

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1323
By: Sibley
Business & Commerce
3/14/2001
Committee Report (Substituted)

DIGEST AND PURPOSE

Currently, Texas law prohibits out-of-state (foreign) corporations and certain other entities from conducting any affairs in this state which similarly organized entities in Texas are not permitted to conduct. Recent changes to Texas law, however, may inadvertently allow some of these foreign entities to transact business within Texas that is not consistent with Texas law. C.S.S.B. 1323, among other things, requires the registration of foreign limited liability partnerships and foreign general liability partnerships, consistent with foreign limited partnerships, and imposes fees for each year or part of a year during which the foreign entity transacts business in Texas without being registered.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 6132a-1, V.T.C.S., to provide that the failure of a foreign general partnership to register in Texas does not impair the validity of any contract or act of the foreign limited partnership, the right of any other party to the contract to maintain any action, suit, or proceeding on the contract, or defense by the foreign limited partnership of any action, suit, or proceeding in any Texas court. Requires a foreign limited partnership transacting business in Texas without having registered to pay the secretary of state an amount equal to the fee for registration required under Section 9.02, plus \$500, rather than \$750, for each year or part of a year during which it transacted business in Texas without having registered.

SECTION 2. Amends Article 6132b-10.03, V.T.C.S., to require a foreign limited liability partnership transacting business in Texas without being registered in Texas to pay to the secretary of state an amount equal to the total amounts owing under Section 10.02 plus \$500 for each year or part of a year during which the partnership transacted business in Texas without being registered.

SECTION 3. Amends Article 1396-8.01, V.T.C.S., to require that no foreign corporation be entitled to procure a certificate of authority under this Act if members of the foreign corporation would be ineligible to organize a corporation under the laws of this state or if the foreign corporation is to conduct affairs which are against the public policy of this state.

SECTION 4. Amends Chapter 35D, Business & Commerce Code, by adding Section 35.49, as follows:

Sec. 35.49. PROHIBITED OUT-OF-STATE OBLIGATIONS. Prohibits a legal right or obligation between parties, including nonbusiness entities, arising from an agreement, or other arrangement or legal relationship, entered into in another state or under another state's laws from being enforced in this state if entering into the agreement, arrangement, or relationship would violate the law or the public policy of this state.

SECTION 5. Effective date: upon passage or 90 days after adjournment.

SUMMARY OF COMMITTEE CHANGES

SECTION 4. Amends As Filed S.B. 1323 by adding Section 35.49, Business & Commerce Code.

SECTION 5. Amends As Filed S.B. 1323 by redesignating SECTION 4 as SECTION 5.