

**SUBJECT:** Expanding entities from which attorney's fees are recoverable

**COMMITTEE:** Judiciary and Civil Jurisprudence — committee substitute recommended

**VOTE:** 9 ayes — Leach, Davis, Dutton, Julie Johnson, Krause, Middleton, Moody, Schofield, Smith

0 nays

**WITNESSES:** For — (*Registered, but did not testify:* Lee Parsley, Texans for Lawsuit Reform; Guy Herman, Travis County Probate Court; Thomas Parkinson)

Against — (*Registered, but did not testify:* Jeffrey Brannen, Balfour Beatty Construction, LLC)

**BACKGROUND:** Business Organizations Code sec. 1.002 defines "organization" as a corporation, limited or general partnership, limited liability company, business trust, real estate investment trust, joint venture, joint stock company, cooperative, association, bank, insurance company, credit union, savings and loan association, or other organization, regardless of whether the organization is for-profit, nonprofit, domestic, or foreign.

Civil Practice and Remedies Code sec. 38.001 allows the recovery of reasonable attorney's fees from an individual or corporation, in addition to the amount of a valid claim and cost in the case of certain claims.

**DIGEST:** CSHB 1578 would include an organization as defined by the Business Organizations Code, as well as the state or an agency or institution of the state in the types of entities from which a person could recover reasonable attorney's fees in certain civil cases.

The bill would take effect September 1, 2021, and would apply only to an award of attorney's fees in an action commenced on or after that date.

**SUPPORTERS SAY:** CSHB 1578 would address challenges related to the recovery of attorney's fees from state entities and certain business entities by expanding the

entities from which attorney's fees are recoverable in certain civil cases to include the state and related agencies or institutions, as well as limited or general partnerships, limited liability companies, and other business entities included under the Business Organizations Code definition of organization. Under current statute, recovery of reasonable attorney's fees is limited to recovery from individuals and corporations, making recovery difficult from other types of organizations or entities. Explicitly including state agencies and other classes of business entities in the current statute should make recovery of these fees from a more encompassing list easier and more accessible.

CRITICS  
SAY:

No concerns identified.