

SENATE AMENDMENTS

2nd Printing

By: Solomons, Shelton

H.B. No. 1787

A BILL TO BE ENTITLED

AN ACT

relating to the designation or appointment of registered agents for service of process, notice, or demand on certain entities or associations.

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

SECTION 1. Subchapter E, Chapter 5, Business Organizations Code, is amended by adding Section 5.200 to read as follows:

Sec. 5.200. DEFINITIONS. In this subchapter:

(1) "Registered agent filing" means:

(A) the certificate of formation or similar organizational document of a domestic represented entity;

(B) the application for registration of a foreign represented entity;

(C) an appointment of agent by an unincorporated nonprofit association under Section 252.011;

(D) an appointment of agent by a Texas financial institution under Section 201.103, Finance Code;

(E) an appointment of agent by a defense base development authority under Section 379B.004(b), Local Government Code;

(F) a statement by a represented entity to change the entity's registered agent, registered office, or both;

(G) a certificate of merger or certificate of conversion;

1 (H) a certificate of amendment to the certificate
2 of formation or similar organizational document or the registration
3 of a represented entity;

4 (I) a restated certificate of formation or
5 similar organizational document of a represented entity;

6 (J) any other instrument that is required or
7 permitted by law to be filed by a represented entity that effects a
8 change or correction to the instruments listed in Paragraphs
9 (A)-(I); and

10 (K) a certificate of reinstatement filed under
11 Chapter 9 or 11.

12 (2) "Represented domestic entity" means:

13 (A) a filing entity;

14 (B) an unincorporated nonprofit association for
15 which an appointment of agent has been filed;

16 (C) a Texas financial institution for which an
17 appointment of agent has been filed;

18 (D) a defense base development authority for
19 which an appointment of agent has been filed; or

20 (E) any corporation, association, or other
21 organization incorporated or organized under any special statute of
22 this state, that is governed wholly or partly by this code, or to
23 which the general corporate laws are applicable.

24 (3) "Represented entity" means a represented domestic
25 entity or represented foreign entity.

26 (4) "Represented foreign entity" means:

27 (A) a foreign filing entity for which a

1 registration has been filed;

2 (B) a foreign limited liability partnership for
3 which a registration has been filed;

4 (C) a foreign financial institution for which a
5 registration has been filed; or

6 (D) any corporation, association, or other
7 organization incorporated or organized under the laws of a
8 jurisdiction other than this state that is granted authority to
9 conduct its affairs in this state under any special statute of this
10 state, that is governed wholly or partly by this code, or to which
11 the general corporate laws are applicable.

12 SECTION 2. Section 5.201(b), Business Organizations Code,
13 is amended to read as follows:

14 (b) The registered agent:

15 (1) is an agent of the entity on whom may be served any
16 process, notice, or demand required or permitted by law to be served
17 on the entity;

18 (2) may be:

19 (A) an individual who:

20 (i) is a resident of this state; and

21 (ii) has consented to serve as the
22 registered agent of the entity; or

23 (B) an organization, other than the filing entity
24 or foreign filing entity to be represented, that:

25 (i) is registered or authorized to do
26 business in this state; and

27 (ii) has consented to serve as the

1 registered agent of the entity; and

2 (3) must maintain a business office at the same
3 address as the entity's registered office.

4 SECTION 3. Subchapter E, Chapter 5, Business Organizations
5 Code, is amended by adding Section 5.2011 to read as follows:

6 Sec. 5.2011. CONSENT TO SERVE AS REGISTERED AGENT. (a) The
7 designation or appointment of a person as registered agent by an
8 organizer or managerial official of an entity in a registered agent
9 filing is an affirmation by the organizer or managerial official
10 that the person named as registered agent has consented to serve in
11 that capacity.

12 (b) If a person designated or appointed as registered agent
13 in a registered agent filing before the sale, acquisition, or
14 transfer of a majority-in-interest or majority interest of the
15 outstanding ownership or membership interests of the represented
16 entity continues to serve in that capacity after the sale,
17 acquisition, or transfer, the person's continuation of service is
18 an affirmation by the governing authority of the represented entity
19 that the governing authority has verified that the person named as
20 registered agent has consented to continue to serve in that
21 capacity.

