

BILL ANALYSIS

Senate Research Center
76R5363 JJT-F

S.B. 453
By: Brown
Natural Resources
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As Filed

DIGEST

The 72nd Texas Legislature enacted the Texas Limited Liability Company Act, which provides for the formation of legal entities known as limited liability companies (LLCs). While the Limited Liability Company Act may have been intended to give LLCs the same powers and duties of other forms of corporate organization, it did not change all of the other state laws that provide for the regulation and taxation of various businesses around the state. For example, the Gas Utility Regulatory Act, now part of the Utility Code, contains definitions of “person” and “corporation” which do not include LLCs. As a result, some have questioned whether pipelines organized as LLCs have the same powers and duties as pipelines that are organized as corporations or partnerships. This bill would amend the Utility Code to include “a limited liability company” in the definitions of “person” and “corporation.”

PURPOSE

As proposed, S.B. 453 amends the Utility Code to include “a limited liability company” in the definitions of “person” and “corporation.”

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 101.003(10), Utilities Code, to redefine “person” to include limited liability companies.

SECTION 2. Amends Section 121.001(b), Utilities Code, to redefine “person.” Makes a conforming change.

SECTION 3. Amends Section 181.001(1), Utilities Code, to redefine “corporation” to include a limited liability company. Makes a nonsubstantive change.

SECTION 4. Sets forth the intention of the legislature regarding this Act shall be to clarify existing law and to be construed as consistent with existing law.

SECTION 5. Emergency clause.
Effective date: upon passage.