OR RECORD exists at the time the testator executes
43 44	the will. 2. The will's language manifests the testator's intent to
44 45	2. The will's language manifests the testator's intent to incorporate this document OR RECORD.
+J	Theorporate tills document of Record.

1 3. The will's language describes the document OR RECORD with enough 2 specificity to allow its identification.

3 Sec. 5. Section 14-2511, Arizona Revised Statutes, is amended to 4 read:

5 6 14-2511. <u>Testamentary additions to trusts; requirements;</u> effect of revocation

7 A. A will may validly devise property to the trustee of a trust 8 established or to be established:

9 1. During the testator's lifetime by the testator alone, by the 10 testator and some other person or by some other person, including a funded 11 or unfunded life insurance trust, even if the settlor has reserved any or 12 all rights of ownership of the insurance contracts.

2. At the testator's death by the testator's devise to the trustee 13 14 if the trust is identified in the testator's will and its terms are set 15 forth in a written instrument OR OTHER RECORD other than a will executed 16 before, concurrently with or after the execution of the testator's will or 17 in another individual's will if that other individual has predeceased the 18 testator, regardless of the existence, size or character of the corpus of the trust. The devise is not invalid because the trust is amendable or 19 20 revocable or because the trust was amended after the execution of the will 21 or after the testator's death.

B. Unless the testator's will provides otherwise, property devised to a trust described in subsection A OF THIS SECTION is not held under a testamentary trust of the testator but becomes a part of the trust to which it is devised and must be administered and disposed of in accordance with the provisions of the governing instrument that states the terms of the trust, including any amendments made before or after the testator's death.

29 C. Unless the testator's will provides otherwise, a revocation or 30 termination of the trust before the testator's death causes the devise to 31 lapse.

32 Sec. 6. Section 14-2513, Arizona Revised Statutes, is amended to 33 read:

34

14-2513. <u>References to separate lists; requirements</u>

A. Notwithstanding section 14-2503 relating to holographic wills, a will may refer to a written statement or list OR AN ELECTRONIC RECORD OF A WRITTEN STATEMENT OR LIST to dispose of items of tangible personal property other than money and not otherwise specifically disposed of by the will.

40 B. To be admissible under this section as evidence of the intended 41 disposition, the writing shall either be in the testator's handwriting or 42 be signed by the testator and shall describe the items and the devisees 43 with reasonable certainty.

44 C.

C. The writing may be:

1 1. Referred to as one to be in existence at the time of the 2 testator's death. 2. Prepared before or after the execution of the will. 3 4 3. Altered by the testator after its preparation. 5 4. A writing that has no significance apart from its effect on the 6 dispositions made by the will. 7 Sec. 7. Title 14, chapter 2, article 5, Arizona Revised Statutes, 8 is amended by adding sections 14-2518 and 14-2519, to read: 9 14-2518. <u>Video</u> recording or other electronic record; 10 admissibility 11 SUBJECT TO COURT RULE, A VIDEO RECORDING OR OTHER ELECTRONIC RECORD 12 IS ADMISSIBLE AS EVIDENCE OF THE FOLLOWING: 1. THE PROPER EXECUTION OF A WILL. 13 14 2. THE INTENTIONS OF THE TESTATOR. 3. THE MENTAL STATE OR CAPACITY OF THE TESTATOR. 15 4. THE AUTHENTICITY OF THE WILL. 16 17 5. MATTERS THAT ARE DETERMINED BY THE COURT TO BE RELEVANT TO THE PROBATE OF A WILL. 18 14-2519. Electronic will requirements; authentication; 19 20 execution in this state 21 A. AN ELECTRONIC WILL MUST: 1. CONTAIN THE ELECTRONIC SIGNATURE OF THE TESTATOR. 22 23 2. CONTAIN THE DATE AND TIME OF THE ELECTRONIC SIGNATURE. 24 3. INCLUDE AN AUTHENTICATION METHOD THAT IS ATTACHED TO OR 25 LOGICALLY ASSOCIATED WITH THE ELECTRONIC WILL TO IDENTIFY THE TESTATOR. 4. BE CREATED AND MAINTAINED IN SUCH A MANNER THAT ANY ALTERATION 26 OF THE ELECTRONIC WILL IS DETECTABLE. 27 5. OTHERWISE MEET THE REQUIREMENTS OF TITLE 44, CHAPTER 26. 28 29 B. THE AUTHENTICATION METHOD OF AN ELECTRONIC WILL MUST INCLUDE A 30 COPY OF THE TESTATOR'S VALID DRIVER LICENSE, PASSPORT OR OTHER GOVERNMENT-ISSUED IDENTIFICATION CARD AND AT LEAST ONE OF THE FOLLOWING: 31 32 1. A KNOWLEDGE-BASED AUTHENTICATION METHOD. 2. A DIGITAL CERTIFICATE USING A PUBLIC KEY INFRASTRUCTURE. 33 34 3. A PHYSICAL DEVICE SUCH AS A SMART CARD, A UNIVERSAL SERIAL BUS 35 PLUG-IN OR SOME OTHER TYPE OF TOKEN. 36 4. A BIOMETRIC IDENTIFICATION, INCLUDING A FINGERPRINT, A RETINAL 37 SCAN, VOICE OR FACIAL RECOGNITION OR A VIDEO RECORDING OF THE TESTATOR. 38 5. ELECTRONIC NOTARIZATION THAT IS IN ACCORDANCE WITH APPLICABLE 39 IAW. 40 6. SOME OTHER COMMERCIALLY REASONABLE METHOD. C. AN ELECTRONIC WILL IS DEEMED TO BE EXECUTED IN THIS STATE IF 41 42 EITHER OF THE FOLLOWING APPLIES: 1. THE ELECTRONIC WILL STATES THAT IT IS GOVERNED BY THE LAWS OF 43 44 THIS STATE.

