

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

5/30/25
Date

Honorable Dan Patrick
President of the Senate

Honorable Dustin Burrows
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on HB 40 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

<u>Byron Hughes</u> Hughes	<u>Sub Landgraf</u> Landgraf
<u>Brandon Crighton</u> Crighton	<u>Pandey</u> Dyson
<u>Jan Huffman</u> Huffman	<u>Johnson</u>
<u>Phil King</u> King	<u>Each</u>
<u>Tom Parker</u> On the part of the Senate Parker	<u>Meyer</u> On the part of the House Meyer

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

H.B. No. 40

A BILL TO BE ENTITLED

AN ACT

relating to the business court.

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

SECTION 1. Section 11.101(e), Civil Practice and Remedies Code, is amended to read as follows:

(e) A prefiling order entered under Subsection (a) by a district court, a ~~[ex]~~ statutory county court, or the business court applies to each court in this state.

SECTION 2. Section 15.003(c), Civil Practice and Remedies Code, is amended to read as follows:

(c) An interlocutory appeal permitted by Subsection (b) must be taken to the court of appeals district in which the trial court is located under the procedures established for interlocutory appeals, except that an interlocutory appeal from the business court must be taken to the Fifteenth Court of Appeals. The appeal may be taken by a party that is affected by the trial court's determination under Subsection (a). The court of appeals shall:

(1) determine whether the trial court's order is proper based on an independent determination from the record and not under either an abuse of discretion or substantial evidence standard; and

(2) render judgment not later than the 120th day after the date the appeal is perfected.

SECTION 3. Section 19.003(a), Civil Practice and Remedies

1 Code, is amended to read as follows:

2 (a) To supply a record that has been lost, destroyed, or
3 removed:

4 (1) a person interested in an instrument or in a
5 judgment, order, or decree of the district court may file an
6 application with the district clerk of the county in which the
7 record was lost or destroyed or from which the record was removed;
8 ~~[or]~~

9 (2) a person interested in a judgment, order, or
10 decree of a county court may file an application with the clerk of
11 the court to which the record belonged; or

12 (3) a person interested in a judgment, order, or
13 decree of the business court may file an application with the clerk
14 of the business court.

15 SECTION 4. Section 20.001(a), Civil Practice and Remedies
16 Code, is amended to read as follows:

17 (a) A deposition on written questions of a witness who is
18 alleged to reside or to be in this state may be taken by:

19 (1) a clerk of a district court;

20 (2) a judge or clerk of a county court; ~~[or]~~

21 (3) a judge or clerk of the business court; or

22 (4) a notary public of this state.

23 SECTION 5. Section 30.014(a), Civil Practice and Remedies
24 Code, is amended to read as follows:

25 (a) In a civil action, including a probate or guardianship
26 proceeding, filed in a district court, a county court, a statutory
27 county court, a ~~[or]~~ statutory probate court, or the business

1 court, each party or the party's attorney shall include in its
2 initial pleading:

3 (1) the last three numbers of the party's driver's
4 license number, if the party has been issued a driver's license; and

5 (2) the last three numbers of the party's social
6 security number, if the party has been issued a social security
7 number.

8 SECTION 6. Section 30.015(a), Civil Practice and Remedies
9 Code, is amended to read as follows:

10 (a) In a civil action filed in a district court, a county
11 court, a statutory county court, a [ex] statutory probate court, or
12 the business court, each party or the party's attorney must provide
13 the clerk of the court with written notice of the party's name and
14 current residence or business address.

15 SECTION 7. Section 30.016(a), Civil Practice and Remedies
16 Code, is amended to read as follows:

17 (a) In this section, "tertiary recusal motion" means a third
18 or subsequent motion for recusal or disqualification filed against
19 a district court, [ex] statutory county court, or business court
20 judge by the same party in a case.

21 SECTION 8. Sections 30.017(a) and (c), Civil Practice and
22 Remedies Code, are amended to read as follows:

23 (a) A claim against a district court, statutory probate
24 court, [ex] statutory county court, or business court judge that is
25 added to a case pending in the court to which the judge was elected
26 or appointed:

27 (1) must be made under oath;

1 (2) may not be based solely on the rulings in the
2 pending case but must plead specific facts supporting each element
3 of the claim in addition to the rulings in the pending case; and

4 (3) is automatically severed from the case.

5 (c) The presiding judge of the administrative region, ~~[or]~~
6 the presiding judge of the statutory probate courts, or the
7 administrative presiding judge of the business court shall assign
8 the severed claim to a different judge. The judge shall dismiss the
9 claim if the claim does not satisfy the requirements of Subsection
10 (a)(1) or (2).

11 SECTION 9. Section 51.014(a), Civil Practice and Remedies
12 Code, is amended to read as follows:

13 (a) A person may appeal from an interlocutory order of a
14 district court, a county court at law, a statutory probate court, a
15 ~~[or]~~ county court, or the business court that:

16 (1) appoints a receiver or trustee;

17 (2) overrules a motion to vacate an order that
18 appoints a receiver or trustee;

19 (3) certifies or refuses to certify a class in a suit
20 brought under Rule 42 of the Texas Rules of Civil Procedure;

21 (4) grants or refuses a temporary injunction or grants
22 or overrules a motion to dissolve a temporary injunction as
23 provided by Chapter 65;

24 (5) denies a motion for summary judgment that is based
25 on an assertion of immunity by an individual who is an officer or
26 employee of the state or a political subdivision of the state;

27 (6) denies a motion for summary judgment that is based

1 in whole or in part upon a claim against or defense by a member of
2 the electronic or print media, acting in such capacity, or a person
3 whose communication appears in or is published by the electronic or
4 print media, arising under the free speech or free press clause of
5 the First Amendment to the United States Constitution, or Article
6 I, Section 8, of the Texas Constitution, or Chapter 73;

7 (7) grants or denies the special appearance of a
8 defendant under Rule 120a, Texas Rules of Civil Procedure, except
9 in a suit brought under the Family Code;

10 (8) grants or denies a plea to the jurisdiction by a
11 governmental unit as that term is defined in Section 101.001;

12 (9) denies all or part of the relief sought by a motion
13 under Section 74.351(b), except that an appeal may not be taken from
14 an order granting an extension under Section 74.351;

15 (10) grants relief sought by a motion under Section
16 74.351(1);

17 (11) denies a motion to dismiss filed under Section
18 90.007;

19 (12) denies a motion to dismiss filed under Section
20 27.003;

21 (13) denies a motion for summary judgment filed by an
22 electric utility regarding liability in a suit subject to Section
23 75.0022;

24 (14) denies a motion filed by a municipality with a
25 population of 500,000 or more in an action filed under Section
26 54.012(6) or 214.0012, Local Government Code;

27 (15) makes a preliminary determination on a claim

1 under Section 74.353;

2 (16) overrules an objection filed under Section
3 148.003(d) or denies all or part of the relief sought by a motion
4 under Section 148.003(f); or

5 (17) grants or denies a motion for summary judgment
6 filed by a contractor based on Section 97.002.

