

By: Deshotel

H.B. No. 2991

A BILL TO BE ENTITLED

1 AN ACT

2 relating to a determination of the reasonable relation of certain
3 transactions to particular jurisdictions.

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

5 SECTION 1. Section 271.004, Business & Commerce Code, is
6 amended by amending Subsection (b) and adding Subsection (c) to
7 read as follows:

8 (b) A transaction bearing [~~bears~~] a reasonable relation to a
9 particular jurisdiction includes [~~if~~]:

10 (1) a transaction in which:

11 (A) a party to the transaction is a resident of
12 that jurisdiction;

13 (B) [~~(2)~~] a party to the transaction has the
14 party's place of business or, if that party has more than one place
15 of business, the party's chief executive office or an office from
16 which the party conducts a substantial part of the negotiations
17 relating to the transaction, in that jurisdiction;

18 (C) [~~(3)~~] all or part of the subject matter of
19 the transaction is located in that jurisdiction;

20 (D) [~~(4)~~] a party to the transaction is required
21 to perform in that jurisdiction a substantial part of the party's
22 obligations relating to the transaction, such as delivering
23 payments; [~~or~~]

24 (E) [~~(5)~~] a substantial part of the negotiations

1 relating to the transaction occurred in or from that jurisdiction
2 and an agreement relating to the transaction was signed in that
3 jurisdiction by a party to the transaction; or

4 (F) all or part of the subject matter of the
5 transaction is related to the governing documents or internal
6 affairs of an entity formed under the laws of that jurisdiction,
7 such as:

8 (i) an agreement among members or owners of
9 the entity, an agreement or option to acquire a membership or
10 ownership interest in the entity, and the conversion of debt or
11 other securities into an ownership interest in the entity; and

12 (ii) any other matter relating to rights or
13 obligations with respect to the entity's membership or ownership
14 interests; and

15 (2) a transaction in which:

16 (A) all or part of the subject matter of the
17 transaction is a loan or other extension of credit in which a party
18 lends, advances, borrows, or receives, or is obligated to lend or
19 advance or entitled to borrow or receive, money or credit with an
20 aggregate value of at least \$25 million;

21 (B) at least three financial institutions or
22 other lenders or providers of credit are parties to the
23 transaction;

24 (C) the particular jurisdiction is in the United
25 States; and

26 (D) a party to the transaction has more than one
27 place of business and has an office in that particular

1 jurisdiction.

2 (c) If a transaction bears a reasonable relation to a
3 particular jurisdiction at the time the parties enter into the
4 transaction, the transaction shall continue to bear a reasonable
5 relation to that jurisdiction regardless of:

6 (1) any subsequent change in facts or circumstances
7 with respect to the transaction, the subject matter of the
8 transaction, or any party to the transaction; or

9 (2) any modification, amendment, renewal, extension,
10 or restatement of any agreement relating to the transaction.

11 SECTION 2. The changes in law made by this Act apply only to
12 a transaction entered into on or after the effective date of this
13 Act. A transaction entered into before the effective date of this
14 Act is governed by the law in effect on the date the transaction was
15 entered into, and the former law is continued in effect for that
16 purpose.

17 SECTION 3. This Act takes effect September 1, 2011.