1 2. THE PERSON WHO EXECUTES THE ELECTRONIC WILL STATES THAT IT IS BEING EXECUTED PURSUANT TO THE LAWS OF THIS STATE. 2 Sec. 8. Section 14-10103, Arizona Revised Statutes, is amended to 3 4 read: 5 14-10103. Definitions 6 In this chapter, unless the context otherwise requires: 7 1. "Action", with respect to an act of a trustee, includes a 8 failure to act. 9 2. "AUTHENTICATION METHOD" MEANS A METHOD OF AUTHENTICATING AN 10 ELECTRONIC TRUST INSTRUMENT THAT MEETS THE REQUIREMENTS PRESCRIBED IN SECTION 14-10419. 11 12 2. 3. "Beneficiary" means a person who either: 13 (a) Has a present or future beneficial interest in a trust, vested 14 or contingent. 15 (b) In a capacity other than that of a trustee, holds a power of 16 appointment over trust property. 17 3. 4. "Charitable trust" means a trust, or portion of a trust, 18 created for a charitable purpose described in section 14-10405, subsection A. 19 20 4. 5. "Conservator" means a person appointed by the court to 21 administer the estate of a minor or an adult. 22 5. 6. "Distributee" means a person who receives property from a 23 trust other than as a creditor or purchaser. 24 7. "ELECTRONIC RECORD" HAS THE SAME MEANING PRESCRIBED IN SECTION 25 44-7002. 8. "ELECTRONIC SIGNATURE" HAS THE SAME MEANING PRESCRIBED 26 ΙN 27 SECTION 44-7002. 9. "ELECTRONIC TRUST INSTRUMENT" MEANS A TRUST INSTRUMENT THAT IS 28 29 CREATED AND MAINTAINED AS AN ELECTRONIC RECORD AND THAT MEETS THE 30 REQUIREMENTS PRESCRIBED IN SECTION 14-10419. 6. 10. "Environmental law" means a federal, state or local law, 31 32 rule, regulation or ordinance relating to protection of the environment. 11. "EXECUTED" OR "SIGNED" INCLUDES THE USE OF AN ELECTRONIC 33 34 SIGNATURE. 35 7. 12. "Guardian" means a person appointed by the court to make 36 decisions regarding the support, care, education, health and welfare of a 37 minor or an adult. Guardian does not include a guardian ad litem. 38 8. 13. "Interests of the beneficiaries" means the beneficial 39 interests provided in the terms of the trust. 40 9. 14. "Internal revenue code" has the same meaning prescribed in section 43-105. 41 10. 15. "Jurisdiction", with respect to a geographic area, 42 43 includes a state or country. 11. 16. "Person" means an individual, corporation, business trust, 44 estate, trust, partnership, limited liability company, association, joint 45

venture, government, governmental subdivision, agency or instrumentality,
public corporation or any other legal or commercial entity.

