

AN ACT

2 relating to business entities and associations.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4 SECTION 1. Section 1.002, Business Organizations Code, is  
5 amended by amending Subdivisions (10), (11), (12), and (81) and  
6 adding Subdivisions (56-a) and (56-b) to read as follows:

7 (10) "Conversion" means:

8 (A) the continuance of a domestic entity as a  
9 non-code organization [~~foreign entity~~] of any type;

10 (B) the continuance of a non-code organization  
11 [~~foreign entity~~] as a domestic entity of any type; [~~or~~]

12 (C) the continuance of a domestic entity of one  
13 type as a domestic entity of another type;

14 (D) the continuance of a domestic entity of one  
15 type as a foreign entity of the same type that may be treated as a  
16 domestication, continuance, or transfer transaction under the laws  
17 of the jurisdiction of formation of the foreign entity; or

18 (E) the continuance of a foreign entity of one  
19 type as a domestic entity of the same type that may be treated as a  
20 domestication, continuance, or transfer transaction under the laws  
21 of the jurisdiction of formation of the foreign entity.

22 (11) "Converted entity" means an organization  
23 [~~entity~~] resulting from a conversion.

24 (12) "Converting entity" means an organization

1 [entity] as the organization [entity] existed before the  
2 organization's [entity's] conversion.

3 (56-a) "Non-United States entity" means a foreign  
4 entity formed under, and the internal affairs of which are governed  
5 by, the laws of a non-United States jurisdiction.

6 (56-b) "Non-United States jurisdiction" means a  
7 foreign country or other foreign jurisdiction that is not the  
8 United States or a state of the United States.

9 (81) "Shareholder" or "holder of shares" means:

10 (A) the person in whose name shares issued by a  
11 for-profit corporation, professional corporation, or real estate  
12 investment trust are registered in the share transfer records  
13 maintained by the for-profit corporation, professional  
14 corporation, or real estate investment trust; or

15 (B) the beneficial owner of shares issued by a  
16 for-profit corporation, whose shares are held in a voting trust or  
17 by a nominee on the beneficial owner's behalf, to the extent of the  
18 rights granted by a nominee statement on file with the for-profit  
19 corporation in accordance with Sections 21.201(b) and (c).

20 SECTION 2. Section 2.003, Business Organizations Code, is  
21 amended to read as follows:

22 Sec. 2.003. GENERAL PROHIBITED PURPOSES. A domestic entity  
23 may not:

24 (1) engage in a business or activity that:

25 (A) is expressly unlawful or prohibited by a law  
26 of this state; or

27 (B) cannot lawfully be engaged in by that entity

1 under state law; or

2 (2) operate as a:

3 (A) bank;

4 (B) trust company;

5 (C) savings association;

6 (D) insurance company;

7 (E) ~~railroad company,~~

8 [~~F~~] cemetery organization, except as  
9 authorized by Chapter 711, 712, or 715, Health and Safety Code; or

10 (F) [~~G~~] abstract or title company governed by  
11 Title 11, Insurance Code.

12 SECTION 3. Section 3.202, Business Organizations Code, is  
13 amended by adding Subsection (f) to read as follows:

14 (f) A certificate representing ownership interests may not  
15 be issued in bearer form.

16 SECTION 4. Chapter 3, Business Organizations Code, is  
17 amended by adding Subchapter F to read as follows:

18 SUBCHAPTER F. EMERGENCY GOVERNANCE

19 Sec. 3.251. EMERGENCY DEFINED. For purposes of this  
20 subchapter, an emergency exists if a majority of a domestic  
21 entity's governing persons cannot readily participate in a meeting  
22 because of the occurrence of a catastrophic event.

23 Sec. 3.252. PROVISIONS IN GOVERNING DOCUMENTS. (a) Except  
24 as otherwise provided by the entity's governing documents, the  
25 governing persons, owners, or members of a domestic entity may  
26 adopt provisions in the entity's governing documents regarding the  
27 management of the entity during an emergency, including provisions:

1           (1) prescribing procedures for calling a meeting of  
2 the governing persons;

3           (2) establishing minimum requirements for  
4 participation at the meeting of the governing persons; and

5           (3) designating additional or substitute governing  
6 persons.

7           (b) The emergency provisions must be adopted in accordance  
8 with:

9           (1) the requirements of the governing documents; and

10           (2) the applicable provisions of this code.

11           Sec. 3.253. EFFECT OF EMERGENCY PROVISIONS. The emergency  
12 provisions adopted under Section 3.252 take effect only in the  
13 event of an emergency. The emergency provisions will no longer be  
14 effective after the emergency ends.

15           Sec. 3.254. EFFECT OF OTHER PROVISIONS IN GOVERNING  
16 DOCUMENTS DURING EMERGENCY. A provision of an entity's governing  
17 documents that is consistent with the emergency provisions adopted  
18 under Section 3.252 remains in effect during an emergency.

19           Sec. 3.255. EFFECT OF ACTION TAKEN. An action of a domestic  
20 entity taken in good faith in accordance with the emergency  
21 provisions:

22           (1) is binding on the entity; and

23           (2) may not be used to impose liability on a managerial  
24 official, employee, or agent of the entity.

25           SECTION 5. Section 4.005, Business Organizations Code, is  
26 amended by adding Subsections (d) and (e) to read as follows:

27           (d) Subject to any qualification stated in the certificate,

1 a certificate issued by the secretary of state stating that a  
2 domestic filing entity is in existence may be relied on as  
3 conclusive evidence of the entity's existence.

4 (e) Subject to any qualification stated in the certificate,  
5 a certificate issued by the secretary of state stating that a  
6 foreign filing entity is in existence or registered may be relied on  
7 as conclusive evidence that the foreign filing entity is registered  
8 and authorized to transact business in this state.

9 SECTION 6. Subsection (b), Section 4.101, Business  
10 Organizations Code, is amended to read as follows:

11 (b) A certificate of correction must be signed by the person  
12 authorized by this code to sign the filing instrument to be  
13 corrected [~~act on behalf of the entity~~].

14 SECTION 7. Section 6.052, Business Organizations Code, is  
15 amended by adding Subsection (d) to read as follows:

16 (d) The participation or attendance at a meeting of a person  
17 entitled to notice of the meeting constitutes a waiver by the person  
18 of notice of a particular matter at the meeting that is not included  
19 in the purposes or business of the meeting described in the notice  
20 unless the person objects to considering the matter when it is  
21 presented.

22 SECTION 8. Section 6.205, Business Organizations Code, is  
23 amended to read as follows:

24 Sec. 6.205. REPRODUCTION OR ELECTRONIC TRANSMISSION OF  
25 CONSENT. (a) Any photographic, photostatic, facsimile, or  
26 similarly reliable reproduction of a consent in writing signed by  
27 an owner, member, or governing person of a filing entity may be

1 substituted or used instead of the original writing for any purpose  
2 for which the original writing could be used, if the reproduction is  
3 a complete reproduction of the entire original writing.

4 (b) Except as otherwise provided by an entity's governing  
5 documents, an electronic transmission of a consent by an owner,  
6 member, or governing person to the taking of an action by the entity  
7 is considered a signed writing if the transmission contains or is  
8 accompanied by information from which it can be determined:

9 (1) that the electronic transmission was transmitted  
10 by the owner, member, or governing person; and

11 (2) the date on which the owner, member, or governing  
12 person transmitted the electronic transmission.

13 (c) Unless the consent is otherwise dated, the date  
14 specified in Subsection (b)(2) is the date on which the consent is  
15 considered signed.

16 SECTION 9. Subchapter A, Chapter 9, Business Organizations  
17 Code, is amended by adding Section 9.005 to read as follows:

18 Sec. 9.005. SUPPLEMENTAL INFORMATION REQUIRED IN  
19 APPLICATION FOR REGISTRATION OF FOREIGN LIMITED LIABILITY COMPANY.

20 (a) This section applies only to a foreign limited liability  
21 company governed by a company agreement that establishes or  
22 provides for the establishment of a designated series of members,  
23 managers, membership interests, or assets that has any of the  
24 characteristics described by Subsection (b).

25 (b) A foreign limited liability company must state in its  
26 application for registration as a foreign limited liability company  
27 whether:

1           (1) the series has:

2                   (A) separate rights, powers, or duties with  
3 respect to specified property or obligations of the foreign limited  
4 liability company; or

5                   (B) separate profits and losses associated with  
6 specified property or obligations of the foreign limited liability  
7 company;

8           (2) any debts, liabilities, obligations, and expenses  
9 incurred, contracted for, or otherwise existing with respect to a  
10 particular series shall be enforceable against the assets of that  
11 series only, and not against the assets of the company generally or  
12 the assets of any other series; and

13           (3) any debts, liabilities, obligations, and expenses  
14 incurred, contracted for, or otherwise existing with respect to the  
15 company generally or any other series shall be enforceable against  
16 the assets of that series.

17       SECTION 10. Subsection (a), Section 9.009, Business  
18 Organizations Code, is amended to read as follows:

19       (a) A foreign filing entity must amend its registration to  
20 reflect:

21           (1) a change to its name; [✗]

22           (2) a change in the business or activity stated in its  
23 application for registration; and

24           (3) if the foreign filing entity is a limited  
25 partnership:

26                   (A) the admission of a new general partner;

27                   (B) the withdrawal of a general partner; and

S.B. No. 1442

1            (C) a change in the name of the general partner  
2 stated in its application for registration [~~or business or activity~~  
3 ~~has changed~~].

4            SECTION 11. Subsection (c), Section 9.011, Business  
5 Organizations Code, is amended to read as follows:

6            (c) A certificate from the comptroller stating that all  
7 [~~franchise~~] taxes administered by the comptroller under Title 2,  
8 Tax Code, have been paid must be filed with the certificate of  
9 withdrawal in accordance with Chapter 4 if the foreign filing  
10 entity is a taxable entity under Chapter 171, Tax Code, other than a  
11 foreign nonprofit [~~professional~~] corporation [~~, foreign for-profit~~  
12 ~~corporation, or foreign limited liability company~~].

13            SECTION 12. Subchapter A, Chapter 9, Business Organizations  
14 Code, is amended by adding Section 9.012 to read as follows:

15            Sec. 9.012. AUTOMATIC WITHDRAWAL ON CONVERSION TO DOMESTIC  
16 FILING ENTITY. A foreign filing entity or foreign limited  
17 liability partnership registered in this state that converts to a  
18 domestic filing entity is considered to have withdrawn its  
19 registration on the effective date of the conversion. This section  
20 also applies to a conversion and continuance under Section 10.1025.

