

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 617

BY BUSINESS COMMITTEE

AN ACT

1 RELATING TO PROGRAMMABLE MONEY; AMENDING SECTION 28-1-201, IDAHO CODE, TO
2 REVISE A DEFINITION; AMENDING SECTION 28-9-102, IDAHO CODE, TO REVISE A
3 DEFINITION AND TO MAKE A TECHNICAL CORRECTION; AMENDING TITLE 28, IDAHO
4 CODE, BY THE ADDITION OF A NEW CHAPTER 54, TITLE 28, IDAHO CODE, TO DE-
5 FINE TERMS, TO LIMIT THE USE OF PROGRAMMABLE MONEY, TO PROVIDE REMEDIES,
6 AND TO ESTABLISH PROVISIONS REGARDING CRIMINAL PENALTIES; PROVIDING
7 SEVERABILITY; AND DECLARING AN EMERGENCY AND PROVIDING AN EFFECTIVE
8 DATE.
9

10 Be It Enacted by the Legislature of the State of Idaho:

11 SECTION 1. That Section 28-1-201, Idaho Code, be, and the same is hereby
12 amended to read as follows:

13 28-1-201. GENERAL DEFINITIONS. (a) Unless the context otherwise re-
14 quires, words or phrases defined in this section, or in the additional defi-
15 nitions contained in other chapters of the uniform commercial code that ap-
16 ply to particular chapters or parts thereof, have the meanings stated.

17 (b) Subject to definitions contained in other articles of the uniform
18 commercial code that apply to particular articles or parts thereof:

19 (1) "Action," in the sense of a judicial proceeding, includes recoup-
20 ment, counterclaim, set-off, suit in equity, and any other proceeding
21 in which rights are determined.

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

23 (3) "Agreement," as distinguished from "contract," means the bargain
24 of the parties in fact, as found in their language or inferred from other
25 circumstances, including course of performance, course of dealing or
26 usage of trade as provided in section 28-1-303, Idaho Code.

27 (4) "Bank" means a person engaged in the business of banking and in-
28 cludes a savings bank, savings and loan association, credit union, and
29 trust company.

30 (5) "Bearer" means a person in control of a negotiable electronic docu-
31 ment of title or a person in possession of a negotiable instrument, ne-
32 gotiable tangible document of title, or certificated security that is
33 payable to bearer or indorsed in blank.

34 (6) "Bill of lading" means a document of title evidencing the receipt
35 of goods for shipment issued by a person engaged in the business of di-
36 rectly or indirectly transporting or forwarding goods. The term does
37 not include a warehouse receipt.

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

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

1 (9) "Buyer in ordinary course of business" means a person that buys
2 goods in good faith, without knowledge that the sale violates the rights
3 of another person in the goods, and in the ordinary course from a per-
4 son, other than a pawnbroker, in the business of selling goods of that
5 kind. A person buys goods in the ordinary course if the sale to the
6 person comports with the usual or customary practices in the kind of
7 business in which the seller is engaged or with the seller's own usual
8 or customary practices. A person that sells oil, gas or other minerals
9 at the wellhead or minehead is a person in the business of selling goods
10 of that kind. A buyer in ordinary course of business may buy for cash,
11 by exchange of other property, or on secured or unsecured credit, and
12 may acquire goods or documents of title under a preexisting contract for
13 sale. Only a buyer that takes possession of the goods or has a right to
14 recover the goods from the seller under chapter 2, title 28, Idaho Code,
15 may be a buyer in ordinary course of business. "Buyer in ordinary course
16 of business" does not include a person that acquires goods in a transfer
17 in bulk or as security for or in total or partial satisfaction of a money
18 debt.

19 (10) "Conspicuous," with reference to a term, means so written, dis-
20 played, or presented that a reasonable person against which it is to op-
21 erate ought to have noticed it. Whether a term is "conspicuous" or not
22 is a decision for the court. Conspicuous terms include the following:

23 (A) A heading in capitals equal to or greater in size than the sur-
24 rounding text, or in contrasting type, font, or color to the sur-
25 rounding text of the same or lesser size; and

26 (B) Language in the body of a record or display in larger type than
27 the surrounding text, or in contrasting type, font, or color to the
28 surrounding text of the same size, or set off from the surrounding
29 text of the same size by symbols or other marks that call attention
30 to the language.

31 (11) "Consumer" means an individual who enters into a transaction pri-
32 marily for personal, family, or household purposes.

33 (12) "Contract," as distinguished from "agreement," means the total le-
34 gal obligation that results from the parties' agreement as determined
35 by the uniform commercial code as supplemented by any other applicable
36 laws.

37 (13) "Creditor" includes a general creditor, a secured creditor, a lien
38 creditor, and any representative of creditors, including an assignee
39 for the benefit of creditors, a trustee in bankruptcy, a receiver in eq-
40 uity, and an executor or administrator of an insolvent debtor's or as-
41 signor's estate.

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

44 (15) "Delivery," with respect to an electronic document of title means
45 voluntary transfer of control and with respect to an instrument, a tan-
46 gible document of title, or chattel paper, means voluntary transfer of
47 possession.