7 SECTION 10. Section 51.016, Civil Practice and Remedies
8 Code, is amended to read as follows:

9 Sec. 51.016. APPEAL ARISING UNDER FEDERAL ARBITRATION ACT.

10 In a matter subject to the Federal Arbitration Act (9 U.S.C. Section
11 1 et seq.), a person may take an appeal or writ of error to the court
12 of appeals from the judgment or interlocutory order of a district
13 court, a county court at law, a [ex] county court, or the business
14 court under the same circumstances that an appeal from a federal
15 district court's order or decision would be permitted by 9 U.S.C.
16 Section 16.

17 SECTION 11. Section 61.021, Civil Practice and Remedies
18 Code, is amended to read as follows:

19 Sec. 61.021. WHO MAY ISSUE. The judge or clerk of a
20 district court, a [ex] county court, or the business court or a
21 justice of the peace may issue a writ of original attachment
22 returnable to the [his] court of issuance.

23 SECTION 12. Section 63.002, Civil Practice and Remedies
24 Code, is amended to read as follows:

25 Sec. 63.002. WHO MAY ISSUE. The clerk of a district court,
26 a [ex] county court, or the business court or a justice of the peace
27 may issue a writ of garnishment returnable to the clerk's [his]

1 court.

2 SECTION 13. Section 64.091(b), Civil Practice and Remedies
3 Code, is amended to read as follows:

4 (b) In the following actions, a district court or the
5 business court may appoint a receiver for the mineral interest or
6 leasehold interest under a mineral lease owned by a nonresident or
7 absent defendant:

8 (1) an action that is brought by a person claiming or
9 owning an undivided mineral interest in land in this state or an
10 undivided leasehold interest under a mineral lease of land in this
11 state and that has one or more defendants who have, claim, or own an
12 undivided mineral interest in the same property; or

13 (2) an action that is brought by a person claiming or
14 owning an undivided leasehold interest under a mineral lease of
15 land in this state and that has one or more defendants who have,
16 claim, or own an undivided leasehold interest under a mineral lease
17 of the same property.

18 SECTION 14. Sections 64.092(a) and (c), Civil Practice and
19 Remedies Code, are amended to read as follows:

20 (a) On the application of a person who has a vested,
21 contingent, or possible interest in land or an estate subject to a
22 contingent future interest, a district court or the business court
23 division of the county in which all or part of the land is located
24 may appoint a receiver for the land or estate, pending the
25 occurrence of the contingency and the vesting of the future
26 interest, if:

27 (1) the land or estate is susceptible to drainage of

1 oil, gas, or other minerals;

2 (2) lease of the land for oil, gas, or mineral
3 development and the safe and proper investment of the proceeds will
4 inure to the benefit and advantage of the persons entitled to the
5 proceeds; or

6 (3) lease of the land for the production of oil, gas,
7 or other minerals is necessary for the conservation, preservation,
8 or protection of the land or estate or of a present, contingent, or
9 future interest in the land or estate.

10 (c) On the application of a person who has a vested,
11 contingent, or possible interest in land or an estate that is under
12 an oil, gas, or mineral lease and is subject to a contingent future
13 interest, a district court or the business court division of the
14 county in which all or part of the land is located may appoint a
15 receiver for the contingent future interests, pending the
16 occurrence of the contingency and the vesting of the future
17 interest, if:

18 (1) the lease fails to provide for pooling or contains
19 pooling provisions that are ineffective as to the contingent future
20 interest covered by the lease; and

21 (2) the pooling of the contingent future interest:

22 (A) is necessary to protect correlative rights;

23 (B) is necessary to prevent the physical or
24 economic waste of oil, gas, or other minerals;

25 (C) will inure to the benefit and advantage of
26 the persons entitled to the future interest; or

27 (D) is necessary for the conservation,

1 preservation, or protection of the land or estate or of a present,
2 contingent, or future interest in the land or estate.

3 SECTION 15. Section 64.093(a), Civil Practice and Remedies
4 Code, is amended to read as follows:

5 (a) A district court or the business court may appoint a
6 receiver for the royalty interest owned by a nonresident or absent
7 defendant in an action that:

8 (1) is brought by a person claiming or owning an
9 undivided mineral interest in land in this state or an undivided
10 leasehold interest under a mineral lease of land in the state; and

11 (2) has one or more defendants who have, claim, or own
12 an undivided royalty interest in that property.

13 SECTION 16. Section 65.022, Civil Practice and Remedies
14 Code, is amended by adding Subsection (e) to read as follows:

15 (e) A business court judge may grant a writ returnable to
16 another business court judge if that judge cannot be reached by the
17 ordinary and available means of travel and communication in
18 sufficient time to implement the purpose sought for the writ. In
19 seeking a writ under this subsection, the applicant or attorney for
20 the applicant shall attach to the application an affidavit that
21 fully states the facts of the inaccessibility and the efforts made
22 to reach and communicate with the other business court judge. The
23 business court judge to whom the application is made shall refuse to
24 hear the application unless the judge determines the applicant made
25 fair and reasonable efforts to reach and communicate with the other
26 business court judge. The injunction may be dissolved on a showing
27 the applicant did not first make reasonable efforts to procure a

1 hearing on the application before the other business court judge.

2 SECTION 17. Section 65.023(a), Civil Practice and Remedies
3 Code, is amended to read as follows:

4 (a) Except as provided by Subsection (b), a writ of
5 injunction against a party who is a resident of this state shall be
6 tried in a district or county court in the county in which the party
7 is domiciled, or in the business court division of the county in
8 which the party is domiciled. If the writ is granted against more
9 than one party, it may be tried in the proper court of a ~~[the]~~ county
10 in which an enjoined party ~~[either party]~~ is domiciled.

11 SECTION 18. Section 65.045(c), Civil Practice and Remedies
12 Code, is amended to read as follows:

13 (c) The business court, district courts, and statutory
14 county courts ~~[in a county]~~ may not adopt local rules in conflict
15 with this subchapter.

16 SECTION 19. Section 151.001, Civil Practice and Remedies
17 Code, is amended to read as follows:

18 Sec. 151.001. REFERRAL BY AGREEMENT. On agreement of the
19 parties, in civil or family law matters pending in a district court,
20 a statutory probate court, a ~~[or]~~ statutory county court, or the
21 business court, the judge in whose court the case is pending may
22 order referral of the case as provided by this chapter and shall
23 stay proceedings in the judge's court pending the outcome of the
24 trial. Any or all of the issues in the cases, whether an issue of
25 fact or law, may be referred.

26 SECTION 20. Section 151.003, Civil Practice and Remedies
27 Code, is amended to read as follows:

1 Sec. 151.003. QUALIFICATIONS OF JUDGE. The special judge
2 must be a retired or former district court, statutory county court,
3 statutory probate court, business court, or appellate court judge
4 who:

5 (1) has served as a judge for at least four years in a
6 district court, a statutory county court, a statutory probate
7 court, the business court, an [~~or~~] appellate court, or a
8 combination of the preceding courts;

9 (2) has developed substantial experience in the
10 judge's area of specialty;

11 (3) has not been removed from office or resigned while
12 under investigation for discipline or removal; and

13 (4) annually demonstrates completion in the past
14 calendar year of at least five days of continuing legal education in
15 courses approved by the state bar or the supreme court.