21            SECTION 13. Subsection (d), Section 9.104, Business  
22 Organizations Code, is amended to read as follows:

23            (d) A tax clearance letter [~~of eligibility~~] from the  
24 comptroller stating that the foreign filing entity has satisfied  
25 all franchise tax liabilities and its registration may be  
26 reinstated must be filed with the certificate of reinstatement if  
27 the foreign filing entity is a taxable entity under Chapter 171, Tax



1 Code, other than a foreign nonprofit [professional] corporation[  
2 for-profit corporation, or limited liability company].

3 SECTION 14. Section 9.251, Business Organizations Code, is  
4 amended to read as follows:

5 Sec. 9.251. ACTIVITIES NOT CONSTITUTING TRANSACTING  
6 BUSINESS IN THIS STATE. For purposes of this chapter, activities  
7 that do not constitute transaction of business in this state  
8 include:

9 (1) maintaining or defending an action or suit or an  
10 administrative or arbitration proceeding, or effecting the  
11 settlement of:

12 (A) such an action, suit, or proceeding; or  
13 (B) a claim or dispute to which the entity is a  
14 party;

15 (2) holding a meeting of the entity's managerial  
16 officials, owners, or members or carrying on another activity  
17 concerning the entity's internal affairs;

18 (3) maintaining a bank account;

19 (4) maintaining an office or agency for:

20 (A) transferring, exchanging, or registering  
21 securities the entity issues; or

22 (B) appointing or maintaining a trustee or  
23 depository related to the entity's securities;

24 (5) voting the interest of an entity the foreign  
25 entity has acquired;

26 (6) effecting a sale through an independent  
27 contractor;

1           (7) creating, as borrower or lender, or acquiring  
2 indebtedness or a mortgage or other security interest in real or  
3 personal property;

4           (8) securing or collecting a debt due the entity or  
5 enforcing a right in property that secures a debt due the entity;

6           (9) transacting business in interstate commerce;

7           (10) conducting an isolated transaction that:

8                 (A) is completed within a period of 30 days; and

9                 (B) is not in the course of a number of repeated,  
10 similar transactions;

11           (11) in a case that does not involve an activity that  
12 would constitute the transaction of business in this state if the  
13 activity were one of a foreign entity acting in its own right:

14                 (A) exercising a power of executor or  
15 administrator of the estate of a nonresident decedent under  
16 ancillary letters issued by a court of this state; or

17                 (B) exercising a power of a trustee under the  
18 will of a nonresident decedent, or under a trust created by one or  
19 more nonresidents of this state, or by one or more foreign entities;

20           (12) regarding a debt secured by a mortgage or lien on  
21 real or personal property in this state:

22                 (A) acquiring the debt in a transaction outside  
23 this state or in interstate commerce;

24                 (B) collecting or adjusting a principal or  
25 interest payment on the debt;

26                 (C) enforcing or adjusting a right or property  
27 securing the debt;

S.B. No. 1442

1 (D) taking an action necessary to preserve and  
2 protect the interest of the mortgagee in the security; or

3 (E) engaging in any combination of transactions  
4 described by this subdivision;

5 (13) investing in or acquiring, in a transaction  
6 outside of this state, a royalty or other nonoperating mineral  
7 interest; ~~[or]~~

8 (14) executing ~~[the execution of]~~ a division order,  
9 contract of sale, or other instrument incidental to ownership of a  
10 nonoperating mineral interest; or

11 (15) owning, without more, real or personal property  
12 in this state.

13 SECTION 15. Subchapter C, Chapter 10, Business  
14 Organizations Code, is amended by adding Section 10.1025 to read as  
15 follows:

16 Sec. 10.1025. CONVERSION AND CONTINUANCE. (a) A  
17 converting entity may elect to continue its existence in its  
18 current organizational form and jurisdiction of formation in  
19 connection with the entity's:

20 (1) conversion under Section 10.101 as a domestic  
21 entity of one organizational form into a non-United States entity  
22 of the same organizational form; or

23 (2) conversion under Section 10.102 as a non-United  
24 States entity of one organizational form into a domestic entity of  
25 the same organizational form.

26 (b) The election permitted by Subsection (a) for the  
27 converting entity to continue its existence in its current

1 organizational form and jurisdiction of formation must be:

2       (1) adopted and approved as part of the plan of  
3 conversion for the converting entity as required by Section  
4 10.101(b) or 10.102(b), as applicable; and

5       (2) permitted by, or not prohibited by and  
6 inconsistent with, the laws of the applicable non-United States  
7 jurisdiction.

8       (c) Section 10.156(2) does not apply in connection with the  
9 filing of the certificate of conversion if the converting entity is  
10 a domestic filing entity that elects to continue its existence in  
11 accordance with this section.

12       (d) Chapter 9 does not apply to a non-United States entity  
13 that also exists as a domestic filing entity because of a conversion  
14 and election to continue its existence in accordance with this  
15 section.

16       SECTION 16. Subsection (a), Section 10.103, Business  
17 Organizations Code, is amended to read as follows:

18       (a) A plan of conversion must include:

19           (1) the name of the converting entity;

20           (2) the name of the converted entity;

21           (3) a statement that the converting entity is  
22 continuing its existence in the organizational form of the  
23 converted entity;

24           (4) a statement of the type of entity that the  
25 converted entity is to be and the converted entity's jurisdiction  
26 of formation;

27           (5) if Sections 10.1025 and 10.109 do not apply, the

1 manner and basis of converting the ownership or membership  
2 interests of the converting entity into ownership or membership  
3 interests of the converted entity;

4 (6) any certificate of formation required to be filed  
5 under this code if the converted entity is a filing entity; ~~and~~

6 (7) the certificate of formation or similar  
7 organizational document of the converted entity if the converted  
8 entity is not a filing entity; and

9 (8) if Sections 10.1025 and 10.109 apply, a statement  
10 that the converting entity is electing to continue its existence in  
11 its current organizational form and jurisdiction of formation after  
12 the conversion takes effect.

13 SECTION 17. Subchapter C, Chapter 10, Business  
14 Organizations Code, is amended by adding Section 10.109 to read as  
15 follows:

16 Sec. 10.109. SPECIAL PROVISIONS APPLYING TO CONVERSION AND  
17 CONTINUANCE. (a) This section applies only to a converting entity  
18 that elects to continue its existence in accordance with Section  
19 10.1025.

20 (b) When the conversion of a converting entity to which this  
21 section applies takes effect:

22 (1) notwithstanding Section 10.106(1), the converting  
23 entity continues to exist both in its current organizational form  
24 and jurisdiction of formation and, as the converted entity, in the  
25 same organizational form in the new jurisdiction of formation;

26 (2) the converting entity and the converted entity,  
27 for purposes of the laws of this state, constitute a single entity

1 formed, incorporated, created, or otherwise having come into being,  
2 as applicable, and existing under the laws of this state and the  
3 laws of the applicable non-United States jurisdiction, so long as  
4 the entity continues to exist as a domestic entity under the laws of  
5 this state following the conversion;

6 (3) if the converting entity is a domestic entity,  
7 this code and the other laws of this state apply to the converted  
8 entity to the same extent as the laws applied to the entity before  
9 the conversion;

10 (4) if the converting entity is a non-United States  
11 entity, the laws of the applicable non-United States jurisdiction  
12 apply to the converted entity to the same extent as the laws applied  
13 to the entity before the conversion;

14 (5) notwithstanding Section 10.106(2), all rights,  
15 title, and interests in all property owned by the converting entity  
16 continue to be owned by the converted entity, subject to any  
17 existing liens or other encumbrances on the property, in both the  
18 organizational form of the converting entity and the organizational  
19 form of the converted entity without:

20 (A) reversion or impairment;

21 (B) further act or deed; or

22 (C) the occurrence of a transfer or assignment;

23 and

24 (6) notwithstanding Section 10.106(3), all  
25 liabilities and obligations of the converting entity remain the  
26 liabilities and obligations of the converted entity in both the  
27 organizational form of the converting entity and the organizational

1 form of the converted entity without impairment or diminution  
2 because of the conversion.

3 SECTION 18. Section 10.154, Business Organizations Code, is  
4 amended by adding Subsection (c) to read as follows:

5 (c) In addition to complying with the requirements of  
6 Subsections (a) and (b), if Sections 10.1025 and 10.109 apply to the  
7 conversion, the certificate of conversion required by this section  
8 must:

9 (1) be titled "Certificate of Conversion and  
10 Continuance"; and

11 (2) include a statement certifying that the converting  
12 entity is electing to continue its existence in its current  
13 organizational form and jurisdiction of formation.

14 SECTION 19. Section 10.361, Business Organizations Code, is  
15 amended by adding Subsection (g) to read as follows:

16 (g) The beneficial owner of an ownership interest subject to  
17 dissenters' rights held in a voting trust or by a nominee on the  
18 beneficial owner's behalf may file a petition described by  
19 Subsection (a) if no agreement between the dissenting owner of the  
20 ownership interest and the responsible organization has been  
21 reached within the period prescribed by Section 10.358(d). When  
22 the beneficial owner files a petition described by Subsection (a):

23 (1) the beneficial owner shall at that time be  
24 considered, for purposes of this subchapter, the owner, the  
25 dissenting owner, and the holder of the ownership interest subject  
26 to the petition; and

27 (2) the dissenting owner who demanded payment under

1 Section 10.356 has no further rights regarding the ownership  
2 interest subject to the petition.

3 SECTION 20. Subsection (b), Section 10.366, Business  
4 Organizations Code, is amended to read as follows:

5 (b) An owner who has demanded payment for the owner's  
6 ownership interest under Section 10.356 is not entitled to vote or  
7 exercise any other rights of an ~~another~~ owner with respect to the  
8 ownership interest except the right to:

9 (1) receive payment for the ownership interest under  
10 this subchapter; and

11 (2) bring an appropriate action to obtain relief on  
12 the ground that the action to which the demand relates would be or  
13 was fraudulent.