48 (16) "Document of title" means a record (i) that in the regular course
49 of business or financing is treated as adequately evidencing that the
50 person in possession or control of the record is entitled to receive,

1 control, hold, and dispose of the record and the goods the record cov-
2 ers and (ii) that purports to be issued by or addressed to a bailee and
3 to cover goods in the bailee's possession which are either identified or
4 are fungible portions of an identified mass. The term includes a bill of
5 lading, transport document, dock warrant, dock receipt, warehouse re-
6 ceipt, and order for delivery of goods. An electronic document of title
7 means a document of title evidenced by a record consisting of informa-
8 tion stored in an electronic medium. A tangible document of title means
9 a document of title evidenced by a record consisting of information that
10 is inscribed on a tangible medium.

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

12 (18) "Fungible goods" means:

13 (A) Goods of which any unit, by nature or usage of trade, is the
14 equivalent of any other like unit; or

15 (B) Goods that by agreement are treated as equivalent.

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

17 (20) "Good faith" means honesty in fact in the conduct or transaction
18 concerned.

19 (21) "Holder" means:

20 (A) The person in possession of a negotiable instrument that is
21 payable either to bearer or to an identified person that is the
22 person in possession;

23 (B) The person in possession of a negotiable tangible document of
24 title if the goods are deliverable either to bearer or to the order
25 of the person in possession; or

26 (C) The person in control of a negotiable electronic document of
27 title.

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

31 (23) "Insolvent" means:

32 (A) Having generally ceased to pay debts in the ordinary course of
33 business other than as a result of bona fide dispute;

34 (B) Being unable to pay debts as they become due; or

35 (C) Being insolvent within the meaning of federal bankruptcy law.

36 (24) "Money" means a medium of exchange currently authorized or adopted
37 by a domestic or foreign government. The term includes a monetary
38 unit of account established by an intergovernmental organization or by
39 agreement between two (2) or more countries. "Money" does not include
40 programmable money.

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

42 (26) "Party," as distinguished from "third party," means a person that
43 has engaged in a transaction or made an agreement subject to the uniform
44 commercial code.

45 (27) "Person" means an individual, corporation, business trust, es-
46 tate, trust, partnership, limited liability company, association,
47 joint venture, government, governmental subdivision, agency, or in-
48 strumentality, public corporation, or any other legal or commercial
49 entity.

1 (28) "Present value" means the amount as of a date certain of one (1)
2 or more sums payable in the future, discounted to the date certain by
3 use of either an interest rate specified by the parties if that rate is
4 not manifestly unreasonable at the time the transaction is entered into
5 or, if an interest rate is not so specified, a commercially reasonable
6 rate that takes into account the facts and circumstances at the time the
7 transaction is entered into.

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

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

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

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

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

20 (34) "Rights" includes remedy.

21 (35) "Security interest" means an interest in personal property or fix-
22 tures which secures payment or performance of an obligation. "Security
23 interest" includes any interest of a consignor and a buyer of accounts,
24 chattel paper, a payment intangible, or a promissory note in a trans-
25 action that is subject to chapter 9, title 28, Idaho Code. "Security
26 interest" does not include the special property interest of a buyer
27 of goods on identification of those goods to a contract for sale under
28 section 28-2-401, Idaho Code, but a buyer may also acquire a "security
29 interest" by complying with chapter 9, title 28, Idaho Code. Except
30 as otherwise provided in section 28-2-505, Idaho Code, the right of a
31 seller or lessor of goods under chapter 2 or chapter 12, title 28, Idaho
32 Code, to retain or acquire possession of the goods is not a "security
33 interest," but a seller or lessor may also acquire a "security interest"
34 by complying with chapter 9, title 28, Idaho Code. The retention or
35 reservation of title by a seller of goods notwithstanding shipment or
36 delivery to the buyer under section 28-2-401, Idaho Code, is limited in
37 effect to a reservation of a "security interest." Whether a transaction
38 in the form of a lease creates a "security interest" is determined pur-
39 suant to section 28-1-203, Idaho Code.

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

41 (A) To deposit in the mail or deliver for transmission by any other
42 usual means of communication with postage or cost of transmission
43 provided for and properly addressed and, in the case of an instru-
44 ment, to an address specified thereon or otherwise agreed, or if
45 there be none to any address reasonable under the circumstances;
46 or

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

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

1 (38) "State" means a state of the United States, the District of Colum-
 2 bia, Puerto Rico, the United States Virgin Islands, or any territory or
 3 insular possession subject to the jurisdiction of the United States.

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

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

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

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

11 (43) "Written" or "writing" includes printing, typewriting, or any
 12 other intentional reduction to tangible form.

13 SECTION 2. That Section 28-9-102, Idaho Code, be, and the same is hereby
 14 amended to read as follows:

15 28-9-102. DEFINITIONS AND INDEX OF DEFINITIONS. (a) In this chapter:

16 (1) "Accession" means goods that are physically united with other goods
 17 in such a manner that the identity of the original goods is not lost.

