

**SUBJECT:** Including limited liability companies in the Utilities Code

**COMMITTEE:** Energy Resources — favorable, without amendment

**VOTE:** 8 ayes — R. Lewis, Hawley, Crabb, Driver, Merritt, West, Williams, Woolley

0 nays

1 absent — Wilson

**WITNESSES:** None

**BACKGROUND:** The Texas Limited Liability Company Act (TLLCA), enacted in 1991, defined a new kind of business organization called a limited liability company (LLC). The act, however, did not update all of the other state laws concerning the regulation of businesses. The Gas Utility Regulatory Act does not include LLCs within its definitions of “person” and “corporation.”

**DIGEST:** HB 1289 would amend the Utilities Code to include LLCs within its definitions of “person” and “corporation.”

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house.

**SUPPORTERS SAY:** A gas utility organized as an LLC has exactly the same liability for its debts and any damages related to its operations as have utilities organized as corporations. Like any business, a gas utility might choose to organize as an LLC to eliminate double taxation of profits for federal income-tax purposes. LLCs pay all state and local taxes on the same basis as do other businesses.

However, some have questioned whether gas utilities organized as LLCs have the same powers and duties as other utilities organized as corporations and partnerships. HB 1289 would clarify the statute to ensure that gas utility companies organized as LLCs have the same standing as do gas utilities organized as corporations and partnerships, as the TLLCA intended.

The bill would not expand the right of eminent domain, nor would it reduce

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any of the protections afforded property owners. The bill would not grant to LLCs any power not already available to corporate and partnership forms of business organization.

OPPONENTS  
SAY: No apparent opposition.

NOTES: The companion bill, SB 453 by Brown, has been referred to the Senate Natural Resources Committee.