

By: Murr, Leach, Landgraf, et al.

H.B. No. 19

Substitute the following for H.B. No. 19:

By: Vasut

C.S.H.B. No. 19

A BILL TO BE ENTITLED

AN ACT

relating to the creation of a specialty trial court to hear certain cases; authorizing fees.

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

SECTION 1. Subtitle A, Title 2, Government Code, is amended by adding Chapter 25A to read as follows:

CHAPTER 25A. BUSINESS COURT

Sec. 25A.001. DEFINITIONS. In this chapter:

(1) "Controlling person" means a person who directly or indirectly controls a governing person, officer, or organization.

(2) "Derivative proceeding" means a civil suit brought in the right of a domestic or foreign corporation, a domestic or foreign limited liability company, or a domestic or foreign limited partnership, to the extent provided by the Business Organizations Code.

(3) "Governing documents" means the instruments, documents, or agreements adopted under an organization's governing law to govern the organization's formation and internal affairs.

The term includes:

(A) a certificate of formation, articles of incorporation, and articles of organization;

(B) bylaws;

(C) a partnership agreement;

- (D) a company agreement or operating agreement;
- (E) a shareholder agreement;
- (F) a voting agreement or voting trust agreement;

and

(G) an agreement among owners restricting the transfer of ownership interests.

(4) "Governing law" means the law governing the formation and internal affairs of an organization.

(5) "Governing person" means a person who is entitled, alone or as part of a group, to manage and direct an organization's affairs under the organization's governing documents and governing law. The term includes:

(A) a member of the board of directors of a corporation or other organization;

(B) a general partner of a general or limited partnership;

(C) a manager of a limited liability company that is managed by its managers;

(D) a member of a limited liability company that is managed by its members;

(E) a trust manager of a real estate investment trust; and

(F) a trustee of a business trust.

(6) "Governmental entity" means:

(A) this state; or

(B) a political subdivision of this state, including a municipality, a county, or any kind of district.

1           (7) "Internal affairs" means:

2                   (A) the rights, powers, and duties of an  
3 organization's governing persons, officers, owners, and members;  
4 and

5                   (B) matters relating to the organization's  
6 membership or ownership interests.

7           (8) "Managerial official" means a governing person or  
8 officer.

9           (9) "Officer" means a person elected, appointed, or  
10 designated as an officer of an organization by the organization's  
11 governing persons or governing documents.

12           (10) "Organization" means a foreign or domestic entity  
13 or association, regardless of whether the organization is for  
14 profit or nonprofit. The term includes:

15                   (A) a corporation;

16                   (B) a limited partnership;

17                   (C) a general partnership;

18                   (D) a limited liability partnership;

19                   (E) a limited liability company;

20                   (F) a business trust;

21                   (G) a real estate investment trust;

22                   (H) a joint venture;

23                   (I) a joint stock company;

24                   (J) a cooperative;

25                   (K) a bank;

26                   (L) a credit union;

27                   (M) a savings and loan association;

1           (N) an insurance company; and

2           (O) a series of a limited liability company or of  
3 another entity.

4           (11) "Owner" means an owner of an organization. The  
5 term includes:

6           (A) a shareholder or stockholder of a corporation  
7 or other organization;

8           (B) a general or limited partner of a partnership  
9 or an assignee of a partnership interest in a partnership;

10           (C) a member of, or an assignee of a membership  
11 interest in, a limited liability company; and

12           (D) a member of a nonprofit organization.

13           (12) "Ownership interest" means an owner's interest in  
14 an organization, including an owner's economic, voting, and  
15 management rights.

16           (13) "Qualified transaction" means a transaction  
17 under which a party:

18           (A) pays or receives, or is obligated to pay or is  
19 entitled to receive, consideration with an aggregate value of at  
20 least \$10 million; or

21           (B) lends, advances, borrows, receives, is  
22 obligated to lend or advance, or is entitled to borrow or receive  
23 money or credit with an aggregate value of at least \$10 million.

24           Sec. 25A.002. CREATION. The business court is a statutory  
25 court created under Section 1, Article V, Texas Constitution.

26           Sec. 25A.003. BUSINESS COURT JUDICIAL DISTRICT; DIVISIONS.

27 (a) The judicial district of the business court is composed of all

1 counties in this state.