18 (2) "Account," except as used in "account for," means a right to payment
 19 of a monetary obligation, whether or not earned by performance: (i) for
 20 property that has been or is to be sold, leased, licensed, assigned, or
 21 otherwise disposed of; (ii) for services rendered or to be rendered;
 22 (iii) for a policy of insurance issued or to be issued; (iv) for a sec-
 23 ondary obligation incurred or to be incurred; (v) for energy provided
 24 or to be provided; (vi) for the use or hire of a vessel under a charter
 25 or other contract; (vii) arising out of the use of a credit or charge
 26 card or information contained on or for use with the card; or (viii) as
 27 winnings in a lottery or other game of chance operated or sponsored by a
 28 state, governmental unit of a state, or a person licensed or authorized
 29 to operate the game by a state or governmental unit of a state. The term
 30 includes health care insurance receivables. The term does not include:
 31 (i) rights to payment evidenced by chattel paper or an instrument; (ii)
 32 commercial tort claims; (iii) deposit accounts; (iv) investment prop-
 33 erty; (v) letter of credit rights or letters of credit; or (vi) rights to
 34 payment for money or funds advanced or sold, other than rights arising
 35 out of the use of a credit or charge card or information contained on or
 36 for use with the card.

37 (3) "Account debtor" means a person obligated on an account, chat-
 38 tel paper, or general intangible. The term does not include persons
 39 obligated to pay a negotiable instrument, even if the instrument con-
 40 stitutes part of chattel paper.

41 (4) "Accounting," except as used in "accounting for," means a record:

42 (A) authenticated by a secured party;

43 (B) indicating the aggregate unpaid secured obligations as of a
 44 date not more than thirty-five (35) days earlier or thirty-five
 45 (35) days later than the date of the record; and

46 (C) identifying the components of the obligations in reasonable
 47 detail.

48 (5) "Agricultural lien" means an interest, other than a security inter-
 49 est, in farm products:

- 1 (A) which secures payment or performance of an obligation for:
2 (i) goods or services furnished in connection with a
3 debtor's farming operation; or
4 (ii) rent on real property leased by a debtor in connection
5 with its farming operation;
6 (B) which is created by statute in favor of a person that:
7 (i) in the ordinary course of its business furnished goods
8 or services to a debtor in connection with a debtor's farming
9 operation; or
10 (ii) leased real property to a debtor in connection with the
11 debtor's farming operation; and
12 (C) whose effectiveness does not depend on the person's posses-
13 sion of the personal property.
- 14 (6) "As-extracted collateral" means:
15 (A) oil, gas, or other minerals that are subject to a security in-
16 terest that:
17 (i) is created by a debtor having an interest in the miner-
18 als before extraction; and
19 (ii) attaches to the minerals as extracted; or
20 (B) accounts arising out of the sale at the wellhead or minehead
21 of oil, gas, or other minerals in which the debtor had an interest
22 before extraction.
- 23 (7) "Authenticate" means:
24 (A) to sign; or
25 (B) with the intent to adopt or accept a record, to attach to or
26 logically associate with the record an electronic sound, symbol or
27 process.
- 28 (8) "Bank" means an organization that is engaged in the business of
29 banking. The term includes savings banks, savings and loan associa-
30 tions, credit unions and trust companies.
- 31 (9) "Cash proceeds" means proceeds that are money, checks, deposit ac-
32 counts, or the like.
- 33 (10) "Certificate of title" means a certificate of title with respect to
34 which a statute provides for the security interest in question to be in-
35 dicated on the certificate as a condition or result of the security in-
36 terest's obtaining priority over the rights of a lien creditor with re-
37 spect to the collateral. The term includes another record maintained as
38 an alternative to a certificate of title by the governmental unit that
39 issues certificates of title if a statute permits the security interest
40 in question to be indicated on the record as a condition or result of the
41 security interest's obtaining priority over the rights of a lien credi-
42 tor with respect to the collateral.
- 43 (11) "Chattel paper" means a record or records that evidence both a mon-
44 etary obligation and a security interest in specific goods, a security
45 interest in specific goods and software used in the goods, a security
46 interest in specific goods and license of software used in the goods,
47 a lease of specific goods, or a lease of specific goods and license of
48 software used in the goods. In this paragraph, "monetary obligation"
49 means a monetary obligation secured by the goods or owed under a lease
50 of the goods and includes a monetary obligation with respect to software

1 used in the goods. The term does not include: (i) charters or other con-
2 tracts involving the use or hire of a vessel; or (ii) records that evi-
3 dence a right to payment arising out of the use of a credit or charge card
4 or information contained on or for use with the card. If a transaction
5 is evidenced by records that include an instrument or series of instru-
6 ments, the group of records taken together constitutes chattel paper.

7 (12) "Collateral" means the property subject to a security interest or
8 agricultural lien. The term includes:

9 (A) proceeds to which a security interest attaches;

10 (B) accounts, chattel paper, payment intangibles, and promissory
11 notes that have been sold; and

12 (C) goods that are the subject of a consignment.

13 (13) "Commercial tort claim" means a claim arising in tort with respect
14 to which:

15 (A) the claimant is an organization; or

16 (B) the claimant is an individual and the claim:

17 (i) arose in the course of the claimant's business or pro-
18 fession; and

19 (ii) does not include damages arising out of personal injury
20 to or the death of an individual.

21 (14) "Commodity account" means an account maintained by a commodity in-
22 termediary in which a commodity contract is carried for a commodity cus-
23 tomer.

24 (15) "Commodity contract" means a commodity futures contract, an option
25 on a commodity futures contract, a commodity option, or another con-
26 tract if the contract or option is:

27 (A) traded on or subject to the rules of a board of trade that has
28 been designated as a contract market for such a contract pursuant
29 to federal commodities laws; or

30 (B) traded on a foreign commodity board of trade, exchange, or
31 market, and is carried on the books of a commodity intermediary for
32 a commodity customer.

