

BILL ANALYSIS

H.B. 1646
By: Flynn
Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Finance Code and Business Organizations Code both contain provisions relating to business organizations; however, interested parties note that the terminology found in the Business Organizations Code is more commonly accepted and up-to-date. Although the Business Organizations Code includes a provision to establish consistency between terminology found in the Finance Code and the Business Organizations Code, interested parties contend that this difference in terminology has at times caused confusion. H.B. 1646 seeks to remedy this confusion by revising terminology relating to business organizations found in the Finance Code to be consistent with those found in the Business Organizations Code.

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

H.B. 1646 amends the Finance Code to update language in certain provisions relating to banks and trust companies to refer to a certificate of formation, rather than to articles of association or articles of incorporation, as applicable; to refer to a certificate of merger, rather than articles of merger; and to refer to a filing entity, rather than to a business corporation, limited liability company, or domestic corporation, as applicable, in order to conform to synonymous terminology and phrasing in the Business Organizations Code.

H.B. 1646 clarifies the authorization for two or more trust institutions, corporations, or other entities with the authority to participate in a merger to adopt and implement a plan of merger contingent on at least one of the entities being a state trust company, but prohibits the merger from being made without the prior written approval of the banking commissioner of Texas if any surviving, new, or acquiring entity that is a party to the merger or created by the terms of the merger is a state trust company or is not a trust institution.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.