

BILL ANALYSIS

Senate Research Center

S.B. 555
By: Sibley
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DIGEST

Recently, the State Bar of Texas and the Office of the Secretary of State have drafted proposed amendments in an effort to modernize and add flexibility to acts pertaining to business entities. S.B. 555 proposes technical and conforming changes, addresses questions not previously in the statutes or reported by Texas cases, adopts statutes and concepts from the Revised Model Business Corporation Act, includes amendments regarding a new corporate transaction called a "conversion." A conversion will allow certain business entities an additional option in which to effect a change in their organizational form. Finally, the bill contains various conforming and clean-up changes to the Texas Revised Limited Partnership Act and the Texas Revised Partnership Act.

PURPOSE

As proposed, S.B. 555 proposes technical and conforming changes, addresses questions not previously in the statutes or reported by Texas cases, adopts statutes and concepts from the Revised Model Business Corporation Act, includes amendments regarding conversion, and contains various conforming and clean-up changes to the Texas Revised Limited Partnership Act and the Texas Revised Partnership Act.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the secretary of state in SECTION 123 (Section 10.02(n), Article 6132b-1.01, V.T.C.S.) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 1.02A, Texas Business Corporation Act (TBCA), to define "associate," "conversion," "converted entity," "converting entity," "disinterested," and "independent." Redefines "other entity," "share dividend," and "treasury shares." Makes conforming changes.

SECTION 2. Amends Articles 2.02-1A, P, R, and T, TBCA, to redefine "corporation," "director," and "official capacity." Provides that a corporation is deemed to have requested a director to serve as a trustee, employee, agent, or similar functionary of an employee benefit plan whenever the performance of duties to the corporation include duties to the plan or participants or beneficiaries of a plan. Provides that actions of the director are deemed to be in the best interest of the corporation. Makes conforming changes.

SECTION 3. Amends Article 2.05A, TBCA, to establish guidelines for corporate names.

SECTION 4. Amends Article 2.06, TBCA, by adding Subsection D, to establish the authorization to terminate a reserved corporate name.

SECTION 5. Amends Articles 2.15A and B, TBCA, to delete a provision that shares having par value may be issued for consideration expressed in dollars. Sets forth the consideration of shares issued by a converted entity to be fixed in the plan of conversion or, in the case of a corporation created by merger, in the plan of merger. sets forth when and how a board of directors may fix consideration of shares.

SECTION 6. Amends Article 2.16, TBCA, to set forth the consideration and issuance of certain

shares. Makes conforming changes.

SECTION 7. Amends Articles 2.21A and B, TBCA, to establish that certain holders of shares, including any affiliate thereof or of the corporation, are under no obligation with respect to certain matters. Makes conforming changes.

SECTION 8. Amends Article 2.28, TBCA, by amending Sections A and B and by adding Section E, TBCA, as follows:

A. Quorum. Sets forth the requirements of a quorum.

B. Voting on Matters Other Than the Election of Directors. Provides for acts by a shareholder at a meeting.

E. Authorizes a corporation to establish certain procedures in its bylaws. Sets forth the requirements of the procedures.

SECTION 9. Amends Article 2.29B, TBCA, to set forth certain shares which cannot be voted. Provides that nothing in this section is to be construed as limiting the right of an entity to vote stock.

SECTION 10. Amends Part Two, TBCA, by adding Article 2.30-1, as follows:

Art. 2.30-1. SHAREHOLDER AGREEMENTS. Sets forth the scope and requirements of shareholder agreements.

SECTION 11. Amends Article 2.31, TBCA, to provide that the board of directors of a corporation has certain powers, except as provided by Article 2.30-1 and Part Twelve of this Act.

SECTION 12. Amends Article 2.32, TBCA, to provide that the bylaws or articles of incorporation are authorized to include certain information, except as otherwise provided in this article. Prohibits a director from being removed for cause, unless the articles of incorporation otherwise provide. Makes conforming changes.

SECTION 13. Amends Article 2.35-1A, TBCA, to provide that an otherwise valid contract between a director or officer and a corporation, or between a domestic or foreign corporation and a corporation or any other entity in which one or more of its directors or officers are directors or officers or have a financial interest shall be valid, if certain factors are met.

SECTION 14. Amends Article 2.36B, TBCA, to prohibit a committee of the board of directors (board) from having the authority of the board with reference to approving a conversion of a corporation.

SECTION 15. Amends Article 2.38-4B, TBCA, to provide for the date of occurrence for redemptions, exchanges, or acquisition of any of a corporation's own shares.

SECTION 16. Amends Article 3.01, TBCA, to set forth requirements for incorporators.

SECTION 17. Amends Article 3.02A, TBCA, to provide a statement in the articles of incorporation: that the business will not commence until it receives consideration of at least \$1000; that any provision which is permitted to be included pursuant to Article 2.30-1 of this Act; providing certain information about the board of directors, subject to Article 2.30-1 of this Act; the name and address of incorporators, unless incorporation is pursuant to a conversion or merger plan; and if the incorporation is due to a conversion or merger, a statement to that effect, and if a conversion, certain information is needed.

SECTION 18. Amends Article 3.03, TBCA, by amending Section A and adding Section C, to set forth requirements of filing with the secretary of state a domestic incorporation pursuant to a conversion, and the duties of the secretary of state. Makes conforming changes

SECTION 19. Amends Article 3.04, TBCA, to set forth the corporate existence of an incorporation pursuant a conversion or merger. Establishes what the certificate of incorporation evidences. Makes conforming changes.

SECTION 20. Amends Article 3.05, TBCA, to provide that a corporation will not commence until it receives consideration of at least \$1000, rather than money, labor done, or property received.

SECTION 21. Amends Article 3.06A, TBCA, and adds Section B, to provide that persons who will perform the functions of the board are to transact certain business, except as provided by Section B of this article. Provides that Section A is not applicable to incorporating pursuant to mergers or conversions.

SECTION 22. Amends Article 4.03A, TBCA, Makes a conforming chnage.

SECTION 23. Amends Article 4.14, TBCA, as follows:

Art. 4.14. New heading: REORGANIZATION UNDER A NEW FEDERAL STATUTE; AMENDMENT OF ARTICLES, MERGER, SHARE EXCHANGE, CONVERSION, AND DISSOLUTION PURSUANT TO FEDERAL REORGANIZATION PROCEEDINGS. Authorizes certain entities, acting on behalf of a corporation, to effect a conversion. Authorizes certain entities to sign articles of conversion setting forth certain information. Provides that shareholders of a corporation are not to dissent under Article 5.20 of this Act.

