

BILL ANALYSIS

C.S.H.B. 1624
By: Cortez
Business & Industry
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that a parent limited liability company is not required to file any public documents acknowledging the formation of a new series limited liability company and that when a new series is created, the naming of such a series remains substantially unregulated. C.S.H.B. 1624 seeks to clarify the law relating to an assumed name for a limited liability company.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1624 amends the Business & Commerce Code to clarify that the definition of "assumed name," as defined in the Assumed Business or Professional Name Act, for a limited liability company means a name other than the name stated in its certificate of formation or a comparable document, including the name of any series of the limited liability company established by its company agreement.

EFFECTIVE DATE

September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1624 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 101.601, Business Organizations Code, is amended by adding Subsection (c) to read as follows:

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 71.002(2), Business & Commerce Code, is amended to read as follows:

- (2) "Assumed name" means:
- (A) for an individual, a name that does not include the surname of the individual;
 - (B) for a partnership, a name that does not include the surname or other legal name of each joint venturer or general partner;
 - (C) for an individual or a partnership, a name, including a surname, that suggests

the existence of additional owners by including words such as "Company," "& Company," "& Son," "& Sons," "& Associates," "Brothers," and similar words, but not words that merely describe the business being conducted or the professional service being rendered;

(D) for a limited partnership, a name other than the name stated in its certificate of formation;

(E) for a company, a name used by the company;

(F) for a corporation, a name other than the name stated in its certificate of formation or a comparable document;

(G) for a limited liability partnership, a name other than the name stated in its application filed with the office of the secretary of state or a comparable document; and

(H) for a limited liability company, a name other than the name stated in its certificate of formation or a comparable document, including the name of any series of the limited liability company established by its company agreement.

(c) A limited liability company establishing a series shall name the series. The name of the series must contain the name of the limited liability company followed by the word "series" and a unique identifying number.

SECTION 2. Section 101.601(c), Business Organizations Code, as added by this Act, applies only to a series established by a limited liability company on or after the effective date of this Act.

No equivalent provision.

SECTION 3. This Act takes effect September 1, 2013.

SECTION 2. Same as introduced version