2 (b) The business court is composed of divisions:

3 (1) geographically consistent with the administrative  
4 judicial regions established under Section 74.042; and

5 (2) numbered to correspond with the administrative  
6 judicial regions established under Section 74.042.

7 Sec. 25A.004. JURISDICTION AND POWERS. (a) Subject to  
8 Subsections (b) and (c), the business court has the powers provided  
9 to district courts by Chapter 24, including the power to:

10 (1) issue writs of injunction, mandamus,  
11 sequestration, attachment, garnishment, and supersedeas; and

12 (2) grant any relief that may be granted by a district  
13 court.

14 (b) The business court has civil jurisdiction concurrent  
15 with district courts in the following actions in which the amount in  
16 controversy exceeds \$10 million, excluding interest, statutory  
17 damages, exemplary damages, penalties, attorney's fees, and court  
18 costs:

19 (1) a derivative proceeding;

20 (2) an action arising out of a qualified transaction;

21 (3) an action regarding the governance, governing  
22 documents, or internal affairs of an organization;

23 (4) an action in which a claim under a state or federal  
24 securities or trade regulation law is asserted against:

25 (A) an organization;

26 (B) a controlling person or managerial official  
27 of an organization for an act or omission by the organization or by

1 the person in the person's capacity as a controlling person or  
2 managerial official;

3 (C) an underwriter of securities issued by the  
4 organization; or

5 (D) the auditor of an organization;

6 (5) an action by an organization, or an owner of an  
7 organization, if the action:

8 (A) is brought against an owner, controlling  
9 person, or managerial official of the organization; and

10 (B) alleges an act or omission by the person in  
11 the person's capacity as an owner, controlling person, or  
12 managerial official of the organization;

13 (6) an action alleging that an owner, controlling  
14 person, or managerial official breached a duty owed to an  
15 organization or an owner of an organization by reason of the  
16 person's status as an owner, controlling person, or managerial  
17 official, including the breach of a duty of loyalty or good faith;

18 (7) an action seeking to hold an owner or governing  
19 person of an organization liable for an obligation of the  
20 organization, other than on account of a written contract signed by  
21 the person to be held liable in a capacity other than as an owner or  
22 governing person;

23 (8) an action that arises out of a contract or  
24 commercial transaction between or among organizations, owners, or  
25 governing persons;

26 (9) subject to Subsection (d), an action that arises  
27 out of a violation of the Finance Code or Business & Commerce Code

1 by an organization or an officer or governing person acting on  
2 behalf of an organization;

3 (10) an action seeking injunctive relief or a  
4 declaratory judgment under Chapter 37, Civil Practice and Remedies  
5 Code, involving a dispute based on a claim covered by the provisions  
6 of this subsection; and

7 (11) an action arising out of the Business  
8 Organizations Code.

9 (c) Except as provided by Subsection (e), the business court  
10 has supplemental jurisdiction over any other claim related to a  
11 case or controversy within the court's jurisdiction that forms part  
12 of the same case or controversy. A claim within the business  
13 court's supplemental jurisdiction may proceed in the business court  
14 only on the agreement of all parties involved in the claim and the  
15 judge of the division of the court before which the action is  
16 pending.

17 (d) Unless the claim falls within the business court's  
18 supplemental jurisdiction, the business court does not have  
19 jurisdiction of:

20 (1) a civil action brought by or against a  
21 governmental entity; or

22 (2) any claim arising under Chapter 17, Business &  
23 Commerce Code, the Estates Code, the Family Code, or Title 9,  
24 Property Code.

25 (e) The business court does not have jurisdiction of a claim  
26 in which a party seeks recovery of monetary damages for bodily  
27 injury or death, including a claim that would otherwise fall within

1 the court's supplemental jurisdiction under Subsection (c).

2 Sec. 25A.005. JUDICIAL AUTHORITY. A business court judge  
3 has all powers, duties, immunities, and privileges of a district  
4 judge.

5 Sec. 25A.006. INITIAL FILING; REMOVAL AND REMAND. (a) An  
6 action within the jurisdiction of the business court may be filed in  
7 the business court. The party filing the action must plead facts to  
8 establish venue in a division of the business court and the business  
9 court clerk shall assign the action to the appropriate division.

