COMMITTEE REPORT

April 13, 2016

**S. 908**

Introduced by Senator Hayes

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Read the first time January 13, 2016.

**THE COMMITTEE ON JUDICIARY**

To whom was referred a Bill (S. 908) to amend the Code of Laws of South Carolina, 1976, to enact the “South Carolina Uniform Fiduciary Access to Digital Assets Act” by adding part 10 to Article 2, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by striking page 4, lines 7‑13, and inserting therein the following:

/ Section 62‑2‑1020. (A) A user may use an online tool to direct the custodian to disclose or not to disclose to a designated recipient some or all of the user’s digital assets, including the content of electronic communications. If the online tool allows the user to modify or delete a direction at all times, a direction regarding disclosure using an online tool overrides a contrary direction by the user in a will, trust, power of attorney, or other record. /

Amend the bill further, as and if amended, by striking page 4, lines 25‑34, and inserting the following:

/ Section 62‑2‑1025. (A) This part does not change or impair a right of a custodian or a user under a terms‑of‑service agreement to access and use digital assets of the user.

(B) This part does not give a fiduciary or a designated recipient any new or expanded rights other than those held by the user for whom, or for whose estate, the fiduciary or designated recipient acts or represents.

(C) A fiduciary’s or designated recipient’s access to digital assets may be modified or eliminated by a user, by federal law, or by a terms‑of‑service agreement if the user has not provided direction under Section 62‑2‑1020. /

Amend the bill further, as and if amended, by striking page 9, lines 22‑34, and inserting the following:

/ Section 62‑2‑1075. (A) The legal duties imposed on a fiduciary charged with managing tangible property apply to the management of digital assets, including the:

(1) duty of care;

(2) duty of loyalty; and

(3) duty of confidentiality.

(B) A fiduciary’s or designated recipient’s authority with respect to a digital asset of a user:

(1) except as otherwise provided in Section 62‑2‑1020, is subject to the applicable terms of service;

(2) in the case of a fiduciary, is subject to other applicable law, including copyright law;

(3) is limited by the scope of the fiduciary’s duties; and

(4) may not be used to impersonate the user. /

Amend the bill further, as and if amended, by striking page 10, lines 31‑37, and inserting the following:

/ Section 62‑2‑1080. (A) Not later than sixty days after receipt of the information required under Sections 62‑2‑1035 through 62‑2‑1075, a custodian shall comply with a request under this part from a fiduciary or designated recipient to disclose digital assets or terminate an account. If the custodian fails to comply, the fiduciary or designated recipient may apply to the court for an order directing compliance. /

Renumber sections to conform.

Amend title to conform.

GERALD MALLOY for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Fiscal Impact Summary**

This bill would have no expenditure impact on the general fund, federal funds, or other funds.

**Explanation of Fiscal Impact**

**State Expenditure**

This bill enacts the South Carolina Uniform Fiduciary Access to Digital Assets Act which establishes a framework by which internet users have the power to plan for the management and disposition of digital assets upon death or incapacitation. The bill also makes the act applicable to fiduciaries, personal representatives, conservators, trustees, and other parties. Finally, the bill provides that the act does not apply to a digital asset of an employer that is used by an employee in the ordinary course of business.

The Judicial Department reports that this bill would have no expenditure impact on the general fund, federal funds, or other funds.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, TO ENACT THE “SOUTH CAROLINA UNIFORM FIDUCIARY ACCESS TO DIGITAL ASSETS ACT” BY ADDING PART 10 TO ARTICLE 2, TITLE 62 SO AS TO ESTABLISH A FRAMEWORK BY WHICH INTERNET USERS HAVE THE POWER TO PLAN FOR THE MANAGEMENT AND DISPOSITION OF DIGITAL ASSETS UPON DEATH OR INCAPACITATION; TO DEFINE NECESSARY TERMS; TO SET FORTH THE APPLICABILITY OF THE ACT TO FIDUCIARIES, PERSONAL REPRESENTATIVES, CONSERVATORS, TRUSTEES, AND OTHER PARTIES; TO PROVIDE THAT THE ACT DOES NOT APPLY TO A DIGITAL ASSET OF AN EMPLOYER THAT IS USED BY AN EMPLOYEE IN THE ORDINARY COURSE OF BUSINESS; AND TO REQUIRE THAT THE PROVISIONS OF THIS ACT BE APPLIED AND CONSTRUED SO AS TO PROMOTE UNIFORMITY OF LAW AMONG THE STATES.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. This act may be cited as the “South Carolina Uniform Fiduciary Access to Digital Assets Act”.

