

- SUBJECT:** Texas Real Estate Investment Trust Act
- COMMITTEE:** Business and Industry — committee substitute recommended
- VOTE:** 7 ayes — Brimer, Brady, Crabb, Eiland, Janek, Rhodes, Solomons  
0 nays  
2 absent — Corte, Giddings
- WITNESSES:** For — Robert V. Jewell, State Bar of Texas, Corporation Law Committee and Texas Business Law Foundation  
Against — None
- BACKGROUND:** The Texas Real Estate Investment Trust Act was enacted in 1961 and updated in 1989 to conform to the Texas Business Corporation Act (TCBA), which primarily governs the formation of for-profit corporations. The act authorizes a business corporation designed specifically for the acquisition and development of real estate and has 100 or more shareholders. It was created to take advantage of certain federal tax law regarding passive real estate investing, in which the shareholders are not actively involved in managing the real estate.
- DIGEST:** CSHB 2396 would modify the Texas Real Estate Trust Act to conform to the Texas Business Corporation Act particularly regarding mergers and share exchange provisions. The bill would make technical changes to clarify the intent of the act. The bill would take effect September 1, 1995, and apply only to actions commenced on or after that date.
- SUPPORTERS SAY:** The changes to the Texas Real Estate Trust Act made by CSHB 2396 would modernize and clarify the act for use in today's business environment. All the changes were made in conjunction and with the approval of the Corporation Law Committee of the Business Law Section of the State Bar of Texas. The act is seldom used today because it is outdated, and these changes would permit its use without ambiguous confusion and antiquated concepts and language.

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OPPONENTS  
SAY: No apparent opposition

NOTES: The committee substitute made changed certain filing from the Secretary of State's office to the county clerk's office where the property is located.