10 (b) If the business court does not have jurisdiction of the  
11 action, the court shall, at the option of the party filing the  
12 action:

13 (1) transfer the action to a district court or county  
14 court at law in a county of proper venue; or

15 (2) dismiss the action without prejudice to the  
16 party's rights.

17 (c) If, after an action is assigned to a division of the  
18 business court, the court determines that the division's geographic  
19 territory does not include a county of proper venue for the action,  
20 the court shall transfer the action to a division of the court that  
21 includes a county of proper venue.

22 (d) A party to an action filed in a district court or county  
23 court at law that is within the jurisdiction of the business court  
24 may remove the action to the business court. If the business court  
25 does not have jurisdiction of the action, the business court shall  
26 remand the action to the court in which the action was originally  
27 filed.



1       (e) A party removing an action under Subsection (d) must  
2 file a notice of removal with the business court and the court in  
3 which the action was originally filed not later than the 30th day  
4 after the date the party was served with the initial pleading or  
5 summons naming the party. On receipt of the notice, the clerk of  
6 the court in which the action was originally filed shall  
7 immediately transfer the action to the business court in accordance  
8 with rules adopted by the supreme court and the business court clerk  
9 shall assign the action to the appropriate division of the business  
10 court.

11       (f) The filing of an action or a notice of removal in the  
12 business court is subject to Section 10.001, Civil Practice and  
13 Remedies Code.

14       (g) Removal of a case to the business court is not subject to  
15 the statutes or rules governing the due order of pleading.

16       (h) Removal of a case does not waive a defect in venue or  
17 constitute an appearance to determine personal jurisdiction.

18       (i) The judge of a court in which an action is filed may  
19 request the presiding judge for the court's administrative region  
20 to transfer the action to the business court if the action is within  
21 the business court's jurisdiction. The judge shall notify all  
22 parties of the transfer request. On request by the judge under this  
23 subsection and after a hearing on the request, the presiding judge  
24 may transfer the action to the business court if the presiding judge  
25 finds the transfer will facilitate the fair and efficient  
26 administration of justice. The business court clerk shall assign  
27 an action transferred under this subsection to the appropriate

1 division of the business court.

2 (j) The business court judge on establishment of  
3 jurisdiction and venue over an action shall by order declare the  
4 county in which any jury trial for the action will be held as  
5 determined under Section 25A.015.

6 Sec. 25A.007. APPEALS. (a) Notwithstanding any other law  
7 and except as provided by Subsection (b) and in instances when the  
8 supreme court has concurrent or exclusive jurisdiction, the  
9 Fifteenth Court of Appeals has exclusive jurisdiction over an  
10 appeal from an order or judgment of the business court or an  
11 original proceeding related to an action or order of the business  
12 court.

13 (b) If the Fifteenth Court of Appeals is not created, an  
14 appeal from an order or judgment of the business court or an  
15 original proceeding related to an action or order of the business  
16 court shall be filed in the court of appeals with appellate  
17 jurisdiction of civil cases for the county declared in an order  
18 under Section 25A.006(j).

19 (c) The procedure governing an appeal or original  
20 proceeding from the business court is the same as the procedure for  
21 an appeal or original proceeding from a district court.

22 Sec. 25A.008. QUALIFICATIONS OF JUDGE. (a) A business  
23 court judge must:

- 24 (1) be at least 35 years of age;  
25 (2) be a United States citizen;  
26 (3) have been a resident of a county within the  
27 division of the business court to which the judge is appointed for

1 at least five years before appointment; and

2 (4) be a licensed attorney in this state who has 10 or  
3 more years of experience in:

4 (A) practicing complex civil business  
5 litigation;

6 (B) practicing business transaction law;

7 (C) teaching courses in complex civil business  
8 litigation or complex business transaction law at an accredited law  
9 school in this state;

10 (D) serving as a judge of a court in this state  
11 with civil jurisdiction; or

12 (E) any combination of experience described by  
13 Paragraphs (A)-(D).

14 (b) A business court judge may not have had the judge's  
15 license to practice law revoked, suspended, or subject to a  
16 probated suspension.