22 SECTION 4. Section 5.204(d), Business Organizations Code,
23 is amended to read as follows:

24 (d) On compliance with Subsections (b) and (c), the
25 appointment of the registered agent and the designation of the
26 registered office terminate [~~terminates~~]. The termination is
27 effective on the 31st day after the date the secretary of state

1 receives the notice.

2 SECTION 5. Subchapter E, Chapter 5, Business Organizations
3 Code, is amended by adding Sections 5.205, 5.206, 5.207, and 5.208
4 to read as follows:

5 Sec. 5.205. REJECTION OF APPOINTMENT. (a) A person
6 designated or appointed as an entity's registered agent in a
7 registered agent filing without the person's consent may terminate
8 the person's appointment or designation as registered agent by
9 filing a statement of rejection of appointment with the filing
10 officer.

11 (b) The statement of rejection of appointment must:
12 (1) be signed by the person named as registered agent;
13 (2) contain the name of the represented entity; and
14 (3) contain a statement certifying that the person did
15 not consent to serve as the represented entity's registered agent
16 on the date on which the registered agent filing on which the person
17 is named as registered agent took effect.

18 (c) On acceptance of the statement of rejection of
19 appointment by the filing officer, the designation or appointment
20 of that person as registered agent and the designation of the
21 registered office terminate.

22 (d) On termination of the designation or appointment of a
23 registered agent and the designation of the registered office, the
24 secretary of state shall send notice to the represented entity of
25 the necessity to designate or appoint a new registered agent and
26 registered office in accordance with Section 9.101 or 11.251, as
27 applicable.

1 (e) The filing officer may not charge a fee for the filing of
2 a statement of rejection of appointment.

3 Sec. 5.206. DUTIES OF REGISTERED AGENT. (a) The only
4 duties of a registered agent are to:

5 (1) receive or accept, and forward to the represented
6 entity at the address most recently provided to the registered
7 agent by the represented entity, or otherwise notify the
8 represented entity at that address regarding, any process, notice,
9 or demand that is served on or received by the registered agent; and

10 (2) provide the notices required or permitted by law
11 to be given to the represented entity to the address most recently
12 provided to the registered agent by the represented entity.

13 (b) A person named as the registered agent for a represented
14 entity in a registered agent filing without the person's consent is
15 not required to perform the duties prescribed by this section.

16 Sec. 5.207. DESIGNATION OF REGISTERED AGENT WITHOUT
17 CONSENT; PENALTIES AND LIABILITIES. Sections 4.007 and 4.008 apply
18 with respect to a false statement in a registered agent filing that
19 names a person the registered agent of a represented entity without
20 the person's consent.

21 Sec. 5.208. IMMUNITY FROM LIABILITY. (a) A person
22 designated or appointed as the registered agent of a represented
23 entity is not liable solely because of the person's designation or
24 appointment as registered agent for the debts, liabilities, or
25 obligations of the represented entity.

26 (b) A person who has been designated or appointed as a
27 registered agent in a registered agent filing but has not consented

1 to serve as the represented entity's registered agent may not be
2 held liable:

3 (1) under a judgment, decree, or order of a court,
4 agency, or tribunal of any type, or in any other manner, in this or
5 any other state, or on any other basis, for a debt, obligation, or
6 liability of the represented entity, whether arising in contract,
7 tort, or otherwise, solely because of the person's designation or
8 appointment as registered agent; or

9 (2) to the represented entity or to a person who
10 reasonably relied on the unauthorized designation or appointment
11 solely because of the person's failure or refusal to perform the
12 duties of a registered agent under Section 5.206.

13 SECTION 6. The changes in law made by this Act apply only to
14 the designation or appointment of a registered agent made on or
15 after the effective date of this Act. The designation or
16 appointment of a registered agent made before the effective date of
17 this Act is governed by the law in effect on the date the
18 designation or appointment was made, and the former law is
19 continued in effect for that purpose.