SECTION 2. Article 2, Title 62 of the 1976 Code is amended by adding:

“Part 10

Uniform Fiduciary Access to Digital Assets

Section 62‑2‑1010. As used in this part:

(1) ‘Account’ means an arrangement under a terms‑of‑service agreement in which a custodian carries, maintains, processes, receives, or stores a digital asset of the user or provides goods or services to the user.

(2) ‘Agent’ means an attorney‑in‑fact granted authority under a durable or nondurable power of attorney.

(3) ‘Carries’ means engages in the transmission of an electronic communication.

(4) ‘Catalogue of electronic communications’ means information that identifies each person with whom a user has had an electronic communication, the time and date of the communication, and the electronic address of the person.

(5) ‘Conservator’ means a person appointed by a court to manage the estate of a living individual. The term includes a limited conservator.

(6) ‘Content of an electronic communication’ means information concerning the substance or meaning of the communication that:

(a) has been sent or received by a user;

(b) is in electronic storage by a custodian providing an electronic‑communication service to the public or is carried or maintained by a custodian providing a remote‑computing service to the public; and

(c) is not readily accessible to the public.

(7) ‘Court’ has the meaning specified in Section 62‑1‑201(5).

(8) ‘Custodian’ means a person that carries, maintains, processes, receives, or stores a digital asset of a user.

(9) ‘Designated recipient’ means a person chosen by a user using an online tool to administer digital assets of the user.

(10) ‘Digital asset’ means an electronic record in which an individual has a right or interest. The term does not include an underlying asset or liability unless the asset or liability is itself an electronic record.

(11) ‘Electronic’ means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic or similar capabilities.

(12) ‘Electronic communication’ has the meaning as specified in 18 U.S.C. Section 2510(12), as amended.

(13) ‘Electronic‑communication service’ means a custodian that provides to a user the ability to send or receive an electronic communication.

(14) ‘Fiduciary’ means an original, additional, or successor personal representative, conservator, agent, or trustee.

(15) ‘Information’ means data, text, images, videos, sounds, codes, computer programs, software, databases, or the like.

(16) ‘Online tool’ means an electronic service provided by a custodian that allows the user, in an agreement distinct from the terms‑of‑service agreement between the custodian and user, to provide directions for disclosure or nondisclosure of digital assets to a third person.

(17) ‘Person’ means an individual, estate, business or nonprofit entity, public corporation, government or governmental subdivision, agency or instrumentality, or other legal entity.

(18) ‘Personal representative’ has the meaning specified in Section 62‑1‑201(33).

(19) ‘Power of attorney’ means a record that grants an agent authority to act in the place of a principal.

(20) ‘Principal’ means an individual who grants authority to an agent in a power of attorney.

(21) ‘Protected person’ has the meaning specified in Section 62‑5‑101(3). The term includes an individual for whom an application for the appointment of a conservator is pending.

(22) ‘Record’ means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(23) ‘Remote‑computing service’ means a custodian that provides to a user computer-processing services or the storage of digital assets by means of an electronic communications system, as defined in 18 U.S.C. Section 2510(14), as amended.

(24) ‘Terms‑of‑service agreement’ means an agreement that controls the relationship between a user and a custodian.

(25) ‘Trustee’ has the meaning specified in Section 62‑7‑103(19). The term includes a successor trustee.

(26) ‘User’ means a person who has an account with a custodian.

(27) ‘Will’ has the meaning specified in Section 62‑1‑201(52).

Section 62‑2‑1015. (A) This part applies to a:

(1) fiduciary acting under a will or power of attorney executed before, on, or after the effective date of this act;

(2) personal representative acting for a decedent who died before, on, or after the effective date of this act;

(3) conservatorship proceeding, commenced before, on, or after the effective date of this act; and

(4) trustee acting under a trust created before, on, or after the effective date of this act.

(B) This part applies to a custodian if the user resides in this State or resided in this State at the time of the user’s death.

(C) This part does not apply to a digital asset of an employer used by an employee in the ordinary course of the employer’s business.