16 SECTION 21. Section 151.011, Civil Practice and Remedies
17 Code, is amended to read as follows:

18 Sec. 151.011. SPECIAL JUDGE'S VERDICT. The special judge's
19 verdict must comply with the requirements for a verdict by the
20 referring court, including any applicable requirements for the
21 issuance of a written opinion. The verdict stands as a verdict of
22 the referring judge's court. Unless otherwise specified in an
23 order of referral, the special judge shall submit the verdict not
24 later than the 60th day after the day the trial adjourns.

25 SECTION 22. Section 151.012, Civil Practice and Remedies
26 Code, is amended to read as follows:

27 Sec. 151.012. NEW TRIAL. If the special judge does not

1 submit the verdict and any applicable written opinion within the
2 time period provided by Section 151.011, the court may grant a new
3 trial if:

4 (1) a party files a motion requesting the new trial;

5 (2) notice is given to all parties stating the time and
6 place that a hearing will be held on the motion; and

7 (3) the hearing is held.

8 SECTION 23. Section 151.013, Civil Practice and Remedies
9 Code, is amended to read as follows:

10 Sec. 151.013. RIGHT TO APPEAL. The right to appeal is
11 preserved. An appeal is from the order of the referring judge's
12 court as provided by applicable law, including the Texas Rules of
13 Civil Procedure and the Texas Rules of Appellate Procedure.

14 SECTION 24. Section 154.001(1), Civil Practice and Remedies
15 Code, is amended to read as follows:

16 (1) "Court" includes an appellate court, a district
17 court, the business court, a constitutional county court, a
18 statutory county court, a family law court, a probate court, a
19 municipal court, or a justice of the peace court.

20 SECTION 25. Section 171.002, Civil Practice and Remedies
21 Code, is amended by adding Subsection (d) to read as follows:

22 (d) This chapter does not confer on the business court any
23 new or additional jurisdiction.

24 SECTION 26. Sections 171.086(a) and (b), Civil Practice and
25 Remedies Code, are amended to read as follows:

26 (a) Before arbitration proceedings begin, in support of
27 arbitration a party may file an application for a court order,

1 including an order to:

2 (1) invoke the jurisdiction of the court over the
3 adverse party and to effect that jurisdiction by service of process
4 on the party before arbitration proceedings begin;

5 (2) invoke the jurisdiction of the court over an
6 ancillary proceeding in rem, including by attachment, garnishment,
7 or sequestration, in the manner and subject to the conditions under
8 which the proceeding may be instituted and conducted ancillary to a
9 civil action in a district court or the business court, as
10 applicable;

11 (3) restrain or enjoin:

12 (A) the destruction of all or an essential part
13 of the subject matter of the controversy; or

14 (B) the destruction or alteration of books,
15 records, documents, or other evidence needed for the arbitration;

16 (4) obtain from the court in its discretion an order
17 for a deposition for discovery, perpetuation of testimony, or
18 evidence needed before the arbitration proceedings begin;

19 (5) appoint one or more arbitrators so that an
20 arbitration under the agreement to arbitrate may proceed; or

21 (6) obtain other relief, which the court can grant in
22 its discretion, needed to permit the arbitration to be conducted in
23 an orderly manner and to prevent improper interference or delay of
24 the arbitration.

25 (b) During the period an arbitration is pending before the
26 arbitrators or at or after the conclusion of the arbitration, a
27 party may file an application for a court order, including an order:

1 (1) that was referred to or that would serve a purpose
2 referred to in Subsection (a);

3 (2) to require compliance by an adverse party or any
4 witness with an order made under this chapter by the arbitrators
5 during the arbitration;

6 (3) to require the issuance and service under court
7 order, rather than under the arbitrators' order, of a subpoena,
8 notice, or other court process:

9 (A) in support of the arbitration; or

10 (B) in an ancillary proceeding in rem, including
11 by attachment, garnishment, or sequestration, in the manner of and
12 subject to the conditions under which the proceeding may be
13 conducted ancillary to a civil action in a district court or the
14 business court, as applicable;

15 (4) to require security for the satisfaction of a
16 court judgment that may be later entered under an award;

17 (5) to support the enforcement of a court order
18 entered under this chapter; or

19 (6) to obtain relief under Section 171.087, 171.088,
20 171.089, or 171.091.

21 SECTION 27. Section 171.093, Civil Practice and Remedies
22 Code, is amended to read as follows:

23 Sec. 171.093. HEARING; NOTICE. The court shall hear each
24 initial and subsequent application under this subchapter in the
25 manner and with the notice required by law or court rule for making
26 and hearing a motion filed in a pending civil action in a district
27 court or the business court, as applicable.

SECTION 28. Section 171.094(b), Civil Practice and Remedies Code, is amended to read as follows:

(b) To the extent applicable, the process and service and the return of service must be in the form and include the substance required for process and service on a defendant in a civil action in a district court or the business court, as applicable.

SECTION 29. Section 171.095(a), Civil Practice and Remedies Code, is amended to read as follows:

(a) After an initial application has been made, notice to an adverse party for each subsequent application shall be made in the same manner as is required for a motion filed in a pending civil action in a district court or the business court, as applicable. This subsection applies only if:

(1) jurisdiction over the adverse party has been established by service of process on the party or in rem for the initial application; and

(2) the subsequent application relates to:

(A) the same arbitration or a prospective arbitration under the same agreement to arbitrate; and

(B) the same controversy or controversies.

SECTION 30. Section 171.096, Civil Practice and Remedies Code, is amended by amending Subsections (a), (b), and (c) and adding Subsection (e) to read as follows:

(a) Except as otherwise provided by this section, a party must file the initial application:

(1) in the county in which an adverse party resides or has a place of business or in the business court; or

1 (2) if an adverse party does not have a residence or
2 place of business in this state, in any county or in the business
3 court.

4 (b) If the agreement to arbitrate provides that the hearing
5 before the arbitrators is to be held in a county in this state, a
6 party must file the initial application with the clerk of the court
7 of that county or with the clerk of the business court.

8 (c) If a hearing before the arbitrators has been held, a
9 party must file the initial application with the clerk of the court
10 of the county in which the hearing was held or with the clerk of the
11 business court.

12 (e) An initial application filed in the business court must
13 plead facts to establish venue in a county in a division of the
14 business court as provided by Subsection (a)(1) or (2), (b), or (c),
15 as applicable.

16 SECTION 31. Sections 171.097(a) and (b), Civil Practice and
17 Remedies Code, are amended to read as follows:

18 (a) On application of a party adverse to the party who filed
19 the initial application, a court that has jurisdiction but that is
20 not a court [~~located in a county other than as~~] described by Section
21 171.096 shall transfer the application to a court [~~of a county~~]
22 described by that section.

23 (b) The court shall transfer the application by an order
24 comparable to an order sustaining a plea of privilege to be sued in
25 a civil action in a district court or a division of the business
26 court of a county other than the county in which an action is filed.

