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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 3394

02/12/2024 Authored by Engen
The bill was referred to the Committee on Commerce Finance and Policy

1.1 A bill for an act
1.2 relating to commerce; defining "central bank digital currency" and revising the
1.3 definition of "money" for purposes of the Uniform Commercial Code; amending
1.4 Minnesota Statutes 2022, section 336.1-201.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2022, section 336.1-201, is amended to read:

1.7 336.1-201 GENERAL DEFINITIONS.

1.8 (a) Unless the context otherwise requires, words or phrases defined in this section, or
1.9 in the additional definitions contained in other articles of the Uniform Commercial Code
1.10 that apply to particular articles or parts thereof, have the meanings stated.

1.11 (b) Subject to definitions contained in other articles of the Uniform Commercial Code
1.12 that apply to particular articles or parts thereof:

1.13 (1) "Action," in the sense of a judicial proceeding, includes recoupment, counterclaim,
1.14 setoff, suit in equity, and any other proceeding in which rights are determined.

1.15 (2) "Aggrieved party" means a party entitled to pursue a remedy.

1.16 (3) "Agreement," as distinguished from "contract," means the bargain of the parties in
1.17 fact, as found in their language or inferred from other circumstances, including course of
1.18 performance, course of dealing, or usage of trade as provided in section 336.1-303.

1.19 (4) "Bank" means a person engaged in the business of banking and includes a savings
1.20 bank, savings and loan association, credit union, and trust company.

2.1 (5) "Bearer" means a person in control of a negotiable electronic document of title or a
2.2 person in possession of a negotiable instrument, negotiable tangible document of title, or
2.3 certificated security that is payable to bearer or indorsed in blank.

2.4 (6) "Bill of lading" means a document of title evidencing the receipt of goods for shipment
2.5 issued by a person engaged in the business of directly or indirectly transporting or forwarding
2.6 goods. The term does not include a warehouse receipt.

2.7 (7) "Branch" includes a separately incorporated foreign branch of a bank.

2.8 (8) "Burden of establishing" a fact means the burden of persuading the trier of fact that
2.9 the existence of the fact is more probable than its nonexistence.

2.10 (9) "Buyer in ordinary course of business" means a person that buys goods in good faith,
2.11 without knowledge that the sale violates the rights of another person in the goods, and in
2.12 the ordinary course from a person, other than a pawnbroker, in the business of selling goods
2.13 of that kind. A person buys goods in the ordinary course if the sale to the person comports
2.14 with the usual or customary practices in the kind of business in which the seller is engaged
2.15 or with the seller's own usual or customary practices. A person that sells oil, gas, or other
2.16 minerals at the wellhead or minehead is a person in the business of selling goods of that
2.17 kind. A buyer in ordinary course of business may buy for cash, by exchange of other property,
2.18 or on secured or unsecured credit, and may acquire goods or documents of title under a
2.19 preexisting contract for sale. Only a buyer that takes possession of the goods or has a right
2.20 to recover the goods from the seller under article 2 may be a buyer in ordinary course of
2.21 business. "Buyer in ordinary course of business" does not include a person that acquires
2.22 goods in a transfer in bulk or as security for or in total or partial satisfaction of a money
2.23 debt.

2.24 (10) "Conspicuous," with reference to a term, means so written, displayed, or presented
2.25 that a reasonable person against which it is to operate ought to have noticed it. Whether a
2.26 term is "conspicuous" or not is a decision for the court. Conspicuous terms include the
2.27 following:

2.28 (A) a heading in capitals equal to or greater in size than the surrounding text, or in
2.29 contrasting type, font, or color to the surrounding text of the same or lesser size; and

2.30 (B) language in the body of a record or display in larger type than the surrounding text,
2.31 or in contrasting type, font, or color to the surrounding text of the same size, or set off from
2.32 surrounding text of the same size by symbols or other marks that call attention to the
2.33 language.

