87R10494 JXC-D

By:  Rose H.B. No. 3477

A BILL TO BE ENTITLED

AN ACT

relating to the termination of corporate privileges for certain business entities under enforcement action for a violation of environmental laws.

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

SECTION 1.  Section 11.251(b), Business Organizations Code, is amended to read as follows:

(b)  The secretary of state may terminate a filing entity's existence if:

(1)  the secretary finds that:

(A) [~~(1)~~]  the entity has failed to, and, before the 91st day after the date notice was mailed has not corrected the entity's failure to:

(i) [~~(A)~~]  file a report within the period required by law or pay a fee or penalty prescribed by law when due and payable; or

(ii) [~~(B)~~]  maintain a registered agent or registered office in this state as required by law; or

(B) [~~(2)~~]  the entity has failed to, and, before the 16th day after the date notice was mailed has not corrected the entity's failure to, pay a fee required in connection with the filing of its certificate of formation, or payment of the fee was dishonored when presented by the state for payment; or

(2)  the Texas Commission on Environmental Quality has issued an order of termination under Subchapter I, Chapter 7, Water Code.

SECTION 2.  Section 11.253(a), Business Organizations Code, is amended to read as follows:

(a)  The secretary of state shall reinstate a filing entity that has been involuntarily terminated under this subchapter if the entity files a certificate of reinstatement in accordance with Chapter 4 and:

(1)  the entity has corrected the circumstances that led to the involuntary termination and any other circumstances that may exist of the types described by Section 11.251(b)(1) [~~11.251(b)~~], including the payment of fees, interest, or penalties; [~~or~~]

(2)  the Texas Commission on Environmental Quality has issued an order of reinstatement under Subchapter I, Chapter 7, Water Code, if the involuntary termination was based on an order of termination under Subchapter I, Chapter 7, Water Code; or

(3)  the secretary of state finds that the circumstances that led to the involuntary termination did not exist at the time of termination.

SECTION 3.  Chapter 7, Water Code, is amended by adding Subchapter I to read as follows:

SUBCHAPTER I. TERMINATION OF CORPORATE PRIVILEGES

Sec. 7.401.  DEFINITIONS. In this subchapter:

(1)  "Environmental disaster" means a violation of law under the jurisdiction of the commission resulting in significant harm to human life.

(2)  "Filing entity" means a domestic entity that is a corporation, limited partnership, limited liability company, professional association, cooperative, or real estate investment trust.

Sec. 7.402.  ENVIRONMENTAL DISASTER. (a) The commission shall adopt rules to establish criteria for determining whether a filing entity that is subject to an enforcement action under this chapter is responsible for an environmental disaster in this state.

(b)  In adopting rules under this section, the commission shall consider whether a violation leading to an enforcement action has caused:

(1)  an increase in fatal diseases, including cancer, in the population near the facility where the violation occurred;

(2)  contaminated water;

(3)  contaminated air; or

(4)  a negative effect on the quality of life of the population near the facility where the violation occurred.

Sec. 7.403.  TERMINATION OF CORPORATE PRIVILEGES. (a) If the commission determines that a filing entity that is subject to an enforcement action under this chapter is responsible for an environmental disaster in this state, the commission shall:

(1)  issue an order for the termination of the filing entity; and

(2)  deliver a copy of the order to the secretary of state and the filing entity.

(b)  An order issued under this section must include a provision for how the filing entity may meet requirements for reinstatement through the remediation of the environmental disaster.

Sec. 7.404.  REINSTATEMENT OF CORPORATE PRIVILEGES. (a) A filing entity that receives a termination order under this subchapter may file with the commission evidence showing that the filing entity has met the remediation requirements described by the termination order.

(b)  If the commission determines that the filing entity has met the remediation requirements of the termination order, the commission shall:

(1)  issue an order for the reinstatement of the filing entity; and

(2)  deliver a copy of the order to the secretary of state and the filing entity.

SECTION 4.  Section 11.251(b), Business Organizations Code, as amended by this Act, applies only to a filing entity for which the Texas Commission on Environmental Quality issues an order under Subchapter I, Chapter 7, Water Code, as added by this Act, for a violation committed on or after the effective date of this Act. If the violation was committed before the effective date of this Act, the filing entity is governed by the law in effect on the date the violation was committed, and the former law is continued in effect for that purpose. For purposes of this section, a violation was committed before the effective date of this Act if any element of the violation occurred before that date.

SECTION 5.  This Act takes effect September 1, 2021.