27 SECTION 32. Section 171.098(b), Civil Practice and Remedies

1 Code, is amended to read as follows:

2 (b) The appeal shall be taken to the applicable court of
3 appeals in the manner and to the same extent as an appeal from an
4 order or judgment in a civil action.

5 SECTION 33. Section 172.001, Civil Practice and Remedies
6 Code, is amended by adding Subsection (e) to read as follows:

7 (e) This chapter does not confer on the business court any
8 new or additional jurisdiction.

9 SECTION 34. Sections 172.054(a), (b), and (d), Civil
10 Practice and Remedies Code, are amended to read as follows:

11 (a) On request of a party, the district court or division of
12 the business court of the county in which the place of arbitration
13 is located shall appoint each arbitrator if:

14 (1) an agreement is not made under Section 172.053(a)
15 in an arbitration with a sole arbitrator and the parties fail to
16 agree on the arbitrator; or

17 (2) the appointment procedure in Section 172.053(b)
18 applies and:

19 (A) a party fails to appoint an arbitrator not
20 later than the 30th day after the date of receipt of a request to do
21 so from the other party; or

22 (B) the two appointed arbitrators fail to agree
23 on the third arbitrator not later than the 30th day after the date
24 of their appointment.

25 (b) On request of a party, the district court or division of
26 the business court of the county in which the place of arbitration
27 is located may take necessary measures if under an appointment

1 procedure agreed to by each party:

2 (1) a party fails to act as required under that
3 procedure;

4 (2) the parties or two appointed arbitrators fail to
5 reach an agreement expected of them under that procedure; or

6 (3) a third party, including an institution, fails to
7 perform a function assigned to the party under that procedure.

8 (d) A decision of the [~~district~~] court under this section is
9 final and not subject to appeal.

10 SECTION 35. Section 172.055, Civil Practice and Remedies
11 Code, is amended to read as follows:

12 Sec. 172.055. FACTORS CONSIDERED. In appointing an
13 arbitrator, the [~~district~~] court shall consider:

14 (1) each qualification required of the arbitrator by
15 the arbitration agreement;

16 (2) any consideration making more likely the
17 appointment of an independent and impartial arbitrator; and

18 (3) in the case of a sole or third arbitrator, the
19 advisability of appointing an arbitrator of a nationality other
20 than that of any party.

21 SECTION 36. Section 172.060(a), Civil Practice and Remedies
22 Code, is amended to read as follows:

23 (a) If a challenge under Sections 172.059(b) and (c) is
24 unsuccessful, the challenging party, not later than the 30th day
25 after the date the party receives notice of the decision rejecting
26 the challenge, may request the district court or the division of the
27 business court of the county in which the place of arbitration is

1 located to decide the challenge.

2 SECTION 37. Section 172.061(b), Civil Practice and Remedies
3 Code, is amended to read as follows:

4 (b) If there is a controversy concerning the termination of
5 the arbitrator's mandate under Subsection (a), a party may request
6 the district court or the division of the business court of the
7 county in which the place of arbitration is located to decide the
8 termination. The decision of the court is not subject to appeal.

9 SECTION 38. Section 172.082(f), Civil Practice and Remedies
10 Code, is amended to read as follows:

11 (f) If the arbitration tribunal rules as a preliminary
12 question that it has jurisdiction, a party waives objection to the
13 ruling unless the party, not later than the 30th day after the date
14 the party receives notice of that ruling, requests the district
15 court or division of the business court of the county in which the
16 place of arbitration is located to decide the matter. The decision
17 of the court is not subject to appeal.

18 SECTION 39. Section 172.172, Civil Practice and Remedies
19 Code, is amended to read as follows:

20 Sec. 172.172. ASSISTANCE IN TAKING EVIDENCE. The
21 arbitration tribunal or a party with the approval of the tribunal
22 may request assistance from a district court or the business court
23 in taking evidence, and the court may provide the assistance
24 according to its rules on taking evidence. The tribunal or a party
25 shall select the ~~[district]~~ court in the manner provided by Section
26 171.096.

27 SECTION 40. Sections 172.173(a) and (b), Civil Practice and

Remedies Code, are amended to read as follows:

(a) If the parties to two or more arbitration agreements agree, in the respective arbitration agreements or otherwise, to consolidate the arbitrations arising out of the agreements, a district court or the business court, on application by a party with the consent of each other party to the agreements, may:

(1) order the arbitrations consolidated on terms the court considers just and necessary;

(2) if all the parties cannot agree on a tribunal for the consolidated arbitration, appoint an arbitration tribunal as provided by Section 172.055; and

(3) if all the parties cannot agree on any other matter necessary to conduct the consolidated arbitration, make any other order the court considers necessary.

(b) The arbitration tribunal or the party shall select the ~~district~~ court in the manner provided by Section 171.096.

SECTION 41. Section 172.175(a), Civil Practice and Remedies Code, is amended to read as follows:

(a) A party to an arbitration agreement may request an interim measure of protection from a district court or the business court before or during an arbitration. The party shall select the court in the manner described by Section 171.096.

SECTION 42. Section 21.010(a), Government Code, is amended to read as follows:

(a) A justice or judge, as applicable, of the supreme court, the court of criminal appeals, a court of appeals, a district court, the business court, a county court, a county court at law, or a

1 statutory probate court may not, on the date the person takes office
2 as a justice or judge or while serving as a justice or judge, have a
3 significant interest in a business entity that owns, manages, or
4 operates:

5 (1) a community residential facility described by
6 Section 508.119;

7 (2) a correctional or rehabilitation facility subject
8 to Chapter 244, Local Government Code; or

9 (3) any other facility intended to accomplish a
10 purpose or provide a service described by Section 508.119(a) to a
11 person convicted of a misdemeanor or felony or found to have engaged
12 in delinquent conduct who is housed in the facility:

13 (A) while serving a sentence of confinement
14 following conviction of an offense or an adjudication of delinquent
15 conduct; or

16 (B) as a condition of community supervision,
17 probation, parole, or mandatory supervision.

18 SECTION 43. Section 25A.001(14), Government Code, is
19 amended to read as follows:

20 (14) "Qualified transaction" means a transaction, or
21 series of related transactions other than a transaction involving a
22 loan or an advance of money or credit by a bank, credit union, or
23 savings and loan institution, under which a party:

24 (A) pays or receives, or is obligated to pay or is
25 entitled to receive, consideration with an aggregate value of at
26 least \$5 [~~\$10~~] million; or

27 (B) lends, advances, borrows, receives, is

1 obligated to lend or advance, or is entitled to borrow or receive
2 money or credit with an aggregate value of at least \$5 [~~\$10~~]
3 million.