SECTION 24. Amends Article 5.01B, TBCA, to set forth provisions that a plan of merger is to include if certain shares are to be converted differently than other shares, and, as an exhibit or attachment, the articles of incorporation of the new domestic corporation.

SECTION 25. Amends Articles 5.02A and B, TBCA, to provide that one or more domestic or foreign corporations are authorized to acquire outstanding shares of one or more classes or series of one or more domestic corporations if certain provisions are met. Makes conforming changes.

SECTION 26. Amends Article 5.03, TBCA, as follows:

A. Requires the board to submit a plan of merger or exchange for approval except as provided by Sections G and H of this article. Provides that unless the articles of incorporation otherwise require, no approval by shareholders of a plan of merger is required under this article for any corporation party to a plan of merger unless that corporation is also a party to the merger.

B. Requires the board to adopt a recommendation that the plan of merger or exchange be approved by shareholders unless the board determines otherwise, in which case the board is required to adopt a resolution directing that a plan of merger or exchange be submitted to the shareholders for approval without recommendation, except as provided by Section G and H.

H. Provides that unless the articles of incorporation otherwise require, approval by shareholders of a corporate plan of merger is not required and Sections (A) - (F) of this article do not apply if certain provisions are met.

I. Defines "direct or indirect wholly-owned subsidiary," "holding company," " party to the merger," and "shares."

J. Provides that Part Thirteen of this Act apply to a holding company and its shareholders immediately after the effective time of the merger.

K. Provides that the corporate name of a holding company following a merger pursuant Section H of this Article is the same as the corporate name of the corporation immediately prior to the effective time of the merger.

L. Makes conforming and nonsubstantive changes.

SECTION 27. Amends Article 5.04, TBCA, to provide that certain plans of merger or exchange are to be executed on behalf of each domestic or foreign corporation or other entity that is a party to the merger and are to set forth the plan of the merger or exchange or statement certifying certain information. Requires a certain number of articles of incorporation to be delivered to the secretary of state with the articles of merger. Provides certain entities to pay fees and franchise taxes if the plan of merger or exchange provides that certain entities are responsible for certain fees and franchise taxes. Makes a conforming change.

SECTION 28. Amends Article 5.10, TBCA, to provide that a disposition of all or substantially all property and assets of a corporation is not considered a conversion.

SECTION 29. Amends Article 5.11, TBCA, to provide that a shareholder has the right to dissent from certain dispositions. Provides the shareholder with a right to dissent from any plan of merger in which there is a single surviving or new domestic or foreign corporation, or from a plan of exchange if certain provisions are met.

SECTION 30. Amends Article 5.14, TBCA, as follows:

Art. 5.14. New heading: DERIVATIVE PROCEEDINGS A. Certain Definitions. Defines "derivative proceeding" and "shareholder."

B. Standing. Prohibits a shareholder from commencing or maintaining a derivative proceeding unless the shareholder meets certain provisions.

C. Demand. Prohibits a shareholder from commencing a derivative proceeding unless certain provisions are met.

D. Stay; Discovery. Provides for a stay of derivative proceedings procedures and discovery procedures.

E. Tolling of Statute of Limitations. Sets forth the procedures for tolling the statute of limitations.

F. Dismissal of Derivative Proceeding. Sets forth requirements for dismissing a derivative proceeding.

G. Commencement of Proceeding After Rejection of Demand. Requires a petition to allege with particularity facts that establish that rejection was not made in accordance with certain requirements.

H. Determination by Directors or Independent Persons. Provide for a determination of the derivative proceeding to be made by certain persons.

I. Discontinuance or Settlement. Prohibits a derivative suit from being discontinued or settled without court approval. Requires the court to give notice to affected shareholders, if the court determines that a proposed discontinuance or settlement substantially affects the interest of other shareholders.

J. Payment of Expenses. Authorizes the court to order payment of expenses on termination of a derivative suit.

K. Application to Foreign Corporations. Provides that in any derivative proceeding brought in the right of a foreign corporation, the matters covered by this article are governed by the laws of the jurisdiction of incorporation of the foreign corporation, except for Sections D, I, and J of this article. Provides that matters in the case of relating to a foreign corporation under Section D of this article, references to a person or group described in Section H of this article are deemed to refer to a person or group entitled under the laws of the jurisdiction of incorporation of the foreign corporation to review and dispose of a derivative proceeding and the standard of review to dismiss a derivative

proceeding is to be governed by the laws of the jurisdiction of incorporation.

L. Closely Held Corporations. Provides that Sections B through H of this article do not apply to a closely held corporation. Sets forth requirements if justice requires a derivative proceeding brought by a shareholder of a closely held corporation. Defines "closely held corporation." Deletes definitions of "derivative suit" and "expenses." Deletes existing Sections B-F.

SECTION 31. Amends Article 5.16, TBCA, as follows:

Art. 5.16. New heading: MERGER WITH SUBSIDIARY ENTITIES. Authorizes certain corporations to merge with other corporations. Sets forth requirements of newly merged corporations. Requires articles of merger to be signed on behalf of the parent entity by an officer or other authorized representative of the parent entity. Sets forth the requirements for articles of merger. Requires the articles of merger to be delivered to the secretary of state. Deletes the requirements under which the secretary of state receives the articles of merger. Requires the effective date to be a certain date if the surviving entity, rather than corporation, is a domestic corporation. Makes conforming and nonsubstantive changes.

SECTION 32. Amends Part Five, TBCA, by adding Articles 5.17 through 5.20, as follows:

Art. 5.17. CONVERSION. Authorizes a domestic corporation to adopt a plan of conversion and convert to a foreign corporation or any other entity if certain provisions are met. Authorizes any foreign corporation to adopt a plan of conversion and convert to a domestic corporation if certain factors are met. Sets forth the requirements of a plan of conversion. Authorizes a plan of conversion to set forth other provisions relating to the conversion not inconsistent with law. Sets forth requirements of abandonment of a plan of conversion. Requires the conversion deemed abandonment after certain procedures are met.

Art. 5.18. ARTICLES OF CONVERSION. Sets forth the requirements for articles of conversion. Requires articles of conversion to be delivered to the secretary of state. Requires certain other documents to be delivered to the secretary of state. Sets forth duties of the secretary of state once completed articles of conversion are delivered and all fees paid.