33 (16) "Commodity customer" means a person for which a commodity interme-
34 diary carries a commodity contract on its books.

35 (17) "Commodity intermediary" means a person that:

36 (A) is registered as a futures commission merchant under federal
37 commodities law; or

38 (B) in the ordinary course of its business provides clearance or
39 settlement services for a board of trade that has been designated
40 as a contract market pursuant to federal commodities law.

41 (18) "Communicate" means:

42 (A) to send a written or other tangible record;

43 (B) to transmit a record by any means agreed upon by the persons
44 sending and receiving the record; or

45 (C) in the case of transmission of a record to or by a filing of-
46 fice, to transmit a record by any means prescribed by filing office
47 rule.

48 (19) "Consignee" means a merchant to which goods are delivered in a con-
49 signment.

1 (20) "Consignment" means a transaction, regardless of its form, in
2 which a person delivers goods to a merchant for the purpose of sale and:

3 (A) the merchant:

4 (i) deals in goods of that kind under a name other than the
5 name of the person making delivery;

6 (ii) is not an auctioneer; and

7 (iii) is not generally known by its creditors to be substan-
8 tially engaged in selling the goods of others;

9 (B) with respect to each delivery, the aggregate value of the
10 goods is one thousand dollars (\$1,000) or more at the time of de-
11 livery;

12 (C) the goods are not consumer goods immediately before delivery;
13 and

14 (D) the transaction does not create a security interest that se-
15 cures an obligation.

16 (21) "Consignor" means a person that delivers goods to a consignee in a
17 consignment.

18 (22) "Consumer debtor" means a debtor in a consumer transaction.

19 (23) "Consumer goods" means goods that are used or bought for use pri-
20 marily for personal, family or household purposes.

21 (24) "Consumer goods transaction" means a consumer transaction in
22 which:

23 (A) an individual incurs an obligation primarily for personal,
24 family or household purposes; and

25 (B) a security interest in consumer goods secures the obligation.

26 (25) "Consumer obligor" means an obligor who is an individual and who
27 incurred the obligation as part of a transaction entered into primarily
28 for personal, family or household purposes.

29 (26) "Consumer transaction" means a transaction in which: (i) an indi-
30 vidual incurs an obligation primarily for personal, family or household
31 purposes; (ii) a security interest secures the obligation; and (iii)
32 the collateral is held or acquired primarily for personal, family or
33 household purposes. The term includes consumer goods transactions.

34 (27) "Continuation statement" means an amendment of a financing state-
35 ment which:

36 (A) identifies, by its file number, the initial financing state-
37 ment to which it relates; and

38 (B) indicates that it is a continuation statement for, or that it
39 is filed to continue the effectiveness of, the identified financ-
40 ing statement.

41 (28) "Debtor" means:

42 (A) a person having an interest, other than a security interest
43 or other lien, in the collateral, whether or not the person is an
44 obligor;

45 (B) a seller of accounts, chattel paper, payment intangibles or
46 promissory notes; or

47 (C) a consignee.

48 (29) "Deposit account" means a demand, time, savings, passbook, or sim-
49 ilar account maintained with a bank. The term does not include invest-

1 ment property, ~~or~~ accounts evidenced by an instrument, or programmable
2 money.

3 (30) "Document" means a document of title or a receipt of the type de-
4 scribed in section 28-7-201(b), Idaho Code.

5 (31) "Electronic chattel paper" means chattel paper evidenced by a
6 record or records consisting of information stored in an electronic
7 medium.

8 (32) "Encumbrance" means a right, other than an ownership interest,
9 in real property. The term includes mortgages and other liens on real
10 property.

11 (33) "Equipment" means goods other than inventory, farm products or
12 consumer goods.

13 (34) "Farm products" means goods, other than standing timber, with re-
14 spect to which the debtor is engaged in a farming operation and which
15 are:

16 (A) crops grown, growing, or to be grown, including:

17 (i) crops produced on trees, vines and bushes; and

18 (ii) aquatic goods produced in aquacultural operations;

19 (B) livestock, born or unborn, including aquatic goods produced
20 in aquacultural operations;

21 (C) supplies used or produced in a farming operation; or

22 (D) products of crops or livestock in their unmanufactured
23 states.

24 (35) "Farming operation" means raising, cultivating, propagating, fat-
25 tening, grazing, or any other farming, livestock, or aquacultural oper-
26 ation.

27 (36) "File number" means the number assigned to an initial financing
28 statement pursuant to section 28-9-519(a), Idaho Code.

29 (37) "Filing office" means an office designated in section 28-9-501,
30 Idaho Code, as the place to file a financing statement.

31 (38) "Filing office rule" means a rule adopted pursuant to section 28-9-
32 526, Idaho Code.

33 (39) "Financing statement" means a record or records composed of an ini-
34 tial financing statement and any filed record relating to the initial
35 financing statement.

36 (40) "Fixture filing" means the filing of a financing statement cov-
37 ering goods that are or are to become fixtures and satisfying section
38 28-9-502(a) and (b), Idaho Code. The term includes the filing of a fi-
39 nancing statement covering goods of a transmitting utility which are or
40 are to become fixtures.

41 (41) "Fixtures" means goods that have become so related to particular
42 real property that an interest in them arises under real property law.

43 (42) "General intangible" means any personal property, including
44 things in action, other than accounts, chattel paper, commercial tort
45 claims, deposit accounts, documents, goods, instruments, investment
46 property, letter of credit rights, letters of credit, money, and oil,
47 gas, or other minerals before extraction. The term includes payment
48 intangibles and software.

49 (43) "Good faith" means honesty in fact and the observance of reasonable
50 commercial standards of fair dealing.

1 (44) "Goods" means all things that are movable when a security inter-
2 est attaches. The term includes: (i) fixtures; (ii) standing timber
3 that is to be cut and removed under a conveyance or contract for sale;
4 (iii) the unborn young of animals; (iv) crops grown, growing, or to be
5 grown, even if the crops are produced on trees, vines or bushes; and (v)
6 manufactured homes. The term also includes a computer program embed-
7 ded in goods and any supporting information provided in connection with
8 a transaction relating to the program if: (i) the program is associ-
9 ated with the goods in such a manner that it customarily is considered
10 part of the goods; or (ii) by becoming the owner of the goods, a person
11 acquires a right to use the program in connection with the goods. The
12 term does not include a computer program embedded in goods that consist
13 solely of the medium in which the program is embedded. The term also
14 does not include accounts, chattel paper, commercial tort claims, de-
15 posit accounts, documents, general intangibles, instruments, invest-
16 ment property, letter of credit rights, letters of credit, money, or
17 oil, gas, or other minerals before extraction.

18 (45) "Governmental unit" means a subdivision, agency, department,
19 county, parish, municipality, or other unit of the government of the
20 United States, a state, or a foreign country. The term includes an or-
21 ganization having a separate corporate existence if the organization is
22 eligible to issue debt on which interest is exempt from income taxation
23 under the laws of the United States.

24 (46) "Health care insurance receivable" means an interest in or claim
25 under a policy of insurance which is a right to payment of a monetary
26 obligation for health care goods or services provided or to be provided.

27 (47) "Instrument" means a negotiable instrument or any other writing
28 that evidences a right to the payment of a monetary obligation, is not
29 itself a security agreement or lease, and is of a type that in the ordi-
30 nary course of business is transferred by delivery with any necessary
31 indorsement or assignment. The term does not include: (i) investment
32 property; (ii) letters of credit; or (iii) writings that evidence a
33 right to payment arising out of the use of a credit or charge card or
34 information contained on or for use with the card.

35 (48) "Inventory" means goods, other than farm products, which:

36 (A) are leased by a person as lessor;

37 (B) are held by a person for sale or lease or to be furnished under
38 a contract of service;

39 (C) are furnished by a person under a contract of service; or

40 (D) consist of raw materials, work in process, or materials used
41 or consumed in a business.

42 (49) "Investment property" means a security, whether certificated or
43 uncertificated, security entitlement, securities account, commodity
44 contract or commodity account.

45 (50) "Jurisdiction of organization," with respect to a registered or-
46 ganization, means the jurisdiction under whose law the organization is
47 formed or organized.

48 (51) "Letter of credit right" means a right to payment or performance
49 under a letter of credit, whether or not the beneficiary has demanded or
50 is at the time entitled to demand payment or performance. The term does

1 not include the right of a beneficiary to demand payment or performance
2 under a letter of credit.

3 (52) "Lien creditor" means:

4 (A) a creditor that has acquired a lien on the property involved by
5 attachment, levy, or the like;

6 (B) an assignee for benefit of creditors from the time of assign-
7 ment;

8 (C) a trustee in bankruptcy from the date of the filing of the pe-
9 tition; or

10 (D) a receiver in equity from the time of appointment.

11 (53) "Manufactured home" means a structure, transportable in one (1) or
12 more sections, which, in the traveling mode, is eight (8) body feet or
13 more in width or forty (40) body feet or more in length, or, when erected
14 on site, is three hundred twenty (320) or more square feet, and which
15 is built on a permanent chassis and designed to be used as a dwelling
16 with or without a permanent foundation when connected to the required
17 utilities, and includes the plumbing, heating, air conditioning, and
18 electrical systems contained therein. The term includes any structure
19 that meets all of the requirements of this paragraph except the size re-
20 quirements and with respect to which the manufacturer voluntarily files
21 a certification required by the United States secretary of housing and
22 urban development and complies with the standards established under ti-
23 tle 42 of the United States Code.

24 (54) "Manufactured home transaction" means a secured transaction:

25 (A) that creates a purchase-money security interest in a manufac-
26 tured home, other than a manufactured home held as inventory; or

27 (B) in which a manufactured home, other than a manufactured home
28 held as inventory, is the primary collateral.

29 (55) "Mortgage" means a consensual interest in real property, including
30 fixtures, which secures payment or performance of an obligation.

31 (56) "New debtor" means a person that becomes bound as debtor under sec-
32 tion 28-9-203(d), Idaho Code, by a security agreement previously en-
33 tered into by another person.

34 (57) "New value" means: (i) money; (ii) money's worth in property, ser-
35 vices or new credit; or (iii) release by a transferee of an interest in
36 property previously transferred to the transferee. The term does not
37 include an obligation substituted for another obligation.

38 (58) "Noncash proceeds" means proceeds other than cash proceeds.