17 Sec. 25A.009. APPOINTMENT OF JUDGES; EXCHANGE OF BENCHES.

18 (a) The governor, with the advice and consent of the senate, shall  
19 appoint a judge to each division of the business court to serve on  
20 the court.

21 (b) A business court judge may be reappointed.

22 (c) A business court judge shall take the constitutional  
23 oath of office required of appointed officers of this state and file  
24 the oath with the secretary of state.

25 (d) To promote the orderly and efficient administration of  
26 justice, the business court judges may exchange benches and sit and  
27 act for each other in any matter pending before the court.

1       Sec. 25A.010. VACANCY. If a vacancy occurs in an office of  
2 a business court judge, the governor, with the advice and consent of  
3 the senate, shall appoint, in the same manner as the original  
4 appointment, another person to serve for the remainder of the  
5 unexpired term.

6       Sec. 25A.011. JUDGE'S SALARY. The salary of a business  
7 court judge is the amount provided by Section 659.012 and shall be  
8 paid in equal monthly installments.

9       Sec. 25A.012. REMOVAL; DISQUALIFICATION AND RECUSAL. (a)  
10 A business court judge may be removed from office in the same manner  
11 and for the same reasons as a district judge.

12       (b) A business court judge is disqualified and subject to  
13 mandatory recusal for the same reasons a district judge is subject  
14 to disqualification or recusal in a pending case. Disqualification  
15 or recusal of a business court judge shall be governed by the same  
16 procedure as disqualification or recusal of a district judge.

17       Sec. 25A.013. PRIVATE PRACTICE OF LAW. A business court  
18 judge shall diligently discharge the duties of the office on a  
19 full-time basis and may not engage in the private practice of law.

20       Sec. 25A.014. VISITING JUDGE. (a) A retired or former  
21 judge or justice who has the qualifications prescribed by Section  
22 25A.008 may be assigned as a visiting judge of a division of the  
23 business court by the chief justice of the supreme court. A  
24 visiting judge of a division of the business court is subject to  
25 objection, disqualification, or recusal in the same manner as a  
26 retired or former judge or justice is subject to objection,  
27 disqualification, or recusal if appointed as a visiting district

1 judge.

2 (b) Before accepting an assignment as a visiting judge of a  
3 division of the business court, a retired or former judge or justice  
4 shall take the constitutional oath of office required of appointed  
5 officers of this state and file the oath with the secretary of  
6 state.

7 Sec. 25A.015. JURY PRACTICE AND PROCEDURE; VENUE FOR JURY  
8 TRIAL. (a) A party in an action pending in the business court has  
9 the right to a trial by jury when required by the constitution.

10 (b) Subject to Subsection (d), a jury trial in a case filed  
11 initially in the business court shall be held in any county in which  
12 the case could have been filed under Section 15.002, Civil Practice  
13 and Remedies Code, as chosen by the plaintiff.

14 (c) Subject to Subsections (b) and (d), a jury trial in a  
15 case removed to the business court shall be held in the county in  
16 which the action was originally filed.

17 (d) A jury trial for a case in which a written contract  
18 specifies a county as venue for suits shall be held in that county.

19 (e) The parties and the business court judge may agree to  
20 hold the jury trial in any other county. A party may not be required  
21 to agree to hold the jury trial in a different county.

22 (f) The drawing of jury panels, selection of jurors, and  
23 other jury-related practice and procedure in the business court  
24 shall be the same as for the district court in the county in which  
25 the trial is held.

26 (g) Practice, procedure, rules of evidence, issuance of  
27 process and writs, and all other matters pertaining to the conduct

1 of trials, hearings, and other business in the business court are  
2 governed by the laws and rules prescribed for district courts,  
3 unless otherwise provided by this chapter.

4 Sec. 25A.016. WRITTEN OPINIONS. The supreme court shall  
5 adopt rules for the issuance of written opinions by the business  
6 court.

7 Sec. 25A.017. COURT LOCATION; STAFFING. (a) In this  
8 section, "remote proceeding" means a proceeding before the business  
9 court in which one or more of the participants, including a judge,  
10 party, attorney, witness, court reporter, juror, or other  
11 individual attends the proceeding remotely through the use of  
12 technology.

