

AN ACT

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

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

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

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

(1) a transaction in which:

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

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

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

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

(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.

H.B. No. 2991

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President of the Senate

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Speaker of the House

I certify that H.B. No. 2991 was passed by the House on April 20, 2011, by the following vote: Yeas 148, Nays 0, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 2991 was passed by the Senate on May 10, 2011, by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor