

TEXAS LEGISLATURE PASSES BILLS THAT AFFECT BUSINESS LAW

The Texas Legislature passed several bills during its 2021 regular session that affect business law. Below is a summary of two bills in particular that we think will impact many of our Texas clients.

HB 3131 amends Section 3.005(a) the Texas Business Organizations Code (TBOC) to require, starting January 1, 2022, that the certificate of formation of a new filing entity must contain an initial mailing address for the entity. The Texas Comptroller's office requested this change to ensure that the appropriate representatives at the company received important correspondence related to franchise tax reporting. The TBOC currently requires the certificate of formation to list the office address of the initial registered agent and the address of the initial members, managers, directors, or general partner, and, in some cases, the organizer of the new entity. The full text of the bill can be found [here](#).

SB 1203 makes several amendments to the TBOC, effective as of September 1, 2021, covering a variety of topics. Two amendments in particular that will impact our Texas clients relate to the managerial authority of Texas limited liability companies and the filing requirements of a restated certificate of formation.

SB 1203 amends Section 101.251 of the TBOC to provide that the company agreement of a Texas limited liability company will govern over the certificate of formation as to whether the LLC is manager-managed or member-managed. Previously Section 101.251 provided that the governing authority set forth in the company's certificate of formation would control. Businesses that are organized as limited liability companies in Texas should confirm that the managerial authority provided for in their company agreement is their preferred form of governance.

SB 1203 also amends Section 3.010, Section 3.061(a), and Section 3.0611 of the TBOC so that a restated certificate of formation may omit the names and addresses of the initial directors, members, or managers, and instead the company may list the names and addresses of its current directors, members, or managers.

The full text of SB 1203 can be found [here](#).

If you have any questions concerning this alert, please contact:

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