4 SECTION 44. Sections 25A.003(d), (g), (h), (i), (k), (l),
5 and (m), Government Code, are amended to read as follows:

6 (d) The Second Business Court Division is composed of the
7 counties composing the Second Administrative Judicial Region under
8 Section 74.042(c), excluding Montgomery County, subject to funding
9 through legislative appropriations. [~~The division is abolished~~
10 ~~September 1, 2026, unless reauthorized by the legislature and~~
11 ~~funded through additional legislative appropriations.~~]

12 (g) The Fifth Business Court Division is composed of the
13 counties composing the Fifth Administrative Judicial Region under
14 Section 74.042(f), subject to funding through legislative
15 appropriations. [~~The division is abolished on September 1, 2026,~~
16 ~~unless reauthorized by the legislature and funded through~~
17 ~~additional legislative appropriations.~~]

18 (h) The Sixth Business Court Division is composed of the
19 counties composing the Sixth Administrative Judicial Region under
20 Section 74.042(g), subject to funding through legislative
21 appropriations. [~~The division is abolished on September 1, 2026,~~
22 ~~unless reauthorized by the legislature and funded through~~
23 ~~additional legislative appropriations.~~]

24 (i) The Seventh Business Court Division is composed of the
25 counties composing the Seventh Administrative Judicial Region
26 under Section 74.042(h), subject to funding through legislative
27 appropriations. [~~The division is abolished on September 1, 2026,~~

1 ~~unless reauthorized by the legislature and funded through~~
2 ~~additional legislative appropriations.]~~

3 (k) The Ninth Business Court Division is composed of the
4 counties composing the Ninth Administrative Judicial Region under
5 Section 74.042(j), subject to funding through legislative
6 appropriations. ~~[The division is abolished on September 1, 2026,~~
7 ~~unless reauthorized by the legislature and funded through~~
8 ~~additional legislative appropriations.]~~

9 (l) The Tenth Business Court Division is composed of the
10 counties composing the Tenth Administrative Judicial Region under
11 Section 74.042(k), subject to funding through legislative
12 appropriations. ~~[The division is abolished on September 1, 2026,~~
13 ~~unless reauthorized by the legislature and funded through~~
14 ~~additional legislative appropriations.]~~

15 (m) The Eleventh Business Court Division is composed of the
16 counties composing the Eleventh Administrative Judicial Region
17 under Section 74.042(l) and Montgomery County.

18 SECTION 45. Section 25A.004, Government Code, is amended by
19 amending Subsections (a), (b), (d), (f), (g), and (h) and adding
20 Subsections (d-1) and (i) to read as follows:

21 (a) Subject to Subsections (b), (c), (d), (d-1), (e), and
22 (f), the business court has the powers provided to district courts
23 by Chapter 24, including the power to:

24 (1) issue writs of injunction, mandamus,
25 sequestration, attachment, garnishment, and supersedeas; and

26 (2) grant any relief that may be granted by a district
27 court.

1 (b) Subject to Subsection (c), the business court has civil
2 jurisdiction concurrent with district courts in the following
3 actions, including actions in which a district court has exclusive
4 jurisdiction, in which the amount in controversy exceeds \$5
5 million, excluding interest, statutory damages, exemplary damages,
6 penalties, attorney's fees, and court costs:

7 (1) a derivative proceeding;

8 (2) an action regarding the governance, governing
9 documents, or internal affairs of an organization;

10 (3) an action in which a claim under a state or federal
11 securities or trade regulation law is asserted against:

12 (A) an organization;

13 (B) a controlling person or managerial official
14 of an organization for an act or omission by the organization or by
15 the person in the person's capacity as a controlling person or
16 managerial official;

17 (C) an underwriter of securities issued by the
18 organization; or

19 (D) the auditor of an organization;

20 (4) an action by an organization, or an owner of an
21 organization, if the action:

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

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

27 (5) an action alleging that an owner, controlling

1 person, or managerial official breached a duty owed to an
2 organization or an owner of an organization by reason of the
3 person's status as an owner, controlling person, or managerial
4 official, including the breach of a duty of loyalty or good faith;

5 (6) an action seeking to hold an owner or governing
6 person of an organization liable for an obligation of the
7 organization, other than on account of a written contract signed by
8 the person to be held liable in a capacity other than as an owner or
9 governing person; and

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

12 (d) The business court has civil jurisdiction concurrent
13 with district courts in the following actions in which the amount in
14 controversy exceeds \$5 [~~\$10~~] million, excluding interest,
15 statutory damages, exemplary damages, penalties, attorney's fees,
16 and court costs:

17 (1) an action arising out of a qualified transaction;

18 (2) an action arising [~~that arises~~] out of a business,
19 commercial, or investment contract or [~~commercial~~] transaction in
20 which the parties to the contract or transaction agreed in the
21 contract or a subsequent agreement that the business court has
22 jurisdiction of the action, except an action that arises out of an
23 insurance contract; [~~and~~]

24 (3) subject to Subsection (g), an action arising [~~that~~
25 ~~arises~~] out of a violation of the Finance Code or Business &
26 Commerce Code by an organization or an officer or governing person
27 acting on behalf of an organization other than a bank, credit union,

1 or savings and loan association;

2 (4) an action arising out of or relating to the
3 ownership, use, licensing, lease, installation, or performance of
4 intellectual property, including:

5 (A) computer software, software applications,
6 information technology and systems, data and data security,
7 pharmaceuticals, biotechnology products, and bioscience
8 technologies; and

9 (B) a trade secret, as that term is defined in
10 Section 134A.002, Civil Practice and Remedies Code; and

11 (5) an action arising out of Chapter 134A, Civil
12 Practice and Remedies Code.

13 (d-1) The business court has civil jurisdiction concurrent
14 with district courts in an action to enforce an arbitration
15 agreement, appoint an arbitrator, or review an arbitral award, or
16 in other judicial actions authorized by an arbitration agreement,
17 Chapter 171 or 172, Civil Practice and Remedies Code, or the Federal
18 Arbitration Act (9 U.S.C. Sections 1 through 16), if a claim
19 included in the controversy in arbitration is described by
20 Subsection (b) or (d).

21 (f) Except as provided by Subsection (h), in an action in
22 which the business court has jurisdiction under Subsection (b),
23 (c), (d), or (e), the court has supplemental jurisdiction over any
24 other claim so related to the action ~~[a case or controversy within~~
25 ~~the court's jurisdiction]~~ that the claim forms part of the same case
26 or controversy. A claim within the business court's supplemental
27 jurisdiction may proceed in the business court only on the

1 agreement of all parties to the claim and a judge of the division of
2 the court before which the action is pending. If the parties
3 involved in a claim within the business court's supplemental
4 jurisdiction do not agree on the claim proceeding in the business
5 court, the claim may proceed in a court of original jurisdiction
6 concurrently with any related claims proceeding in the business
7 court.

8 (g) Unless the claim falls within the business court's
9 supplemental jurisdiction, the business court does not have
10 jurisdiction of:

11 (1) a claim in a civil action:

12 (A) brought by or against a governmental entity;
13 or

14 (B) seeking to foreclose on a lien on real or
15 personal property an individual owns at the time the action is
16 filed;

17 (2) a claim arising out of:

18 (A) Subchapter E, Chapter 15, and Chapter 17,
19 Business & Commerce Code;

20 (B) the Estates Code;

21 (C) the Family Code;

22 (D) the Insurance Code; or

23 (E) Chapter 53 and Title 9, Property Code;

24 (3) a claim arising out of the production or sale of a
25 farm product, as that term is defined by Section 9.102, Business &
26 Commerce Code; or

27 (4) ~~[a claim related to a consumer transaction, as~~

1 ~~that term is defined by Section 601.001, Business & Commerce Code,~~
2 ~~to which a consumer in this state is a party, arising out of a~~
3 ~~violation of federal or state law; or~~

4 ~~[(5)]~~ a claim related to the duties and obligations
5 under an insurance policy.