Section 62‑2‑1020. (A) A user may use an online tool to direct the custodian to disclose or not to disclose some or all of the user’s digital assets, including the content of electronic communications. If the online tool allows the user to modify or delete a direction at all times, a direction regarding disclosure using an online tool overrides a contrary direction by the user in a will, trust, power of attorney, or other record.

(B) If a user has not used an online tool to give direction under subsection (A) or if the custodian has not provided an online tool, the user may allow or prohibit in a will, trust, power of attorney, or other record, disclosure to a fiduciary of some or all of the user’s digital assets, including the content of electronic communications sent or received by the user.

(C) A user’s direction under subsection (A) or (B) overrides a contrary provision in a terms‑of‑service agreement that does not require the user to act affirmatively and distinctly from the user’s assent to the terms of service.

Section 62‑2‑1025. (A) This part does not change or impair a right of a custodian or a user under a terms‑of‑service agreement to access and use digital assets of the user.

(B) This act does not give a fiduciary any new or expanded rights other than those held by the user for whom, or for whose estate, the fiduciary acts or represents.

(C) A fiduciary’s access to digital assets may be modified or eliminated by a user, by federal law, or by a terms‑of‑service agreement if the user has not provided direction under Section 62‑2‑1020.

Section 62‑2‑1030. (A) When disclosing digital assets of a user under this part, the custodian may at its sole discretion:

(1) grant a fiduciary or designated recipient full access to the user’s account;

(2) grant a fiduciary or designated recipient partial access to the user’s account sufficient to perform the tasks with which the fiduciary or designated recipient is charged; or

(3) provide a fiduciary or designated recipient a copy in a record of any digital asset that, on the date the custodian received the request for disclosure, the user could have accessed if the user were alive and had full capacity and access to the account.

(B) A custodian may assess a reasonable administrative charge for the cost of disclosing digital assets under this part.

(C) A custodian need not disclose under this part a digital asset deleted by a user.

(D) If a user directs or a fiduciary requests a custodian to disclose under this part some, but not all, of the user’s digital assets, the custodian need not disclose the assets if segregation of the assets would impose an undue burden on the custodian. If the custodian believes the direction or request imposes an undue burden, the custodian or fiduciary may seek an order from the court to disclose:

(1) a subset limited by date of the user’s digital assets;

(2) all of the user’s digital assets to the fiduciary or designated recipient;

(3) none of the user’s digital assets; or

(4) all of the user’s digital assets to the court for review in camera.

Section 62‑2‑1035. If a deceased user consented or a court directs disclosure of the contents of electronic communications of the user, the custodian shall disclose to the personal representative of the estate of the user the content of an electronic communication sent or received by the user if the representative gives the custodian:

(1) a written request for disclosure in physical or electronic form;

(2) a certified copy of the death certificate of the user;

(3) a certified copy of the letter of appointment of the representative or a small estate affidavit or court order;

(4) unless the user provided direction using an online tool, a copy of the user’s will, trust, power of attorney, or other record evidencing the user’s consent to disclosure of the content of electronic communications; and

(5) if requested by the custodian:

(a) a number, username, address, or other unique subscriber or account identifier assigned by the custodian to identify the user’s account;

(b) evidence linking the account to the user; or

(c) a finding by the court that:

(i) the user had a specific account with the custodian, identifiable by the information specified in subitem (a);

(ii) disclosure of the content of electronic communications of the user would not violate 18 U.S.C. Section 2701, et seq., as amended, 47 U.S.C. Section 222, as amended, or other applicable law;

(iii) unless the user provided direction using an online tool, the user consented to disclosure of the content of electronic communications; or

(iv) disclosure of the content of electronic communications of the user is reasonably necessary for administration of the estate.

Section 62‑2‑1040. Unless the user prohibited disclosure of digital assets or the court directs otherwise, a custodian shall disclose to the personal representative of the estate of a deceased user a catalogue of electronic communications sent or received by the user and digital assets, other than the content of electronic communications, of the user, if the representative gives the custodian:

(1) a written request for disclosure in physical or electronic form;

(2) a certified copy of the death certificate of the user;

(3) a certified copy of the letter of appointment of the representative or a small estate affidavit or court order; and

(4) if requested by the custodian:

(a) a number, username, address, or other unique subscriber or account identifier assigned by the custodian to identify the user’s account;

(b) evidence linking the account to the user;

(c) an affidavit stating that disclosure of the user’s digital assets is reasonably necessary for administration of the estate; or

(d) a finding by the court that:

(i) the user had a specific account with the custodian, identifiable by the information specified in subitem (a); or

(ii) disclosure of the user’s digital assets is reasonably necessary for administration of the estate.

