

By: Rose

H.B. No. 3477

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the termination of corporate privileges for certain
3 business entities under enforcement action for a violation of
4 environmental laws.

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

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

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

10 (1) the secretary finds that:

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

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

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

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

24 (2) the Texas Commission on Environmental Quality has

1 issued an order of termination under Subchapter I, Chapter 7, Water
2 Code.

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

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

9 (1) the entity has corrected the circumstances that
10 led to the involuntary termination and any other circumstances that
11 may exist of the types described by Section 11.251(b)(1)
12 [~~11.251(b)~~], including the payment of fees, interest, or penalties;
13 [~~or~~]

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

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

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

23 SUBCHAPTER I. TERMINATION OF CORPORATE PRIVILEGES

24 Sec. 7.401. DEFINITIONS. In this subchapter:

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

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

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

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

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

14 (2) contaminated water;

15 (3) contaminated air; or

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

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

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

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

26 (b) An order issued under this section must include a
27 provision for how the filing entity may meet requirements for

1 reinstatement through the remediation of the environmental
2 disaster.

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

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

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

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

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

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