

BILL ANALYSIS

H.B. 3434
By: Parker
Business & Industry
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties note that the applicability of the Uniform Commercial Code to a series within a Texas limited liability company is not sufficiently clear, although the code has always been assumed to be applicable to such a series. The parties further note that series limited liability companies are provided for in the Business Organizations Code and are defined as not being separate from their connected limited liability companies, although a series is authorized to function separately for certain purposes. The parties assert that the confusion with regard to existing law occurs because the applicability of the Uniform Commercial Code depends on how "person" is defined in the code, and a limited liability company is included in that definition, but a series limited liability company is not. H.B. 3434 seeks to clarify existing law and prevent any further confusion in this regard.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 3434 amends the Business & Commerce Code to expand the definition of "person" under the Uniform Commercial Code to include a particular series of a for-profit entity.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.