

State Corporation Commission 2023 Session Fiscal Impact Statement

1. **Bill Number:** HB1784

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. **Patron:** Kilgore

3. **Committee:** Commerce and Energy

4. **Title:** Securities; digital token exemption; decentralized autonomous organizations.

5. **Summary:** Provides an exemption from securities registration requirements for issuers or sellers of digital tokens, as defined in the bill, under certain circumstances. The bill directs the State Corporation Commission to develop a form and submission process for an issuer or seller of digital tokens to file a notice of intent with the Commission. Under the bill, any such issuer or seller must file a notice of intent with the Commission before the issuer or seller may qualify for an exemption from securities registration requirements. The bill also creates a regulatory framework for decentralized autonomous organizations, which are a form of limited liability company, and provides that the entity seeking to become a decentralized autonomous organization must file its articles of organization with the Commission in order to seek a certificate of organization. The bill permits a limited liability company to elect to convert to a decentralized autonomous organization with management vested in its members or smart contracts and contains requirements for its articles of incorporation and operating agreements. The bill also contains provisions governing the relationships and rights of members of a decentralized autonomous organization and for the dissolution of a decentralized autonomous organization.

6. **Budget Amendment Necessary:** Yes, Item 489.

7. **Fiscal Impact Estimates:** Fiscal Impact Estimates are Preliminary.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2024	325,000	N/A	02173 (Cardinal)
2025	325,000	N/A	02173 (Cardinal)

8. **Fiscal Implications:** The Commission has estimated a one-time expense of \$650,000 to perform the necessary software changes to the Clerk's Information System (CIS) to allow for the registration of decentralized autonomous organizations, a type of business entity.

Work affecting the Securities Division can be managed with existing resources.

9. **Specific Agency or Political Subdivisions Affected:** State Corporation Commission, Office of the Clerk and the Securities and Retail Franchising Division.

10. Technical Amendment Necessary: No.

11. Other Comments: None.