Section 62‑2‑1045. To the extent a power of attorney expressly grants an agent authority over the content of electronic communications sent or received by the principal and unless directed otherwise by the principal or the court, a custodian shall disclose to the agent the content if the agent gives the custodian:

(1) a written request for disclosure in physical or electronic form;

(2) an original or copy of the power of attorney expressly granting the agent authority over the content of electronic communications of the principal;

(3) a certification by the agent, under penalty of perjury, that the power of attorney is in effect; and

(4) if requested by the custodian:

(a) a number, username, address, or other unique subscriber or account identifier assigned by the custodian to identify the principal’s account; or

(b) evidence linking the account to the principal.

Section 62‑2‑1050. Unless otherwise ordered by the court, directed by the principal, or provided by a power of attorney, a custodian shall disclose to an agent with specific authority over digital assets or general authority to act on behalf of a principal a catalogue of electronic communications sent or received by the principal and digital assets, other than the content of electronic communications, of the principal if the agent gives the custodian:

(1) a written request for disclosure in physical or electronic form;

(2) an original or a copy of the power of attorney that gives the agent specific authority over digital assets or general authority to act on behalf of the principal;

(3) a certification by the agent, under penalty of perjury, that the power of attorney is in effect; and

(4) if requested by the custodian:

(a) a number, username, address, or other unique subscriber or account identifier assigned by the custodian to identify the principal’s account; or

(b) evidence linking the account to the principal.

Section 62‑2‑1055. Unless otherwise ordered by the court or provided in a trust, a custodian shall disclose to a trustee that is an original user of an account any digital asset of the account held in trust, including a catalogue of electronic communications of the trustee and the content of electronic communications.

Section 62‑2‑1060. Unless otherwise ordered by the court, directed by the user, or provided in a trust, a custodian shall disclose to a trustee that is not an original user of an account the content of an electronic communication sent or received by an original or successor user and carried, maintained, processed, received, or stored by the custodian in the account of the trust if the trustee gives the custodian:

(1) a written request for disclosure in physical or electronic form;

(2) a certified copy of the trust instrument or a certification of the trust under Section 62‑7‑1013 which includes consent to disclosure of the content of electronic communications to the trustee;

(3) a certification by the trustee, under penalty of perjury, that the trust exists and the trustee is a currently acting trustee of the trust; and

(4) if requested by the custodian:

(a) a number, username, address, or other unique subscriber or account identifier assigned by the custodian to identify the trust’s account; or

(b) evidence linking the account to the trust.

Section 62‑2‑1065. Unless otherwise ordered by the court, directed by the user, or provided in a trust, a custodian shall disclose, to a trustee that is not an original user of an account, a catalogue of electronic communications sent or received by an original or successor user and stored, carried, or maintained by the custodian in an account of the trust and any digital assets, other than the content of electronic communications, in which the trust has a right or interest if the trustee gives the custodian:

(1) a written request for disclosure in physical or electronic form;

(2) a certified copy of the trust instrument or a certification of the trust under Section 62‑7‑1013;

(3) a certification by the trustee, under penalty of perjury, that the trust exists and the trustee is a currently acting trustee of the trust; and

(4) if requested by the custodian:

(a) a number, username, address, or other unique subscriber or account identifier assigned by the custodian to identify the trust’s account; or

(b) evidence linking the account to the trust.

Section 62‑2‑1070. (A) After an opportunity for a hearing under Article 5 of this title, the court may grant a conservator access to the digital assets of a protected person.

(B) Unless otherwise ordered by the court or directed by the user, a custodian shall disclose to a conservator the catalogue of electronic communications sent or received by a protected person and any digital assets, other than the content of electronic communications, in which the protected person has a right or interest if the conservator gives the custodian:

(1) a written request for disclosure in physical or electronic form;

(2) a certified copy of the court order that gives the conservator authority over the digital assets of the protected person; and

(3) if requested by the custodian:

(a) a number, username, address, or other unique subscriber or account identifier assigned by the custodian to identify the account of the protected person; or

(b) evidence linking the account to the protected person.

(C) A conservator with general authority to manage the assets of a protected person may request a custodian of the digital assets of the protected person to suspend or terminate an account of the protected person for good cause. A request made under this section must be accompanied by a certified copy of the court order giving the conservator authority over the protected person’s property.