13 (b) The business court shall appoint a clerk, whose office  
14 shall be located in Travis County in facilities provided by this  
15 state. The clerk shall:

16 (1) accept all filings in the business court; and

17 (2) fulfill the legal and administrative functions of  
18 a district clerk.

19 (c) Each business court judge shall maintain chambers in the  
20 county the judge selects within the geographic boundaries of the  
21 division to which the judge is appointed in facilities provided by  
22 this state. For purposes of this section, the Office of Court  
23 Administration of the Texas Judicial System may contract for the  
24 use of facilities with a county.

25 (d) Subject to Section 25A.015, a business court judge may  
26 hold court at any courtroom within the geographic boundaries of the  
27 division to which the judge is appointed as the court determines

1 necessary or convenient for a particular civil action. To the  
2 extent practicable, a county using existing courtrooms and  
3 facilities shall accommodate the business court in the conduct of  
4 the court's hearings and other proceedings.

5 (e) The business court may conduct a proceeding as a remote  
6 proceeding to facilitate the resolution of a matter before the  
7 court. The business court may not require a party, attorney, or  
8 juror to remotely attend a jury trial or proceeding in which oral  
9 testimony is given, absent good cause or agreement of the parties.

10 (f) The business court shall conduct a remote proceeding  
11 from a courtroom or the facilities provided to a business court  
12 judge by this state.

13 (g) The business court shall provide reasonable notice to  
14 the public that a proceeding will be conducted remotely and an  
15 opportunity for the public to observe the remote proceeding.

16 (h) In a county in which a division of the business court  
17 sits, the sheriff shall in person or by deputy attend the business  
18 court as required by the court. The sheriff or deputy is entitled  
19 to reimbursement from this state for the cost of attending the  
20 business court.

21 (i) The business court may appoint personnel necessary for  
22 the operation of the court, including:

- 23 (1) personnel to assist the clerk of the court;  
24 (2) staff attorneys for the court;  
25 (3) staff attorneys for each judge of the business  
26 court;  
27 (4) court coordinators; and

1           (5) administrative assistants.

2           (j) The court officials shall perform the duties and  
3 responsibilities of their offices and are entitled to the  
4 compensation, fees, and allowances prescribed by law for the  
5 offices.

6           Sec. 25A.018. FEES. The supreme court shall set fees for  
7 filings and actions in the business court in amounts sufficient to  
8 cover the costs of administering this chapter, taking into account  
9 fee waivers necessary for the interest of justice.

10          Sec. 25A.019. SEAL. The seal of the business court is the  
11 same as that provided by law for a district court except that the  
12 seal must contain the name "The Business Court of Texas."

13          Sec. 25A.020. RULES. (a) The supreme court shall adopt  
14 rules of civil procedure as the court determines necessary,  
15 including rules providing for:

16               (1) the timely and efficient removal and remand of  
17 cases to and from the business court; and

18               (2) the assignment of cases to judges of the business  
19 court.

20          (b) The business court may adopt rules of practice and  
21 procedure consistent with the Texas Rules of Civil Procedure or the  
22 Texas Rules of Evidence.

23          SECTION 2. Sections 659.012(a) and (e), Government Code,  
24 are amended to read as follows:

25          (a) Notwithstanding Section 659.011 and subject to  
26 Subsections (b) and (b-1):

27               (1) a judge of a district court or a division of the



1 business court is entitled to an annual base salary from the state  
2 as set by the General Appropriations Act in an amount equal to at  
3 least \$140,000, except that the combined base salary of a district  
4 judge or judge of a division of the business court from all state  
5 and county sources, including compensation for any extrajudicial  
6 services performed on behalf of the county, may not exceed the  
7 amount that is \$5,000 less than the maximum combined base salary  
8 from all state and county sources for a justice of a court of  
9 appeals other than a chief justice as determined under this  
10 subsection;

11 (2) a justice of a court of appeals other than the  
12 chief justice is entitled to an annual base salary from the state in  
13 the amount equal to 110 percent of the state base salary of a  
14 district judge as set by the General Appropriations Act, except  
15 that the combined base salary of a justice of the court of appeals  
16 other than the chief justice from all state and county sources,  
17 including compensation for any extrajudicial services performed on  
18 behalf of the county, may not exceed the amount that is \$5,000 less  
19 than the base salary for a justice of the supreme court as  
20 determined under this subsection;

