

BILL ANALYSIS

H.B. 3423
By: Bryant
Business & Industry
Committee Report (Unamended)

BACKGROUND AND PURPOSE

According to the Texas State Bar, legal practitioners note that there is confusion because the electronic meeting and voting provisions related to nonprofit corporations in the Property Code are inconsistent with the requirements in the Business Organizations Code, which applies to various business entities. The Business Organizations Code provides that all corporations may vote and conduct meetings using electronic and telephonic means. However, certain sections of the Property Code relating to how certain entities vote and meet apply to property owners' associations, which are considered nonprofit corporations, create inconsistencies. Additionally, the Property Code contains references to old Vernon's Texas Civil Statutes that have since been recodified. H.B. 3423 seeks to address these inconsistencies by amending Property Code provisions relating to condominium unit owners' associations and property owners' associations to conform to applicable Business Organizations Code provisions.

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

H.B. 3423 amends the Property Code to update provisions of the Texas Residential Property Owners Protection Act and the Uniform Condominium Act as follows:

- authorizes a meeting of a property owners' association (POA) or a condominium unit owners' association to be held by any method of communication, including electronic and telephonic means, as provided by Business Organizations Code provisions relating to alternative forms of meetings;
- replaces outdated references to the Texas Non-Profit Corporation Act and the Business Corporation Act in provisions relating to the organization of a condominium unit owners' association and certain meeting notice requirements with references to applicable Business Organizations Code provisions; and
- authorizes voting in a condominium unit owners' association meeting or POA meeting to be conducted electronically or by electronic ballot, respectively.

EFFECTIVE DATE

September 1, 2023.