6 (h) The business court does not have jurisdiction of the
7 following claims regardless of whether the claim is otherwise
8 within the court's supplemental jurisdiction under Subsection (f):

9 (1) a claim arising under Chapter 74, Civil Practice
10 and Remedies Code;

11 (2) a claim in which a party seeks recovery of monetary
12 damages for bodily injury or death; ~~[or]~~

13 (3) a claim of legal malpractice; or

14 (4) a claim related to a consumer transaction, as that
15 term is defined by Section 601.001, Business & Commerce Code, to
16 which a consumer in this state is a party, arising out of a
17 violation of federal or state law.

18 (i) The amount in controversy for jurisdictional purposes
19 under Subsection (b) or (d) is the total amount of all joined
20 parties' claims.

21 SECTION 46. Chapter 25A, Government Code, is amended by
22 adding Section 25A.0041 to read as follows:

23 Sec. 25A.0041. RULES RELATED TO JURISDICTIONAL
24 DETERMINATION. (a) The supreme court by rule shall establish
25 procedures for the prompt, efficient, and final determination of
26 business court jurisdiction on the filing of an action in the
27 business court. In adopting rules under this section, the supreme

1 court must consider:

2 (1) the business court's purpose of efficiently
3 addressing complex business litigation in a manner comparable to or
4 more effective than the business and commercial courts operating in
5 other states;

6 (2) the commonalities of law and procedure existing
7 between the business court and district courts as trial courts
8 functioning under the Texas Constitution and within the judicial
9 branch of this state;

10 (3) the limited potential for the movement of an
11 action between a district court and the business court as it relates
12 to issues of fundamental fairness or the preservation of
13 constitutionally or statutorily protected rights of the parties;
14 and

15 (4) the need for guidance on evolving usage of the
16 business court and the Fifteenth Court of Appeals over time by
17 business litigants and their counsel as the courts develop a body of
18 precedent and practice.

19 (b) In adopting rules under this section, the supreme court
20 may:

21 (1) provide for jurisdictional determinations based
22 on pleadings or summary proceedings;

23 (2) establish appropriate standards of proof;

24 (3) establish limited periods during which issues or
25 rights must be asserted, considered agreed to, or waived;

26 (4) establish procedures for the review of
27 jurisdictional determinations by the business court by another

1 judge or panel of judges, including a regional presiding judge or
2 the administrative presiding judge of the business court;

3 (5) allow, require, or prohibit interlocutory
4 appeals;

5 (6) provide for accelerated appeals; or

6 (7) provide for any other procedures necessary for the
7 prompt, efficient, and final determination of business court
8 jurisdiction.

9 SECTION 47. Sections 25A.006(a) and (f), Government Code,
10 are amended to read as follows:

11 (a) An action within the jurisdiction of the business court
12 may be filed in the business court. The party filing the action
13 must plead facts to establish venue in a county in a division of the
14 business court, and the business court shall assign the action to
15 that division. Venue may be established as provided by:

16 (1) law;

17 (2) a party's governing documents in an action
18 described by Section 25A.004(b)(2), (4), (5), or (7); or

19 (3) [~~if~~] a written contract, if the contract
20 specifies a county as venue for the action[~~, as provided by the~~
21 contract].

22 (f) A party may file an agreed notice of removal at any time
23 during the pendency of the action. If all parties to the action
24 have not agreed to remove the action, the notice of removal must be
25 filed:

26 (1) not later than the 30th day after the later of:

27 (A) the date the party requesting removal of the

1 action was served with process in accordance with rules adopted by
2 the supreme court; or

3 (B) the date the party requesting removal of the
4 action discovered, or reasonably should have discovered, facts
5 establishing the business court's jurisdiction over the action; or

6 (2) if an application for temporary injunction is
7 pending on the date the party requesting removal of the action
8 discovered, or reasonably should have discovered, facts
9 establishing the business court's jurisdiction over the action, not
10 later than the 30th day after the date the application is granted,
11 denied, or denied as a matter of law.

12 SECTION 48. Section 25A.007(a), Government Code, is amended
13 to read as follows:

14 (a) Notwithstanding any other law, and except [~~as provided~~
15 ~~by Subsection (b) and~~] in instances when the supreme court has
16 concurrent or exclusive jurisdiction, the Fifteenth Court of
17 Appeals has exclusive jurisdiction over an appeal from an order or
18 judgment of the business court or an original proceeding related to
19 an action or order of the business court.

20 SECTION 49. Section 25A.009, Government Code, is amended by
21 adding Subsections (a-1) and (d-1) and amending Subsection (d) to
22 read as follows:

23 (a-1) A judge appointed to the business court may begin
24 state employment and receive compensation for service as a judge
25 for not more than 30 days before the beginning of the judge's term
26 to allow time for training, organization of staff and chambers, and
27 study of business court precedent, procedure, and pending cases.

(d) Not later than September 15 of each even-numbered year
~~[the seventh day after the first day of a term]~~, the business court
judges by majority vote shall select a judge of the court to serve
as administrative presiding judge and a judge serving a different
division of the court to serve as administrative presiding judge
pro tempore for a term of two years ~~[for the duration of the term]~~.
If a vacancy occurs in the position of administrative presiding
judge, the administrative presiding judge pro tempore shall serve
as administrative presiding judge and the ~~[remaining]~~ business
court judges by majority vote shall select a judge of the court to
serve as successor administrative presiding judge pro tempore for
the remainder of the unexpired term as soon as practicable.

(d-1) The administrative presiding judge pro tempore shall
act as administrative presiding judge in any matter in which the
administrative presiding judge:

(1) has delegated the judge's official duties to the
administrative presiding judge pro tempore; or

(2) is unable to perform the judge's official duties.

SECTION 50. Chapter 25A, Government Code, is amended by
adding Section 25A.00111 to read as follows:

Sec. 25A.00111. JUDGE'S EXPENSES; OFFICIAL DUTIES. (a) A
business court judge engaged in the discharge of official duties in
a location other than the county in which the judge maintains
chambers is entitled to travel expenses as provided by Chapter 660.

(b) A business court judge is entitled to receive from this
state the actual and necessary postage, telephone, and
telecommunications expenses incurred in the discharge of the

1 judge's official duties.

2 (c) The official duties of a business court judge include:

3 (1) presenting educational information regarding the
4 business court to legal and business groups; and

5 (2) attending educational meetings in this state and
6 other states of the United States relating to business law,
7 business litigation, and the function of the business court.

