

106TH CONGRESS  
1ST SESSION

# H. R. 3220

To regulate interstate commerce by electronic means by permitting and encouraging the continued expansion of electronic commerce through the operation of free market forces, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 4, 1999

Mr. GEPHARDT (for himself, Mr. DINGELL, and Mr. CONYERS) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committee on Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To regulate interstate commerce by electronic means by permitting and encouraging the continued expansion of electronic commerce through the operation of free market forces, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Millennium Digital  
5 Commerce Act”.

1 **SEC. 2. FINDINGS.**

2 The Congress makes the following findings:

3 (1) The growth of electronic commerce and  
4 electronic government transactions represent a pow-  
5 erful force for economic growth, consumer choice,  
6 improved civic participation and wealth creation.

7 (2) The promotion of growth in private sector  
8 electronic commerce through Federal legislation is in  
9 the national interest because that market is globally  
10 important to the United States.

11 (3) A consistent legal foundation, across mul-  
12 tiple jurisdictions, for electronic commerce will pro-  
13 mote the growth of such transactions, and that such  
14 a foundation should be based upon a simple, tech-  
15 nology neutral, nonregulatory, and market-based ap-  
16 proach.

17 (4) The Nation and the world stand at the be-  
18 ginning of a large scale transition to an information  
19 society which will require innovative legal and policy  
20 approaches, and therefore, States can serve the na-  
21 tional interest by continuing their proven role as lab-  
22 oratories of innovation for quickly evolving areas of  
23 public policy, provided that States also adopt a con-  
24 sistent, reasonable national baseline to eliminate ob-  
25 solete barriers to electronic commerce such as undue  
26 paper and pen requirements, and further, that any

1       such innovation should not unduly burden inter-ju-  
2       risdictional commerce.

3           (5) To the extent State laws or regulations do  
4       not provide a consistent, reasonable national baseline  
5       or in fact create an undue burden to interstate com-  
6       merce in the important burgeoning area of electronic  
7       commerce, the national interest is best served by  
8       Federal preemption to the extent necessary to pro-  
9       vide such consistent, reasonable national baseline or  
10      eliminate said burden, but that absent such lack of  
11      a consistent, reasonable national baseline or such  
12      undue burdens, the best legal system for electronic  
13      commerce will result from continuing experimen-  
14      tation by individual jurisdictions.

15          (6) With due regard to the fundamental need  
16      for a consistent national baseline, each jurisdiction  
17      that enacts such laws should have the right to deter-  
18      mine the need for any exceptions to protect con-  
19      sumers and maintain consistency with existing re-  
20      lated bodies of law within a particular jurisdiction.

21          (7) Industry has developed several electronic  
22      signature technologies for use in electronic trans-  
23      actions, and the public policies of the United States  
24      should serve to promote a dynamic marketplace  
25      within which these technologies can compete. Con-

1       sistent with this Act, States should permit the use  
2       and development of any authentication technologies  
3       that are appropriate as practicable as between pri-  
4       vate parties and in use with State agencies.

5   **SEC. 3. PURPOSES.**

6       The purposes of this Act are—

7           (1) to permit and encourage the continued ex-  
8       pansion of electronic commerce through the oper-  
9       ation of free market forces rather than proscriptive  
10      governmental mandates and regulations;

11           (2) to promote public confidence in the validity,  
12      integrity and reliability of electronic commerce and  
13      online government under Federal law;

14           (3) to facilitate and promote electronic com-  
15      merce by clarifying the legal status of electronic  
16      records and electronic signatures in the context of  
17      contract formation;

18           (4) to facilitate the ability of private parties en-  
19      gaged in interstate transactions to agree among  
20      themselves on the appropriate electronic signature  
21      technologies for their transactions; and

22           (5) to promote the development of a consistent  
23      national legal infrastructure necessary to support of  
24      electronic commerce at the Federal and State levels  
25      within areas of jurisdiction.

