

2023 TEXAS LEGISLATIVE UPDATE ON AMENDMENTS TO TEXAS BUSINESS ORGANIZATIONS CODE

DARYL B. ROBERTSON
Hunton Andrews Kurth LLP
Dallas, Texas

UT LAW CLE 32nd ANNUAL LLCs, LPS AND PARTNERSHIPS
THURSDAY, JULY 13, 2023

DMS_3025585351_1

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SUMMARY LIST OF BILLS

- Senate Bill No. 1514 by Sen. Charles Schwertner (House sponsor Rep. Oscar Longoria) – omnibus bill containing substantive and technical amendments to Texas Business Organizations Code (“TBOC”) -- effective September 1, 2023
- House Bill No. 19 by Reps. Murr, Leach, Landgraf, Meyer and Lujan and co-authored by 73 other House members (Senate sponsor – Sen. Hughes) – establishes Texas business court for large disputes in certain specified categories of jurisdiction and with \$5MM or \$10MM minimum amount in controversy -- bill is effective September 1, 2023, but business court starts September 1, 2024
- Senate Bill 2075/House Bill 5011 authored by Senators Paxton and Parker and Rep. Capriglioni – did not pass and would have adopted the 2022 UCC Amendments (including new UCC Article 12) approved by Uniform Law Commissioners and American Law Institute

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SUMMARY LIST OF BILLS (cont'd)

- Senate Bill No. 2314 by Sen. Hughes (House sponsor Rep. VanDeaver) – amends TBOC §101.112 to clarify the limits on remedies of judgment creditor of LLC member – effective September 1, 2023
- House Bill No. 1957 by Rep. Geren (Senate sponsor Sen. King) – amends TBOC §22.353 to limit to IRC Sec. 501(c)(3) nonprofit corporations the requirement of Texas nonprofit corporations to make available its documents for public inspection – effective September 1, 2023

SB 1514 – TBOC Amendments

- Initial Mailing Address in Restated Certificate of Formation
 - 2021 Legislature added requirement for initial mailing address in certificate of formation of new Texas entity
 - SB 1514 allows omission of initial mailing address in restated certificate of formation
 - Reason: mailing address can become outdated

- Timing of Filing of Certificate of Merger, Conversion and Exchange
 - Changes eliminate language specifying certificates of merger, conversion and exchange can only be filed after approval of related plan of merger, conversion or exchange
 - Changes allow filing of certificates of merger, conversion and exchange with delayed effective dates
 - Similar changes made for mergers/conversions of series of LLC

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- Changes Relating to Dissenting Owners in Appraisal Proceeding
 - Required notice to owners can direct owners to free website to access TBOC Chapter 10 provisions instead of providing copy of provisions
 - Payment of judgment amount to dissenting owner to be made on terms and conditions ordered by court
 - deleted language requiring surrender of endorsed certificate representing ownership interests

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First appeared as part of the conference materials for the
32nd Annual LLCs, LPs and Partnerships session
"Texas Legislative Update for Partnerships and LLCs"