14 SECTION 21. Subsection (b), Section 10.367, Business  
15 Organizations Code, is amended to read as follows:

16 (b) On termination of the right of dissent under this  
17 section:

18 (1) the dissenting owner and all persons claiming a  
19 right under the owner are conclusively presumed to have approved  
20 and ratified the action to which the owner dissented and are bound  
21 by that action;

22 (2) the owner's right to be paid the fair value of the  
23 owner's ownership interests ceases;

24 (3) and the owner's status as an owner of those  
25 ownership interests is restored, as if the owner's demand for  
26 payment of the fair value of the ownership interests had not been  
27 made under Section 10.356, [without prejudice to any interim



1 ~~proceeding~~] if the owner's ownership interests were not canceled,  
2 converted, or exchanged as a result of the action or a subsequent  
3 action;

4 (4) the dissenting owner is entitled to receive the  
5 same cash, property, rights, and other consideration received by  
6 owners of the same class and series of ownership interests held by  
7 the owner, as if the owner's demand for payment of the fair value of  
8 the ownership interests had not been made under Section 10.356, if  
9 the owner's ownership interests were canceled, converted, or  
10 exchanged as a result of the action or a subsequent action;

11 (5) any action of the domestic entity taken after the  
12 date of the demand for payment by the owner under Section 10.356  
13 will not be considered ineffective or invalid because of the  
14 restoration of the owner's ownership interests or the other rights  
15 or entitlements of the owner under this subsection; and

16 (6) ~~fundamental business transaction; and~~

17 [~~3~~] the dissenting owner is entitled to receive  
18 dividends or other distributions made after the date of the owner's  
19 payment demand under Section 10.356, ~~[in the interim]~~ to owners of  
20 the same class and series of ownership interests held by the owner  
21 as if the [a] demand ~~[for the payment of the ownership interests]~~  
22 had not been made ~~[under Section 10.356]~~, subject to any change in  
23 or adjustment to the ownership interests because of an action taken  
24 by the domestic entity ~~[the cancellation or exchange of the~~  
25 ownership interests] after the date of the [a] demand ~~[under~~  
26 Section 10.356 was made pursuant to a fundamental business  
27 transaction].

S.B. No. 1442

1 SECTION 22. Subsection (b), Section 11.101, Business  
2 Organizations Code, is amended to read as follows:

3 (b) A certificate from the comptroller that all taxes  
4 administered by the comptroller under Title 2, Tax Code, have been  
5 paid must be filed with the certificate of termination [~~in~~  
6 ~~accordance with Chapter 4~~] if the filing entity is a taxable entity  
7 under Chapter 171, Tax Code, other than a nonprofit [professional]  
8 corporation[~~, for-profit corporation, or limited liability~~  
9 ~~company~~].

10 SECTION 23. Subsection (e), Section 11.202, Business  
11 Organizations Code, is amended to read as follows:

12 (e) A tax clearance letter [~~of eligibility~~] from the  
13 comptroller stating that the filing entity has satisfied all  
14 franchise tax liabilities and may be reinstated must be filed with  
15 the certificate of reinstatement if the filing entity is a taxable  
16 entity under Chapter 171, Tax Code, other than a nonprofit  
17 [professional] corporation[~~, for-profit corporation, or limited~~  
18 ~~liability company~~].

19 SECTION 24. Subsection (c), Section 11.253, Business  
20 Organizations Code, is amended to read as follows:

21 (c) A certificate of reinstatement must be accompanied by:  
22 (1) each amendment to the entity's certificate of  
23 formation that is required by intervening events, including  
24 circumstances requiring an amendment to the filing entity's name as  
25 described in Section 11.203; and  
26 (2) a tax clearance letter from the comptroller  
27 stating that the filing entity has satisfied all franchise tax

S.B. No. 1442

1 liabilities and may be reinstated, if the filing entity is a taxable  
2 entity under Chapter 171, Tax Code, other than a nonprofit  
3 corporation.

4 SECTION 25. Section 11.314, Business Organizations Code, is  
5 amended to read as follows:

6 Sec. 11.314. INVOLUNTARY WINDING UP AND TERMINATION OF  
7 PARTNERSHIP OR LIMITED LIABILITY COMPANY. A district court in the  
8 county in which the registered office or principal place of  
9 business in this state of a domestic partnership or limited  
10 liability company is located has jurisdiction to order the winding  
11 up and termination of the domestic partnership or limited liability  
12 company on application by:

13 (1) a partner in the partnership if the court  
14 determines that:

15 (A) the economic purpose of the partnership is  
16 likely to be unreasonably frustrated; or

17 (B) another partner has engaged in conduct  
18 relating to the partnership's business that makes it not reasonably  
19 practicable to carry on the business in partnership with that  
20 partner; or

21 (2) an owner of the partnership or limited liability  
22 company if the court determines that it is not reasonably  
23 practicable to carry on the entity's business in conformity with  
24 its governing documents.

25 SECTION 26. Section 12.001, Business Organizations Code, is  
26 amended by adding Subsections (c) and (d) to read as follows:

27 (c) The secretary of state, on acceptance of the filing of

1 an instrument authorized to be filed with the secretary of state  
2 under this code, may issue:

3 (1) a certificate that evidences the filing of the  
4 instrument;

5 (2) a letter that acknowledges the filing of the  
6 instrument; or

7 (3) a certificate that evidences the filing of the  
8 instrument and a letter that acknowledges the filing of the  
9 instrument.

10 (d) This section and Sections 12.003 and 12.004 do not apply  
11 to a domestic real estate investment trust.

12 SECTION 27. Section 21.152, Business Organizations Code, is  
13 amended by amending Subsections (a) and (c) and adding Subsection  
14 (d) to read as follows:

15 (a) A corporation's certificate of formation may divide the  
16 corporation's authorized shares into one or more classes and may  
17 divide one or more classes into one or more series. If more than one  
18 class or series of shares is authorized, the [The] certificate of  
19 formation must designate each class and series of authorized shares  
20 to distinguish that class and series from any other class or series.

21 (c) Shares of the same class must be identical in all  
22 respects unless the shares have been divided into one or more  
23 series. If the shares of a class have been divided into one or more  
24 series, the shares may vary between series, but all shares of the  
25 same series must [~~will~~] be identical in all respects.

26 (d) A corporation's certificate of formation must  
27 authorize:

1           (1) one or more classes or series of shares that  
2 together have unlimited voting rights; and

3           (2) one or more classes or series of shares, which may  
4 be the same class or series of shares as those with voting rights,  
5 that together are entitled to receive the net assets of the  
6 corporation on winding up and termination.

7           SECTION 28. Subsection (a), Section 21.153, Business  
8 Organizations Code, is amended to read as follows:

9           (a) If more than one class or series of shares is authorized  
10 under Section 21.152(d), the certificate of formation must state  
11 ~~[Each class or series of authorized shares of a corporation must~~  
12 ~~have]~~ the designations, preferences, limitations, and relative  
13 rights, including voting rights, of each class or series [stated in  
14 ~~the corporation's certificate of formation].~~

15           SECTION 29. Subsection (a), Section 21.154, Business  
16 Organizations Code, is amended to read as follows:

17           (a) Subject to Sections 21.152 and [Section] 21.153, if  
18 authorized by the corporation's certificate of formation, a  
19 corporation may issue shares that:

20           (1) are redeemable, at the option of the corporation,  
21 shareholder, or other person or on the occurrence of a designated  
22 event, subject to Sections 21.303 and 21.304;

23           (2) entitle the holders of the shares to cumulative,  
24 noncumulative, or partially cumulative distributions;

25           (3) have preferences over any or all other classes or  
26 series of shares with respect to payment of distributions;

27           (4) have preferences over any or all other classes or

1 series of shares with respect to the assets of the corporation on  
2 the voluntary or involuntary winding up and termination of the  
3 corporation;

4 (5) are exchangeable, at the option of the  
5 corporation, shareholder, or other person or on the occurrence of a  
6 designated event, for shares, obligations, indebtedness, evidence  
7 of ownership, rights to purchase securities of the corporation or  
8 one or more other entities, or other property or for a combination  
9 of those rights, assets, or obligations, subject to Section 21.303;  
10 and

11 (6) are convertible into shares of any other class or  
12 series, at the option of the corporation, shareholder, or other  
13 person or on the occurrence of a designated event.

14 SECTION 30. Section 21.157, Business Organizations Code, is  
15 amended by adding Subsection (c) to read as follows:

16 (c) This subsection applies only to shares issued in  
17 accordance with Subsections (a) and (b) and Sections 21.160 and  
18 21.161 for consideration consisting, wholly or partly, of a  
19 contract for future services or benefits or a promissory note. A  
20 corporation may place the shares, although fully paid and  
21 nonassessable, in escrow, or make other arrangements to restrict  
22 the transfer of the shares, and may credit distributions made with  
23 respect to the shares against their purchase price, until the  
24 services are performed, the note is paid, or the benefits are  
25 received. If the services are not performed, the note is not paid,  
26 or the benefits are not received, the corporation may pursue  
27 remedies provided or afforded under law or in the contract or note,

1 including causing the shares that are placed in escrow or  
2 restricted to be forfeited or returned to or reacquired by the  
3 corporation and the distributions that have been credited to be  
4 wholly or partly returned to the corporation.

5 SECTION 31. Subsection (a), Section 21.163, Business  
6 Organizations Code, is amended to read as follows:

7 (a) A corporation may:

8 (1) issue fractions of a share, either certificated or  
9 uncertificated;

10 (2) arrange for the disposition of fractional  
11 interests by persons entitled to the interests;

12 (3) pay cash for the fair value of fractions of a share  
13 determined when the shareholders entitled to receive the fractions  
14 are determined; or

15 (4) subject to Subsection (b), issue scrip in  
16 registered [~~or bearer~~] form that entitles the holder to receive a  
17 certificate for a full share or an uncertificated full share on the  
18 surrender of the scrip aggregating a full share.

19 SECTION 32. Section 21.171, Business Organizations Code, is  
20 amended to read as follows:

21 Sec. 21.171. OUTSTANDING OR TREASURY SHARES. (a) Shares  
22 that are issued are outstanding shares unless the shares are  
23 treasury shares or are canceled.

24 (b) If there are outstanding shares, one or more shares that  
25 together have unlimited voting rights and one or more shares that  
26 together are entitled to receive the net assets of the corporation  
27 on the winding up and termination of the corporation must be

1 outstanding shares.

2 (c) Treasury shares are considered to be issued shares and  
3 not outstanding shares.

4 (d) ~~(b)~~ Treasury shares may not be included in the total  
5 assets of a corporation for purposes of determining the net assets  
6 of a corporation.

7 SECTION 33. Section 21.201, Business Organizations Code, is  
8 amended to read as follows:

9 Sec. 21.201. REGISTERED HOLDERS AS OWNERS; SHARES HELD BY

10 NOMINEES. (a) Except as otherwise provided by this code and  
11 subject to Chapter 8, Business & Commerce Code, a corporation may  
12 consider the person registered as the owner of a share in the share  
13 transfer records of the corporation at a particular time, including  
14 a record date set under Section 6.101 or 6.102 or Subchapter H, as  
15 the owner of that share at that time for purposes of:

- 16 (1) voting the share;  
17 (2) receiving distributions on the share;  
18 (3) transferring the share;  
19 (4) receiving notice, exercising rights of dissent,  
20 exercising or waiving a preemptive right, or giving proxies with  
21 respect to that share;

22 (5) entering into agreements with respect to that  
23 share in accordance with Section 6.251, 6.252, or 21.210; or

24 (6) any other shareholder action.

