

## 2023 TEXAS LEGISLATIVE UPDATE ON AMENDMENTS TO TEXAS BUSINESS ORGANIZATIONS CODE

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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  - Reason: mailing address can become outdated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

- 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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