

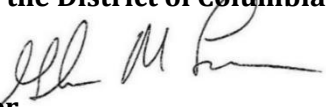
Government of the District of Columbia  
Office of the Chief Financial Officer



**Glen Lee**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Glen Lee  
Chief Financial Officer 

**DATE:** December 20, 2023

**SUBJECT:** Fiscal Impact Statement – Uniform Commercial Code Amendment Act of 2023

**REFERENCE:** Bill 25-5, Draft Committee Print as provided to the Office of Revenue Analysis on December 6, 2023

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**Conclusion**

Funds are sufficient in the fiscal year 2024 through fiscal year 2027 budget and financial plan to implement the bill.

**Background**

The Uniform Commercial Code (UCC) sets a baseline legal framework for commercial transactions in states and jurisdictions across the United States. Because all states have adopted substantially similar versions of the UCC, individuals have confidence in transacting business across states. If parties to a transaction have not agreed upon a different set of rules, the UCC becomes the default rules for the transaction. The uniform rules contribute to strong commercial markets in the United States.

The bill adopts, for the District,<sup>1</sup> amendments to the Uniform Commercial Code agreed upon in 2022 by a committee appointed by the Uniform Law Commission and American Law Institute. These amendments provide legal certainty around emerging technologies. The amendments cover topics such as digital assets or controllable electronic records, such as virtual currencies (cryptocurrency), non-fungible tokens, and electronic promises to pay; the use of blockchain technology; lending

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<sup>1</sup> An Act to enact the Uniform Commercial Code for the District of Columbia, and for other purposes, effective December 30, 1963 (Public Law 88-243; 77 Stat. 631).

The Honorable Phil Mendelson

FIS: Bill 25-5, "Uniform Commercial Code Amendment Act of 2023," Draft Committee Print as provided to the Office of Revenue Analysis on December 6, 2023

against digital assets; chattel paper;<sup>2</sup> negotiable instruments; the security of payment systems; and hybrid transactions.<sup>3</sup>

As of December 2023, 11 states have adopted the 2022 UCC amendments and 17 other states or jurisdictions, including the District, have introduced bills to adopt the amendments.

### **Financial Plan Impact**

Funds are sufficient in the fiscal year 2024 through fiscal year 2027 budget and financial plan to implement the bill. The UCC amendments will provide legal consistency across states and jurisdictions for private transactions involving a variety of emerging technologies. There are no costs associated with the District adopting the 2022 UCC amendments.

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<sup>2</sup> Chattel paper is a record or records evidencing a monetary or security interest in specific goods or item related to those goods (such as software or a license).

<sup>3</sup> Hybrid transactions are those that involve both a sale or lease of goods and a sale, lease, or license of other property or the provision of services.