3 12. 17. "Power of withdrawal" means a presently exercisable
4 general power of appointment other than a power exercisable either:

5

(a) By a trustee and limited by an ascertainable standard.

6 (b) By a person other than in a fiduciary capacity and only on the 7 consent of the trustee or a person holding an adverse interest.

8 13. 18. "Property" means anything that may be the subject of 9 ownership, whether real or personal, legal or equitable, or any interest 10 in anything that may be the subject of ownership.

11 14. 19. "Qualified beneficiary" means a beneficiary who, on the 12 date the beneficiary's qualification is determined:

13 (a) Is a distributee or permissible distributee of trust income or 14 principal.

15 (b) Would be a distributee or permissible distributee of trust 16 income or principal if the interests of the distributees described in 17 subdivision (a) of this paragraph terminated on that date.

18 (c) Would be a distributee or permissible distributee of trust 19 income or principal if the trust terminated on that date.

20 15. 20. "Revocable", as applied to a trust or a portion of a 21 trust, means revocable by a settlor without the consent of any person, 22 including the trustee or a person who holds an interest that is either 23 adverse or not adverse.

16. 21. "Settlor" means a person, including a testator, who creates or contributes property to a trust. If more than one person creates or contributes property to a trust, each person is a settlor of the portion of the trust property attributable to that person's contribution except to the extent another person has the power to revoke or withdraw that portion.

30 17. 22. "Special needs trust" means a trust established for the 31 benefit of one or more persons with disabilities if one of the purposes of 32 the trust, expressed in the trust instrument or implied from the trust 33 instrument, is to allow the person with a disability to qualify or 34 continue to qualify for public, charitable or private benefits that might 35 otherwise be available to the person with a disability. The existence of 36 one or more remainder beneficiaries without a disability of the trust 37 shall not disqualify it as a special needs trust for the purposes of this 38 paragraph. For the purposes of this paragraph, "person with a disability" 39 means an individual who has a disability pursuant to 42 United States Code 40 section 1382c.

41 18. 23. "Spendthrift provision" means a term of a trust that 42 restrains either voluntary or involuntary transfer of a beneficiary's 43 interest.

44 19. 24. "State" means a state of the United States, the District 45 of Columbia, Puerto Rico, the United States Virgin Islands or any 1 territory or insular possession subject to the jurisdiction of the United 2 States. State includes an Indian tribe or band recognized by federal law 3 or formally acknowledged by a state.

4 20. 25. "Terms of a trust" means the manifestation of the 5 settlor's intent regarding a trust's provisions as expressed in the trust 6 instrument or as may be established by other evidence that would be 7 admissible in a judicial proceeding.

8 21. 26. "Trust instrument" means an instrument executed by the 9 settlor that contains terms of the trust, including any amendments to that 10 trust, AND INCLUDES AN ELECTRONIC TRUST INSTRUMENT.

11 22. 27. "Trustee" includes an original, additional and successor 12 trustee and a cotrustee.

13 28. "WRITING" OR "WRITTEN" INCLUDES THE USE OF AN ELECTRONIC 14 RECORD.

15 Sec. 9. Section 14–10109, Arizona Revised Statutes, is amended to 16 read:

17

14-10109. Methods and waiver of notice

18 A. Notice to a person under this chapter or the sending of a 19 document OR AN ELECTRONIC DOCUMENT to a person under this chapter must be 20 accomplished in a manner reasonably suitable under the circumstances and 21 likely to result in receipt of the notice, or document OR ELECTRONIC 22 **RECORD.** Permissible methods of notice or for sending a document include first class mail, personal delivery, delivery to the person's last known 23 24 place of residence or place of business or a properly directed electronic 25 message OR RECORD.

B. Notice otherwise required under this chapter or a document OR AN ELECTRONIC RECORD otherwise required to be sent under this chapter need not be provided to a person whose identity or location is unknown to and not reasonably ascertainable by the trustee.