39 (59) "Obligor" means a person that, with respect to an obligation
40 secured by a security interest in or an agricultural lien on the col-
41 lateral: (i) owes payment or other performance of the obligation; (ii)
42 has provided property other than the collateral to secure payment or
43 other performance of the obligation; or (iii) is otherwise accountable
44 in whole or in part for payment or other performance of the obligation.
45 The term does not include issuers or nominated persons under a letter of
46 credit.

47 (60) "Original debtor," except as used in section 28-9-310(c), Idaho
48 Code, means a person that, as debtor, entered into a security agreement
49 to which a new debtor has become bound under section 28-9-203(d), Idaho
50 Code.

- 1 (61) "Payment intangible" means a general intangible under which the
2 account debtor's principal obligation is a monetary obligation.
- 3 (62) "Person related to," with respect to an individual, means:
4 (A) the spouse of the individual;
5 (B) a brother, brother-in-law, sister, or sister-in-law of the
6 individual;
7 (C) an ancestor or lineal descendant of the individual or the in-
8 dividual's spouse; or
9 (D) any other relative, by blood or marriage, of the individual or
10 the individual's spouse who shares the same home with the individ-
11 ual.
- 12 (63) "Person related to," with respect to an organization, means:
13 (A) a person directly or indirectly controlling, controlled by,
14 or under common control with the organization;
15 (B) an officer or director of, or a person performing similar
16 functions with respect to, the organization;
17 (C) an officer or director of, or a person performing similar
18 functions with respect to, a person described in subparagraph (A)
19 of this paragraph;
20 (D) the spouse of an individual described in subparagraph (A), (B)
21 or (C) of this paragraph; or
22 (E) an individual who is related by blood or marriage to an indi-
23 vidual described in subparagraph (A), (B), (C) or (D) of this para-
24 graph and shares the same home with the individual.
- 25 (64) "Proceeds" means the following property:
26 (A) whatever is acquired upon the sale, lease, license, exchange
27 or other disposition of collateral;
28 (B) whatever is collected on, or distributed on account of, col-
29 lateral;
30 (C) rights arising out of collateral;
31 (D) to the extent of the value of collateral, claims arising out of
32 the loss, nonconformity, or interference with the use of, defects
33 or infringement of rights in, or damage to, the collateral; or
34 (E) to the extent of the value of collateral and to the extent
35 payable to the debtor or the secured party, insurance payable by
36 reason of the loss or nonconformity of, defects or infringement of
37 rights in, or damage to, the collateral.
- 38 (65) "Promissory note" means an instrument that evidences a promise to
39 pay a monetary obligation, does not evidence an order to pay, and does
40 not contain an acknowledgment by a bank that the bank has received for
41 deposit a sum of money or funds.
- 42 (66) "Proposal" means a record authenticated by a secured party which
43 includes the terms on which the secured party is willing to accept col-
44 lateral in full or partial satisfaction of the obligation it secures
45 pursuant to sections 28-9-620, 28-9-621 and 28-9-622, Idaho Code.
- 46 (67) "Public-finance transaction" means a secured transaction in con-
47 nection with which:
48 (A) debt securities are issued;
49 (B) all or a portion of the securities issued have an initial
50 stated maturity of at least twenty (20) years; and

1 (C) the debtor, obligor, secured party, account debtor or other
2 person obligated on collateral, assignor or assignee of a secured
3 obligation, or assignor or assignee of a security interest is a
4 state or a governmental unit of a state.

5 (68) "Public organic record" means a record that is available to the
6 public for inspection and that is:

7 (A) a record consisting of the record initially filed with or is-
8 sued by a state or the United States to form or organize an organ-
9 ization and any record filed with or issued by the state or the
10 United States which amends or restates the initial record;

11 (B) an organic record of a business trust consisting of the record
12 initially filed with a state and any record filed with the state
13 which amends or restates the initial record, if a statute of the
14 state governing business trusts requires that the record be filed
15 with the state; or

16 (C) a record consisting of legislation enacted by the legislature
17 of a state or the congress of the United States which forms or or-
18 ganizes an organization, any record amending the legislation, and
19 any record filed with or issued by the state or United States which
20 amends or restates the name of the organization.

21 (69) "Pursuant to commitment," with respect to an advance made or other
22 value given by a secured party, means pursuant to the secured party's
23 obligation, whether or not a subsequent event of default or other event
24 not within the secured party's control has relieved or may relieve the
25 secured party from its obligation.

26 (70) "Record," except as used in "for record," "of record," "record or
27 legal title," and "record owner," means information that is inscribed
28 on a tangible medium or which is stored in an electronic or other medium
29 and is retrievable in perceivable form.

30 (71) "Registered organization" means an organization formed or orga-
31 nized solely under the law of a single state or the United States by the
32 filing of a public organic record with, the issuance of a public or-
33 ganic record by, or the enactment of legislation by the state or United
34 States. The term includes a business trust that is formed or organized
35 under the law of a single state if a statute of the state governing busi-
36 ness trusts requires that the business trust's organic record be filed
37 with the state.

38 (72) "Secondary obligor" means an obligor to the extent that:

39 (A) the obligor's obligation is secondary; or

40 (B) the obligor has a right of recourse with respect to an obliga-
41 tion secured by collateral against the debtor, another obligor, or
42 property of either.