25 (b) A corporation may establish a procedure by which the  
26 corporation recognizes as a shareholder the beneficial owner of  
27 shares registered in the name of a nominee.



1 (c) A procedure established under Subsection (b) must:

2 (1) determine the extent of the corporation's  
3 recognition of the beneficial owner as a shareholder; and

4 (2) include the nominee's filing of a statement with  
5 the corporation that contains information regarding the beneficial  
6 owner.

7 (d) A procedure established under Subsection (b) may set  
8 forth:

9 (1) the types of nominees to which the procedure  
10 applies;

11 (2) the rights or privileges that the corporation will  
12 recognize in a beneficial owner, to the extent that the rights or  
13 privileges are not inconsistent with Section 10.361(g);

14 (3) the manner in which the procedure is selected by  
15 the nominee;

16 (4) the information that must be provided when the  
17 procedure is selected;

18 (5) the period for which the selection of the  
19 procedure is effective; and

20 (6) any other aspect of the rights and duties to be  
21 established under the procedure.

22 SECTION 34. Section 21.224, Business Organizations Code, is  
23 amended to read as follows:

24 Sec. 21.224. PREEMPTION OF LIABILITY. The liability of a  
25 holder, beneficial owner, or subscriber of shares of a corporation,  
26 or any affiliate of such a holder, owner, or subscriber or of the  
27 corporation, for an obligation that is limited by Section 21.223 is

1 exclusive and preempts any other liability imposed for that  
2 obligation under common law or otherwise.

3 SECTION 35. Subsection (a), Section 21.361, Business  
4 Organizations Code, is amended to read as follows:

5 (a) At ~~(if expressly authorized by a corporation's~~  
6 ~~certificate of formation in general or with respect to a specified~~  
7 ~~class or series of shares or group of classes or series of shares~~  
8 ~~and subject to Subsections (b) and (c), at]~~ each election of  
9 directors of the corporation, each shareholder entitled to vote at  
10 the election is entitled to:

11 (1) vote the number of shares owned by the shareholder  
12 for as many candidates as there are directors to be elected and for  
13 whose election the shareholder is entitled to vote; or

14 (2) if expressly authorized by a corporation's  
15 certificate of formation in general or with respect to a specified  
16 class or series of shares or group of classes or series of shares  
17 and subject to Subsections (b) and (c), cumulate votes by:

18 (A) giving one candidate as many votes as the  
19 total of the number of the directors to be elected multiplied by the  
20 shareholder's shares; or

21 (B) distributing the votes among one or more  
22 candidates using the same principle.

23 SECTION 36. Subsection (a), Section 21.406, Business  
24 Organizations Code, is amended to read as follows:

25 (a) The certificate of formation of a corporation may  
26 provide that directors, regardless of whether elected by the  
27 holders of a class or series of shares or by a group of classes or

S.B. No. 1442

1 series of shares [~~entitled to elect one or more directors~~], as  
2 provided by Section 21.405, are entitled to cast more or less than  
3 one vote on all matters or on specified matters. Such a provision  
4 also applies to directors voting in any committee or subcommittee  
5 regarding all matters or the specified matters, as applicable,  
6 unless otherwise provided by the certificate of formation.

7 SECTION 37. Subsection (b), Section 21.418, Business  
8 Organizations Code, is amended to read as follows:

9 (b) An otherwise valid contract or transaction described by  
10 Subsection (a) is valid notwithstanding that the [~~a~~] director or  
11 officer having the relationship or interest described by Subsection  
12 (a) [~~of the corporation~~] is present at or participates in the  
13 meeting of the board of directors, or of a committee of the board  
14 that authorizes the contract or transaction, or votes or signs, in  
15 the person's capacity as a director or committee member, a  
16 unanimous written consent of directors or committee members to  
17 authorize the contract or transaction, if:

18 (1) the material facts as to the relationship or  
19 interest described by Subsection (a) and as to the contract or  
20 transaction are disclosed to or known by:

21 (A) the corporation's board of directors or a  
22 committee of the board of directors and the board of directors or  
23 committee in good faith authorizes the contract or transaction by  
24 the approval [~~affirmative vote~~] of the majority of the  
25 disinterested directors or committee members, regardless of  
26 whether the disinterested directors or committee members  
27 constitute a quorum; or

1 (B) the shareholders entitled to vote on the  
2 authorization of the contract or transaction, and the contract or  
3 transaction is specifically approved in good faith by a vote of the  
4 shareholders; or

5 (2) the contract or transaction is fair to the  
6 corporation when the contract or transaction is authorized,  
7 approved, or ratified by the board of directors, a committee of the  
8 board of directors, or the shareholders.

9 SECTION 38. Subsection (a), Section 101.054, Business  
10 Organizations Code, is amended to read as follows:

11 (a) Except as provided by his section, the following  
12 provisions may not be waived or modified in the company agreement of  
13 a limited liability company:

14 (1) this section;

15 (2) Section 101.101 [~~101.101(b)~~], 101.151, 101.206,  
16 101.501, or 101.502;

17 (3) Chapter 1, if the provision is used to interpret a  
18 provision or define a word or phrase contained in a section listed  
19 in this subsection;

20 (4) Chapter 2, except that Section 2.104(c)(2),  
21 2.104(c)(3), or 2.113 may be waived or modified in the company  
22 agreement;

23 (5) Chapter 3, except that Subchapters C and E may be  
24 waived or modified in the company agreement; or

25 (6) Chapter 4, 5, 7, 10, 11, or 12, other than Section  
26 11.056.

27 SECTION 39. Section 101.106, Business Organizations Code,

1 is amended by adding Subsection (c) to read as follows:

2       (c) Sections 9.406 and 9.408, Business & Commerce Code, do  
3 not apply to a membership interest in a limited liability company,  
4 including the rights, powers, and interests arising under the  
5 company's certificate of formation or company agreement or under  
6 this code. To the extent of any conflict between this subsection  
7 and Section 9.406 or 9.408, Business & Commerce Code, this  
8 subsection controls. It is the express intent of this subsection to  
9 permit the enforcement, as a contract among the members of a limited  
10 liability company, of any provision of a company agreement that  
11 would otherwise be ineffective under Section 9.406 or 9.408,  
12 Business & Commerce Code.

13       SECTION 40. Subsection (c), Section 101.112, Business  
14 Organizations Code, is amended to read as follows:

15       (c) A charging order constitutes a lien on the judgment  
16 debtor's membership interest. The charging order lien may not be  
17 foreclosed on under this code or any other law.

18       SECTION 41. Section 101.206, Business Organizations Code,  
19 is amended by amending Subsections (a) and (d) and adding  
20 Subsection (f) to read as follows:

21       (a) Unless the distribution is made in compliance with  
22 Chapter 11, a [A] limited liability company may not make a  
23 distribution to a member of the company if, immediately after  
24 making the distribution, the company's total liabilities, other  
25 than liabilities described by Subsection (b), exceed the fair value  
26 of the company's total assets.

27       (d) A member of a limited liability company who receives a

1 distribution from the company in violation of this section is not  
2 required to return the distribution to the company unless [~~if~~] the  
3 member had knowledge of the violation.

4 (f) For purposes of this section, "distribution" does not  
5 include an amount constituting reasonable compensation for present  
6 or past services or a reasonable payment made in the ordinary course  
7 of business under a bona fide retirement plan or other benefits  
8 program.

9 SECTION 42. Subchapter E, Chapter 101, Business  
10 Organizations Code, is amended by adding Section 101.208 to read as  
11 follows:

12 Sec. 101.208. RECORD DATE. A company agreement may  
13 establish or provide for the establishment of a record date with  
14 respect to allocations and distributions.

15 SECTION 43. The heading to Section 101.251, Business  
16 Organizations Code, is amended to read as follows:

17 Sec. 101.251. GOVERNING AUTHORITY [MEMBERSHIP].

18 SECTION 44. Subsection (b), Section 101.255, Business  
19 Organizations Code, is amended to read as follows:

20 (b) An otherwise valid contract or transaction described by  
21 Subsection (a) is valid notwithstanding that the [~~a~~] governing  
22 person or officer having the relationship or interest described by  
23 Subsection (a) [~~of the company~~] is present at or participates in the  
24 meeting of the governing authority, or of a committee of the  
25 governing [~~person's~~] authority, that authorizes the contract or  
26 transaction or votes or signs, in the person's capacity as a  
27 governing person or committee member, a written consent of

1. governing persons or committee members to authorize the contract or  
2 transaction, if:

3 (1) the material facts as to the relationship or  
4 interest described by Subsection (a) and as to the contract or  
5 transaction are disclosed to or known by:

6 (A) the company's governing authority or a  
7 committee of the governing authority and the governing authority or  
8 committee in good faith authorizes the contract or transaction by  
9 the approval [~~affirmative vote~~] of the majority of the  
10 disinterested governing persons or committee members, regardless  
11 of whether the disinterested governing persons or committee members  
12 constitute a quorum; or

13 (B) the members of the company, and the members  
14 in good faith approve the contract or transaction by vote of the  
15 members; or

16 (2) the contract or transaction is fair to the company  
17 when the contract or transaction is authorized, approved, or  
18 ratified by the governing authority, a committee of the governing  
19 authority, or the members of the company.

20 SECTION 45. Chapter 101, Business Organizations Code, is  
21 amended by adding Subchapter M to read as follows:

22 SUBCHAPTER M. SERIES LIMITED LIABILITY COMPANY

23 Sec. 101.601. SERIES OF MEMBERS, MANAGERS, MEMBERSHIP  
24 INTERESTS, OR ASSETS. (a) A company agreement may establish or  
25 provide for the establishment of one or more designated series of  
26 members, managers, membership interests, or assets that:

27 (1) has separate rights, powers, or duties with

1 respect to specified property or obligations of the limited  
2 liability company or profits and losses associated with specified  
3 property or obligations; or

4 (2) has a separate business purpose or investment  
5 objective.

6 (b) A series established in accordance with Subsection (a)  
7 may carry on any business, purpose, or activity, whether or not for  
8 profit, that is not prohibited by Section 2.003.

9 Sec. 101.602. ENFORCEABILITY OF OBLIGATIONS AND EXPENSES OF  
10 SERIES AGAINST ASSETS. (a) Notwithstanding any other provision of  
11 this chapter or any other law, but subject to Subsection (b) and any  
12 other provision of this subchapter:

13 (1) the debts, liabilities, obligations, and expenses  
14 incurred, contracted for, or otherwise existing with respect to a  
15 particular series shall be enforceable against the assets of that  
16 series only, and shall not be enforceable against the assets of the  
17 limited liability company generally or any other series; and

18 (2) none of the debts, liabilities, obligations, and  
19 expenses incurred, contracted for, or otherwise existing with  
20 respect to the limited liability company generally or any other  
21 series shall be enforceable against the assets of a particular  
22 series.