1 **SEC. 4. DEFINITIONS.**

2 In this Act:

3 (1) **ELECTRONIC.**—The term “electronic”  
4 means relating to technology having electrical, dig-  
5 ital, magnetic, wireless, optical, electromagnetic, or  
6 similar capabilities.

7 (2) **ELECTRONIC AGENT.**—The term “electronic  
8 agent” means a computer program or an electronic  
9 or other automated means used to initiate an action  
10 or respond to electronic records or performances in  
11 whole or in part without review by an individual at  
12 the time of the action or response.

13 (3) **ELECTRONIC RECORD.**—The term “elec-  
14 tronic record” means a record created, generated,  
15 sent, communicated, received, or stored by electronic  
16 means.

17 (4) **ELECTRONIC SIGNATURE.**—The term “elec-  
18 tronic signature” means an electronic sound, symbol,  
19 or process attached to or logically associated with a  
20 record and executed or adopted by a person with the  
21 intent to sign the record.

22 (5) **GOVERNMENTAL AGENCY.**—The term “gov-  
23 ernmental agency” means an executive, legislative,  
24 or judicial agency, department, board, commission,  
25 authority, or institution of the Federal Government

1 or of a State or of any county, municipality, or other  
2 political subdivision of a State.

3 (6) RECORD.—The term “record” means infor-  
4 mation that is inscribed on a tangible medium or  
5 that is stored in an electronic or other medium and  
6 is retrievable in perceivable form.

7 (7) TRANSACTION.—The term “transaction”  
8 means an action or set of actions relating to the con-  
9 duct of commerce, between 2 or more persons, nei-  
10 ther of which is the United States Government, a  
11 State, or an agency, department, board, commission,  
12 authority, or institution of the United States Gov-  
13 ernment or of a State.

14 (8) UNIFORM ELECTRONIC TRANSACTIONS  
15 ACT.—The term “Uniform Electronic Transactions  
16 Act” means the Uniform Electronic Transactions  
17 Act as provided to State legislatures by the National  
18 Conference of Commissioners on Uniform State Law  
19 in the form or any substantially similar variation.

20 **SEC. 5. INTERSTATE CONTRACT CERTAINTY.**

21 (a) IN GENERAL.—In any transaction affecting inter-  
22 state commerce, a contract may not be denied legal effect  
23 or enforceability solely because an electronic signature or  
24 electronic record was used in its formation.

1 (b) METHODS.—Parties to a transaction are per-  
2 mitted to determine the appropriate electronic signature  
3 technologies for their transaction, and the means of imple-  
4 menting such technologies.

5 (c) PRESENTATION OF CONTRACTS.—Notwith-  
6 standing subsection (a), if a law requires that a contract  
7 be in writing, the legal effect, or enforceability of an elec-  
8 tronic record of such contract shall be denied under such  
9 law, unless it is delivered to all parties in a form that—

10 (1) can be retained by all parties for later ref-  
11 erence; and

12 (2) can be used to prove the terms of the agree-  
13 ment.

14 (d) SPECIFIC EXCLUSIONS.—The provisions of this  
15 section shall not apply to a statute, regulation, or other  
16 rule of law governing any of the following:

17 (1) The Uniform Commercial Code, as in effect  
18 in a State, other than section 1–107 and 1–206, ar-  
19 ticle 2, and article 2A.

20 (2) Premarital agreements, marriage, adoption,  
21 divorce or other matters of family law.

22 (3) Documents of title which are filed of record  
23 with a governmental unit until such time that a  
24 State or subdivision thereof chooses to accept filings  
25 electronically.

1 (4) Residential landlord-tenant relationships.

2 (5) The Uniform Health-Care Decisions Act as  
3 in effect in a State.

4 (e) ELECTRONIC AGENTS.—A contract relating to a  
5 commercial transaction affecting interstate commerce may  
6 not be denied legal effect solely because its formation  
7 involved—

8 (1) the interaction of electronic agents of the  
9 parties; or

10 (2) the interaction of an electronic agent of a  
11 party and an individual who acts on that individual's  
12 own behalf or as an agent, for another person.