43 (73) "Secured party" means:

44 (A) a person in whose favor a security interest is created or pro-
45 vided for under a security agreement, whether or not any obliga-
46 tion to be secured is outstanding;

47 (B) a person that holds an agricultural lien;

48 (C) a consignor;

49 (D) a person to which accounts, chattel paper, payment intangi-
50 bles or promissory notes have been sold;

1 (E) a trustee, indenture trustee, agent, collateral agent, or
 2 other representative in whose favor a security interest or agri-
 3 cultural lien is created or provided for; or

4 (F) a person that holds a security interest arising under sec-
 5 tion 28-2-401, 28-2-505, 28-2-711(3), 28-4-210, 28-5-120 or
 6 28-12-508(5), Idaho Code.

7 (74) "Security agreement" means an agreement that creates or provides
 8 for a security interest.

9 (75) "Send," in connection with a record or notification, means:

10 (A) to deposit in the mail, deliver for transmission, or trans-
 11 mit by any other usual means of communication, with postage or cost
 12 of transmission provided for, addressed to any address reasonable
 13 under the circumstances; or

14 (B) to cause the record or notification to be received within the
 15 time that it would have been received if properly sent under sub-
 16 paragraph (A) of this paragraph.

17 (76) "Software" means a computer program and any supporting information
 18 provided in connection with a transaction relating to the program. The
 19 term does not include a computer program that is included in the defini-
 20 tion of goods.

21 (77) "State" means a state of the United States, the District of Colum-
 22 bia, Puerto Rico, the United States Virgin Islands, or any territory or
 23 insular possession subject to the jurisdiction of the United States.

24 (78) "Supporting obligation" means a letter of credit right or sec-
 25 ondary obligation that supports the payment or performance of an ac-
 26 count, chattel paper, a document, a general intangible, an instrument
 27 or investment property.

28 (79) "Tangible chattel paper" means chattel paper evidenced by a record
 29 or records consisting of information that is inscribed on a tangible
 30 medium.

31 (80) "Termination statement" means an amendment of a financing state-
 32 ment which:

33 (A) identifies, by its file number, the initial financing state-
 34 ment to which it relates; and

35 (B) indicates either that it is a termination statement or that
 36 the identified financing statement is no longer effective.

37 (81) "Transmitting utility" means a person primarily engaged in the
 38 business of:

39 (A) operating a railroad, subway, street railway, or trolley bus;

40 (B) transmitting communications electrically, electromagneti-
 41 cally or by light;

42 (C) transmitting goods by pipeline or sewer; or

43 (D) transmitting or producing and transmitting electricity,
 44 steam, gas or water.

45 (b) "Control" as provided in section 28-7-106, Idaho Code, and the fol-
 46 lowing definitions in other chapters apply to this chapter:

47 "Applicant" section 28-5-102, Idaho Code.

48 "Beneficiary" section 28-5-102, Idaho Code.

49 "Broker" section 28-8-102, Idaho Code.

1	"Certificated security"	section 28-8-102, Idaho Code.
2	"Check"	section 28-3-104, Idaho Code.
3	"Clearing corporation"	section 28-8-102, Idaho Code.
4	"Contract for sale"	section 28-2-106, Idaho Code.
5	"Customer"	section 28-4-104, Idaho Code.
6	"Entitlement holder"	section 28-8-102, Idaho Code.
7	"Financial asset"	section 28-8-102, Idaho Code.
8	"Holder in due course"	section 28-3-302, Idaho Code.
9	"Issuer" (with respect to a letter of credit	
10	or letter of credit right)	section 28-5-102, Idaho Code.
11	"Issuer" (with respect to a security)	section 28-8-201, Idaho Code.
12	"Issuer" (with respect to documents	
13	of title)	section 28-7-102, Idaho Code.
14	"Lease"	section 28-12-103, Idaho Code.
15	"Lease agreement"	section 28-12-103, Idaho Code.
16	"Lease contract"	section 28-12-103, Idaho Code.
17	"Leasehold interest"	section 28-12-103, Idaho Code.
18	"Lessee"	section 28-12-103, Idaho Code.
19	"Lessee in ordinary course of business"	section 28-12-103, Idaho Code.
20	"Lessor"	section 28-12-103, Idaho Code.
21	"Lessor's residual interest"	section 28-12-103, Idaho Code.
22	"Letter of credit"	section 28-5-102, Idaho Code.
23	"Merchant"	section 28-2-104, Idaho Code.
24	"Negotiable instrument"	section 28-3-104, Idaho Code.
25	"Nominated person"	section 28-5-102, Idaho Code.
26	"Note"	section 28-3-104, Idaho Code.
27	"Proceeds of a letter of credit"	section 28-5-114, Idaho Code.
28	"Prove"	section 28-3-103, Idaho Code.
29	"Sale"	section 28-2-106, Idaho Code.
30	"Securities account"	section 28-8-501, Idaho Code.
31	"Securities intermediary"	section 28-8-102, Idaho Code.
32	"Security"	section 28-8-102, Idaho Code.
33	"Security certificate"	section 28-8-102, Idaho Code.
34	"Security entitlement"	section 28-8-102, Idaho Code.
35	"Uncertificated security"	section 28-8-102, Idaho Code.

36 (c) Chapter 1, title 28, Idaho Code, contains general definitions and
37 principles of construction and interpretation applicable throughout this
38 chapter.