21 (3) a justice of the supreme court other than the chief  
22 justice or a judge of the court of criminal appeals other than the  
23 presiding judge is entitled to an annual base salary from the state  
24 in the amount equal to 120 percent of the state base salary of a  
25 district judge as set by the General Appropriations Act; and

26 (4) the chief justice or presiding judge of an  
27 appellate court is entitled to an annual base salary from the state

1 in the amount equal to \$2,500 more than the state base salary  
2 provided for the other justices or judges of the court, except that  
3 the combined base salary of the chief justice of a court of appeals  
4 from all state and county sources may not exceed the amount equal to  
5 \$2,500 less than the base salary for a justice of the supreme court  
6 as determined under this subsection.

7 (e) For the purpose of salary payments by the state, the  
8 comptroller shall determine from sworn statements filed by the  
9 justices of the courts of appeals, ~~and~~ district judges, and  
10 business court judges that the required salary limitations provided  
11 by Subsection (a) are maintained. If the state base salary for a  
12 judge or justice prescribed by Subsection (a) combined with  
13 additional compensation from a county would exceed the limitations  
14 provided by Subsection (a), the comptroller shall reduce the salary  
15 payment made by the state by the amount of the excess.

16 SECTION 3. Section 837.001(a), Government Code, is amended  
17 to read as follows:

18 (a) Membership ~~[Except as provided by Subsection (b),~~  
19 ~~membership]~~ in the retirement system is limited to persons who have  
20 never been eligible for membership in the Judicial Retirement  
21 System of Texas or the Judicial Retirement System of Texas Plan One  
22 and who at any time on or after the effective date of this Act are  
23 judges, justices, or commissioners of:

- 24 (1) the supreme court;
- 25 (2) the court of criminal appeals;
- 26 (3) a court of appeals;
- 27 (4) the business court;

1           (5) a district court; or  
2           (6) [~~(5)~~] a commission to a court specified in this  
3 subsection.

4           SECTION 4. (a) The Texas Supreme Court has exclusive and  
5 original jurisdiction over a challenge to the constitutionality of  
6 this Act or any part of this Act and may issue injunctive or  
7 declaratory relief in connection with the challenge.

8           (b) If the appointment of judges by the governor to the  
9 divisions of the business court under Section 25A.009, Government  
10 Code, as added by this Act, is held by the Texas Supreme Court as  
11 unconstitutional, the business court shall be staffed by retired or  
12 former judges or justices who are appointed to the court as provided  
13 by Section 25A.014, Government Code, as added by this Act.

14           SECTION 5. Except as otherwise provided by this Act, the  
15 business court is created September 1, 2024.

16           SECTION 6. (a) As soon as practicable after the effective  
17 date of this Act, the governor shall appoint judges to the First,  
18 Third, Fourth, Eighth, and Eleventh Business Court Divisions as  
19 required by Section 25A.009, Government Code, as added by this Act.

20           (b) On or before September 1, 2026, but not before July 1,  
21 2026, the governor shall appoint judges to the Second, Fifth,  
22 Sixth, Seventh, Ninth, and Tenth Business Court Divisions as  
23 required by Section 25A.009, Government Code, as added by this Act.

24           SECTION 7. (a) Notwithstanding Chapter 25A, Government  
25 Code, as added by this Act, the business court is not created unless  
26 the legislature makes a specific appropriation of money for that  
27 purpose. For purposes of this subsection, a specific appropriation

1 is an appropriation identifying the business court or an Act of the  
2 88th Legislature, Regular Session, 2023, relating to the creation  
3 of a specialty trial court to hear certain cases or of the business  
4 court.

5 (b) Notwithstanding Section 25A.007(a), Government Code, as  
6 added by this Act, a court of appeals retains the jurisdiction the  
7 court had on August 31, 2024, if the business court is not created  
8 as a result of Subsection (a) of this section.

9 SECTION 8. The changes in law made by this Act apply to  
10 civil actions commenced on or after September 1, 2024.

11 SECTION 9. This Act takes effect September 1, 2023.