



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 1084

PRINTER'S NO. 1440

PRIME SPONSOR: Rothman

COST / (SAVINGS)

FUND	FY 2023/24	FY 2024/25
General Fund	\$0	\$0

SUMMARY:

Amends Titles 13 (Commercial Code) to modernize the Uniform Commercial Code for transactions involving controllable electronic records and amends Title 20 (Decedents, Estates and Fiduciaries) to provide for digital assets.

ANALYSIS:

Senate Bill 1084, Printer's Number 1440 amends Titles 13 and 20 of the Pennsylvania Consolidated Statutes. It establishes a new Division 12 that makes comprehensive updates to govern transactions involving Controllable Electronic Records (CERs). The bill amends Division 3 (Negotiable Instruments) to remove requirements for drafts and bills to be exchanged in physical form with a signature and allows a payee to receive payment from a drawer by transmission of an image.

It amends Division 5 (Letters of Credit) to be consistent with Division 12 regarding documents of title. It similarly amends Division 12 (Warehouse Receipts, Bills of Lading and Other Documents of Title) to clarify control of an electronic document of title.

Division 8 (Investment Securities) is amended to add language regarding control of accounts. Division 9 (Secured Transaction) is amended to clarify that a third party may control a deposit account if their control is acknowledged.

Newly established Division 12 (Controllable Electronic Records) adds new defined terms. A CER is defined as a record stored in an electronic medium that can be subjected to control. The term does not include a controllable account, a controllable payment intangible, a deposit account, an electronic copy of a record evidencing chattel paper, an electronic document of title, investment property, a transferable record or an electronic record that is currently authorized or adopted by a domestic or foreign government and is not a medium of exchange that was recorded and transferable in a system that existed and operated for the medium of exchange before the medium of exchange was authorized or adopted by a government. The definition does include various cryptocurrencies.

Division 12 details how an individual or third party may control a CER and establishes a free-take provision for qualified purchasers who acquire a CER without notice of a competing interest.

The act takes effect in 60 days.

FISCAL IMPACT:

This amendment would have no fiscal impact to the commonwealth.

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House Appropriations Committee (D)

DATE: June 26, 2024

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.