8 SECTION 51. Section 25A.012, Government Code, is amended by
9 adding Subsections (c) and (d) to read as follows:

10 (c) If a business court judge determines on the judge's own
11 motion the judge should not hear a case pending in the judge's court
12 because the judge is disqualified or subject to recusal, the judge
13 shall:

14 (1) enter a recusal order;

15 (2) request the administrative presiding judge of the
16 business court to assign another judge of the business court to hear
17 the case; and

18 (3) take no further action in the case except for good
19 cause as stated in the order in which the action is taken.

20 (d) The administrative presiding judge is not required to
21 assign a case described by Subsection (c) to a different division of
22 the business court.

23 SECTION 52. Chapter 25A, Government Code, is amended by
24 adding Section 25A.0135 to read as follows:

25 Sec. 25A.0135. EXEMPTION FROM CERTAIN JUDICIAL TRAINING
26 REQUIREMENTS. A judge of the business court is exempt from the
27 judicial training requirements under Chapter 22 that are not

1 germane to the jurisdiction of the business court, including the
2 training requirements of Sections 22.012 and 22.110.

3 SECTION 53. Section 25A.014, Government Code, is amended by
4 amending Subsection (a) and adding Subsection (c) to read as
5 follows:

6 (a) An active, [A] retired, or former judge or justice who
7 has the qualifications prescribed by Section 25A.008 may be
8 assigned as a visiting judge of a division of the business court by
9 the chief justice of the supreme court. A visiting judge of a
10 division of the business court is subject to objection,
11 disqualification, or recusal under Chapter 74 in the same manner as
12 a ~~retired or former~~ judge or justice is subject to objection,
13 disqualification, or recusal if appointed as a visiting district
14 judge.

15 (c) The chief justice of the supreme court may assign an
16 active judge of the business court to serve as a visiting judge of a
17 district court, a constitutional county court, or a statutory
18 county court located in the division served by the judge of the
19 business court. The judge of the business court serving as a
20 visiting judge is subject to objection, disqualification, or
21 recusal under Chapter 74 in the same manner as an active judge or
22 justice or an active district court judge is subject to objection,
23 disqualification, or recusal if appointed as a visiting judge.

24 SECTION 54. Sections 25A.017(c), (d), and (h), Government
25 Code, are amended to read as follows:

26 (c) Each business court judge shall maintain chambers in the
27 county with the largest population within the geographic boundaries

1 of the division to which the judge is appointed, or in a county
2 adjacent to that county and within the geographic boundaries of the
3 division, as the judge selects, [~~within the geographic boundaries~~
4 ~~of the division to which the judge is appointed~~] in facilities
5 provided by this state. The chief justice of the supreme court may
6 approve the location of a business court judge's chambers in a
7 county other than a county described by this subsection that is
8 within the geographic boundaries of the division. For purposes of
9 this section, the Office of Court Administration of the Texas
10 Judicial System may contract for the use of facilities with a public
11 or private party [~~county~~].

12 (d) Subject to Section 25A.015, a business court judge may
13 hold court at any courtroom within the geographic boundaries of the
14 division to which the judge is appointed as the court determines
15 necessary or convenient for a particular civil action. A [~~To the~~
16 ~~extent practicable, a~~] county [~~using existing courtrooms and~~
17 ~~facilities~~] shall accommodate the business court in the conduct of
18 the court's hearings and other proceedings in courtrooms and
19 facilities equivalent to those provided to district courts. A
20 county is entitled to reimbursement from this state in an amount
21 equal to the market rate for those facilities in the county as
22 calculated by the Texas Facilities Commission for this purpose. A
23 county shall consider the reasonably anticipated requirements of
24 the business court in the planning for and implementation of
25 additions and improvements to the county's courtrooms and
26 facilities only if the business court is currently operational in
27 that county.

1 (h) In a county in which a division of the business court
 2 sits or a judge of the business court maintains chambers, the
 3 business court or Office of Court Administration of the Texas
 4 Judicial System may require [7] the sheriff, sheriff's deputy, or
 5 other licensed peace officer employed by the state or local
 6 governmental entity, including the Department of Public Safety, to
 7 ~~[shall in person or by deputy]~~ attend the business court and provide
 8 security for the business court's judges ~~[as required by the~~
 9 ~~court]~~. The officers providing such services are ~~[sheriff or~~
 10 ~~deputy is]~~ entitled to reimbursement from this state for the cost of
 11 attending the business court and providing security for the
 12 business court's judges.

13 SECTION 55. Section 25A.0171(e), Government Code, is
 14 amended to read as follows:

15 (e) Not later than December 1 of each year, the Office of
 16 Court Administration of the Texas Judicial System shall submit to
 17 the legislature a report on the case activity of ~~[number and types~~
 18 ~~of cases heard by]~~ the business court in the preceding year that
 19 includes:

20 (1) a summary of the caseload of each business court
 21 judge in the preceding year;

22 (2) a summary of the extent to which business court
 23 judges have been assigned to hear cases in other divisions to
 24 equalize caseloads;

25 (3) a projection of the expected caseloads of the
 26 business court judges for the following two years; and

27 (4) recommendations regarding action by the

1 legislature, the governor, the chief justice of the supreme court,
2 or the business court to ensure the business court meets existing
3 and projected demand for the business court's services in the
4 following two years.

5 SECTION 56. Chapter 25A, Government Code, is amended by
6 adding Section 25A.021 to read as follows:

7 Sec. 25A.021. ACTIONS COMMENCED BEFORE SEPTEMBER 1, 2024.

8 (a) Notwithstanding Section 8, Chapter 380 (H.B. 19), Acts of the
9 88th Legislature, Regular Session, 2023, a civil action commenced
10 before September 1, 2024, that is within the jurisdiction of the
11 business court may be transferred to and heard by the business court
12 on an agreed motion of a party and permission of the business court
13 under rules adopted by the supreme court for the purpose. When
14 adopting rules under this section, the supreme court shall:

15 (1) prioritize complex civil actions of longer
16 duration that have proven difficult for a district court to resolve
17 because of the other demands on the district court's caseload;

18 (2) consider the capacity of the business court to
19 accept the transfer of the action without impairing the business
20 court's efficiency and effectiveness in resolving actions
21 commenced on or after September 1, 2024; and

22 (3) ensure the facilitation of the fair and efficient
23 administration of justice.

24 (b) This section expires September 1, 2035.

25 SECTION 57. Section 37.001(a), Government Code, is amended
26 to read as follows:

27 (a) This chapter applies to a court in this state, other

1 than the business court, created by the Texas Constitution, by
2 statute, or as authorized by statute that is located in a county
3 with a population of 25,000 or more.

4 SECTION 58. Section 39.001, Government Code, is amended to
5 read as follows:

6 Sec. 39.001. APPLICABILITY. This chapter applies to a
7 person elected to or holding any of the following judicial offices:

8 (1) chief justice or justice of the supreme court;

9 (2) presiding judge or judge of the court of criminal
10 appeals;

11 (3) chief justice or justice of a court of appeals;

12 (4) district judge, including a criminal district
13 judge; ~~and~~

14 (5) business court judge; and

15 (6) judge of a statutory county court.

