

## **BILL ANALYSIS**

C.S.H.B. 4517  
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Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Blockchain technology is reported to be an incorruptible digital ledger of economic transactions that is verified by computers, carries no transaction cost, and boasts the ability to transfer relative information from point A to point B (and so on) in a fully automated and safe manner. It has been suggested that blockchain technology promises numerous benefits and will soon become critically important for the development of the state, specifically in commerce and finance, but questions remain as to whether the state is adequately preparing for the mass utilization of blockchain technology. C.S.H.B. 4517 seeks to establish a work group to study the blockchain industry in Texas and recommend policies and state investments to make Texas a leader in blockchain technology.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 4517 establishes a work group to develop a master plan for the expansion of the blockchain industry in Texas and recommend policies and state investments in connection with blockchain technology. The bill provides for the composition of the work group and prohibits a member of the work group from receiving compensation for serving on the work group or reimbursement for expenses incurred by the member in the performance of official duties as a member of the work group. The bill requires the work group, in developing the master plan, to:

- identify economic growth and development opportunities presented by blockchain technology;
- assess the existing blockchain industry in Texas;
- review workforce needs and academic programs required to build blockchain expertise across all relevant industries; and
- make any legislative recommendations that will help promote innovation and economic growth by reducing barriers to and expediting the expansion of the state's blockchain industry based on its findings in developing the master plan.

C.S.H.B. 4517 requires the work group, not later than November 1, 2020, to submit a report that includes the master plan to each standing committee of the senate and house of representatives with primary jurisdiction over economic development or technology issues. The bill authorizes

the work group to adopt rules, procedures, and policies as necessary to administer and implement the responsibilities of the work group. The bill's provisions expire and the work group is abolished June 30, 2021.

C.S.H.B. 4517 requires the governor, lieutenant governor, and the speaker of the house of representatives to appoint the members of the work group on blockchain matters not later than October 1, 2019, and requires the work group to hold its initial meeting not later than November 1, 2019.

#### **EFFECTIVE DATE**

September 1, 2019.

#### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 4517 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute with regard to the work group operation:

- specifies the composition of the work group;
- includes a prohibition against a member of the work group receiving compensation for serving on the work group or reimbursement for expenses incurred by the member in the performance of official work group duties;
- includes an authorization for the work group to adopt rules, procedures, and policies as necessary to administer and implement the responsibilities of the work group; and
- changes the date by which members of the work group must be appointed from not later than 30 days after the enactment of the bill to not later than October 1, 2019.

The substitute does not include a requirement for the work group to submit a report to the legislature but does include a requirement that the work group submit a report to each standing committee of the senate and house of representatives with primary jurisdiction over economic development or technology issues. The substitute changes the deadline by which the group is required to submit a report from December 1, 2020, to November 1, 2020.

The substitute includes a provision establishing that the bill's provisions expire and the work group is abolished June 30, 2021.