

By: Harrison

H.B. No. 872

A BILL TO BE ENTITLED

AN ACT

relating to the burden of proof in certain derivative proceedings.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter L, Chapter 21, Business Organizations Code, is amended by adding Section 21.5525 to read as follows:

Sec. 21.5525. BURDEN OF PROOF IN CERTAIN DERIVATIVE PROCEEDINGS. Notwithstanding any other law, in a derivative proceeding by a shareholder that alleges an act or omission related to the improper consideration of environmental, social, and governance criteria in the performance of the act or omission, the burden of proof is on the corporation to prove the act or omission was in the best interest of the corporation.

SECTION 2. Section 21.5525, Business Organizations Code, as added by this Act, applies only to an action commenced on or after the effective date of this Act. An action commenced before the effective date of this Act is governed by the law as it existed immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

SECTION 3. This Act takes effect September 1, 2025.