



Uniform Electronic Transaction Act

The Uniform Electronic Transactions Act (UETA) goes hand-in-hand with the [Electronic Signatures in Global and National Commerce Act](#) (ESIGN Act), in that both were enacted to help ensure the validity of [electronic contracts](#) and the defensibility of electronic signatures. Approved by the National Conference of Commissioners on Uniform State Laws in 1999 – prior to the passage of the ESIGN Act, it is worth noting – the [UETA gives states a framework](#) for determining the legality of an electronic signature in both commercial and government transactions.

Although there are many similarities between the UETA and the ESIGN Act, there are a few major differences that are worth pointing out. The most obvious difference has to do with governance. The ESIGN Act is a federal act, which means it affects people who do business online in all 50 states. The UETA, meanwhile, has been adopted on a state-by-state basis. Individual states have the option to adopt or reject the guidelines presented in the act. In most cases, where there is a conflict between the ESIGN Act and the UETA, the state law will govern. However, the ESIGN Act specifies that while state laws do not have to conform exactly to the federal law, they must provide equivalent protection for electronic contracts and electronic signatures.

UETA Adoption

At the present time, the UETA has been adopted by 47 states, along with the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Washington, Illinois, and New York have not adopted the UETA, however similar legislation that governs how electronic transactions are handled has been enacted in each of these three states.

Washington: Residents of Washington State are protected by the state's [Electronic Authentication Act](#), which was enacted in 1997 as a way to “facilitate commerce by means of reliable electronic messages.” This act was especially important, because it was the first of its kind in the U.S.

Illinois: In the state of Illinois, the [Electronic Commerce Security Act](#) went into effect on July 1, 1999. The law was intended to eliminate uncertainty over the legal requirements for secure electronic signatures and records, however it refrained from offering any strict definitions with regard to which technologies or platforms should be used.

New York: New York State adopted [the Electronic Signatures and Records Act](#), which ensures that electronic signatures are just as legally binding as those written in pen and gives the government authority to archive records electronically versus in paper format.

For residents of the other 47 states, plus the District of Columbia, Puerto Rico, and the Virgin Islands, the UETA offers an important set of guidelines for electronic transactions, especially with regard to how consumer agreements are reached online.

Legal Definitions

Based on the definitions set forth in the UETA, an electronic record and an [electronic signature](#) are two different things that must be linked together in order to remain enforceable under the law. For example, an e-signature must be attached to or located somewhere on the electronic document in order for the document to be valid in a legal sense. Terms like “automatic transaction” and “computer program” are defined broadly to give companies leeway in the ways they choose to do business without sacrificing consumer protections.

Scope of the Act

As with the ESIGN Act, the UETA does not govern wills, trusts, and a number of other transactions that are managed by the courts. Instead, the [UETA focuses solely on electronic contracts](#) related to “business, commercial (including consumer) and governmental matters.”

Consumer Transactions

One of the key areas where the UETA differentiates itself from the ESIGN Act has to do with the notices that both parties must agree to before entering into an electronic transaction. According to the UETA guidelines, the type of agreement that must be made in order for an e-signature to be legally valid varies depending on the context and the circumstances. This gives companies latitude when conducting commercial transactions online.

Notarization

Documents that must be notarized or made under oath can still be submitted electronically, so long as the notary or professional who is authorized to witness these types of contracts is able to have his or her signature included in electronic form. This notarization or verification should be attached to the electronic document itself and retained for future reference.