39 SECTION 3. That Title 28, Idaho Code, be, and the same is hereby amended
40 by the addition thereto of a NEW CHAPTER, to be known and designated as Chap-
41 ter 54, Title 28, Idaho Code, and to read as follows:

1 CHAPTER 54
2 CONSUMER PAYMENT RIGHTS AND TRANSPARENCY ACT

3 28-5401. DEFINITIONS. As used in this chapter:

4 (1) "Automation" means actions used by, on behalf of, or in support of
5 an issuer by computer code, algorithms, or artificial intelligence for the
6 issuer, the issuer's products, or the issuer's affiliates.

7 (2) "Issuer" means any person or entity that creates, controls, or dis-
8 tributes programmable money.

9 (3) "Programmable money" means money or currency that can be encoded
10 with specific rules and conditions that allow it to be automatically con-
11 trolled and used according to predefined parameters, including:

12 (a) The capability to deny or approve a specific transaction;

13 (b) Allowing user-specific restrictions on location, time, use, and
14 identity of the transaction or parties to the transaction;

15 (c) Expiring or diminishing, instead of being subject to ordinary in-
16 flation; or

17 (d) Being used to implement a social credit score system.

18 (4) "Social credit score system" means a system to monitor the behavior
19 of persons in order to restrict access to financial services using a rating
20 or score based on lawful activities or factors, including but not limited to:

21 (a) The factors described in section 28-5402 (1) (b), Idaho Code;

22 (b) The manufacture, distribution, sale, purchase, or use of firearms,
23 including firearm accessories and ammunition;

24 (c) Fossil fuel or agricultural activities;

25 (d) Lawful advocacy of the state or federal government;

26 (e) Refusal to participate in or to meet social governance standards,
27 environmental standards, or employment composition standards, pro-
28 vided the person is in compliance with applicable state and federal law;
29 and

30 (f) Participation in or refusal to participate in social justice pro-
31 grams, such as diversity, equity, and inclusion.

32 28-5402. PROGRAMMABLE MONEY -- UNLAWFUL ACTS AND PRACTICES. (1) It
33 shall be a violation of the provisions of this chapter for an issuer to:

34 (a) Require the use of programmable money for any transaction without
35 offering a non-digital alternative free of charge;

36 (b) Deny a transaction based on the following factors:

37 (i) Gender, race, ethnicity, or sexual orientation;

38 (ii) Political opinion, speech, religion, or affiliations;

39 (iii) Medical history, including vaccination status;

40 (iv) Purchase and browsing history;

41 (v) Geographical location;

42 (vi) A person's trade, profession, or business activity;

43 (vii) Application of a social credit score system or similar eval-
44 uation; or

45 (viii) Any other lawful activity; or

46 (c) Cause or allow, through an act or omission, the denial of a trans-
47 action based on criteria listed in paragraph (b) of this subsection,
48 through direct action, automation, or programming.

1 (2) If an issuer denies a transaction, a party may request a statement
2 of specific reason within ninety (90) days of the denial.

3 (3) If a statement of specific reason is requested pursuant to subsec-
4 tion (2) of this section, the issuer shall respond with a statement of spe-
5 cific reason within thirty (30) days of receiving the request. Such state-
6 ment shall include:

7 (a) The reason for the denial with a detailed description and citation
8 to the specific terms of service that were the basis for the denial;

9 (b) A phone number, email address, and physical address where the re-
10 questing party can further inquire; and

11 (c) A copy of the terms of service.

12 28-5403. REMEDIES. (1) An aggrieved party, pursuant to a violation of
13 this chapter, may bring a civil action for declaratory or injunctive relief
14 and may recover actual and punitive damages against the violating party.

15 (2) In an action pursuant to this chapter, the prevailing party, upon
16 each separate cause of action, shall recover reasonable attorney's fees.

17 (3) If the court finds, by a preponderance of the evidence, that the de-
18 fendant acted intentionally or knowingly or repeatedly violated the provi-
19 sions of this chapter, the court may order revocation of the defendant's au-
20 thorization to conduct business in Idaho.

21 28-5404. CRIMINAL PENALTIES. (1) An issuer who violates the provi-
22 sions of this chapter is guilty of a misdemeanor and, upon conviction, may be
23 sentenced to pay a fine of ten thousand dollars (\$10,000) per violation, to
24 imprisonment not exceeding one (1) year, or both such fine and imprisonment.

25 (2) Pursuant to section 28-5402(1), Idaho Code, each denial or failed
26 transaction not justified constitutes a separate offense.

27 (3) Nothing in this section shall be construed to prohibit a pro-
28 grammable money issuer the ability to decline a transaction that constitutes
29 a criminal offense or payment for a criminal act.

30 (4) Nothing in this chapter shall be construed to prohibit the purchase
31 or sale of cryptocurrency or other assets by public or private parties.

32 SECTION 4. SEVERABILITY. The provisions of this act are hereby declared
33 to be severable and if any provision of this act or the application of such
34 provision to any person or circumstance is declared invalid for any reason,
35 such declaration shall not affect the validity of the remaining portions of
36 this act.

37 SECTION 5. An emergency existing therefor, which emergency is hereby
38 declared to exist, this act shall be in full force and effect on and after
39 July 1, 2026.