23 (b) Subsection (a) applies only if:

24 (1) the records maintained for that particular series  
25 account for the assets associated with that series separately from  
26 the other assets of the company or any other series;

27 (2) the company agreement contains a statement to the



1 effect of the limitations provided in Subsection (a); and

2 (3) the company's certificate of formation contains a  
3 notice of the limitations provided in Subsection (a).

4 Sec. 101.603. ASSETS OF SERIES. (a) Assets associated  
5 with a series may be held directly or indirectly, including being  
6 held in the name of the series, in the name of the limited liability  
7 company, through a nominee, or otherwise.

8 (b) If the records of a series are maintained in a manner so  
9 that the assets of the series can be reasonably identified by  
10 specific listing, category, type, quantity, or computational or  
11 allocational formula or procedure, including a percentage or share  
12 of any assets, or by any other method in which the identity of the  
13 assets can be objectively determined, the records are considered to  
14 satisfy the requirements of Section 101.602(b)(1).

15 Sec. 101.604. NOTICE OF LIMITATION ON LIABILITIES OF  
16 SERIES. Notice of the limitation on liabilities of a series  
17 required by Section 101.602 that is contained in a certificate of  
18 formation filed with the secretary of state satisfies the  
19 requirements of Section 101.602(b)(3), regardless of whether:

20 (1) the limited liability company has established any  
21 series under this subchapter when the notice is contained in the  
22 certificate of formation; and

23 (2) the notice makes a reference to a specific series  
24 of the limited liability company.

25 Sec. 101.605. GENERAL POWERS OF SERIES. A series  
26 established under this subchapter has the power and capacity, in  
27 the series' own name, to:

S.B. No. 1442

1 (1) sue and be sued;

2 (2) contract;

3 (3) hold title to assets of the series, including real  
4 property, personal property, and intangible property; and

5 (4) grant liens and security interests in assets of  
6 the series.

7 Sec. 101.606. LIABILITY OF MEMBER OR MANAGER FOR  
8 OBLIGATIONS; DUTIES. (a) Except as and to the extent the company  
9 agreement specifically provides otherwise, a member or manager  
10 associated with a series or a member or manager of the company is  
11 not liable for a debt, obligation, or liability of a series,  
12 including a debt, obligation, or liability under a judgment,  
13 decree, or court order.

14 (b) The company agreement may expand or restrict any duties,  
15 including fiduciary duties, and related liabilities that a member,  
16 manager, officer, or other person associated with a series has to:

17 (1) the series or the company;

18 (2) a member or manager associated with the series; or

19 (3) a member or manager of the company.

20 Sec. 101.607. CLASS OR GROUP OF MEMBERS OR MANAGERS.

21 (a) The company agreement may:

22 (1) establish classes or groups of one or more members  
23 or managers associated with a series each of which has certain  
24 express relative rights, powers, and duties, including voting  
25 rights; and

26 (2) provide for the manner of establishing additional  
27 classes or groups of one or more members or managers associated with

1 the series each of which has certain express rights, powers, and  
2 duties, including providing for voting rights and rights, powers,  
3 and duties senior to existing classes and groups of members or  
4 managers associated with the series.

5 (b) The company agreement may provide for the taking of an  
6 action, including the amendment of the company agreement, without  
7 the vote or approval of any member or manager or class or group of  
8 members or managers, to create under the provisions of the company  
9 agreement a class or group of the series of membership interests  
10 that was not previously outstanding.

11 (c) The company agreement may provide that:

12 (1) all or certain identified members or managers or a  
13 specified class or group of the members or managers associated with  
14 a series have the right to vote on any matter separately or with all  
15 or any class or group of the members or managers associated with the  
16 series;

17 (2) any member or class or group of members associated  
18 with a series has no voting rights; and

19 (3) voting by members or managers associated with a  
20 series is on a per capita, number, financial interest, class,  
21 group, or any other basis.

22 Sec. 101.608. GOVERNING AUTHORITY. (a) Notwithstanding  
23 any conflicting provision of the certificate of formation of a  
24 limited liability company, the governing authority of a series  
25 consists of the managers or members associated with the series as  
26 provided in the company agreement.

27 (b) If the company agreement does not provide for the

1 governing authority of the series, the governing authority of the  
2 series consists of:

3 (1) the managers associated with the series, if the  
4 company's certificate of formation states that the company will  
5 have one or more managers; or

6 (2) the members associated with the series, if the  
7 company's certificate of formation states that the company will not  
8 have managers.

9 Sec. 101.609. APPLICABILITY OF OTHER PROVISIONS OF CHAPTER;  
10 SYNONYMOUS TERMS. (a) To the extent not inconsistent with this  
11 subchapter, this chapter applies to a series and its associated  
12 members and managers.

13 (b) For purposes of the application of any other provision  
14 of this chapter to a provision of this subchapter, and as the  
15 context requires:

16 (1) a reference to "limited liability company" or  
17 "company" means the "series";

18 (2) a reference to "member" means "member associated  
19 with the series"; and

20 (3) a reference to "manager" means "manager associated  
21 with the series."

22 Sec. 101.610. EFFECT OF CERTAIN EVENT ON MANAGER OR MEMBER.  
23 (a) An event that under this chapter or the company agreement  
24 causes a manager to cease to be a manager with respect to a series  
25 does not, in and of itself, cause the manager to cease to be a  
26 manager of the limited liability company or with respect to any  
27 other series of the company.

1        (b) An event that under this chapter or the company  
2 agreement causes a member to cease to be associated with a series  
3 does not, in and of itself, cause the member to cease to be  
4 associated with any other series or terminate the continued  
5 membership of a member in the limited liability company or require  
6 the winding up of the series, regardless of whether the member was  
7 the last remaining member associated with the series.

8        Sec. 101.611. MEMBER STATUS WITH RESPECT TO DISTRIBUTION.

9        (a) Subject to Sections 101.613, 101.617, 101.618, 101.619, and  
10 101.620, when a member associated with a series established under  
11 this subchapter is entitled to receive a distribution with respect  
12 to the series, the member, with respect to the distribution, has the  
13 same status as a creditor of the series and is entitled to any  
14 remedy available to a creditor of the series.

15        (b) Section 101.207 does not apply to a distribution with  
16 respect to the series.

17        Sec. 101.612. RECORD DATE FOR ALLOCATIONS AND  
18 DISTRIBUTIONS. A company agreement may establish or provide for  
19 the establishment of a record date for allocations and  
20 distributions with respect to a series.

21        Sec. 101.613. DISTRIBUTIONS. (a) A limited liability  
22 company may make a distribution with respect to a series.

23        (b) A limited liability company may not make a distribution  
24 with respect to a series to a member if, immediately after making  
25 the distribution, the total amount of the liabilities of the  
26 series, other than liabilities described by Subsection (c), exceeds  
27 the fair value of the assets associated with the series.

1 (c) For purposes of Subsection (b), the liabilities of a  
2 series do not include:

3 (1) a liability related to the member's membership  
4 interest; or

5 (2) except as provided by Subsection (e), a liability  
6 of the series for which the recourse of creditors is limited to  
7 specified property of the series.

8 (d) For purposes of Subsection (b), the assets associated  
9 with a series include the fair value of property of the series  
10 subject to a liability for which recourse of creditors is limited to  
11 specified property of the series only if the fair value of that  
12 property exceeds the liability.

13 (e) A member who receives a distribution from a series in  
14 violation of this section is not required to return the  
15 distribution to the series unless the member had knowledge of the  
16 violation.

17 (f) This section may not be construed to affect the  
18 obligation of a member to return a distribution to the series under  
19 the company agreement or other state or federal law.

20 (g) Section 101.206 does not apply to a distribution with  
21 respect to a series.

22 (h) For purposes of this section, "distribution" does not  
23 include an amount constituting reasonable compensation for present  
24 or past services or a reasonable payment made in the ordinary course  
25 of business under a bona fide retirement plan or other benefits  
26 program.

27 Sec. 101.614. AUTHORITY TO WIND UP AND TERMINATE SERIES.

1 Except to the extent otherwise provided in the company agreement  
2 and subject to Sections 101.617, 101.618, 101.619, and 101.620, a  
3 series and its business and affairs may be wound up and terminated  
4 without causing the winding up of the limited liability company.

5 Sec. 101.615. TERMINATION OF SERIES. (a) Except as  
6 otherwise provided by Sections 101.617, 101.618, 101.619, and  
7 101.620, the series terminates on the completion of the winding up  
8 of the business and affairs of the series in accordance with  
9 Sections 101.617, 101.618, 101.619, and 101.620.

10 (b) The limited liability company shall provide notice of  
11 the termination of a series in the manner provided in the company  
12 agreement for notice of termination, if any.

13 (c) The termination of the series does not affect the  
14 limitation on liabilities of the series provided by Section  
15 101.602.

16 Sec. 101.616. EVENT REQUIRING WINDING UP. Subject to  
17 Sections 101.617, 101.618, 101.619, and 101.620, the business and  
18 affairs of a series are required to be wound up:

19 (1) if the winding up of the limited liability company  
20 is required under Section 101.552(a) or Chapter 11; or

21 (2) on the earlier of:

22 (A) the time specified for winding up the series  
23 in the company agreement;

24 (B) the occurrence of an event specified with  
25 respect to the series in the company agreement;

26 (C) the occurrence of a majority vote of all of  
27 the members associated with the series approving the winding up of

1 the series or, if there is more than one class or group of members  
2 associated with the series, a majority vote of the members of each  
3 class or group of members associated with the series approving the  
4 winding up of the series;

5 (D) if the series has no members, the occurrence  
6 of a majority vote of all of the managers associated with the series  
7 approving the winding up of the series or, if there is more than one  
8 class or group of managers associated with the series, a majority  
9 vote of the managers of each class or group of managers associated  
10 with the series approving the winding up of the series; or

11 (E) a determination by a court in accordance with  
12 Section 101.621.

13 Sec. 101.617. PROCEDURES FOR WINDING UP AND TERMINATION OF  
14 SERIES. (a) The following provisions apply to a series and the  
15 associated members and managers of the series:

16 (1) Subchapters A, G, H, and I, Chapter 11; and

17 (2) Subchapter B, Chapter 11, other than Sections  
18 11.051, 11.056, 11.057, 11.058, and 11.059.

