|  |
| --- |
| BILL ANALYSIS |

|  |
| --- |
| S.B. 2314 |
| By: Hughes |
| Business & Industry |
| Committee Report (Unamended) |

|  |
| --- |
| **BACKGROUND AND PURPOSE**  A constituent attorney in House District 1 expressed concern that protection for single-member limited liability companies has eroded in recent years, citing the possibility under current law for a judgment creditor to file a charging order and maintain ownership of a company as a result of personal debt liabilities. S.B. 2314 seeks to address this issue and provide additional safeguards to ensure that single-member limited liability companies are not eligible for 100‑percent ownership by a judgment creditor by clarifying the applicability of statutory provisions relating to the limited liability company membership interests that are subject to a charging order. |
| **CRIMINAL JUSTICE IMPACT**  It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision. |
| **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**  S.B. 2314 amends the Business Organizations Code to establish that statutory provisions relating to a membership interest in a limited liability company subject to a charging order apply to both single-member limited liability companies and multiple-member limited liability companies. The bill expressly is intended only to clarify existing law with respect to the applicability of charging orders to limited liability companies. |
| **EFFECTIVE DATE**  September 1, 2023. |