

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.