19 (b) For purposes of the application of Chapter 11 to a  
20 series and as the context requires:

21 (1) a reference to "domestic entity," "filing entity,"  
22 or "entity" means the "series";

23 (2) a reference to an "owner" means a "member  
24 associated with the series";

25 (3) a reference to the "governing authority" or a  
26 "governing person" means the "governing authority associated with  
27 the series" or a "governing person associated with the series"; and



1           (4) a reference to "business," "property,"  
2 "obligations," or "liabilities" means the "business associated  
3 with the series," "property associated with the series,"  
4 "obligations associated with the series," or "liabilities  
5 associated with the series."

6           (c) After the occurrence of an event requiring winding up of  
7 a series under Section 101.616, unless a revocation as provided by  
8 Section 101.618 or a cancellation as provided by Section 101.619  
9 occurs, the winding up of the series must be carried out by:

10           (1) the governing authority of the series or one or  
11 more persons, including a governing person, designated by:

12                   (A) the governing authority of the series;

13                   (B) the members associated with the series; or

14                   (C) the company agreement; or

15           (2) a person appointed by the court to carry out the  
16 winding up of the series under Section 11.054, 11.405, 11.409, or  
17 11.410.

18           (d) An action taken in accordance with this section does not  
19 affect the limitation on liability of members and managers provided  
20 by Section 101.606.

21           Sec. 101.618. REVOCATION OF VOLUNTARY WINDING UP. Before  
22 the termination of the series takes effect, a voluntary decision to  
23 wind up the series under Section 101.616(2)(C) or (D) may be revoked  
24 by:

25                   (1) a majority vote of all of the members associated  
26 with the series approving the revocation or, if there is more than  
27 one class or group of members associated with the series, a majority

1 vote of the members of each class or group of members associated  
2 with the series approving the revocation; or

3 (2) if the series has no members, a majority vote of  
4 all the managers associated with the series approving the  
5 revocation or, if there is more than one class or group of managers  
6 associated with the series, a majority vote of the managers of each  
7 class or group of managers associated with the series approving the  
8 revocation.

9 Sec. 101.619. CANCELLATION OF EVENT REQUIRING WINDING UP.

10 (a) Unless the cancellation is prohibited by the company  
11 agreement, an event requiring winding up of the series under  
12 Section 101.616(1) or (2) may be canceled by the consent of all of  
13 the members of the series before the termination of the series takes  
14 effect.

15 (b) In connection with the cancellation, the members must  
16 amend the company agreement to:

17 (1) eliminate or extend the time specified for the  
18 series if the event requiring winding up of the series occurred  
19 under Section 101.616(1); or

20 (2) eliminate or revise the event specified with  
21 respect to the series if the event requiring winding up of the  
22 series occurred under Section 101.616(2).

23 Sec. 101.620. CONTINUATION OF BUSINESS. The series may  
24 continue its business following the revocation under Section  
25 101.618 or the cancellation under Section 101.619.

26 Sec. 101.621. WINDING UP BY COURT ORDER. A district court  
27 in the county in which the registered office or principal place of

1 business in this state of a domestic limited liability company is  
2 located, on application by or for a member associated with the  
3 series, has jurisdiction to order the winding up and termination of  
4 a series if the court determines that it is not reasonably  
5 practicable to carry on the business of the series in conformity  
6 with the company agreement.

7 SECTION 46. Chapter 151, Business Organizations Code, is  
8 amended by adding Section 151.004 to read as follows:

9 Sec. 151.004. OFFICERS. A partnership may have elected or  
10 appointed officers in accordance with Section 3.103.

11 SECTION 47. Subsection (a), Section 152.801, Business  
12 Organizations Code, is amended to read as follows:

13 (a) Except as provided by Subsection (b) or the partnership  
14 agreement, a partner in a limited liability partnership is not  
15 personally liable to any person, including a partner, directly or  
16 indirectly, by contribution, indemnity, or otherwise, for a debt or  
17 obligation of the partnership incurred while the partnership is a  
18 limited liability partnership.

19 SECTION 48. Subsection (f), Section 152.802, Business  
20 Organizations Code, is amended to read as follows:

21 (f) A registration may be withdrawn by filing a withdrawal  
22 notice with the secretary of state in accordance with Chapter 4. A  
23 certificate from the comptroller stating that all taxes  
24 administered by the comptroller under Title 2, Tax Code, have been  
25 paid must be filed with the notice of withdrawal. A withdrawal  
26 notice terminates the status of the partnership as a limited  
27 liability partnership from the date on which the notice is filed or

1 a later date specified in the notice, but not later than the  
2 expiration date under Subsection (e). A withdrawal notice must:

3 (1) contain:

4 (A) the name of the partnership;

5 (B) the federal tax identification number of the  
6 partnership;

7 (C) the date of registration of the partnership's  
8 last application under this subchapter; and

9 (D) the current street address of the  
10 partnership's principal office in this state and outside this  
11 state, if applicable; and

12 (2) be signed by:

13 (A) a majority-in-interest of the partners; or

14 (B) one or more partners authorized by a  
15 majority-in-interest of the partners.

16 SECTION 49. Section 152.906, Business Organizations Code,  
17 is amended by adding Subsection (c) to read as follows:

18 (c) A certificate from the comptroller stating that all  
19 taxes administered by the comptroller under Title 2, Tax Code, have  
20 been paid must be filed with the withdrawal of registration.

21 SECTION 50. Section 152.914, Business Organizations Code,  
22 is amended by adding Subsection (f) to read as follows:

23 (f) A tax clearance letter from the comptroller stating that  
24 a foreign limited liability partnership has satisfied all franchise  
25 tax liabilities and may be reinstated must be filed with the  
26 certificate of reinstatement if the foreign limited liability  
27 partnership is a taxable entity under Chapter 171, Tax Code.

1 SECTION 51. Section 153.103, Business Organizations Code,  
2 is amended to read as follows:

3 Sec. 153.103. ACTIONS NOT CONSTITUTING PARTICIPATION IN  
4 BUSINESS FOR LIABILITY PURPOSES. For purposes of this section and  
5 Sections 153.102, 153.104, and 153.105, a limited partner does not  
6 participate in the control of the business because the limited  
7 partner has or has acted in one or more of the following capacities  
8 or possesses or exercises one or more of the following powers:

9 (1) acting as:

10 (A) a contractor for or an officer or other agent  
11 or employee of the limited partnership;

12 (B) a contractor for or an agent or employee of a  
13 general partner;

14 (C) an officer, director, or stockholder of a  
15 corporate general partner;

16 (D) a partner of a partnership that is a general  
17 partner of the limited partnership; or

18 (E) a member or manager of a limited liability  
19 company that is a general partner of the limited partnership;

20 (2) acting in a capacity similar to that described in  
21 Subdivision (1) with any other person that is a general partner of  
22 the limited partnership;

23 (3) consulting with or advising a general partner on  
24 any matter, including the business of the limited partnership;

25 (4) acting as surety, guarantor, or endorser for the  
26 limited partnership, guaranteeing or assuming one or more specific  
27 obligations of the limited partnership, or providing collateral for

1 borrowings of the limited partnership;

2           (5) calling, requesting, attending, or participating  
3 in a meeting of the partners or the limited partners;

4           (6) winding up the business of a limited partnership  
5 under Chapter 11 and Subchapter K of this chapter;

6           (7) taking an action required or permitted by law to  
7 bring, pursue, settle, or otherwise terminate a derivative action  
8 in the right of the limited partnership;

9           (8) serving on a committee of the limited partnership  
10 or the limited partners; or

11           (9) proposing, approving, or disapproving, by vote or  
12 otherwise, one or more of the following matters:

13                   (A) the winding up or termination of the limited  
14 partnership;

15                   (B) an election to reconstitute the limited  
16 partnership or continue the business of the limited partnership;

17                   (C) the sale, exchange, lease, mortgage,  
18 assignment, pledge, or other transfer of, or granting of a security  
19 interest in, an asset of the limited partnership;

20                   (D) the incurring, renewal, refinancing, or  
21 payment or other discharge of indebtedness by the limited  
22 partnership;

23                   (E) a change in the nature of the business of the  
24 limited partnership;

25                   (F) the admission, removal, or retention of a  
26 general partner;

27                   (G) the admission, removal, or retention of a

1 limited partner;

2 (H) a transaction or other matter involving an  
3 actual or potential conflict of interest;

4 (I) an amendment to the partnership agreement or  
5 certificate of formation;

6 (J) if the limited partnership is qualified as an  
7 investment company under the federal Investment Company Act of 1940  
8 (15 U.S.C. Section 80a-1 et seq.), as amended, any matter required  
9 by that Act or the rules and regulations of the Securities and  
10 Exchange Commission under that Act, to be approved by the holders of  
11 beneficial interests in an investment company, including:

12 (i) electing directors or trustees of the  
13 investment company;

14 (ii) approving or terminating an investment  
15 advisory or underwriting contract;

16 (iii) approving an auditor; and

17 (iv) acting on another matter that that Act  
18 requires to be approved by the holders of beneficial interests in  
19 the investment company;

20 (K) indemnification of a general partner under  
21 Chapter 8 or otherwise;

22 (L) any other matter stated in the partnership  
23 agreement;

24 (M) the exercising of a right or power granted or  
25 permitted to limited partners under this code and not specifically  
26 enumerated in this section; or

27 (N) the merger or conversion of a limited

1 partnership.

2 SECTION 52. Section 153.210, Business Organizations Code,  
3 is amended to read as follows:

4 Sec. 153.210. LIMITATION ON DISTRIBUTION. (a) Unless the  
5 distribution is made in compliance with Chapter 11, a [A] limited  
6 partnership may not make a distribution to a partner if,  
7 immediately after giving effect to the distribution and despite any  
8 compromise of a claim referred to by Sections 153.203 and 153.204,  
9 all liabilities of the limited partnership, other than liabilities  
10 to partners with respect to their partnership interests and  
11 liabilities for which the recourse of creditors is limited to  
12 specified property of the limited partnership, exceed the fair  
13 value of the partnership assets. The fair value of property that is  
14 subject to a liability for which recourse of creditors is limited  
15 shall be included in the partnership assets for purposes of this  
16 subsection only to the extent that the fair value of that property  
17 exceeds that liability.

18 (b) For purposes of this section, "distribution" does not  
19 include an amount constituting reasonable compensation for present  
20 or past services or a reasonable payment made in the ordinary course  
21 of business under a bona fide retirement plan or other benefits  
22 program.

23 SECTION 53. Subsection (c), Section 153.256, Business  
24 Organizations Code, is amended to read as follows:

25 (c) A charging order constitutes a lien on the judgment  
26 debtor's partnership interest. The charging order lien may not be  
27 foreclosed on under this code or any other law.