Art. 5.19. EFFECTIVE DATE OF CONVERSION. Sets forth the effective date of a conversion.

Art 5.20. EFFECT OF CONVERSION. Sets forth the effects of a conversion once the conversion is in effect.

SECTION 33. Amends Article 6.03A, TBCA, to require a resolution of a shareholder's meeting to be adopted upon receiving an affirmative vote of the holders of at least two-thirds of the outstanding shares. Deletes a provision that each outstanding share is entitled to vote whether or not entitled. Requires shares to be entitled to vote as a class, unless otherwise entitled to vote on each matter generally as provided in the articles of incorporation. Makes conforming and nonsubstantive changes.

SECTION 34. Amends Articles 6.05A and B, TBCA, to delete a provision that each outstanding share of the corporation is entitled to vote thereon, whether or not entitled by the articles of incorporation. Sets forth the contents of the articles of revocation including if the corporation elected to revoke voluntary dissolution proceedings a statement that a resolution revoking the voluntary dissolution was adopted, the number of outstanding shares entitled to vote on the resolution, and the number of shares entitled to vote on the resolution generally that voted for or against the resolution. Makes conforming changes.

SECTION 35. Amends Article 6.06, TBCA, to require articles of dissolution to disclose that if a corporation elected to dissolve by the written consent of all of its shareholders, a statement that a consent approving a dissolution of the corporation was signed by certain persons and a statement that a resolution approving dissolution was adopted, the number of shares outstanding and entitled to vote

on the resolution, and number of shares entitled to vote on the resolution generally that voted for or against the resolution and if the shares of any class or series, rather than class, were entitled to vote. Makes conforming changes.

SECTION 36. Amends Article 7.01E, TBCA, to authorize any corporation dissolved by the secretary of state to be reinstated with 36 months, rather than 12 months from the date of such dissolution. Prohibits a reinstatement form being authorized if the corporate name is the same or similar to a limited partnership or limited liability company name already on file. Makes conforming changes.

SECTION 37. Amends Article 8.03, TBCA, to prohibit names of a corporation from being deceptively similar to the names of certain business entities. Makes conforming changes.

SECTION 38. Amends Articles 8.14A and C, TBCA, to delete a provision stating that a certificate of withdrawal shall set forth a statement that all known creditors or claimants have been paid or provided for. Makes conforming and nonsubstantive changes.

SECTION 39. Amends Article 8.15A, TBCA, to require certain documents to be delivered to the secretary of state. Requires the secretary of state to take certain actions when the appropriate filing fee is paid. Makes conforming changes.

SECTION 40. Amends Article 8.16E, TBCA, to authorize a corporation to be reinstated within 36 months, rather than 12 months, from the date of revocation. Makes a conforming and nonsubstantive change.

SECTION 41. Amends Article 9.04A, TBCA, to require the secretary of state, if he or she fails to approve a share exchange and conversion or other certain activities, to give written notice of the failure to the entity. Authorizes the entity to appeal a failure of approval.

SECTION 42. Amends Article 9.10, TBCA, by adding Section D, to provide that if a provision of this Act that requires advance notice of a meeting or proposed action will not apply as to that class or series for such action if action is taken with respect to certain matters.

SECTION 43. Amends Article 10.01A, TBCA, to delete a provision requiring the secretary of state to collect fees for filing articles of consolidation. Provides that the secretary of state is authorized and required for filing articles of exchange and articles of conversion and issuing a certificate of conversion.

SECTION 44. Amends Article 10.03A, TBCA, to authorize a conversion to be made effective as of a time and date after the time and date provided in this Act if certain provisions are met.

SECTION 45. Amends Section B, Article 12.13, TBCA, as follows:

Sec. B. New heading: Through Merger, Conversion, or Share Exchange. Makes conforming changes.

SECTION 46. Amends Article 12.21, TBCA, to provide that a close corporation terminates its status through a conversion.

SECTION 47. Amends TBCA, by adding Part Thirteen, as follows:

PART THIRTEEN

Art. 13.01 SHORT TITLE. Business Combination Law.

Art. 13.02. DEFINITIONS. Defines "affiliate," "affiliated shareholder," "beneficial owner," "business combination," "control," "issuing public corporation," "person," "share acquisition date," "subsidiary," and "voting share."

Art. 13.03. THREE-YEAR MORATORIUM ON CERTAIN BUSINESS

COMBINATIONS. Prohibits an issuing public corporation from engaging in a business combination unless certain provisions are fulfilled.

Art. 13.04. APPLICATION. Provides that Article 13.03 of this Act does not apply to certain business combinations.

Art. 13.05. NO EFFECT ON OTHER ACTIONS. Provides that this part does not affect the validity of other actions by the board of directors of an issuing public corporation or preclude the board from taking certain actions.

Art. 13.06. DUTIES OF DIRECTOR. Authorizes directors to take long- and short-term interests of the corporation into account.

Art 13.07. RELATIONSHIP WITH OTHER PARTS OF ACT. Provides that provisions of this part control if it conflicts with other parts of this Act. Authorizes the votes of shareholders required or permitted to be submitted for vote to be increased.

Art. 13.08. Severability clause.

SECTION 48. Amends Article 2.06, Article 1302-2.06, V.T.C.S. (Texas Miscellaneous Corporation Laws Act), to authorize a corporation to incur indebtedness for certain consideration. Deletes a provision prohibiting indebtedness by a corporation except for money paid or labor done, which is proportional to the sum taken. Authorizes consideration to be received in certain ways. Authorizes indebtedness to be incurred without receipt. Provides that in the absence of fraud in the transaction, the judgment of the board of directors or shareholders, as to the value, type, and sufficiency of the consideration, shall be conclusive. Provides that any corporation is to have the power and authority to make a guaranty. Redefines "guaranty." Provides that a guaranty will be considered to benefit the guarantor corporation, if the guaranty is of a contract, security, to other obligation of a subsidiary or an affiliated corporation or other entity. Deletes a provision granting power to a corporation to make a guaranty if the action is approved by the board of directors. Redefines "subsidiary," "parent," and "affiliated corporation or other entity." Deletes a provision prohibiting the limitations in Section A of this article from applying to indebtedness of a corporation. Provides that nothing in this article limits the authority of a corporation, except Sections B and C do not expand the powers of a corporation.

