

By: Carona

S.B. No. 1456

A BILL TO BE ENTITLED

AN ACT

relating to the reasonable relation of qualified transactions to particular jurisdictions.

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

SECTION 1. Section 271.004, Business and Commerce Code, is amended to read as follows:

Sec. 271.004. DETERMINATION OF REASONABLE RELATION OF TRANSACTION TO PARTICULAR JURISDICTION. (a) For purposes of this chapter, a transaction bears a reasonable relation to a particular jurisdiction if the transaction, the subject matter of the transaction, or a party to the transaction is reasonably related to that jurisdiction.

(b) ~~A transaction bears a reasonable relation to a particular jurisdiction if~~ Transactions bearing a reasonable relation to a particular jurisdiction include those in which:

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

(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;

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

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

4 (5) a substantial part of the negotiations relating to
5 the transaction occurred in or from that jurisdiction and an
6 agreement relating to the transaction was signed in that
7 jurisdiction by a party to the transaction;

8 (6) all or part of the subject matter of the
9 transaction relates to the governing documents or internal affairs
10 of an entity formed under the laws of that jurisdiction, such as
11 matters relating to rights or obligations with respect to that
12 entity's membership or ownership interests, including agreements
13 among members or owners, agreements or options to acquire
14 membership or ownership interests, and debt or other securities
15 convertible into ownership interests; or

16 (7) all of the following are true: (A) all or part of
17 the subject matter of the transaction is a loan or other extension
18 of credit in which a party lends, advances, borrows, or receives, or
19 is obligated to lend or advance, or is entitled to borrow or
20 receive, funds or credit with an aggregate value of at least
21 \$25,000,000, (B) there are at least three financial institutions or
22 other lenders or providers of credit party to the transaction, (C) a
23 party to the transaction has more than one place of business and has
24 an office in that particular jurisdiction, and (D) that particular
25 jurisdiction is part of the United States.

26 (c) If a transaction bears a reasonable relation to a
27 jurisdiction at the time that the parties enter into the

1 transaction, then the transaction continues to bear a reasonable
2 relation to that jurisdiction regardless of any subsequent change
3 in facts or circumstances with respect to the transaction, the
4 subject matter of the transaction, or any party to the transaction
5 and regardless of any modification, amendment, renewal, extension,
6 or restatement of any agreement relating to the transaction.

7 SECTION 2. This Act takes effect September 1, 2011.