

**Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 22-0011.01 Jery Payne x2157

HOUSE BILL 22-1053

HOUSE SPONSORSHIP

Valdez D.,

SENATE SPONSORSHIP

Hansen,

House Committees

Business Affairs & Labor
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE USE OF BLOCKCHAIN TECHNOLOGY IN COMMERCE.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

In 2019, the general assembly enacted House Bill 19-1247, which created an advisory group to study the use and benefits of blockchain technology in agriculture. The group issued a report that included the following recommendations:

- That the legislature authorize the design, development, and deployment of an online program for agricultural producers to learn about the use and benefits of implementing new digital, data-driven systems to facilitate trade in agricultural

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

- products; and
- That the legislature amend the Colorado "Uniform Commercial Code" (UCC) to protect ownership and control of digital information assets generated by agricultural producers in a manner similar to the changes adopted by Wyoming.

To implement the recommendations:

- **Section 1** of the bill instructs the commissioner of agriculture (commissioner) to create and deploy an online program that educates agricultural producers about blockchain technology. The commissioner will consult and cooperate with stakeholders to develop the online program, publicize the program, and encourage agricultural producers to participate in the program.
- **Section 2:**
 - Classifies the various types of digital assets as the appropriate type of property, security, or asset under the UCC;
 - Classifies a bank providing custodial services of a digital asset as a securities intermediary;
 - Establishes that control of a digital asset is the functional equivalent of possessing a physical asset for the purposes of perfecting a security interest in the digital asset;
 - Requires an agreement for a secured party to take control of a digital asset;
 - Clarifies that a secured party may file with the secretary of state a financing statement to perfect a security interest in proceeds from a digital asset;
 - Provides that a transferee takes a digital asset free of any security interest 2 years after the transferee takes the asset for value if the transferee does not have actual notice of an adverse claim; and
 - Clarifies issues of court jurisdiction over digital assets.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 35-1-116 as
 3 follows:

4 **35-1-116. Blockchain educational program - repeal.** (1) ON OR
 5 BEFORE JANUARY 1, 2024, THE COMMISSIONER SHALL CREATE AND

1 DEPLOY AN ONLINE PROGRAM THAT TEACHES:

2 (a) THE BENEFITS OF IMPLEMENTING BLOCKCHAIN TECHNOLOGY
3 IN AGRICULTURAL PRODUCTION, DISTRIBUTION, AND SALES;

4 (b) THE DIFFERENT BLOCKCHAIN PROGRAMS THAT EXIST FOR
5 AGRICULTURAL PRODUCERS; AND

6 (c) THE REQUIREMENTS TO BEGIN USING A BLOCKCHAIN PROGRAM
7 IN ACCORDANCE WITH BEST PRACTICES FOR AGRICULTURAL PRODUCERS.

8 (2) THE COMMISSIONER SHALL CONSULT AND COOPERATE WITH
9 STAKEHOLDERS TO DEVELOP THE ONLINE PROGRAM USING BEST
10 PRACTICES. TO IMPLEMENT THIS SECTION, THE COMMISSIONER MAY
11 CONSULT OR CONTRACT WITH THE COLORADO STATE UNIVERSITY SYSTEM.

12 (3) THE COMMISSIONER SHALL PUBLICIZE THE EDUCATIONAL
13 PROGRAM AND ENCOURAGE AGRICULTURAL PRODUCERS TO PARTICIPATE
14 IN THE PROGRAM.

15 (4) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2030.

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17 **SECTION 2. Act subject to petition - effective date.** This act
18 takes effect at 12:01 a.m. on the day following the expiration of the
19 ninety-day period after final adjournment of the general assembly; except
20 that, if a referendum petition is filed pursuant to section 1 (3) of article V
21 of the state constitution against this act or an item, section, or part of this
22 act within such period, then the act, item, section, or part will not take
23 effect unless approved by the people at thse general election to be held in
24 November 2022 and, in such case, will take effect on the date of the
25 official declaration of the vote thereon by the governor.