

## **BILL ANALYSIS**

Senate Research Center

H.B. 2891  
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Business & Commerce  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Interested parties note that limited partnerships are currently required to file a report containing certain information about the partnership with the Texas secretary of state (SOS) every four years to maintain the right to do business in Texas and that professional associations are required to annually file with SOS a statement containing similar information with respect to the association. The parties suggest that since both entities are required to file an annual franchise tax return, including the same information required in the SOS filing in the public information report filed with the franchise tax return would streamline the filing process, eliminate duplicate reporting, and reduce the number of documents processed at the receiving agencies. H.B. 2891 seeks to implement this change.

H.B. 2891 amends the Business Organizations Code to specify that, with regard to certain reporting requirements applicable to a professional association and to a domestic limited partnership or a foreign limited partnership registered to transact business in Texas, the requirements apply only to such an entity that is not required to file a public information report with the comptroller of public accounts of the State of Texas (comptroller) for purposes of the franchise tax.

H.B. 2891 amends the Tax Code to include a limited partnership and a professional association on which the franchise tax is imposed among the entities required to file a public information report with the comptroller for purposes of the franchise tax.

H.B. 2891 amends current law relating to certain filing and reporting requirements for certain taxable entities.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 4.156, Business Organizations Code, as follows:

Sec. 4.156. FILING FEES: PROFESSIONAL ASSOCIATIONS. Deletes existing text requiring the secretary of state, for a filing by or for a professional association, to impose a fee for filing an annual statement in the amount of \$35. Makes nonsubstantive changes.

SECTION 2. Amends Section 153.301, Business Organizations Code, as follows:

Sec. 153.301. PERIODIC REPORT. Authorizes the secretary of state to require a domestic limited partnership or a foreign limited partnership registered to transact business in this state that is not required to file a public information report with the comptroller of public accounts of the State of Texas (comptroller) under Section 171.203 (Public Information Report), Tax Code, to file a report not more than once every four years as required by this subchapter.

SECTION 3. Amends Sections 171.203(a), (b), (d), and (e), Tax Code, as follows:

(a) Requires a corporation, limited liability company, limited partnership, or professional association on which the franchise tax is imposed, regardless of whether the entity, rather than corporation or limited liability company, is required to pay any tax, to file a report with the comptroller of public accounts of the State of Texas (comptroller) containing:

(1) and (2) Makes conforming changes to these subdivisions;

(3) the name, title, and mailing address of each person who is:

(A) Creates this paragraph from existing text and makes a conforming change; and

(B) a general partner of the limited partnership on the date the report is filed;

(4) and (5) Makes conforming changes to these subdivisions.

(b) Makes conforming changes.

(d) Requires the corporation, limited liability company, limited partnership, or professional association to send a copy of the report to each person named in the report under Subsection (a)(3) who is not currently employed by the corporation, limited liability company, limited partnership, or professional association or a related entity listed in Subsection (a)(1) or (2). Requires an officer or director of the corporation, limited liability company, or professional association, a general partner of the limited partnership, or another authorized person to sign the report under a certification that:

(1) and (2) Makes no change to these subdivisions.

(e) Authorizes a person, if the person's name is included in a report under Subsection (a)(3) and the person is not an officer or director of the corporation, [or] limited liability company, or professional association, or a general partner of the limited partnership, as applicable, on the date the report is filed, to file with the comptroller a sworn statement disclaiming the person's status as shown on the report. Makes no further change to this subsection.

Makes nonsubstantive changes.

SECTION 4. Repealer: Section 302.012 (Annual Statement Required), Business Organizations Code.

SECTION 5. (a) Provides that Section 153.301, Business Organizations Code, as amended by this Act, applies only to a report required to be filed on or after the effective date of this Act. A report required to be filed before the effective date of this Act is governed by the law in effect on the date the report is due, and the former law is continued in effect for that purpose.

(b) Provides that Section 4.156, Business Organizations Code, as amended by this Act, and Section 302.012, Business Organizations Code, as repealed by this Act, apply only to an annual statement required to be filed on or after the effective date of this Act. Provides that an annual statement required to be filed before the effective date of this Act is governed by the law in effect on the date the statement is due, and the former law is continued in effect for that purpose.

SECTION 6. Effective date: January 1, 2016.