

BILL ANALYSIS

Senate Research Center
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H.B. 1043
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The traditional recording system of property liens can lead to delays in updating records and to cybersecurity risks. Switching to a distributed ledger technology system (DLT) would mitigate these issues. The traditional recording system of property liens is largely immutable, and altering preexisting records is more difficult with increased transaction time as compared to DLTs, which offer more flexibility and which can further minimize the computational load required for transactions while mitigating access for malicious entries, especially with higher transaction volumes. DLTs may offer a more flexible user interface which allows for easier adoption for new users.

H.B. 1043 would provide for a study conducted by the General Land Office on establishing and implementing a distributed ledger-based title registry pilot program to record title transfers with distributed ledger technology. This study would help explore avenues for modernization, efficiency, and security in property liens records.

H.B. 1043 amends current law relating to a study by the General Land Office in partnership with a working group consisting of the Texas Department of Insurance, Department of Information Resources, and other entities on the establishment and implementation of a distributed ledger-based title registry pilot program.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the General Land Office in SECTION 5 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. DEFINITIONS. Defines "distributed ledger," "office," "pilot program," "public ledger," "rural county," "study," and "urban county."

SECTION 2. STUDY ON PILOT PROGRAM. (a) Requires the General Land Office (GLO), in partnership with the working group established by Section 3 of this Act, to conduct a study on establishing and implementing a distributed ledger-based title registry pilot program (pilot program) to record title transfers with distributed ledger technology.

(b) Requires a pilot program considered by the study to meet certain criteria.

(c) Requires that the goals of a study include:

- (1) establishing a protocol for implementation of distributed ledger-based recording;
- (2) identifying counties to be included in a pilot program;
- (3) determining the costs of the pilot program and of converting to a statewide distributed ledger system;
- (4) developing protocols for certain purposes;

- (5) identifying and considering issues concerning transparency and regulation of a distributed ledger-based title registry system;
- (6) determining funding sources for and other available resources to support implementation of the pilot program; and
- (7) determining appropriate vendor selection processes.

SECTION 3. WORKING GROUP. Requires GLO to establish a framework for a working group to discuss ideas, give feedback, and explore other opportunities relating to the study. Requires the working group to consist of representatives from certain entities.

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

SECTION 5. RULES. Requires GLO, not later than October 1, 2025, to adopt rules necessary to administer the study.

SECTION 6. REPORT. Requires GLO, not later than January 1, 2027, to submit to the legislature a report on the findings of the study and any recommendations for legislative or other action.

SECTION 7. EXPIRATION. Provides that this Act expires September 1, 2027.

SECTION 8. EFFECTIVE DATE. Effective date: September 1, 2025.