

HOUSE BILL NO. 1441

Introduced by

Representatives Toman, Christy, Dockter, Hagert, Heilman, D. Johnston

Senators Boehm, Paulson

1 A BILL for an Act to create and enact a new chapter to title 51 of the North Dakota Century
2 Code, relating to specie legal tender, the taxation of specie legal tender, and central bank digital
3 currencies; to amend and reenact subsection 17 of section 13-09.1-01, and section 41-01-09 of
4 the North Dakota Century Code, relating to the definition of central bank digital currency and the
5 definition of money.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1.** A new chapter to title 51 of the North Dakota Century Code is created and
8 enacted as follows:

9 **Definitions.**

10 For purposes of this chapter:

- 11 1. "Central bank digital currency" means a digital currency, digital medium of exchange,
12 or digital monetary unit of account issued by the United States federal reserve system,
13 a federal agency, a foreign government, a foreign central bank, a foreign reserve
14 system, or any intergovernmental organization, which is made directly available to a
15 consumer by such entity or processed or validated directly by such entity.
- 16 2. "Specie" means refined precious metal bullion that is coined, stamped, or imprinted
17 with its weight and purity and valued primarily based on its metal content and not its
18 shape or form.
- 19 3. "Specie legal tender" means gold or silver specie issued by the United States or any
20 other form of gold or silver specie.

21 **Specie legal tender.**

22 Specie legal tender is legal tender in this state.

1 **Specie legal tender - Taxation.**

2 The exchange, purchase, or sale of any type or form of specie legal tender may not give
3 rise to any tax liability of any kind.

4 **Central bank digital currency - Not legal tender.**

5 A central bank digital currency is not legal tender.

6 **SECTION 2. AMENDMENT.** Subsection 17 of section 13-09.1-01 of the North Dakota
7 Century Code is amended and reenacted as follows:

8 17. "Money" means a medium of exchange that is authorized or adopted by the United
9 States or a foreign government or which is legal tender in this state. The term includes
10 a monetary unit of account established by an intergovernmental organization or by
11 agreement between two or more governments. The term does not include a central
12 bank digital currency as defined in section 1 of this Act.

13 **SECTION 3. AMENDMENT.** Section 41-01-09 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **41-01-09. (1-201) General definitions.**

- 16 1. Unless the context otherwise requires, words or phrases defined in this section, or in
17 additional definitions contained in other chapters of this title which apply to particular
18 chapters or parts of chapters, have the meanings stated.
- 19 2. Subject to definitions contained in other chapters of this title which apply to particular
20 chapters or parts of chapters:
- 21 a. "Action", in the sense of a judicial proceeding, includes recoupment,
22 counterclaim, setoff, suit in equity, and any other proceeding in which rights are
23 determined.
- 24 b. "Aggrieved party" means a party entitled to pursue a remedy.
- 25 c. "Agreement", as distinguished from "contract", means the bargain of the parties
26 in fact, as found in their language or inferred from other circumstances, including
27 course of performance, course of dealing, or usage of trade as provided under
28 section 41-09-17.
- 29 d. "Bank" means a person engaged in the business of banking and includes a
30 savings bank, savings and loan association, credit union, and trust company.

- 1 e. "Bearer" means a person in control of a negotiable electronic document of title or
2 a person in possession of a negotiable instrument, negotiable tangible document
3 of title, or certificated security that is payable to bearer or indorsed in blank.
- 4 f. "Bill of lading" means a document of title evidencing the receipt of goods for
5 shipment issued by a person engaged in the business of directly or indirectly
6 transporting or forwarding goods. The term does not include a warehouse receipt.
- 7 g. "Branch" includes a separately incorporated foreign branch of a bank.
- 8 h. "Burden of establishing" a fact means the burden of persuading the trier of fact
9 that the existence of the fact is more probable than its nonexistence.
- 10 i. "Buyer in ordinary course of business" means a person that buys goods in good
11 faith, without knowledge that the sale violates the rights of another person in the
12 goods, and in the ordinary course from a person, other than a pawnbroker, in the
13 business of selling goods of that kind. A person buys goods in the ordinary
14 course if the sale to the person comports with the usual or customary practices in
15 the kind of business in which the seller is engaged or with the seller's own usual
16 or customary practices. A person that sells oil, gas, or other minerals at the
17 wellhead or minehead is a person in the business of selling goods of that kind. A
18 buyer in ordinary course of business may buy for cash, by exchange of other
19 property, or on secured or unsecured credit, and may acquire goods or
20 documents of title under a pre-existing contract for sale. Only a buyer that takes
21 possession of the goods or has a right to recover the goods from the seller under
22 chapter 41-02 may be a buyer in ordinary course of business. "Buyer in ordinary
23 course of business" does not include a person that acquires goods in a transfer in
24 bulk or as security for or in total or partial satisfaction of a money debt.
- 25 j. "Central bank digital currency" means a digital currency, digital medium of
26 exchange, or digital monetary unit of account issued by the United States federal
27 reserve system, a federal agency, a foreign government, a foreign central bank, a
28 foreign reserve system, or any intergovernmental organization, which is made
29 directly available to a consumer by such entity or processed or validated directly
30 by such entity.

