

BILL ANALYSIS

Senate Research Center

S.B. 1172
By: Perry
Business & Commerce
6/5/2025
Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Real Estate License Act requires individuals to possess a real estate license in order to act on another person's behalf in a real estate transaction. However, there are a few exceptions to that general rule. Currently, a person can sell a mineral or mining interest without a real estate license. However, the law does not address other types of energy transactions like wind, solar, and geothermal energy.

Furthermore, current law specifically exempts individuals from the requirement to have a real estate license if they are buying or selling property on their own behalf. Unfortunately, the Texas Real Estate Commission has interpreted current law to mean that Limited Partnerships (LP) and Limited Liability Companies (LLC) are not able to buy and sell their own property because it would require one partner or member to act on behalf of the LP or LLC.

The proposed legislation would define "mineral" and "other energy source" to ensure that all energy resources can be bought and sold without a real estate license. Additionally, the bill will exempt LPs and LLCs from the requirement to have a real estate license. This change would allow business entities to more efficiently run small businesses without the need to hire a real estate agent to complete their transactions.

(Original Author's/Sponsor's Statement of Intent)

S.B. 1172 amends current law relating to exempting certain transactions from regulation by the Texas Real Estate Commission.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1101.002, Occupations Code, by adding Subdivisions (4-a), (4-b), and (9) to define "mineral," "other energy source," and "water."

SECTION 2. Amends Section 1101.005, Occupations Code, as follows:

Sec. 1101.005. APPLICABILITY OF CHAPTER. Provides that Chapter 1101 (Real Estate Brokers and Sale Agents) does not apply to:

(1)-(7) makes no changes to these subdivisions;

(8) makes a nonsubstantive change to this subdivision;

(9) certain transactions, including a transaction involving the sale, lease, or transfer of a real property interest in minerals, mining, or a quarry, standing timber, or other energy sources, rather than the sale, lease, or transfer of a mineral or mining interest in real property;

(10) the sale, lease, or transfer of real estate owned or leased by or being acquired by or leased to a limited partnership by a general partner of the limited partnership, an employee of a general partner of the limited partnership who negotiates the transaction in the course of employment, or an employee of the limited partnership who negotiates the transaction in the course of employment;

(11) the sale, lease, or transfer of real estate owned or leased by or being acquired by or leased to a limited liability company by a manager or managing member of the limited liability company, an employee of a manager or managing member of the limited liability company who negotiates the transaction in the course of employment, or an employee or member of the limited liability company who negotiates the transaction in the course of employment; or

(12) a person conducting a real estate transaction on behalf of a commercial signage entity.

SECTION 3. Effective date: upon passage or September 1, 2025.