20 SECTION 7. This Act takes effect January 1, 2010.

ADOPTED

MAY 26 2009

Atty. Gen. Spaw
Secretary of the Senate

By: Solomons/Wentworth

H.B. No. 1797

Substitute the following for ___B. No. _____:

By: Thule Norton

C.S. ___B. No. _____

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(B) the application for registration of a foreign
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(C) an appointment of agent by an unincorporated
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(D) an appointment of agent by a Texas financial
17 institution under Section 201.103, Finance Code;

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(E) an appointment of agent by a defense base
19 development authority under Section 379B.004(b), Local Government
20 Code;

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(F) a statement by a represented entity to change
22 the entity's registered agent, registered office, or both;

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(G) a certificate of merger or certificate of
24 conversion;

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2 of formation or similar organizational document or the registration
3 of a represented entity;

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6 (J) any other instrument that is required or
7 permitted by law to be filed by a represented entity that effects a
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18 (D) a defense base development authority for
19 which an appointment of agent has been filed; or

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21 organization incorporated or organized under any special statute of
22 this state, that is governed wholly or partly by this code, or to
23 which the general corporate laws are applicable.

24 (3) "Represented entity" means a represented domestic
25 entity or represented foreign entity.

26 (4) "Represented foreign entity" means:

27 (A) a foreign filing entity for which a

1 registration has been filed;

2 (B) a foreign limited liability partnership for
3 which a registration has been filed;

4 (C) a foreign financial institution for which a
5 registration has been filed; or

6 (D) any corporation, association, or other
7 organization incorporated or organized under the laws of a
8 jurisdiction other than this state that is granted authority to
9 conduct its affairs in this state under any special statute of this
10 state, that is governed wholly or partly by this code, or to which
11 the general corporate laws are applicable.

12 SECTION 2. Section 5.201(b), Business Organizations Code,
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18 (2) may be:

19 (A) an individual who:

20 (i) is a resident of this state; and

21 (ii) has consented in a written or
22 electronic form to be developed by the office of the secretary of
23 state to serve as the registered agent of the entity; or

24 (B) an organization, other than the filing entity
25 or foreign filing entity to be represented, that:

26 (i) is registered or authorized to do
27 business in this state; and

1 (ii) has consented in a written or
2 electronic form to be developed by the office of the secretary of
3 state to serve as the registered agent of the entity; and

4 (3) must maintain a business office at the same
5 address as the entity's registered office.

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14 (b) If a person designated or appointed as registered agent
15 in a registered agent filing before the sale, acquisition, or
16 transfer of a majority-in-interest or majority interest of the
17 outstanding ownership or membership interests of the represented
18 entity continues to serve in that capacity after the sale,
19 acquisition, or transfer, the person's continuation of service is
20 an affirmation by the governing authority of the represented entity
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15 (2) contain the name of the represented entity; and
16 (3) contain a statement certifying that the person did
17 not consent to serve as the represented entity's registered agent
18 on the date on which the registered agent filing on which the person
19 is named as registered agent took effect.

20 (c) On acceptance of the statement of rejection of
21 appointment by the filing officer, the designation or appointment
22 of that person as registered agent and the designation of the
23 registered office terminate.

24 (d) On termination of the designation or appointment of a
25 registered agent and the designation of the registered office, the
26 secretary of state shall send notice to the represented entity of
27 the necessity to designate or appoint a new registered agent and

1 registered office in accordance with Section 9.101 or 11.251, as
2 applicable.

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4 a statement of rejection of appointment.

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7 (1) receive or accept, and forward to the represented
8 entity at the address most recently provided to the registered
9 agent by the represented entity, or otherwise notify the
10 represented entity at that address regarding, any process, notice,
11 or demand that is served on or received by the registered agent; and

12 (2) provide the notices required or permitted by law
13 to be given to the represented entity to the address most recently
14 provided to the registered agent by the represented entity.

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16 entity in a registered agent filing without the person's consent is
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22 the person's consent.