- 1 k. "Conspicuous", with reference to a term, means so written, displayed, or
2 presented that, based on the totality of the circumstances, a reasonable person
3 against which it is to operate ought to have noticed it. Whether a term is
4 "conspicuous" or not is a decision for the court.
- 5 k-l. "Consumer" means an individual who enters into a transaction primarily for
6 personal, family, or household purposes.
- 7 l-m. "Contract", as distinguished from "agreement", means the total legal obligation
8 that results from the parties' agreement as determined by this title as
9 supplemented by any other applicable laws.
- 10 m-n. "Creditor" includes a general creditor, a secured creditor, a lien creditor, and any
11 representative of creditors, including an assignee for the benefit of creditors, a
12 trustee in bankruptcy, a receiver in equity, and an executor or administrator of an
13 insolvent debtor's or assignor's estate.
- 14 n-o. "Defendant" includes a person in the position of defendant in a counterclaim,
15 cross-claim, or third-party claim.
- 16 o-p. "Delivery", with respect to an electronic document of title, means voluntary
17 transfer of control and, with respect to an instrument, a tangible document of title,
18 or an authoritative tangible copy of a record evidencing chattel paper, means
19 voluntary transfer of possession.
- 20 p-q. "Document of title" means a record that in the regular course of business or
21 financing is treated as adequately evidencing that the person in possession or
22 control of the record is entitled to receive, control, hold, and dispose of the record
23 and the goods the record covers and that purports to be issued by or addressed
24 to a bailee and to cover goods in the bailee's possession which are either
25 identified or are fungible portions of an identified mass. The term includes a bill of
26 lading, transport document, dock warrant, dock receipt, warehouse receipt, and
27 order for delivery of goods. An electronic document of title means a document of
28 title evidenced by a record consisting of information stored in an electronic
29 medium. A tangible document of title means a document of title evidenced by a
30 record consisting of information that is inscribed on a tangible medium.

1 before the medium of exchange was authorized or adopted by the government.

2 The term does not include a central bank digital currency.

3 ~~z~~.aa. "Organization" means a person other than an individual.

4 ~~aa~~.bb. "Party", as distinguished from "third party", means a person that has engaged in
5 a transaction or made an agreement subject to this title.

6 ~~bb~~.cc. "Person" means an individual, a corporation, a business trust, an estate, a trust,
7 a partnership, a limited liability company, an association, a joint venture, a
8 government, a governmental subdivision, an agency, or an instrumentality, or any
9 other legal or commercial entity. The term includes a protected series, however
10 denominated, of an entity if the protected series is established under law other
11 than this title which limits, or limits if conditions specified under the law are
12 satisfied, the ability of a creditor of the entity or of any other protected series of
13 the entity to satisfy a claim from assets of the protected series.

14 ~~ee~~.dd. "Present value" means the amount as of a date certain of one or more sums
15 payable in the future, discounted to the date certain by use of either an interest
16 rate specified by the parties if that rate is not manifestly unreasonable at the time
17 the transaction is entered or, if an interest rate is not so specified, a commercially
18 reasonable rate that takes into account the facts and circumstances at the time
19 the transaction is entered.

20 ~~dd~~.ee. "Purchase" means taking by sale, lease, discount, negotiation, mortgage, pledge,
21 lien, security interest, issue or reissue, gift, or any other voluntary transaction
22 creating an interest in property.

23 ~~ee~~.ff. "Purchaser" means a person that takes by purchase.

24 ~~ff~~.gg. "Record" means information that is inscribed on a tangible medium or that is
25 stored in an electronic or other medium and is retrievable in perceivable form.

26 ~~gg~~.hh. "Remedy" means any remedial right to which an aggrieved party is entitled with
27 or without resort to a tribunal.

28 ~~hh~~.ii. "Representative" means a person empowered to act for another, including an
29 agent, an officer of a corporation or association, and a trustee, executor, or
30 administrator of an estate.

31 ~~ii~~.jj. "Right" includes remedy.

1 jj-kk. "Security interest" means an interest in personal property or fixtures which
2 secures payment or performance of an obligation. "Security interest" includes any
3 interest of a consignor and a buyer of accounts, chattel paper, a payment
4 intangible, or a promissory note in a transaction that is subject to chapter 41-09.
5 "Security interest" does not include the special property interest of a buyer of
6 goods on identification of those goods to a contract for sale under section
7 41-02-46, but a buyer may also acquire a "security interest" by complying with
8 chapter 41-09. Except as otherwise provided in section 41-02-53, the right of a
9 seller or lessor of goods under chapter 41-02 or 41-02.1 to retain or acquire
10 possession of the goods is not a "security interest", but a seller or lessor may
11 also acquire a "security interest" by complying with chapter 41-09. The retention
12 or reservation of title by a seller of goods notwithstanding shipment or delivery to
13 the buyer under section 41-02-46 is limited in effect to a reservation of a "security
14 interest". Whether a transaction in the form of a lease creates a "security interest"
15 is determined under section 41-01-11.

16 kk-ll. "Send", in connection with a record or notification, means:
17 (1) To deposit in the mail, deliver for transmission, or transmit by any other
18 usual means of communication, with postage or cost of transmission
19 provided for, addressed to any address reasonable under the
20 circumstances; or
21 (2) To cause the record or notification to be received within the time it would
22 have been received if properly sent under paragraph 1.

23 ll-mm. "Sign" means, with present intent to authenticate or adopt a record, to execute or
24 adopt a tangible symbol, or attach to or logically associate with the record an
25 electronic symbol, sound, or process. "Signed", "signing", and "signature" have
26 corresponding meanings.

27 mm-nn. "State" means a state of the United States, the District of Columbia, Puerto Rico,
28 the United States Virgin Islands, or any territory or insular possession subject to
29 the jurisdiction of the United States.

30 nn-oo. "Surety" includes a guarantor or other secondary obligor.

31 oo-pp. "Term" means a portion of an agreement that relates to a particular matter.