SECTION 49. Amends Article 7.07, Article 1302-7.07, V.T.C.S., as follows:

Art. 7.07. New heading: ELECTRONIC FILINGS AND REPRODUCTIONS. Authorizes certain instruments to be filed electronically. Sets forth procedures of filing electronically. Deletes a provision authorizing any signature on any instrument filed with the secretary of state to be a facsimile. Authorizes any signature on any instrument filed with the secretary of state to be a facsimile. Provides that this article does not require certain instruments to be on paper. Sets forth the issuance of certain documents by the secretary of state.

SECTION 50. Amends Part Seven, Article 1302-7.01 et seq., V.T.C.S., by adding Article 7.08, as follows:

Art 7.08. DUTIES OF THE SECRETARY OF STATE; FAILURE TO PROVIDE ACKNOWLEDGMENT COPY. Prohibits the secretary of state from failing to approve certain documents solely for failure of providing a duplicate copy. Sets forth requirements for returning the instrument.

SECTION 51. Amends Section 9(A), Article 1528f, V.T.C.S., to require the business affairs of a professional association organized pursuant to provisions of this Act to be governed and managed by a board of directors.

SECTION 52. Amends Article 1.02A, Article 1528f, V.T.C.S., to redefine "person." Defines "conversion," "converted entity," "converting entity," and "other entity."

SECTION 53. Amends Article 2.09, Article 1528n, V.T.C.S., to provide that members of a limited liability company have certain powers. Deletes a provision requiring certain powers to be vested in members of the company unless vested in managers. Authorizes the articles of organization to provide managers with certain powers. Deletes a provision authorizing members or managers to repeal or alter regulations and new regulations may be adopted by members. Deletes a provision requiring the managers of a limited liability company to adopt initial regulations, unless otherwise provided in the articles of organization. Requires certain actions to be voted on by all members or managers, unless otherwise provided in the articles of organization. Prohibits certain regulations from being indirectly effected without the affirmative vote required in Section D, G, or H, Article 2.23, of this Act.

SECTION 54. Amends Article 2.13, Article 1528n, V.T.C.S., TBCA, to prohibit the decrease in the number of managers from having the effect of shortening the term of any incumbent manager, unless otherwise provided in the articles of organization or regulations.

SECTION 55. Amends Articles 2.15A and B, Article 1528n, V.T.C.S., to authorize managers to be filled in accordance with Section B of this article, unless otherwise provided in the articles of organization or regulations. Authorizes a vacancy occurring in the managers to be filled at an annual or special meeting of members, unless otherwise provided in the articles of organization or regulations.

SECTION 56. Amends Article 2.17, Article 1528n, V.T.C.S., to provide that a contract between certain entities is valid if certain provisions are fulfilled. Authorizes interested managers to be counted for a quorum, unless otherwise provided in the articles of organization or regulations.

SECTION 57. Amends Article 2.19, Article 1528n, V.T.C.S., to set forth the requirements for place and notice of manager's meetings. Authorizes the articles of organization and regulations to contain notice provisions. Deletes a provision providing no specified business is needed to be included in a notice unless required by the regulations.

SECTION 58. Amends Article 2.20, Article 1528n, V.T.C.S., to authorize a limited liability company to indemnify members and other persons and purchase and maintain liability insurance for such persons subject to standards in the articles of organization or regulations. Deletes a provision authorizing indemnification of certain persons comparable to corporations indemnifying certain persons. Authorizes duties and liabilities of a member or manager to be expanded or restricted.

SECTION 59. Amends Article 2.22A and B, Article 1528n, V.T.C.S., to require a domestic limited liability company to keep a copy of regulations of the company, if in writing and copies of amendments or restatements of articles of organization or regulations. Requires a limited liability company to maintain such records.

SECTION 60. Amends Article 2.23, V.T.C.S., by amending Sections A and D and by adding Sections G and H, Article 1528n, V.T.C.S., as follows:

A. Provides that a majority of members, managers, or members of a committee constitute a quorum, except as otherwise provided in this Act and that acts of the majority of certain persons are the acts of those persons, except as otherwise provided in the articles of organization or regulations. Authorizes members to vote by proxy, except as otherwise provided in the articles of organization or regulations.

D. Deletes a provision requiring a majority to amend the articles of organization or regulations. Makes conforming changes.

G. Sets forth requirements in the event no capital has been paid into the limited liability company.

H. Requires the approval of all members to amend the articles of organization, if any capital has been paid into the limited liability company, except as provided in the articles of organization or regulations.

SECTION 61. Amends Article 3.02A, Article 1528n, V.T.C.S., to require the initial articles of organization to include the addresses and names of initial managers and names and addresses of initial members; the name and the address of each organizer, unless the limited liability company is being organized pursuant to a plan of conversion or a plan of merger, in which case the articles need not include such information; and if the limited liability company is being organized pursuant to a plan of conversion or a plan of merger, a statement to that effect and in the case of conversion, certain other information. Makes conforming changes.

SECTION 62. Amends Article 3.03, Article 1528n, V.T.C.S., to require the certain documents to be delivered to the secretary of state, except as provided by Section C of this article. Requires certain procedures to be followed pursuant to filing plans of conversion or merger.

SECTION 63. Amends Article 3.04, Article 1528n, V.T.C.S., to require the existence of a limited liability company to begin upon the issuance of a certificate of organization, except as provided by Section B of this article. Deletes a provision requiring a certificate of organization to be conclusive evidence that all requirements have been fulfilled by organizers and organized under this Act. Requires the existence of a limited liability company organized pursuant to a plan of conversion or merger to begin upon the effectiveness of the conversion or merger. Requires a certificate of organization to be conclusive evidence that all requirements have been complied and the company has been duly organized under this Act.

SECTION 64. Amends Article 3.06, Article 1528n, V.T.C.S., to provide that an amendment of the articles of organization to be executed by a majority of the initial managers or of a majority of initial members. Requires the articles to set forth a statement that the amendment was approved in accordance with Section D or G of Article 2.23 of this Act.

SECTION 65. Amends Article 5.01, Article 1528n, V.T.C.S., to authorize a contribution of a member to consist of any tangible or intangible benefit to the limited liability company, including certain items, but not property, services rendered, or other obligation to pay cash or transfer property.

SECTION 66. Amends Article 5.02D, Article 1528n, V.T.C.S., to prohibit a conditional obligation to be enforced unless conditions have been waived or satisfied. Sets forth provisions of a conditional obligation.

SECTION 67. Amends Article 5.08, Article 1528n, V.T.C.S., to make nonsubstantive changes.

