

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 5537 (as reported without amendment)
Sponsor: Representative Andrew Richner
House Committee: Insurance and Financial Services
Senate Committee: Financial Services

CONTENT

The bill would enact the "Uniform Electronic Transactions Act" (UETA) to specify the following:

- A record or signature could not be denied legal effect or enforceability solely because it was in electronic form.
- A contract could not be denied legal effect or enforceability solely because an electronic record was used in its formation.
- If a law required a record to be in writing, an electronic record would satisfy the law.
- If a law required a signature, an electronic signature would satisfy the law.

The bill also would do the following:

- Prescribe criteria that would satisfy requirements of a law that information be in writing, a record be posted, a signature or record be verified, or a record be retained.
- Provide for the attribution of an electronic record or electronic signature to a person.
- Allow contracts to be formed by electronic agents in automated transactions.
- Establish rules that would apply if a change or error occurred during transmission.
- Specify the person who would have control of a "transferable record", and describe the rights of that person.
- Require the Department of Management and Budget (DMB) to determine whether State departments would use electronic records and signatures.
- Specify that, in a criminal or civil proceeding, evidence of a record or signature could not be excluded solely because it was in electronic form.

The Act would apply only to transactions in which the parties had agreed to conduct business electronically, and would not apply to most transactions subject to the Uniform Commercial Code. It would not require a record or signature to be created, communicated, or processed electronically. Provisions of UETA could be varied by agreement, unless otherwise prohibited.

Legislative Analyst: S. Lowe

FISCAL IMPACT

Participation in electronic transactions would be voluntary; thus, the costs or savings are indeterminate. By using a third party intermediary, the DMB does not expect that State departments would incur significant technology investment costs if they chose to conduct electronic transactions. The savings would depend upon the extent to which departments would conduct electronic transactions. There could be savings for both the State and local governmental units in the form of reduced costs for application processing and record storage.

Date Completed: 9-21-00

Fiscal Analyst: J. Runnels

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