23 Sec. 5.208. IMMUNITY FROM LIABILITY. (a) A person
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25 entity is not liable solely because of the person's designation or
26 appointment as registered agent for the debts, liabilities, or
27 obligations of the represented entity.

1 (b) A person who has been designated or appointed as a
2 registered agent in a registered agent filing but has not consented
3 to serve as the represented entity's registered agent may not be
4 held liable:

5 (1) under a judgment, decree, or order of a court,
6 agency, or tribunal of any type, or in any other manner, in this or
7 any other state, or on any other basis, for a debt, obligation, or
8 liability of the represented entity, whether arising in contract,
9 tort, or otherwise, solely because of the person's designation or
10 appointment as registered agent; or

11 (2) to the represented entity or to a person who
12 reasonably relied on the unauthorized designation or appointment
13 solely because of the person's failure or refusal to perform the
14 duties of a registered agent under Section 5.206.

15 SECTION 6. The changes in law made by this Act apply only to
16 the designation or appointment of a registered agent made on or
17 after the effective date of this Act. The designation or
18 appointment of a registered agent made before the effective date of
19 this Act is governed by the law in effect on the date the
20 designation or appointment was made, and the former law is
21 continued in effect for that purpose.

22 SECTION 7. This Act takes effect January 1, 2010.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 27, 2009

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB1787 by Solomons (Relating to the designation or appointment of registered agents for service of process, notice, or demand on certain entities or associations.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would amend the Business Organizations Code relating to the designation or appointment of registered agents for service of process, notice, or demand for certain entities. The bill would define registered filing, represented domestic entity, and duties of registered agents. The bill would include penalties and liabilities for designating registered agents without their authorization or consent. The bill would require the Secretary of State to develop a written or electronic form for consenting to serve as a registered agent of an entity. The bill would be effective January 1, 2010.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 307 Secretary of State

LBB Staff: JOB, SD, JRO, BTA

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 15, 2009

TO: Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB1787 by Solomons (Relating to the designation or appointment of registered agents for service of process, notice, or demand on certain entities or associations.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Business Organizations Code relating to the designation or appointment of registered agents for service of process, notice, or demand for certain entities. The bill would define registered filing, represented domestic entity, and duties of registered agents. The bill would include penalties and liabilities for designating registered agents without their authorization or consent. The bill would require the Secretary of State to develop a written or electronic form for consenting to serve as a registered agent of an entity. The bill would be effective January 1, 2010.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 307 Secretary of State

LBB Staff: JOB, JRO, BTA

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 11, 2009

TO: Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB1787 by Solomons (Relating to the designation or appointment of registered agents for service of process, notice, or demand on certain entities or associations.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend the Business Organizations Code relating to the designation or appointment of registered agents for service of process, notice, or demand for certain entities. The bill would define registered filing, represented domestic entity, and duties of registered agents. The bill would include penalties and liabilities for designating registered agents without their authorization or consent. The bill would be effective January 1, 2010.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 307 Secretary of State

LBB Staff: JOB, JRO, BTA

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 9, 2009

TO: Honorable Joe Deshotel, Chair, House Committee on Business & Industry

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB1787 by Solomons (Relating to the designation or appointment of registered agents for service of process, notice, or demand on certain entities or associations.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Business Organizations Code relating to the designation or appointment of registered agents for service of process, notice, or demand for certain entities. The bill would define registered filing, represented domestic entity, and duties of registered agents. The bill would include penalties and liabilities for designating registered agents without their authorization or consent. The bill would be effective January 1, 2010.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 307 Secretary of State

LBB Staff: JOB, JRO, BTA

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 31, 2009

TO: Honorable Joe Deshotel, Chair, House Committee on Business & Industry

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB1787 by Solomons (Relating to the designation or appointment of registered agents for service of process, notice, or demand for certain entities; the duties of a registered agent; providing penalties.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Business Organizations Code relating to the designation or appointment of registered agents for service of process, notice, or demand for certain entities. The bill would list the duties of registered agents. The bill would include penalties and liabilities for designating registered agents without their authorization or consent. The bill would be effective September 1, 2009.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 307 Secretary of State

LBB Staff: JOB, JRO, BTA