SECTION 68. Amends Article 6.01A, Article 1528n, V.T.C.S., to require a company to be dissolved on the period, if any, fixed for the duration of the limited liability company expires or if no capital has been paid into the limited liability company, the act of a majority of the managers or members named in the articles of organization to dissolve the limited liability company.

SECTION 69. Amends Article 6.04, Article 1528n, V.T.C.S., to require assets to be paid to members in the manner provided in Article 6.05, except as otherwise provided by the article of organization or regulations.

SECTION 70. Amends Article 6.08A, Article 1528n, V.T.C.S., to require the articles of dissolution, along with a certificate from the comptroller of public accounts that all franchise taxes have been paid to be delivered to the secretary of state.

SECTION 71. Amends Article 7.10A, Article 1528n, V.T.C.S., to require a certificate from the comptroller of public accounts that all franchise taxes have been paid to be delivered to the secretary of state. Requires the secretary of state to perform certain duties when all appropriate filing fees, rather than all fees and any taxes, have been paid.

SECTION 72. Amends Article 7.11E, Article 1528n, V.T.C.S., to authorize a foreign limited liability company to be reinstated within 24 months after the date of revocation. Makes nonsubstantive changes.

SECTION 73. Amends Article 7.13B, Article 1528n, V.T.C.S., to prohibit the failure of a foreign limited liability company causing any member or manager to become liable for liabilities and obligations of the foreign limited liability company.

SECTION 74. Amends Articles 8.12B and C, Article 1528n, V.T.C.S., to provide that Section 7.05, Article 1302-1.01 et seq., apply to a limited liability company and its members, managers, and officers. Provides that a reference to a director includes a member who manages the limited liability company.

SECTION 75. Amends Article 9.01A, Article 1528n, V.T.C.S., to authorize the secretary of state to collect fees of \$200 for filing articles of conversion, provided that a credit be given for filing fees paid under the other business entities for the filing of articles of merger or conversion. Deletes a filing fee. Provides for a filing fee of \$75 for filing an application for reinstatement.

SECTION 76. Amends Article 9.03A, Article 1528n, V.T.C.S., to redefine "permitted act."

SECTION 77. Amends Article 9.03F, Article 1528n, V.T.C.S., to authorize abandonment if articles of conversion have been filed but not yet effective. Authorizes the event or transaction to be considered abandoned, on the filing of the certificate, rather than statement, of abandonment with the secretary of state.

SECTION 78. Amends Article 10.03B, Article 1528n, V.T.C.S., to provide for the payment of fees by certain entities.

SECTION 79. Amends Part Ten, Article 1528n, V.T.C.S., by adding Articles 10.08 through 10.11, as follows:

Art. 10.08. CONVERSION. Authorizes a domestic limited liability company to adopt a plan of conversion to a foreign limited liability company if certain provisions are met. Authorizes any foreign limited liability company to adopt a plan of conversion and convert to a domestic limited liability company if certain provisions are met. Sets forth the requirements of a plan of conversion.

Art. 10.09. ARTICLES OF CONVERSION. Requires a plan of conversion to set forth certain information, once approved. Requires certain documents to be filed with the secretary of state. Requires the secretary of state to take certain actions.

Art. 10.10. EFFECTIVE DATE OF CONVERSION. Provides for the effective date of a conversion.

Art. 10.11. EFFECT OF CONVERSION. Sets forth the effect of a conversion.

SECTION 80. Amends Article 11.01B, Article 1528n, V.T.C.S., to redefine "professional limited liability company," and to define "professional individual" and "professional entity."

SECTION 81. Amends Article 11.03, Article 1528n, V.T.C.S., to prohibit non-professional entities from becoming members, managers, or officers in a professional limited liability company or receiving a membership interest by transfer. Requires a person who is no longer a professional to sever employment with the professional limited liability company. Deletes a provision requiring certain persons to sever employment with a professional limited liability company for persons legally disqualified to render professional service. Requires nonprofessionals who succeed to interests in a professional limited liability company to give up all financial interests in that company.

SECTION 82. Amends Article 11.04A, Article 1528n, V.T.C.S., to authorize a professional limited liability company to render professional services through certain entities. Deletes a provision allowing professional limited liability companies to work through certain agents.

SECTION 83. Amends Article 11.05, Article 1528n, V.T.C.S., to establish that the professional limited liability company is jointly and severally liable with the tortfeasor. Sets forth the joint and

several liability of certain entities rendering services of the professional limited liability company.

SECTION 84. Amends Article 11.07A, Article 1528n, V.T.C.S., to prohibit the secretary of state not to issue a certificate of authority unless the name of the foreign professional limited liability company or the name it elects meets the requirements of Article 11.02 of this Act. Authorizes a foreign professional limited liability company to render professional service in this state through certain persons. Deletes a provision requiring certain persons who render professional services on behalf of a limited liability company to be licensed or authorized to render professional services.

SECTION 85. Amends Section 1.03, Article 6132a-1, V.T.C.S., to prohibit a limited partnership from having a name deceptively similar to a limited liability company. Makes conforming changes.

SECTION 86. Amends Section 1.04, Article 6132a-1, V.T.C.S., by amending Subsection (b) and adding Subsection (c), to delete a provision authorizing an applicant to reserve a name for one or more successive 120-day periods by paying a filing fee before the effective 120-day reservation period expires. Authorizes a person to terminate the reservation of a name by filing an application and paying a fee to the secretary of state.

SECTION 87. Amends Section 2.01, Article 6132a-1, V.T.C.S., to authorize a limited partnership agreement to be included in a plan of conversion or merger. Sets forth provisions to be included in a certificate of limited partnership.

SECTION 88. Amends Sections 2.03(a) and (c), Article 6132a-1, V.T.C.S., to require a certificate of limited partnership to be cancelled on a merger or conversion as provided by Subsection (c) of Section 2.15 of this Act. Provides that in the case of a merger or conversion, if one or more partnerships formed under this Act are not the surviving or resulting domestic limited partnership or partnerships or other entities, the certificate of merger or conversion filed under Subsection (d) of Section 2.11 or Subsection (e) of Section 2.15 of this Act is sufficient. Makes a conforming change.

SECTION 89. Amends Section 2.04(a), Article 6132a-1, V.T.C.S., to require an initial certificate of limited partnership or a certificate of conversion to be signed by all general partners, except for an initial certificate of limited partnership signed and filed under Section 3.04.

