

By: Bhojani

H.B. No. 1043

A BILL TO BE ENTITLED

1 AN ACT
2 relating to a study by the General Land Office on the establishment
3 and implementation by the General Land Office of a distributed
4 ledger-based title registry pilot program.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. DEFINITIONS. In this Act:

7 (1) "Distributed ledger" means a peer-to-peer network
8 that operates without a central administrator or database and uses
9 a distributed network of devices to utilize cryptography to
10 immutably record and verify the accuracy of data.

11 (2) "Hybrid model" means a method of recording title
12 to real property in which basic information from the deed is
13 recorded on a public ledger with an identifier to the full document
14 that is held on a separate, permissioned distributed ledger.

15 (3) "Office" means the General Land Office.

16 (4) "Onchain recordation" means recording and
17 verifying the accuracy of data through a central administrator or
18 database.

19 (5) "Pilot program" means the distributed
20 ledger-based title registry pilot program to be studied under this
21 Act.

22 (6) "Public ledger" means a method of recording titles
23 in which all records are documented on a publicly accessible
24 distributed ledger where the county provides free public access to

1 all documents.

2 (7) "Rural county" means a county that is outside the
3 boundaries of a primary metropolitan statistical area or a
4 metropolitan statistical area.

5 (8) "Study" means the study conducted under this Act
6 by the General Land Office on the establishment and implementation
7 by the office of a distributed ledger-based title registry pilot
8 program.

9 (9) "Urban county" means a county that is partially or
10 entirely inside the boundaries of a primary metropolitan
11 statistical area.

12 SECTION 2. STUDY ON PILOT PROGRAM. (a) The office shall
13 conduct a study on establishing and implementing, in partnership
14 with the working group established by Section 3 of this Act, a
15 distributed ledger-based title registry pilot program to record
16 title transfers with distributed ledger technology.

17 (b) A pilot program considered by the study must:

18 (1) include at least two counties of which at least one
19 is a rural county and one is an urban county and determine the
20 potential impact of the pilot program on those types of counties in
21 particular and counties generally;

22 (2) incorporate the recording of property liens
23 simultaneously with existing recording methods so as to not disrupt
24 current processes;

25 (3) collect cost data sufficient to allow comparison
26 of the costs to a participating county of:

27 (A) continuing to facilitate onchain

1 recordation; and

2 (B) adapting to a distributed ledger;

3 (4) determine whether existing data must be migrated
4 to an immutable and public ledger for backwards compatibility;

5 (5) evaluate both the public ledger and hybrid model
6 as methods of recording to compare:

7 (A) costs;

8 (B) security;

9 (C) transparency; and

10 (D) overall complexity;

11 (6) provide for the recording of title transfers in
12 connection with the pilot program in addition to existing recording
13 methods;

14 (7) determine the ability to expand the pilot program
15 methods to other types of documents and information relating to
16 real property;

17 (8) incorporate the requirements of existing statutes
18 related to the recording of property liens; and

19 (9) ensure data privacy and proper protection against
20 fraud.

21 (c) The goals of the study shall include:

22 (1) establishing a protocol for implementation of
23 distributed ledger-based recording;

24 (2) identifying counties to be included in a pilot
25 program;

26 (3) determining the costs of the pilot program and of
27 converting to a statewide distributed ledger system;

1 (4) developing protocols for:

2 (A) working with the selected counties to
3 implement the program by training, educating, and collaborating
4 with the counties to ensure that the pilot program is successful,
5 efficient, and complies with a budget established by the office;
6 and

7 (B) partnering with a software company to create
8 an application programming interface to integrate existing systems
9 with the distributed ledger system and ensure that title transfer
10 records are seamlessly incorporated;

11 (5) identifying and considering issues concerning
12 transparency and regulation of a distributed ledger-based title
13 registry system;

14 (6) determining funding sources for and other
15 available resources to support implementation of the pilot program;
16 and

17 (7) determining appropriate vendor selection
18 processes.

19 SECTION 3. WORKING GROUP. The office shall establish a
20 framework for a working group to discuss ideas, give feedback, and
21 explore other opportunities relating to the study. The working
22 group shall consist of representatives from:

23 (1) counties;

24 (2) title insurance agents;

25 (3) title insurance companies;

26 (4) the banking industry;

27 (5) appropriate regulators; and

1 (6) the Texas Blockchain Council.

2 SECTION 4. PARTICIPATION OF REGULATORS. The office shall
3 engage appropriate regulators to provide information for the study
4 regarding the manner in which regulators could participate in
5 crafting guidance for a pilot program that would include protection
6 for all parties involved in a real estate transaction the title
7 transfer for which is recorded with distributed ledger technology.

8 SECTION 5. RULES. Not later than October 1, 2025, the
9 office shall adopt rules necessary to administer the study.

10 SECTION 6. REPORT. Not later than January 1, 2027, the
11 office shall submit to the legislature a report on the findings of
12 the study and any recommendations for legislative or other action.

13 SECTION 7. EXPIRATION. This Act expires September 1, 2027.

14 SECTION 8. EFFECTIVE DATE. This Act takes effect September
15 1, 2025.