

Texas Blockchain Legislative Updates

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During the 2021 Legislative Session, the Texas Legislature passed two blockchain technology-related bills that were signed into law by Governor Greg Abbott and will become effective September 1, 2021. The bills received strong support from both parties as the Senate voted unanimously in favor of both bills and the House overwhelmingly passed both.

HB 1576, the “Blockchain Work Group Bill”, establishes a 16-person blockchain committee comprised of six legislators and government representatives and ten members of the public who have blockchain knowledge and experience or who represent an industry that would benefit from blockchain technology. The law tasks the committee with developing a master plan over the next two years for the expansion of the blockchain industry in Texas and recommending policies and state investments in connection with blockchain technology. Establishing the blockchain committee is a major step by Texas toward educating its governing body about the advantages and applications blockchain technology can offer.

The second bill, HB 4474 – the “Virtual Currencies Bill” – makes Texas the second state, after Wyoming, to recognize cryptocurrencies in its state Uniform Commercial Code. Cryptocurrencies will be added to the list of items in which a UCC security interest can be created and perfected by filing or control. The law formally defines “virtual currency” and provides the means by which control may be established. The new law makes clear that a person can perfect a lien by control even when it shares management of the cryptocurrency.

Notably, the week after Abbott signed the bills into law, the Texas Department of Banking issued a notice putting to rest any question of whether Texas state-chartered banks may provide custody services to customers for virtual currency. The notice clarified that these banks already had such custodial authority under Texas Finance Code § 32.001.

Many blockchain enthusiasts and investors have considered Wyoming the most crypto-friendly jurisdiction in the United States since it passed its Digital Assets Bill in 2019. By passing the Blockchain Work Group Bill and Virtual Currencies Bill, Texas has positioned itself at the forefront of that conversation.

The enrolled version of HB 1576 can be accessed [here](#) and of HB 4474 [here](#).