SECTION 90. Amends Sections 2.06(a) through (d), Article 6132a-1, V.T.C.S., to authorize a domestic limited partnership to merge or engage in conversion with certain entities under a plan of reorganization ordered by a federal court of competent jurisdiction. Authorizes certain persons to execute a certificate, certificate of merger, and certificate of cancellation to include a statement that the court had jurisdiction of the case under federal statute. Sets forth what is to be contained in a certificate of conversion. Provides that if a domestic or foreign limited partnership not being reorganized engages in a conversion with a domestic or foreign limited partnership, Section 2.11 or 2.15 of this Act apply to the same extent that that section would apply if the domestic or foreign limited partnership were merging with a partnership not being reorganized except as otherwise provided in the plan of reorganization decreed by a federal court. Requires a certificate of merger or conversion to be signed by entities that are parties to the merger or conversion and are to be filed with the secretary of state as required by Section 2.11 or 2.15. Sets forth the effect of an endorsement of a conversion certificate.

SECTION 91. Amends Section 2.07, Article 6132a-1, V.T.C.S., by adding Subsection (c), to prohibit the secretary of state from providing a filed stamped duplicate acknowledgment copy of any document filed with the secretary of state, without a duplicate. Requires an original to be filed in a certain manner and a letter acknowledging the filing to be sent to the person who filed the document or his or her representative.

SECTION 92. Amends Section 2.08(a), Article 6132a-1, V.T.C.S., to authorize a person who relies on forged documents to recover damages from certain persons including persons who should have known of the forgery or lack of authorization.

SECTION 93. Amends Sections 2.11(b), (d), (e), (g), and (h), Article 6132a-1, V.T.C.S., to require

a plan of merger to include as an exhibit or attachment, the certificate of limited partnership of any new domestic limited partnership to be created by the terms of the plan of merger. Sets forth requirements of a statement of a plan of merger. Requires an equal number of copies of the certificate of limited partnership of each domestic limited partnership that is to be formed pursuant to a plan of merger to be delivered to the secretary of state with articles of merger. Sets forth which entities will be responsible to pay fees. Sets forth when a merger takes effect. Authorizes one or more domestic or foreign limited partnerships or other entities to adopt a plan of exchange by which a domestic or foreign limited partnership or other entity acquires certain entities in exchange for cash or other property of the acquiring domestic or foreign limited partnership, if the partnership agreement contained certain provisions and if one or more foreign limited partnerships or other entities are to issue shares or other interests and is permitted by law. Makes nonsubstantive changes.

SECTION 94. Amends Sections 2.12A and F, Article 6132a-1, V.T.C.S., to set forth the effectiveness of a conversion. Sets forth abandonment procedures of a certificate of conversion.

SECTION 95. Amends Article 2, Article 6132a-1, V.T.C.S., by adding Section 2.15, as follows:

Sec. 2.15. CONVERSION. Authorizes a domestic limited partnership to adopt a plan of conversion if certain provisions are met. Authorizes any foreign limited partnership or other entity to adopt a plan of conversion and convert to a domestic limited partnership if certain provisions are met. Sets forth the requirements of a plan of conversion. Requires articles of conversion to be executed dependent upon certain actions. Sets forth the requirements of the articles of conversion. Sets forth the effectiveness of the converting entity. Defines "conversion," "converted entity," "converting entity," and "other entity."

SECTION 96. Amends Section 3.03(b), Article 6132a-1, V.T.C.S., to provide that a limited partner is not considered in control of a business if he or she is a member or manager of a limited liability company that is a general partner of the limited partnership, or in a similar capacity with any other person that is a general partner.

SECTION 97. Amends Section 5.01, Article 6132a-1, V.T.C.S., to authorize the contribution of a limited partner to consist of certain property. Deletes a provision allowing a contribution to consist of cash, property, services rendered, promissory note, or other obligation to pay cash or transfer property.

SECTION 98. Amends Section 5.02(d), Article 6132a-1, V.T.C.S., to prohibit a conditional obligation from being enforced unless the conditions are satisfied or waived. Sets forth what is inclusive of a conditional obligation.

SECTION 99. Amends Section 6.02(b), Article 6132a-1, V.T.C.S., to provide that if a general partner ceases to be a general partner, if there are no remaining general partners, then the limited partners, at the option of a majority in interest of the limited partners in a vote that excludes any limited partner's interest held by the withdrawing the general partner, may convert that general partner's partnership interest to that of a limited partner. Provides that until certain actions are taken, the owner of the partnership interest of the withdrawn general partner has the status of an assignee under Article VII of this Act.

SECTION 100. Amends Section 6.03, Article 6132a-1, V.T.C.S., to authorize a limited partner to withdraw at the occurrence of events specified in the partnership agreement. Deletes a provision for the winding up and dissolution of a partnership if the partnership agreement does not specify such a time or event.

SECTION 101. Amends Section 8.01, Article 6132a-1, V.T.C.S., to set forth provisions under which a limited partnership is dissolved and its affairs wound up on the occurrence of certain events unless certain provisions are met.

SECTION 102. Amends Section 8.02, Article 6132a-1, V.T.C.S., to authorize a court of competent jurisdiction to dissolve a limited partnership if the court determines that certain factors are met.

SECTION 103. Amends Section 8.04(a), Article 6132a-1, V.T.C.S., to require the partnership's affairs to be wound up on dissolution of a limited partnership, except as provided in the partnership agreement. Deletes a provision requiring a partnership's affairs to be wound up unless the dissolution is reconstituted in accordance with Section 8.03 of this Act. Makes nonsubstantive changes.

SECTION 104. Amends Section 12.01, Article 6132a-1, V.T.C.S., to authorize the secretary of state to collect fees for filing a certificate of conversion under Section 2.15 of this Act. Deletes a provision requiring the secretary of state to collect a fee for an election to adopt this Act, by filing certain documents and applications relating to reservation of names. Authorizes fees to be collected for filing an application for reservation of name and notice of transfer of reservation under Section 1.04(b) of this Act.

SECTION 105. Amends Section 13.04, Article 6132a-1, V.T.C.S., as follows:

Sec. 13.04. New heading: **FILINGS BY FACSIMILE OR ELECTRONIC MEANS.** Authorizes a mark of a person unable to write to be in an electronic format. Authorizes electronic filing. Sets forth duties of the secretary of state with regards to electronic filing. Provides that filing certain instruments is not required to be on paper.

