

1-1 By: Deshotel (Senate Sponsor - Carona) H.B. No. 2991
1-2 (In the Senate - Received from the House April 26, 2011;
1-3 April 27, 2011, read first time and referred to Committee on
1-4 Business and Commerce; May 3, 2011, reported favorably by the
1-5 following vote: Yeas 8, Nays 0; May 3, 2011, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to a determination of the reasonable relation of certain
1-9 transactions to particular jurisdictions.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Section 271.004, Business & Commerce Code, is
1-12 amended by amending Subsection (b) and adding Subsection (c) to
1-13 read as follows:

1-14 (b) A transaction bearing [~~bears~~] a reasonable relation to a
1-15 particular jurisdiction includes [~~if~~]:

1-16 (1) a transaction in which:

1-17 (A) a party to the transaction is a resident of
1-18 that jurisdiction;

1-19 (B) [~~(2)~~] a party to the transaction has the
1-20 party's place of business or, if that party has more than one place
1-21 of business, the party's chief executive office or an office from
1-22 which the party conducts a substantial part of the negotiations
1-23 relating to the transaction, in that jurisdiction;

1-24 (C) [~~(3)~~] all or part of the subject matter of
1-25 the transaction is located in that jurisdiction;

1-26 (D) [~~(4)~~] a party to the transaction is required
1-27 to perform in that jurisdiction a substantial part of the party's
1-28 obligations relating to the transaction, such as delivering
1-29 payments; [~~or~~]

1-30 (E) [~~(5)~~] a substantial part of the negotiations
1-31 relating to the transaction occurred in or from that jurisdiction
1-32 and an agreement relating to the transaction was signed in that
1-33 jurisdiction by a party to the transaction; or

1-34 (F) all or part of the subject matter of the
1-35 transaction is related to the governing documents or internal
1-36 affairs of an entity formed under the laws of that jurisdiction,
1-37 such as:

1-38 (i) an agreement among members or owners of
1-39 the entity, an agreement or option to acquire a membership or
1-40 ownership interest in the entity, and the conversion of debt or
1-41 other securities into an ownership interest in the entity; and

1-42 (ii) any other matter relating to rights or
1-43 obligations with respect to the entity's membership or ownership
1-44 interests; and

1-45 (2) a transaction in which:

1-46 (A) all or part of the subject matter of the
1-47 transaction is a loan or other extension of credit in which a party
1-48 lends, advances, borrows, or receives, or is obligated to lend or
1-49 advance or entitled to borrow or receive, money or credit with an
1-50 aggregate value of at least \$25 million;

1-51 (B) at least three financial institutions or
1-52 other lenders or providers of credit are parties to the
1-53 transaction;

1-54 (C) the particular jurisdiction is in the United
1-55 States; and

1-56 (D) a party to the transaction has more than one
1-57 place of business and has an office in that particular
1-58 jurisdiction.

1-59 (c) If a transaction bears a reasonable relation to a
1-60 particular jurisdiction at the time the parties enter into the
1-61 transaction, the transaction shall continue to bear a reasonable
1-62 relation to that jurisdiction regardless of:

1-63 (1) any subsequent change in facts or circumstances
1-64 with respect to the transaction, the subject matter of the

2-1 transaction, or any party to the transaction; or
2-2 (2) any modification, amendment, renewal, extension,
2-3 or restatement of any agreement relating to the transaction.

2-4 SECTION 2. The changes in law made by this Act apply only to
2-5 a transaction entered into on or after the effective date of this
2-6 Act. A transaction entered into before the effective date of this
2-7 Act is governed by the law in effect on the date the transaction was
2-8 entered into, and the former law is continued in effect for that
2-9 purpose.

2-10 SECTION 3. This Act takes effect September 1, 2011.

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