30 C. Notice under this chapter or the sending of a document OR AN 31 ELECTRONIC RECORD under this chapter may be waived by the person to be 32 notified or sent the document.

D. Notice of a judicial proceeding must be given pursuant to section 14-1401.

35 Sec. 10. Title 14, chapter 11, article 2, Arizona Revised Statutes, 36 is amended by adding section 14–10206, to read:

37 38

- 14-10206. <u>Video recording or other electronic record;</u> <u>admissibility; execution in this state</u>
- 39 SUBJECT TO COURT RULE, A VIDEO RECORDING OR OTHER ELECTRONIC RECORD40 IS ADMISSIBLE AS EVIDENCE OF THE FOLLOWING:
- 41 1. THE PROPER EXECUTION OF A TRUST INSTRUMENT.
- 42 2. THE INTENTIONS OF THE SETTLOR.
- 43 3. THE MENTAL STATE OR CAPACITY OF THE SETTLOR.
- 44 4. THE AUTHENTICITY OF THE TRUST INSTRUMENT.

1 5. MATTERS THAT ARE DETERMINED BY THE COURT TO BE RELEVANT TO THE 2 ADMINISTRATION OF A TRUST. Sec. 11. Title 14, chapter 11, article 4, Arizona Revised Statutes, 3 4 is amended by adding section 14-10419, to read: 5 14-10419. Electronic trust instrument requirements; 6 authentication; execution in this state 7 A. AN ELECTRONIC TRUST INSTRUMENT MUST: 8 1. CONTAIN THE ELECTRONIC SIGNATURE OF THE SETTLOR. 9 2. CONTAIN THE DATE AND TIME OF THE ELECTRONIC SIGNATURE. 10 3. CONTAIN THE TERMS OF THE TRUST, INCLUDING ANY AMENDMENTS TO THE TERMS OF THE TRUST. 11 12 4. INCLUDE AN AUTHENTICATION METHOD THAT IS ATTACHED TO 0R 13 LOGICALLY ASSOCIATED WITH THE ELECTRONIC TRUST INSTRUMENT TO IDENTIFY THE 14 SETTLOR. 15 5. BE CREATED AND MAINTAINED IN SUCH A MANNER THAT ANY ALTERATION 16 OF THE ELECTRONIC TRUST INSTRUMENT IS DETECTABLE. 17 6. OTHERWISE MEET THE REQUIREMENTS OF TITLE 44, CHAPTER 26. 18 B. THE AUTHENTICATION METHOD OF AN ELECTRONIC TRUST INSTRUMENT MUST INCLUDE A COPY OF THE SETTLOR'S VALID DRIVER LICENSE. PASSPORT OR OTHER 19 20 GOVERNMENT-ISSUED IDENTIFICATION CARD AND AT LEAST ONE OF THE FOLLOWING: 21 1. A KNOWLEDGE-BASED AUTHENTICATION METHOD. 2. A DIGITAL CERTIFICATE USING A PUBLIC KEY INFRASTRUCTURE. 22 23 3. A PHYSICAL DEVICE SUCH AS A SMART CARD, A UNIVERSAL SERIAL BUS 24 PLUG-IN OR SOME OTHER TYPE OF TOKEN. 4. A BIOMETRIC IDENTIFICATION, INCLUDING A FINGERPRINT, A RETINAL 25 26 SCAN, VOICE OR FACIAL RECOGNITION OR A VIDEO RECORDING OF THE TESTATOR. 27 5. SOME OTHER COMMERCIALLY REASONABLE METHOD. 28 C. AN ELECTRONIC TRUST INSTRUMENT IS DEEMED TO BE EXECUTED IN THIS 29 STATE IF EITHER OF THE FOLLOWING APPLIES: 30 1. THE ELECTRONIC TRUST INSTRUMENT STATES THAT IT IS GOVERNED BY 31 THE LAWS OF THIS STATE. 32 THE PERSON EXECUTING THE ELECTRONIC TRUST INSTRUMENT STATES THAT IT IS BEING EXECUTED PURSUANT TO THE LAWS OF THIS STATE. 33 34 Sec. 12. Section 44-7002, Arizona Revised Statutes, is amended to 35 read: 36 44-7002. Definitions 37 In this chapter, unless the context otherwise requires: 38 1. "Agreement" means the bargain of the parties in fact, as found 39 in their language or inferred from other circumstances and from rules, 40 regulations and procedures that are given the effect of agreements under laws otherwise applicable to a particular transaction. 41 2. "Automated transaction" means a transaction that is conducted or 42 performed, in whole or in part, by electronic means or electronic records 43 44 and in which the acts or records of one or both parties are not reviewed 45 by an individual in the ordinary course in forming a contract, performing 1 under an existing contract or fulfilling an obligation that is required by 2 the transaction.

3. "Computer program" means a set of statements or instructions to 4 be used directly or indirectly in an information processing system in 5 order to bring about a certain result.

6 4. "Contract" means the total legal obligation resulting from the 7 parties' agreement as affected by this chapter and any other applicable 8 law.

9 5. "Electronic" means relating to technology that has electrical, 10 digital, magnetic, wireless, optical or electromagnetic capabilities or 11 similar capabilities.

12 6. "Electronic agent" means a computer program or an electronic or 13 other automated means that is used independently to initiate an action or 14 respond to electronic records or performances, in whole or in part, 15 without review or action by an individual.

16 7. "Electronic record" means a record that is created, generated, 17 sent, communicated, received or stored by electronic means.

8. "Electronic signature" means an electronic sound, symbol or process that is attached to or logically associated with a record and that is executed or adopted by an individual with the intent to sign the record.

9. "Governmental agency" means an executive, legislative or judicial agency, department, board, commission, authority, institution or instrumentality of the federal government or a state or of a county or municipality or other political subdivision of a state.

26 10. "Information" means data, text, images, sounds, codes, computer
27 programs, software or databases or similar items.

28 11. "Information processing system" means an electronic system for 29 creating, generating, sending, receiving, storing, displaying or 30 processing information.

31 12. "Person" means an individual, corporation, business trust, 32 estate, trust, partnership, limited liability company, association, joint 33 venture, governmental agency or public corporation or any other legal or 34 commercial entity.

35 13. "Record" means information that is inscribed on a tangible 36 medium or that is stored in an electronic or other medium and that is 37 retrievable in perceivable form.

14. "Security procedure" means a procedure that is employed to verify that an electronic signature, record or performance is that of a specific person or to detect changes or errors in the information in an electronic record. Security procedure includes a procedure that requires the use of algorithms or other codes, identifying words or numbers or encryption, callback or other acknowledgment procedures.

44 15. "State" means a state of the United States, the District of 45 Columbia, Puerto Rico, the United States Virgin Islands or any territory or insular possession subject to the jurisdiction of the United States.
State includes an Indian tribe or band or Alaskan native village that is
recognized by federal law or formally acknowledged by another state.

16. "State agency" means any department, commission, board, institution or other agency of the THIS state that receives, expends or disburses state funds or incurs obligations of the THIS state, including the Arizona board of regents but excluding the universities under the jurisdiction of the Arizona board of regents, the community college districts and the legislative or judicial branches.

10 17. "Transaction" means an action or set of actions occurring 11 between two or more persons relating to the conduct of business, 12 commercial or governmental affairs, INCLUDING THE APPOINTMENT OF AN 13 ATTORNEY IN FACT UNDER A POWER OF ATTORNEY TO THE EXTENT OTHERWISE 14 AUTHORIZED BY THE LAWS OF THIS STATE.

15 Sec. 13. Section 44–7003, Arizona Revised Statutes, is amended to 16 read:

44-7003. <u>Scope</u>

17

A. Except as otherwise provided in subsection B of this section,
this chapter applies to any electronic record and electronic signature
relating to a transaction.

B. This chapter does not apply to a transaction to the extent the transaction is governed by:

Title 14 as it relates to the creation and execution of wills,
codicils or testamentary trusts, EXCEPT AS PROVIDED IN TITLE 14, CHAPTER
ARTICLE 5 AND CHAPTER 11.

26 2. Title 47, other than chapters 2 and 2A and section 47-1306 and 27 as otherwise provided in section 44-7016.

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

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