SECTION 106. Amends Section 1.01, Article 6132a-1, V.T.C.S., to redefine "debtor in bankruptcy." Defines "foreign limited liability partnership." Makes conforming changes.

SECTION 107. Amends Section 1.03(b), Article 6132b, V.T.C.S., to prohibit a partnership agreement from restricting rights of third parties, except for certain limitations on partners' liability permitted by Section 3.08.

SECTION 108. Amends Section 1.05(a), Article 6132b, V.T.C.S., to provide that the determination whether a partnership has been formed is governed by certain factors.

SECTION 109. Amends Section 2.02, Article 6132b, V.T.C.S., by adding Subsection (d), as follows:

(d) Partnership Resulting from Merger or Conversion. Sets forth the effective existence of a partnership formed from a plan of conversion.

SECTION 110. Amends Sections 3.02(a) and (b), Article 6132b, V.T.C.S., to provide that certain actions bind the partnership if the act is for apparently carrying on in the ordinary course of certain business. Provides that an act of a partner binds the partnership only if business was carried out in the ordinary course.

SECTION 111. Amends Section 3.04, Article 6132b, V.T.C.S., as follows:

Sec. 3.04. New heading: **PARTNER'S LIABILITY.** Provides that all partners are liable jointly and severally for partnership obligation, except as provided by Section 3.07 or 3.08(a).

SECTION 112. Amends Section 3.05, Article 6132b, V.T.C.S., by adding Subsection (f), as follows:

(f) Registered Limited Liability Partnership. Establishes the effect of Section 3.08(a) on registered limited liability partnerships.

SECTION 113. Amends Sections 3.08(a) and (d), Article 6132b, V.T.C.S., to set forth liability of a partner while the partnership is a registered limited liability partnership. Prohibits a partnership from being liable in certain ways. Provides that Subsections (a)(1) and (a)(2) do not effect certain liabilities. Deletes certain liabilities not affected by Subsections (a)(1) and (a)(2). Provides that in the case of a registered limited liability partnership, Subsection (a) prevails over the other parts of this Act regarding certain liabilities. Makes conforming changes

SECTION 114. Amends Section 3.08(b), Article 6132b, V.T.C.S., by amending Subdivision (12) and adding Subdivisions (16)-(18), to set forth what constitutes the signature of a person. Authorizes

electronic filing. Sets forth duties of the secretary of state with regards to electronic filing. Provides that filing certain instruments is not required to be on paper. Requires all electronic acknowledgments and certificates required to be issued by the secretary of state to be considered issued upon initial transmission.

SECTION 115. Amends Sections 4.01(b) and (c), Article 6132b, V.T.C.S., to entitle a partner to be credited with an equal share of the partnership's profits and to be chargeable with a share of the partnership's losses, in proportion to the partner's share of the profits. Provides that a partner who makes an over advance or payment beyond the amount agreed to is entitled to be repaid by the partnership and receive interest from the partnership.

SECTION 116. Amends Section 4.06(b), Article 6132b, V.T.C.S., to authorize a partner to maintain an action against a partnership with or without an accounting.

SECTION 117. Amends Section 6.02(b), Article 6132b, V.T.C.S., to provide that a partner's withdrawal is wrongful when a partner becomes a debtor in bankruptcy before the winding up on a specific event.

SECTION 118. Amends Sections 8.06(a), (b), and (c), Article 6132b, V.T.C.S., to require contributions of the partners required by this section to be applied to discharge obligations of the business to creditors to the extent permitted by other applicable law, including partners who are creditors. Requires a partner to contribute a certain amount to the partnership, except as provided by Sections 3.07 and 3.08(a). Contributions to Satisfy Obligations. Provides that to the extent not taken into account in settling the accounts among partners under Subsection (b), except as provided by Sections 3.07 and 3.08(a), partners must take certain actions. Makes conforming and nonsubstantive changes.

SECTION 119. Amends Section 9.01(b), Article 6132b, V.T.C.S., to authorize a limited partnership to convert by complying with the provisions for terminating the existence of the limited partnership under that state's law as of the date that partnership's existence as a limited partnership is to cease.

SECTION 120. Amends Section 9.02, Article 6132b, V.T.C.S., as follows:

Sec. 9.02. MERGERS. (a) Adoption of Plan. Authorizes a domestic partnership to adopt a plan of merger and one or more domestic partnerships to merge if the partnership agreement authorizes such an action; each party approves the plan of merger; one or more foreign partnerships or other entities that is a party to the merger or is to be created by the terms of the plan of the merger, which is permitted either by law or partnership agreement or other constituent documents of the foreign partnership that are not inconsistent with those laws, and all entities comply with those laws. Makes conforming and nonsubstantive changes.

(b) New heading: Contents of Plan. Sets forth the requirements of a plan of merger including the name of surviving entities, the name and state of domicile or formation, and an exhibit of the organizational documents of each partnership that is a party to the merger and that is to be created. Deletes the requirement of certain names and statements for the plan of merger. Makes conforming and nonsubstantive changes.

(c) Optional Provisions. Authorizes the plan of merger to state certain amendments or provisions.

(d) Certificate of Merger. Requires a certificate of merger to be executed on behalf of each partnership or other entity by at least one partner of each domestic partnership and a general partner or other authorized representative of each other partnership, unless the only parties to the merger are partnerships. Requires the certificate of merger to include a statement that the plan of merger was duly authorized by all action required by law.

(e) Filing. Requires the original certificate of merger and the number of copies of the certificate equal to the number of surviving and new domestic or foreign partnerships and other entities that are a party to the merger or that will be created by its terms, to be

delivered to the secretary of state. Sets forth the duties of the secretary of state for certain plans of merger.

(f) Effective Date. Requires the effective date to be upon issuance of the certificate of merger by the secretary of state or as provided in the plan of merger, except as provided by Section 9.06.

(g) Effect. Sets forth the effect of the merger. Deletes existing Subsection (f). Sets forth the liability of a party to a merger. Makes conforming and nonsubstantive changes.

(h) Other Entity. Redefines "other entity."

SECTION 121. Amends Section 9.03(a), Article 6132b, V.T.C.S., to authorize one or more domestic or foreign partnerships to adopt a certain plan of exchange if certain provisions are met. Makes conforming changes.