1 SECTION 54. Subsection (c), Section 153.309, Business  
2 Organizations Code, is amended to read as follows:

3 (c) This section and Sections 153.307 and 153.308 do not  
4 affect the liability of a limited partner [~~to the limited~~  
5 ~~partnership~~].

6 SECTION 55. Section 153.311, Business Organizations Code,  
7 is amended to read as follows:

8 Sec. 153.311. TERMINATION [~~CANCELLATION~~] OF CERTIFICATE OR  
9 REVOCAION OF REGISTRATION AFTER FORFEITURE. (a) The secretary of  
10 state may terminate [~~cancel~~] the certificate of formation of a  
11 domestic limited partnership, or revoke the registration of a  
12 foreign limited partnership, if the limited partnership:

13 (1) forfeits its right to transact business in this  
14 state under Section 153.307; and

15 (2) fails to revive that right under Section 153.310.

16 (b) Termination [~~Cancellation~~] of the certificate or  
17 revocation of registration takes effect without judicial  
18 ascertainment.

19 (c) The secretary of state shall note the termination or  
20 revocation [~~cancellation~~] and the date [~~of cancellation~~] on the  
21 record kept in the secretary's office relating to the limited  
22 partnership.

23 (d) On termination or revocation [~~cancellation~~], the status  
24 of the limited partnership is changed to inactive according to the  
25 records of the secretary of state. The change to inactive status  
26 does not affect the liability of a limited partner [~~to the limited~~  
27 ~~partnership~~].

1 SECTION 56. Subsections (a) and (b), Section 153.312,  
2 Business Organizations Code, are amended to read as follows:

3 (a) A limited partnership the certificate of formation or  
4 registration of which has been terminated or revoked ~~[canceled]~~ as  
5 provided by Section 153.311 may be relieved of the termination or  
6 revocation ~~[cancellation]~~ by filing the report required by Section  
7 153.301, accompanied by the filing fees provided by Chapter 4.

8 (b) If the limited partnership pays the fees required by  
9 Subsection (a) and all taxes, penalties, and interest due and  
10 accruing before termination or revocation, the secretary of state  
11 shall:

12 (1) reinstate the certificate or registration of the  
13 limited partnership without judicial ascertainment;

14 (2) change the status of the limited partnership to  
15 active; and

16 (3) note the reinstatement on the record kept in the  
17 secretary's office relating to the limited partnership.

18 SECTION 57. Section 154.001, Business Organizations Code,  
19 is amended by adding Subsection (d) to read as follows:

20 (d) Sections 9.406 and 9.408, Business & Commerce Code, do  
21 not apply to a partnership interest in a partnership, including the  
22 rights, powers, and interests arising under the governing documents  
23 of the partnership or under this code. To the extent of any  
24 conflict between this subsection and Section 9.406 or 9.408,  
25 Business & Commerce Code, this subsection controls. It is the  
26 express intent of this subsection to permit the enforcement, as a  
27 contract among the partners of a partnership, of any provision of a

1 partnership agreement that would otherwise be ineffective under  
2 Section 9.406 or 9.408, Business & Commerce Code.

3 SECTION 58. Subsection (b), Section 200.317, Business  
4 Organizations Code, is amended to read as follows:

5 (b) An otherwise valid contract or transaction described by  
6 Subsection (a) is valid notwithstanding that the [a] trust manager  
7 or officer having the relationship or interest described by  
8 Subsection (a) [of the trust] is present at or participates in the  
9 meeting of the trust managers or of a committee of the trust  
10 managers that authorizes the contract or transaction, or votes or  
11 signs, in the person's capacity as a trust manager or committee  
12 member, a unanimous written consent of trust managers or committee  
13 members to authorize the contract or transaction, if:

14 (1) the material facts as to the relationship or  
15 interest described by Subsection (a) and as to the contract or  
16 transaction are disclosed to or known by:

17 (A) the trust managers or a committee of the  
18 trust managers, and the trust managers or committee of the trust  
19 managers in good faith authorize the contract or transaction by the  
20 approval [affirmative vote] of the majority of disinterested trust  
21 managers or committee members, regardless of whether the  
22 disinterested trust managers or committee members constitute a  
23 quorum; or

24 (B) the shareholders entitled to vote on the  
25 authorization of the contract or transaction, and the contract or  
26 transaction is specifically approved in good faith by a vote of the  
27 shareholders; or

1           (2) the contract or transaction is fair to the real  
2 estate investment trust when the contract or transaction is  
3 authorized, approved, or ratified by the trust managers, a  
4 committee of the trust managers, or the shareholders.

5           SECTION 59. Subsection (a), Section 402.005, Business  
6 Organizations Code, is amended to read as follows:

7           (a) On or after January 1, 2010, if a domestic entity formed  
8 before January 1, 2006, or a foreign filing entity registered with  
9 the secretary of state to transact business in this state before  
10 January 1, 2006, has not taken the actions specified by Section  
11 402.003 [~~402.003(a)~~] or 402.004 to elect to adopt this code:

12           (1) this code applies to the entity and all actions  
13 taken by the managerial officials, owners, or members of the  
14 entity, except as otherwise expressly provided by this title;

15           (2) if the entity is a domestic or foreign filing  
16 entity, the entity is not considered to have failed to comply with  
17 this code if the entity's certificate of formation or application  
18 for registration, as appropriate, does not comply with this code;

19           (3) if the entity is a domestic filing entity, the  
20 entity shall conform its certificate of formation to the  
21 requirements of this code when it next files an amendment to its  
22 certificate of formation; and

23           (4) if the entity is a foreign filing entity, the  
24 entity shall conform its application for registration to the  
25 requirements of this code when it next files an amendment to its  
26 application for registration.

27           SECTION 60. Section 9.406, Business & Commerce Code, is

1 amended by adding Subsection (j) to read as follows:

2 (j) This section does not apply to an interest in a  
3 partnership or limited liability company.

4 SECTION 61. Section 9.408, Business & Commerce Code, is  
5 amended by adding Subsection (e) to read as follows:

6 (e) This section does not apply to an interest in a  
7 partnership or limited liability company.

8 SECTION 62. Section 71.002, Business & Commerce Code, is  
9 amended by amending Subdivisions (2), (4), (7), (8), and (9) and  
10 adding Subdivision (6-a) to read as follows:

11 (2) "Assumed name" means:

12 (A) for an individual, a name that does not  
13 include the surname of the individual;

14 (B) for a partnership, a name that does not  
15 include the surname or other legal name of each joint venturer or  
16 general partner;

17 (C) for an individual or a partnership, a name,  
18 including a surname, that suggests the existence of additional  
19 owners by including words such as "Company," "& Company," "& Son,"  
20 "& Sons," "& Associates," "Brothers," and similar words, but not  
21 words that merely describe the business being conducted or the  
22 professional service being rendered;

23 (D) for a limited partnership, a name other than  
24 the name stated in its certificate of formation;

25 (E) for a company, a name used by the company;

26 (F) for a corporation, a name other than the name  
27 stated in its certificate of formation or a comparable document;

1 (G) for a [~~registered~~] limited liability  
2 partnership, a name other than the name stated in its application  
3 filed with the office of the secretary of state or a comparable  
4 document; and

5 (H) for a limited liability company, a name other  
6 than the name stated in its certificate of formation or a comparable  
7 document.

8 (4) "Company" means a real estate investment trust, a  
9 joint-stock company, or any other business, professional, or other  
10 association or legal entity that is not incorporated, other than a  
11 partnership, limited partnership, limited liability company, [~~or~~  
12 ~~registered~~] limited liability partnership, or foreign filing  
13 entity.

14 (6-a) "Foreign filing entity" means an entity formed  
15 under the laws of a jurisdiction other than this state that  
16 registers or is required by law to register with the secretary of  
17 state to conduct business or render professional services in this  
18 state under Chapter 9, Business Organizations Code.

19 (7) "Office" means:

20 (A) for a person that is not an individual or that  
21 is a corporation that is not required to or does not maintain a  
22 registered office in this state, the person's:

23 (i) principal office; and

24 (ii) principal place of business if not the  
25 same as the person's principal office; and

26 (B) for a corporation, limited partnership,  
27 [~~registered~~] limited liability partnership, [~~or~~] limited liability

1 company, or foreign filing entity that is required to maintain a  
2 registered office in this state, the entity's:

- 3 (i) registered office; and  
4 (ii) principal office if not the same as the  
5 entity's registered office.

6 (8) "Partnership" means a joint venture or general  
7 partnership other than a limited partnership or a [~~registered~~]  
8 limited liability partnership.

9 (9) "Person" includes an individual, partnership,  
10 limited partnership, limited liability company, [~~registered~~]  
11 limited liability partnership, company, [~~or~~] corporation, or  
12 foreign filing entity.

13 SECTION 63. Subsection (b), Section 71.003, Business &  
14 Commerce Code, is amended to read as follows:

15 (b) This chapter does not require a corporation, limited  
16 partnership, [~~registered~~] limited liability partnership, [~~or~~]  
17 limited liability company, or foreign filing entity or its  
18 shareholders, associates, partners, or members to file a  
19 certificate to conduct business or render a professional service in  
20 this state under the name of the entity as stated in the certificate  
21 of formation, application filed with the office of the secretary of  
22 state, or other comparable document of the entity.

23 SECTION 64. Section 71.051, Business & Commerce Code, is  
24 amended to read as follows:

25 Sec. 71.051. CERTIFICATE FOR CERTAIN UNINCORPORATED  
26 PERSONS. A person must file a certificate under this subchapter if  
27 the person regularly conducts business or renders a professional

S.B. No. 1442

1 service in this state under an assumed name other than as a  
2 corporation, limited partnership, [~~registered~~] limited liability  
3 partnership, [~~or~~] limited liability company, or foreign filing  
4 entity.