13 (f) INSURANCE.—It is the specific intent of the Con-  
14 gress that this section apply to the business of insurance.

15 (g) APPLICATION IN UETA STATES.—This section  
16 does not apply in any State in which the Uniform Elec-  
17 tronic Transactions Act is in effect.

18 **SEC. 6. PRINCIPLES GOVERNING THE USE OF ELECTRONIC**  
19 **SIGNATURES IN INTERNATIONAL TRANS-**  
20 **ACTIONS.**

21 To the extent practicable, the Federal Government  
22 shall observe the following principles in an international  
23 context to enable commercial electronic transaction:

24 (1) Remove paper-based obstacles to electronic  
25 transactions by adopting relevant principles from the



1 Model Law on Electronic Commerce adopted in  
2 1996 by the United Nations Commission on Inter-  
3 national Trade Law (UNCITRAL).

4 (2) Permit parties to a transaction to determine  
5 the appropriate authentication technologies and im-  
6 plementation models for their transactions, with as-  
7 surance that those technologies and implementation  
8 models will be recognized and enforced.

9 (3) Permit parties to a transaction to have the  
10 opportunity to prove in court or other proceedings  
11 that their authentication approaches and their trans-  
12 actions are valid.

13 (4) Take a nondiscriminatory approach to elec-  
14 tronic signatures and authentication methods from  
15 other jurisdictions.

16 **SEC. 7. STUDY OF LEGAL AND REGULATORY BARRIERS TO**  
17 **ELECTRONIC COMMERCE.**

18 (a) BARRIERS.—Each Federal agency shall, not later  
19 than 6 months after the date of enactment of this Act,  
20 provide a report to the Director of the Office of Manage-  
21 ment and Budget and the Secretary of Commerce identi-  
22 fying any provision of law administered by such agency,  
23 or any regulations issued by such agency and in effect on  
24 the date of enactment of this Act, that may impose a bar-  
25 rier to electronic transactions, or otherwise to the conduct

1 of commerce online or by electronic means. Such barriers  
2 include, but are not limited to, barriers imposed by a law  
3 or regulation directly or indirectly requiring that signa-  
4 tures, or records of transactions, be accomplished or re-  
5 tained in other than electronic form. In its report, each  
6 agency shall identify the barriers among those identified  
7 whose removal would require legislative action, and shall  
8 indicate agency plans to undertake regulatory action to  
9 remove such barriers among those identified as are caused  
10 by regulations issued by the agency.

11 (b) REPORT TO CONGRESS.—The Secretary of Com-  
12 merce, in consultation with the Director of the Office of  
13 Management and Budget, shall, within 18 months after  
14 the date of enactment of this Act, and after the consulta-  
15 tion required by subsection (c) of this section, report to  
16 the Congress concerning—

17 (1) legislation needed to remove barriers to  
18 electronic transactions or otherwise to the conduct of  
19 commerce online or by electronic means; and

20 (2) actions being taken by the Executive  
21 Branch and individual Federal agencies to remove  
22 such barriers as are caused by agency regulations or  
23 policies.

24 (c) CONSULTATION.—In preparing the report re-  
25 quired by this section, the Secretary of Commerce shall

1 consult with the General Services Administration, the Na-  
2 tional Archives and Records Administration, and the At-  
3 torney General concerning matters involving the authen-  
4 ticity of records, their storage and retention, and their  
5 usability for law enforcement purposes.

6 (d) INCLUDE FINDINGS IF NO RECOMMENDA-  
7 TIONS.—If the report required by this section omits rec-  
8 ommendations for actions needed to fully remove identi-  
9 fied barriers to electronic transactions or to online or elec-  
10 tronic commerce, it shall include a finding or findings, in-  
11 cluding substantial reasons therefore, that such removal  
12 is impracticable or would be inconsistent with the imple-  
13 mentation or enforcement of applicable laws.

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