

BILL ANALYSIS

S.B. 1313
By: Watson
Business & Industry
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current law regarding business entities prohibits a filing entity and a foreign filing entity from having an identical or deceptively similar name as another filing entity or foreign filing entity and prohibits the secretary of state from reserving or registering a name that is the same as or deceptively similar to the name of an existing entity name or a name that is already reserved or registered. Under the law, an affected entity may consent in writing to the use of the name. Interested parties raise concerns, however, that if a filing entity or foreign filing entity includes a forged document that purports to grant the requisite permission from an existing entity, the secretary of state is not required to take any steps to verify the permission, and that the only way that existing entities can guard against such infringements is to subscribe to and regularly check the online database of business documents maintained by the secretary of state. Even if an existing entity becomes aware of a forgery, the parties conclude, there may be difficulty in convincing authorities to prosecute the crime. S.B. 1313 seeks to address these concerns and deter filing entities and foreign filing entities from fraudulently claiming to have obtained an existing entity's consent to use the same or a similar name.

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

S.B. 1313 amends the Business Organizations Code to change the basis of certain exceptions to the prohibitions against identical and deceptively similar business entity names and the reservation or registration of such names from the entity or the person for whom the name is reserved or registered, as appropriate, consenting in writing to the use, reservation, or registration of the similar name to the entity or the person for whom the name is reserved or registered, as appropriate, to providing to the secretary of state a notarized written statement of the entity's or person's consent to such use, reservation, or registration.

EFFECTIVE DATE

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