5 SECTION 65. Section 71.052, Business & Commerce Code, is  
6 amended to read as follows:

7 Sec. 71.052. CONTENTS OF CERTIFICATE. The certificate must  
8 state:

9 (1) the assumed name under which the business is or is  
10 to be conducted or the professional service is or is to be rendered;

11 (2) if the registrant is:

12 (A) an individual, the individual's full name and  
13 residence address;

14 (B) a partnership:

15 (i) the venture or partnership name;

16 (ii) the venture or partnership office  
17 address;

18 (iii) the full name of each joint venturer  
19 or general partner; and

20 (iv) each joint venturer's or general  
21 partner's residence address if the venturer or partner is an  
22 individual or the joint venturer's or general partner's office  
23 address if the venturer or partner is not an individual;

24 (C) an estate:

25 (i) the name of the estate;

26 (ii) the estate's office address, if any;

27 (iii) the full name of each representative



1 of the estate; and

2 (iv) each representative's residence  
3 address if the representative is an individual or the  
4 representative's office address if the representative is not an  
5 individual;

6 (D) a real estate investment trust:

7 (i) the name of the trust;

8 (ii) the address of the trust;

9 (iii) the full name of each trustee

10 manager; and

11 (iv) each trustee manager's residence  
12 address if the trustee manager is an individual or the trustee  
13 manager's office address if the trustee manager is not an  
14 individual; or

15 (E) a company, other than a real estate  
16 investment trust [~~or a corporation~~]:

17 (i) the name of the company [~~or~~  
18 ~~corporation~~];

19 (ii) the state, country, or other  
20 jurisdiction under the laws of which the company [~~or corporation~~]  
21 was organized [~~or incorporated~~]; and

22 (iii) the company's [~~or corporation's~~]  
23 office address;

24 (3) the period, not to exceed 10 years, during which  
25 the registrant will use the assumed name; and

26 (4) a statement specifying that the business that is  
27 or will be conducted or the professional service that is or will be

1 rendered in the county under the assumed name is being or will be  
2 conducted or rendered as a proprietorship, sole practitioner,  
3 partnership, real estate investment trust, joint-stock company, or  
4 other form of unincorporated business or professional association  
5 or entity other than a limited partnership, limited liability  
6 company, [~~or registered~~] limited liability partnership, or foreign  
7 filing entity.

8 SECTION 66. Section 71.101, Business & Commerce Code, is  
9 amended to read as follows:

10 Sec. 71.101. CERTIFICATE FOR INCORPORATED BUSINESS OR  
11 PROFESSION, LIMITED PARTNERSHIP, [~~REGISTERED~~] LIMITED LIABILITY  
12 PARTNERSHIP, [~~OR~~] LIMITED LIABILITY COMPANY, OR FOREIGN FILING  
13 ENTITY. A corporation, limited partnership, [~~registered~~] limited  
14 liability partnership, [~~or~~] limited liability company, or foreign  
15 filing entity must file a certificate under this subchapter if the  
16 entity:

17 (1) regularly conducts business or renders  
18 professional services in this state under an assumed name; or

19 (2) is required by law to use an assumed name in this  
20 state to conduct business or render professional services.

21 SECTION 67. Section 71.102, Business & Commerce Code, is  
22 amended to read as follows:

23 Sec. 71.102. CONTENTS OF CERTIFICATE. The certificate must  
24 state:

25 (1) the assumed name under which the business is or is  
26 to be conducted or the professional service is or is to be rendered;

27 (2) the registrant's name as stated in the

1 registrant's certificate of formation or application filed with the  
2 office of the secretary of state or other comparable document;

3 (3) the state, country, or other jurisdiction under  
4 the laws of which the registrant was incorporated or organized and  
5 the registrant's registered or similar office address in that  
6 state, country, or jurisdiction;

7 (4) the period, not to exceed 10 years, during which  
8 the registrant will use the assumed name;

9 (5) a statement specifying that the registrant is:

10 (A) a for-profit ~~[business]~~ corporation,  
11 nonprofit corporation, professional corporation, professional  
12 association, or other type of corporation;

13 (B) a limited partnership, ~~[registered]~~ limited  
14 liability partnership, or limited liability company; or

15 (C) another type of incorporated business,  
16 professional or other association, or legal entity, foreign or  
17 domestic;

18 (6) the address of:

19 (A) the registrant's[+]

20 ~~[(i) registered office in this state and~~  
21 ~~the name of its registered agent at that address, and~~

22 ~~[(ii)] principal office[, if the principal~~  
23 ~~office address is not the same as the registrant's registered~~  
24 ~~office address in this state]; or~~

25 (B) if the registrant is not required to or does  
26 not maintain a registered office in this state:

27 (i) the registrant's office in this state;

S.B. No. 1442

1 and

2 (ii) the registrant's place of business in  
3 this state and any office of the registrant outside this state, if  
4 the registrant is not incorporated or organized under the laws of  
5 this state; and

6 (7) the county or counties in this state where the  
7 registrant is or will be conducting business or rendering  
8 professional services under the assumed name.

9 SECTION 68. Section 71.103, Business & Commerce Code, is  
10 amended to read as follows:

11 Sec. 71.103. PLACE OF FILING. (a) The corporation,  
12 limited partnership, ~~[registered]~~ limited liability partnership,  
13 ~~[or]~~ limited liability company, or foreign filing entity shall file  
14 the certificate in the office of the secretary of state and in the  
15 office or offices of each county clerk as specified by Subsection  
16 (b) or (c).

17 (b) An [Except as provided by Subsection (c), the] entity  
18 that maintains a registered office in this state shall file the  
19 certificate in the office ~~[offices]~~ of the county clerk of the  
20 county in which the entity's:

21 (1) registered office is located, if the entity's  
22 principal office is not located in this state; or [and]

23 (2) principal office is located, if the entity's  
24 principal office is located in this state [and not in the same  
25 county where the registered office is located].

26 (c) An [If the] entity that [is not required to or] does not  
27 maintain a registered office in this state ~~[, the entity]~~ shall file

S.B. No. 1442

1 the certificate:

2 (1) in the office of the county clerk of the county in  
3 which the entity's office in this state is located; or

4 (2) in the office of the county clerk of the county in  
5 which the entity's principal place of business in this state is  
6 located, if:

7 (A) the entity is not incorporated or organized  
8 under the laws of this state; and

9 (B) the county in which the entity's principal  
10 place of business in this state is located is not the same county  
11 where the entity's office is located.

12 SECTION 69. Subsection (b), Section 71.152, Business &  
13 Commerce Code, is amended to read as follows:

14 (b) An event that causes the information in a certificate to  
15 become materially misleading includes:

16 (1) a change in the name, identity, entity, form of  
17 business or professional organization, or location of a registrant;

18 (2) for a proprietorship or sole practitioner, a  
19 change in ownership; or

20 (3) for a partnership:

21 (A) the admission of a new partner or joint  
22 venturer; or

23 (B) the end of a general partner's or joint  
24 venturer's association with the partnership[~~+~~ or

25 ~~[(4) for a registrant required by law to maintain a~~  
26 ~~registered office or similar office and a registered agent or~~  
27 ~~similar agent at that office, a change in the address of the office~~

S.B. No. 1442

1 ~~or in the identity of the agent].~~

2 SECTION 70. Section 681.170, Business & Commerce Code, is  
3 amended to read as follows:

4 Sec. 681.170. CITY OF MIDLOTHIAN [~~TRADE ZONE CORPORATION~~].

5 The City of Midlothian [~~Trade Zone Corporation, organized under the~~  
6 ~~laws of this state,~~] may apply for and accept a grant of authority  
7 to establish, operate, and maintain:

8 (1) a foreign trade zone in Midlothian, Ellis County,  
9 adjacent to the port limits of the Dallas-Fort Worth port of entry;  
10 and

11 (2) other subzones in Ellis County.

12 SECTION 71. Subsection (A), Section 19, Texas Professional  
13 Association Act (Article 1528f, Vernon's Texas Civil Statutes), is  
14 amended to read as follows:

15 (A) The original and a copy of the articles of dissolution  
16 shall be delivered to the Secretary of State, together with a  
17 certificate from the comptroller stating that all taxes  
18 administered by the comptroller under Title 2, Tax Code, have been  
19 paid. If the Secretary of State finds that the articles of  
20 dissolution conform to law, he shall, when all fees have been paid  
21 as required by law:

22 (1) Endorse on the original and the copy the word  
23 "Filed," and the month, day, and year of the filing thereof.

24 (2) File the original in his office.

25 (3) Issue a certificate of dissolution to which he  
26 shall affix the copy.

27 SECTION 72. Subsection (a), Section 2.03, Texas Revised

S.B. No. 1442

1 Limited Partnership Act (Article 6132a-1, Vernon's Texas Civil  
2 Statutes), is amended to read as follows:

3 (a) A certificate of limited partnership shall be canceled  
4 by paying the filing fee and filing a certificate of cancellation,  
5 together with a certificate from the comptroller stating that all  
6 taxes administered by the comptroller under Title 2, Tax Code, have  
7 been paid, with the secretary of state:

8 (1) on the completion of the winding up of the  
9 partnership;

10 (2) when there are no limited partners; or

11 (3) subject to Subsection (c) of this section, on a  
12 merger or conversion as provided by Subsection (b) of Section 2.11  
13 of this Act or Subsection (c) of Section 2.15 of this Act.


14 SECTION 73. Section 9.06, Texas Revised Limited Partnership  
15 Act (Article 6132a-1, Vernon's Texas Civil Statutes), is amended to  
16 read as follows:


17 Sec. 9.06. CANCELLATION OF REGISTRATION. A foreign limited  
18 partnership may cancel its registration by paying the application  
19 fee and filing with the secretary of state a certificate of  
20 cancellation executed by a general partner, conforming to the  
21 requirements of Section 2.03 of this Act as if it were a domestic  
22 limited partnership, together with a certificate from the  
23 comptroller stating that all taxes administered by the comptroller  
24 under Title 2, Tax Code, have been paid. A cancellation does not  
25 terminate the authority of the secretary of state to accept service  
26 of process on the foreign limited partnership with respect to  
27 causes of action arising out of the transaction of business in

1 Texas.


2 SECTION 74. Section 2.006, Business Organizations Code, is  
3 repealed.

4 SECTION 75. This Act takes effect September 1, 2009.\_\_\_\_\_

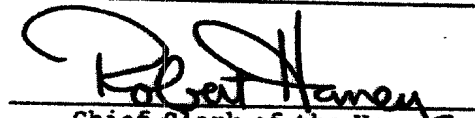
  
\_\_\_\_\_  
President of the Senate

  
\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 1442 passed the Senate on April 9, 2009, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 11, 2009, by the following vote: Yeas 31, Nays 0.\_\_\_\_\_

  
\_\_\_\_\_  
Secretary of the Senate

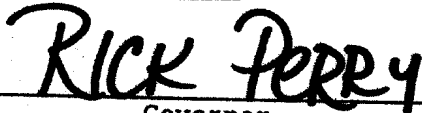
I hereby certify that S.B. No. 1442 passed the House, with amendment, on May 4, 2009, by the following vote: Yeas 143, Nays 0, one present not voting.\_\_\_\_\_

  
\_\_\_\_\_  
Chief Clerk of the House

Approved:


20 MAY '09

Date

  
\_\_\_\_\_  
Governor

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
5:00 O'CLOCK

MAY 20 2009

  
\_\_\_\_\_  
Secretary of State