Section 62‑2‑1075. (A) The legal duties imposed on a fiduciary charged with managing tangible property apply to the management of digital assets, including the:

(1) duty of care;

(2) duty of loyalty; and

(3) duty of confidentiality.

(B) A fiduciary’s authority with respect to a digital asset of a user:

(1) except as otherwise provided in Section 62‑2‑1020, is subject to the applicable terms of service;

(2) is subject to other applicable law, including copyright law;

(3) is limited by the scope of the fiduciary’s duties; and

(4) may not be used to impersonate the user.

(C) A fiduciary with authority over the property of a decedent, protected person, principal, or settlor has the right to access any digital asset in which the decedent, protected person, principal, or settlor had a right or interest and that is not held by a custodian or subject to a terms‑of‑service agreement.

(D) A fiduciary acting within the scope of the fiduciary’s duties is an authorized user of the property of the decedent, protected person, principal, or settlor for the purpose of applicable computer fraud and unauthorized computer access laws, including this state’s law on unauthorized computer access.

(E) A fiduciary with authority over the tangible, personal property of a decedent, protected person, principal, or settlor:

(1) has the right to access the property and any digital asset stored in it; and

(2) is an authorized user for the purpose of computer fraud and unauthorized computer access laws, including this state’s law regarding unauthorized computer access.

(F) A custodian may disclose information in an account to a fiduciary of the user when the information is required to terminate an account used to access digital assets licensed to the user.

(G) A fiduciary of a user may request a custodian to terminate the user’s account. A request for termination must be in writing, in either physical or electronic form, and accompanied by:

(1) if the user is deceased, a certified copy of the death certificate of the user;

(2) a certified copy of the letter of appointment of the representative or a small estate affidavit or court order, court order, power of attorney, or trust giving the fiduciary authority over the account; and

(3) if requested by the custodian:

(a) a number, username, address, or other unique subscriber or account identifier assigned by the custodian to identify the user’s account;

(b) evidence linking the account to the user; or

(c) a finding by the court that the user had a specific account with the custodian, identifiable by the information specified in subitem (a).

Section 62‑2‑1080. (A) Not later than sixty days after receipt of the information required under Sections 62‑2‑1035 through 62‑2‑1070, a custodian shall comply with a request under this part from a fiduciary or designated recipient to disclose digital assets or terminate an account. If the custodian fails to comply, the fiduciary or designated recipient may apply to the court for an order directing compliance.

(B) An order under subsection (A) directing compliance must contain a finding that compliance is not in violation of 18 U.S.C. Section 2702, as amended.

(C) A custodian may notify the user that a request for disclosure or to terminate an account was made under this part.

(D) A custodian may deny a request under this part from a fiduciary or designated recipient for disclosure of digital assets or to terminate an account if the custodian is aware of any lawful access to the account following the receipt of the fiduciary’s request.

(E) This part does not limit a custodian’s ability to obtain or require a fiduciary or designated recipient requesting disclosure or termination under this part to obtain a court order which:

(1) specifies that an account belongs to the protected person or principal;

(2) specifies that there is sufficient consent from the protected person or principal to support the requested disclosure; and

(3) contains a finding required by law other than this part.

(F) A custodian and its officers, employees, and agents are immune from liability for an act or omission done in good faith in compliance with this part.

Section 62‑2‑1085. In applying and construing this uniform act, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.

Section 62‑2‑1090. This uniform act modifies, limits, or supersedes the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Section 7001, et seq., but does not modify, limit, or supersede Section 101(c) of that act, 15 U.S.C. Section 7001(c), or authorize electronic delivery of any of the notices described in Section 103(b) of that act, 15 U.S.C. Section 7003(b).”

SECTION 3. The provisions of this act are severable. If any section, subsection, paragraph, subparagraph, item, subitem, sentence, clause, phrase, or word of this act is for any reason held to be unconstitutional or invalid, such holding shall not affect the constitutionality or validity of the remaining portions of the act, the General Assembly hereby declaring that it would have passed each and every section, subsection, paragraph, subparagraph, item, subitem, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more other sections, subsections, paragraphs, subparagraphs, items, subitems, sentences, clauses, phrases, or words hereof may be declared to be unconstitutional, invalid, or otherwise ineffective.

SECTION 4. This act takes effect upon approval by the Governor.

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