3.1 (11) "Consumer" means an individual who enters into a transaction primarily for personal,
3.2 family, or household purposes.

3.3 (12) "Contract," as distinguished from "agreement," means the total legal obligation that
3.4 results from the parties' agreement as determined by the Uniform Commercial Code as
3.5 supplemented by any other applicable laws.

3.6 (13) "Creditor" includes a general creditor, a secured creditor, a lien creditor, and any
3.7 representative of creditors, including an assignee for the benefit of creditors, a trustee in
3.8 bankruptcy, a receiver in equity, and an executor or administrator of an insolvent debtor's
3.9 or assignor's estate.

3.10 (14) "Defendant" includes a person in the position of defendant in a counterclaim,
3.11 cross-claim, or third-party claim.

3.12 (15) "Delivery," with respect to an electronic document of title means voluntary transfer
3.13 of control and with respect to an instrument, a tangible document of title, or chattel paper,
3.14 means voluntary transfer of possession.

3.15 (16) "Document of title" means a record (i) that in the regular course of business or
3.16 financing is treated as adequately evidencing that the person in possession or control of the
3.17 record is entitled to receive, control, hold, and dispose of the record and the goods the record
3.18 covers, and (ii) that purports to be issued by or addressed to a bailee and to cover goods in
3.19 the bailee's possession which are either identified or are fungible portions of an identified
3.20 mass. The term includes a bill of lading, transport document, dock warrant, dock receipt,
3.21 warehouse receipt, and order for delivery of goods. An electronic document of title means
3.22 a document of title evidenced by a record consisting of information stored in an electronic
3.23 medium. A tangible document of title means a document of title evidenced by a record
3.24 consisting of information that is inscribed on a tangible medium.

3.25 (17) "Fault" means a default, breach, or wrongful act or omission.

3.26 (18) "Fungible goods" means:

3.27 (A) goods of which any unit, by nature or usage of trade, is the equivalent of any other
3.28 like unit; or

3.29 (B) goods that by agreement are treated as equivalent.

3.30 (19) "Genuine" means free of forgery or counterfeiting.

3.31 (20) "Good faith," except as otherwise provided in article 5, means honesty in fact and
3.32 the observance of reasonable commercial standards of fair dealing.

4.1 (21) "Holder" means:

4.2 (A) the person in possession of a negotiable instrument that is payable either to bearer
4.3 or to an identified person that is the person in possession;

4.4 (B) the person in possession of a negotiable tangible document of title if the goods are
4.5 deliverable either to bearer or to the order of the person in possession; or

4.6 (C) the person in control of a negotiable electronic document of title.

4.7 (22) "Insolvency proceeding" includes an assignment for the benefit of creditors or other
4.8 proceeding intended to liquidate or rehabilitate the estate of the person involved.

4.9 (23) "Insolvent" means:

4.10 (A) having generally ceased to pay debts in the ordinary course of business other than
4.11 as a result of bona fide dispute;

4.12 (B) being unable to pay debts as they become due; or

4.13 (C) being insolvent within the meaning of federal bankruptcy law.

4.14 (24) "Money" means a medium of exchange currently authorized or adopted by a domestic
4.15 or foreign government. The term includes a monetary unit of account established by an
4.16 intergovernmental organization or by agreement between two or more countries. The term
4.17 does not include a central bank digital currency.

4.18 (25) "Organization" means a person other than an individual.

4.19 (26) "Party," as distinguished from "third party," means a person that has engaged in a
4.20 transaction or made an agreement subject to the Uniform Commercial Code.

4.21 (27) "Person" means an individual, corporation, business trust, estate, trust, partnership,
4.22 limited liability company, association, joint venture, government, governmental subdivision,
4.23 agency, or instrumentality, public corporation, or any other legal or commercial entity.

4.24 (28) "Present value" means the amount as of a date certain of one or more sums payable
4.25 in the future, discounted to the date certain by use of either an interest rate specified by the
4.26 parties if that rate is not manifestly unreasonable at the time the transaction is entered into
4.27 or, if an interest rate is not so specified, a commercially reasonable rate that takes into
4.28 account the facts and circumstances at the time the transaction is entered into.

