

BILL ANALYSIS

Senate Research Center

S.B. 1712
By: Perry
Business & Commerce
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Real Estate License Act requires individuals to possess a real estate license in order to act on another person's behalf in a real estate transaction. However, individuals are specifically exempt from the requirement to have a real estate license if they are buying or selling property on their own behalf. Unfortunately, the Texas Real Estate Commission has interpreted current law to mean that limited partnerships and limited liability companies are not able to buy and sell their own property because it would require one partner or member to act on behalf of the LP or LLC.

S.B. 1712 would exempt limited partnerships and limited liability companies from the requirement to have a real estate license. This change would allow business entities to more efficiently run small businesses without the need to hire a real estate agent to complete their transactions.

(Original Author's/Sponsor's Statement of Intent)

S.B. 1712 amends current law relating to the purchase, sale, or lease of real property on behalf of a limited partnership or a limited liability company.

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 1101.005, Occupations Code, as follows:

Sec. 1101.005. APPLICABILITY OF CHAPTER. Provides that Chapter 1101 (Real Estate Brokers and Sales Agents) does not apply to:

- (1)-(7) makes no changes to these subdivisions;
- (8)-(9) makes nonsubstantive changes to these subdivisions;
- (10) the purchase, sale, or lease of real property for a limited partnership by:
 - (A) a general partner of the limited partnership;
 - (B) an employee of the general partner of the limited partnership who negotiates the transaction in the course of employment; or
 - (C) an employee of the limited partnership who negotiates the transaction in the course of employment; or
- (11) the purchase, sale, or lease of real property for a limited liability company by:
 - (A) a manager or managing member of the limited liability company;

(B) an employee of a manager or managing member of the limited liability company who negotiates the transaction in the course of employment; or

(C) an employee or member of the limited liability company who negotiates the transaction in the course of employment.

SECTION 2. Effective date: upon passage or September 1, 2023.