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## **LEGISLATIVE UPDATE: NEW TEXAS BUSINESS COURTS**

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# LEGISLATIVE UPDATE: NEW TEXAS BUSINESS COURTS

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## I. Introduction

House Bill No. 19 (as amended, “*HB 19*”) was passed by the 2023 Texas Legislature in its Regular Session. HB 19 was originally authored by Representatives Murr, Leach, Landgraf, Meyer and Lujan and then co-authored by 72 other House members. HB 19 was sponsored in the Texas Senate by Senator Bryan Hughes. HB 19 was signed into law by Governor Abbott on June 9, 2023. HB 19 became effective on September 1, 2023.<sup>2</sup> HB 19 adds a new Chapter 25A to the Texas Government Code that establishes a business court for the State of Texas.<sup>3</sup> This article is a summary only of HB 19 and should not be relied on as a complete description of that bill.

Efforts to pass some kind of business court legislation started in 2015. Several groups of trial attorneys opposed the legislation in prior sessions. A coalition developed between the 2021 and 2023 sessions of the Texas Legislature to support a business courts bill. The business courts bill was one of Governor Abbott’s top legislative priorities for the 2023 Legislature. The bill was also strongly supported by the Speaker Phelan and Lieutenant Governor Patrick. The business court bills in both the House and Senate were given very low bill numbers, indicating that they were priority legislation sponsored by leadership. During the 2023 Session, the bill did face significant opposition, which resulted in numerous amendments on the floor of the House and in Senate Committee after HB 19 was passed by the House. The sponsors of the bill managed to overcome the opposition to the bill.

The bill addresses the growing need for specialized Texas courts to handle complex business litigation. It is hoped that the business courts created by HB 19 will result in more predictable outcomes for business disputes and make Texas a more attractive place for resolving business disputes.

## II. Creation and Geographic Divisions

*Creation and Commencement.* HB 19 creates a statutory court under Section 1, Article V of the Texas Constitution and calls the new court a business court.<sup>4</sup> Although HB 19 itself is effective on September 1, 2023, the business court will commence operations after September 1, 2024.<sup>5</sup> However, a provision in HB 19 specifies that the business court is not created unless the Texas Legislature makes a specific appropriation of money for that purpose.<sup>6</sup> The funds for the business court were appropriated by the Texas Legislature during the 2023 Regular Session.

*Business Court Divisions.* New Chapter 25A specifies that the judicial district of the business court is composed of all counties in Texas. However, the business court is composed of 11 geographic divisions (“*Business Court Divisions*”). Five of these divisions have no subsequent

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<sup>1</sup> The author is a partner in the Dallas, Texas office of Hunton Andrews Kurth LLP.

<sup>2</sup> HB 19 §9.

<sup>3</sup> HB 19 §1, adding Gov. Code Chapter 25A.

<sup>4</sup> HB 19 §1, adding Gov. Code §25A.002.

<sup>5</sup> HB 19 §5.

<sup>6</sup> HB 19 §7(a).

conditions to their creation. These are the First Business Court Division, Third Business Court Division, Fourth Business Court Division, Eighth Business Court Division and Eleventh Business Court Division. The other six Business Court Divisions will be abolished on September 1, 2026, unless reauthorized by the 2025 Texas Legislature and funded through additional legislative appropriations at that time.<sup>7</sup>

The Business Court Divisions are defined to match their correspondingly numbered Administrative Judicial Regions, as defined in Section 72.042 of the Texas Government Code.<sup>8</sup> The First Administrative Judicial Region, and thus the First Business Court Division, is composed of the counties of Collin, Dallas, Ellis, Fannin, Grayson, Kaufman, and Rockwall. The Third Administrative Judicial Region, and thus the Third Business Court Division, is composed of the counties of Austin, Bell, Blanco, Bosque, Burnet, Caldwell, Colorado, Comal, Comanche, Coryell, Falls, Fayette, Gonzales, Guadalupe, Hamilton, Hays, Hill, Lampasas, Lavaca, Llano, McLennan, Milam, Navarro, Robertson, San Saba, Travis, and Williamson. The Fourth Administrative Judicial Region, and thus the Fourth Business Court Division, is composed of the counties of Aransas, Atascosa, Bee, Bexar, Calhoun, DeWitt, Dimmit, Frio, Goliad, Jackson, Karnes, LaSalle, Live Oak, Maverick, McMullen, Refugio, San Patricio, Victoria, Webb, Wilson, Zapata, and Zavala. The Eighth Administrative Judicial Region, and thus the Eighth Business Court Division, is composed of the counties of Archer, Clay, Cooke, Denton, Eastland, Erath, Hood, Jack, Johnson, Montague, Palo Pinto, Parker, Somervell, Stephens, Tarrant, Wichita, Wise, and Young. The Eleventh Administrative Judicial Region, and thus the Eleventh Business Court Division, is composed of the counties of Brazoria, Fort Bend, Galveston, Harris, Matagorda, and Wharton. A map of the Administrative Judicial Regions is copied below:

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<sup>7</sup> HB 19 §1, adding Gov. Code §25A.003.

<sup>8</sup> *Id.*, adding Gov. Code §25A.003(c) - (m).

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