SECTION 122. Amends Article IX, 6132b-9.01 et seq., by adding Sections 9.05 and 9.06, as follows:

Sec. 9.05. CONVERSION. Authorizes a domestic corporation to adopt a plan of conversion and convert to a foreign corporation of any other entity if certain provisions are met. Authorizes any foreign corporation to adopt a plan of conversion and convert to a domestic corporation if certain factors are met. Sets forth the requirements of a plan of conversion. Authorizes a plan of conversion to set forth other provisions relating to the conversion not inconsistent with law. Sets forth certain actions to occur if the conversion has been approved and has not been abandoned. Sets forth duties of the secretary of state after certain provisions have been met by the converting entities. Establishes the effective date of the conversion. Sets forth the effect of a conversion. Defines "conversion," "converted entity," "converting entity," "domestic partnership," "foreign partnership," and "other entity."

Sec. 9.06. FILINGS AND FEES. Provides that Sections 2.12 and 12.01, Article 6132a-1, V.T.C.S., apply to filings made with the secretary of state under this article as if those filings related to limited partnerships.

SECTION 123. Amends Article 6132b-1.01 et seq., V.T.C.S., by redesignating Article X as Article XI and adding a new Article X, as follows:

ARTICLE X. FOREIGN LIMITED LIABILITY PARTNERSHIP.

Sec. 101.01. LAW GOVERNING FOREIGN LIMITED LIABILITY PARTNERSHIP. Provides that the laws of this state under which the foreign limited liability partnership is formed governs. Prohibits a foreign limited liability partnership from being denied a statement of foreign qualifications by reason of any laws of the state under which it is formed and the laws of Texas. Provides that a foreign limited liability partnership is subject to Section 3.01 as if it were a domestic registered limited liability partnership.

Sec. 10.02. STATEMENT OF FOREIGN QUALIFICATION. Requires a foreign limited liability partnership to file a statement of foreign qualifications with the secretary of state. Sets forth the requirements of the statement of qualifications. Sets forth the procedures and effective date of a statement of qualifications. Sets forth requirements for withdrawal of registration. Sets forth requirements for renewal. Sets forth requirements for revoking the filing of a document under this subsection. Authorizes the secretary of state to provide forms for the statement of foreign qualification or renewal of registration. Sets forth requirements for amending or correcting a document filed under this subsection. Authorizes a document filed under this subsection to be a photographic, facsimile, or similar reproduction of a signed document. Authorizes a signature on a filed document to be a facsimile. Provides that a person commits a Class A misdemeanor for signing documents the person knows is false in any material respect. Authorizes the secretary of state to adopt procedural rules on filing a document.

Sec. 10.03. EFFECT OF FAILURE TO QUALIFY. Prohibits a foreign limited liability partnership transacting business in Texas from maintaining an action, suit, or proceeding in Texas unless it has registered in Texas and paid all fees to the secretary of state. Provides that the failure of a foreign limited liability partnership does not impair certain actions. Provides that a partner of a foreign limited liability partnership is not liable for obligations for the foreign limited liability partnership solely because the foreign limited liability partnership transacted business in Texas without registration.

Sec. 10.04. ACTIVITIES NOT CONSTITUTING TRANSACTING BUSINESS. Provides that a foreign limited liability company is not transacting business in Texas if it partakes in certain activities.

Sec. 10.05. REGISTERED AGENT. Requires a foreign limited liability company to maintain a registered office and agents in Texas. Authorizes a foreign limited liability company to change its registered agent by filing a statement with the secretary of state. Sets forth the requirement of the statement to change agent. Sets forth the requirements for a foreign limited liability company to file a statement to change agents. Sets forth the duties of the secretary of state upon receiving a statement to change agents. Sets forth the effectiveness of a statement to change agents. Provides that filing of a statement to change agents amends the statement of foreign qualification regarding the information required in Section 10.02. Sets forth the requirements for the resignation of a registered agent for a foreign limited liability partnership. Provides that the appointment of an agent terminates on the 31st day after the date of receipt of the notice of resignation. Requires the secretary of state to file the conforming notice of resignation. Provides that a fee is not required for a filing of a resignation. Authorizes a location of the registered office in Texas to change addresses upon filing a statement. Sets forth the requirements of the statement to change the registered office. Sets forth the procedures for filing a statement to change the registered office. Authorizes each partner and the registered agent of a foreign limited liability partnership registered in Texas to be served process, notice, or demand. Authorizes the secretary of state to be an agent of the foreign limited liability partnership if certain requirements are met. Sets forth requirements for serving the secretary of state. Requires the secretary of state to keep a record of all processes, notices, and demands served on the secretary of state under this section, including time of service and action taken. Provides that this section does not limit or affect the right to serve any process, notice, or demand to be served on a foreign limited liability partnership.

ARTICLE XI. MISCELLANEOUS PROVISIONS

Sec. 11.01. SHORT TITLE: Texas Revised Partnership Act.

Sec. 11.02. Severability clause.

Sec. 11.03. APPLICATION. Makes a conforming change.

Sec. 11.04. APPLICATION TO EXISTING RELATIONSHIPS. Makes a conforming change.

SECTION 124. Amends Section 171.252, Tax Code, to add that each director or officer of a corporation is liable for tax, penalty, or other amount owed to the state, rather than the debt of a corporation, if corporate privileges of a corporation are forfeited under this subchapter.

SECTION 125. Amends Sections 171.255(a) and (c), Tax Code, to provide that each director or officer of a corporation is liable for tax, penalty, or other amount owed to the state, rather than the debt of a corporation, if corporate privileges of a corporation are forfeited for a failure to file a report or pay a tax or a penalty. Provides that a director or officer of a corporation is not liable for tax, penalty, or other amount owed to the state by the corporation if the director or officer shows that the failure to pay a tax, penalty, fee, or amount occurred over the director's or officer's objection, or without the director's or officer's knowledge.

SECTION 126. Repealer: Section 8.03, Article 6132a-1, V.T.C.S. (Continuation of business and reconstitution of partnership).

SECTION 127. (a) Effective date: September 1, 1997.

(b) Provides that the changes to Section 6.03, Article 6132a-1, V.T.C.S., made in this Act, do not apply to domestic limited partnerships formed before September 1, 1997, if certain provisions are met.

(c) Provides that changes to Section 6.03, Article 6132a-1, V.T.C.S., which do not apply to a domestic limited partnerships are governed by Section 6.03 as it existed before amendment by this Act.

(d) Provides that the change to Article 3.08, Article 6132b, V.T.C.S., does not impair the obligations of a contract existing before the effective date.

(e) Provides that this Act shall not affect any action commenced before the effective date.

SECTION 128. Emergency clause.