4.29 (29) "Purchase" means taking by sale, lease, discount, negotiation, mortgage, pledge,
4.30 lien, security interest, issue or reissue, gift, or any other voluntary transaction creating an
4.31 interest in property.

5.1 (30) "Purchaser" means a person that takes by purchase.

5.2 (31) "Record" means information that is inscribed on a tangible medium or that is stored
5.3 in an electronic or other medium and is retrievable in perceivable form.

5.4 (32) "Remedy" means any remedial right to which an aggrieved party is entitled with
5.5 or without resort to a tribunal.

5.6 (33) "Representative" means a person empowered to act for another, including an agent,
5.7 an officer of a corporation or association, and a trustee, executor, or administrator of an
5.8 estate.

5.9 (34) "Right" includes remedy.

5.10 (35) "Security interest" means an interest in personal property or fixtures which secures
5.11 payment or performance of an obligation. "Security interest" includes any interest of a
5.12 consignor and a buyer of accounts, chattel paper, a payment intangible, or a promissory
5.13 note in a transaction that is subject to article 9. "Security interest" does not include the
5.14 special property interest of a buyer of goods on identification of those goods to a contract
5.15 for sale under section 336.2-401, but a buyer may also acquire a "security interest" by
5.16 complying with article 9. Except as otherwise provided in section 336.2-505, the right of a
5.17 seller or lessor of goods under article 2 or 2A to retain or acquire possession of the goods
5.18 is not a "security interest," but a seller or lessor may also acquire a "security interest" by
5.19 complying with article 9. The retention or reservation of title by a seller of goods
5.20 notwithstanding shipment or delivery to the buyer under section 336.2-401 is limited in
5.21 effect to a reservation of a "security interest." Whether a transaction in the form of a lease
5.22 creates a "security interest" is determined pursuant to section 336.1-203.

5.23 (36) "Send" in connection with a writing, record, or notice means:

5.24 (A) to deposit in the mail or deliver for transmission by any other usual means of
5.25 communication with postage or cost or transmission provided for and properly addressed,
5.26 and in the case of an instrument, to an address specified thereon or otherwise agreed, or if
5.27 there be none to any address reasonable under the circumstances; or

5.28 (B) in any other way to cause to be received any record or notice within the time it would
5.29 have arrived if properly sent.

5.30 (37) "Signed" includes using any symbol executed or adopted with present intention to
5.31 adopt or accept a writing.

6.1 (38) "State" means a state of the United States, the District of Columbia, Puerto Rico,
6.2 the United States Virgin Islands, or any territory or insular possession subject to the
6.3 jurisdiction of the United States.

6.4 (39) "Surety" includes a guarantor or other secondary obligor.

6.5 (40) "Term" means a portion of an agreement that relates to a particular matter.

6.6 (41) "Unauthorized signature" means a signature made without actual, implied, or
6.7 apparent authority. The term includes a forgery.

6.8 (42) "Warehouse receipt" means a document of title issued by a person engaged in the
6.9 business of storing goods for hire.

6.10 (43) "Writing" includes printing, typewriting, or any other intentional reduction to
6.11 tangible form. "Written" has a corresponding meaning.

6.12 (44) "Central bank digital currency" means a digital currency, a digital medium of
6.13 exchange, or a digital monetary unit of account issued by the United States Federal Reserve
6.14 System, a federal agency, a foreign government, a foreign central bank, or a foreign reserve
6.15 system that is made directly available to a consumer by an issuing entity. The term includes
6.16 a digital currency, a digital medium of exchange, or a digital monetary unit of account issued
6.17 by the United States Federal Reserve System, a federal agency, a foreign government, a
6.18 foreign central bank, or a foreign reserve system that is processed or validated directly by
6.19 an issuing entity.