16 SECTION 59. Section 71.011, Government Code, is amended to
17 read as follows:

18 Sec. 71.011. NUMBER AND CLASSES OF MEMBERS. The Texas
19 Judicial Council is an agency of the state composed of 17 ~~16~~ ex
20 officio and six appointive members.

21 SECTION 60. Section 71.012, Government Code, is amended to
22 read as follows:

23 Sec. 71.012. EX OFFICIO MEMBERS. The ex officio members
24 are:

25 (1) the chief justice of the supreme court;

26 (2) the presiding judge of the court of criminal
27 appeals;

1 (3) two members of the senate, appointed by the
2 lieutenant governor;

3 (4) the chair of the House Judicial Affairs Committee;

4 (5) one member of the house of representatives,
5 appointed by the speaker of the house;

6 (6) two justices of the courts of appeals designated
7 by the chief justice of the supreme court;

8 (7) two district judges designated by the chief
9 justice of the supreme court;

10 (8) two judges of county courts, statutory county
11 courts, or statutory probate courts designated by the chief justice
12 of the supreme court;

13 (9) two justices of the peace designated by the chief
14 justice of the supreme court; ~~and~~

15 (10) two municipal court judges designated by the
16 chief justice of the supreme court; and

17 (11) the administrative presiding judge of the
18 business court.

19 SECTION 61. Section 71.013, Government Code, is amended by
20 amending Subsection (b) and adding Subsection (g) to read as
21 follows:

22 (b) Except as provided by Subsections ~~[Subsection]~~ (a) and
23 (g), all members of the judiciary appointed to the council serve
24 staggered terms of four years with the term of one member from each
25 judicial group expiring on February 1 of each odd-numbered year.

26 (g) The administrative presiding judge of the business
27 court is an ex officio member of the council while the judge holds

1 the office of administrative presiding judge of the business court.

2 SECTION 62. Section 74.003(b), Government Code, is amended
3 to read as follows:

4 (b) The chief justice of the supreme court may assign a
5 qualified former or retired justice or judge of the supreme court,
6 of the court of criminal appeals, or of a court of appeals to a court
7 of appeals for active service regardless of whether a vacancy
8 exists in the court to which the justice or judge is assigned. To be
9 eligible for assignment under this subsection, a former or retired
10 justice or judge must:

11 (1) have served as an active justice or judge for at
12 least 96 months in a district court, a statutory probate court, a
13 statutory county court, an ~~[or]~~ appellate court, or the business
14 court, with at least 48 of those months in an appellate court;

15 (2) not have been removed from office;

16 (3) certify under oath to the chief justice of the
17 supreme court, on a form prescribed by the chief justice, that:

18 (A) the justice or judge has never been publicly
19 reprimanded or censured by the State Commission on Judicial
20 Conduct; and

21 (B) the justice or judge:

22 (i) did not resign or retire from office
23 after the State Commission on Judicial Conduct notified the justice
24 or judge of the commencement of a full investigation into an
25 allegation or appearance of misconduct or disability of the justice
26 or judge as provided in Section 33.022 and before the final
27 disposition of that investigation; or

1 (ii) if the justice or judge did resign from
2 office under circumstances described by Subparagraph (i), the
3 justice or judge was not publicly reprimanded or censured as a
4 result of the investigation;

5 (4) annually demonstrate that the justice or judge has
6 completed in the past state fiscal year the educational
7 requirements for active appellate court justices or judges; and

8 (5) certify to the chief justice of the supreme court a
9 willingness not to appear and plead as an attorney in any court in
10 this state for a period of two years.

11 SECTION 63. Section 74.041(5), Government Code, is amended
12 to read as follows:

13 (5) "Former judge" means a person who has served as an
14 active judge in a district court, a statutory probate court, a
15 statutory county court, an ~~or~~ appellate court, or the business
16 court, but who is not a retired judge.

17 SECTION 64. Section 74.045(a), Government Code, is amended
18 to read as follows:

19 (a) A presiding judge must be at the time of appointment:

20 (1) a regularly elected or retired district judge;

21 (2) a serving or retired business court judge;

22 (3) a former judge with at least 12 years of service as
23 a district judge or business court judge; or

24 (4) ~~(3)~~ a retired appellate judge with judicial
25 experience on a district court.

26 SECTION 65. Section 74.055(c), Government Code, is amended
27 to read as follows:

1 (c) To be eligible to be named on the list, a retired or
2 former judge must:

3 (1) have served as an active judge for at least 96
4 months in a district court, a statutory probate court, a statutory
5 county court, an [~~or~~] appellate court, or the business court;

6 (2) have developed substantial experience in the
7 judge's area of specialty;

8 (3) not have been removed from office;

9 (4) certify under oath to the presiding judge, on a
10 form prescribed by the state board of regional judges, that:

11 (A) the judge has never been publicly reprimanded
12 or censured by the State Commission on Judicial Conduct; and

13 (B) the judge:

14 (i) did not resign or retire from office
15 after the State Commission on Judicial Conduct notified the judge
16 of the commencement of a full investigation into an allegation or
17 appearance of misconduct or disability of the judge as provided in
18 Section 33.022 and before the final disposition of that
19 investigation; or

20 (ii) if the judge did resign from office
21 under circumstances described by Subparagraph (i), was not publicly
22 reprimanded or censured as a result of the investigation;

23 (5) annually demonstrate that the judge has completed
24 in the past state fiscal year the educational requirements for
25 active district, business, statutory probate, and statutory county
26 court judges; and

27 (6) certify to the presiding judge a willingness not

1 to appear and plead as an attorney in any court in this state for a
2 period of two years.

3 SECTION 66. Section 74.141, Government Code, is amended to
4 read as follows:

5 Sec. 74.141. DEFENSE OF JUDGES. The attorney general shall
6 defend a state district judge, a business court judge, a presiding
7 judge of an administrative region, the presiding judge of the
8 statutory probate courts, a visiting judge assigned to hear a
9 guardianship or probate matter by the presiding judge of the
10 statutory probate courts, or an active, retired, or former judge
11 assigned under this chapter in any action or suit in any court in
12 which the judge is a defendant because of the judge's office or
13 capacity as judge if the judge requests the attorney general's
14 assistance in the defense of the suit.

15 SECTION 67. Section 74.162, Government Code, is amended to
16 read as follows:

17 Sec. 74.162. TRANSFER OF CASES BY PANEL. Subject to Section
18 74.1625 and notwithstanding any other law, the judicial panel on
19 multidistrict litigation may transfer civil actions involving one
20 or more common questions of fact pending in the same or different
21 constitutional courts, county courts at law, probate courts, ~~[or]~~
22 district courts, or the business court to any district court or to
23 the business court if the business court has jurisdiction for
24 consolidated or coordinated pretrial proceedings, including
25 summary judgment or other dispositive motions, but not for trial on
26 the merits. A transfer may be made by the judicial panel on
27 multidistrict litigation on its determination that the transfer

1 will:

2 (1) be for the convenience of the parties and
3 witnesses; and

4 (2) promote the just and efficient conduct of the
5 actions.

6 SECTION 68. Section 411.171(4-b), Government Code, is
7 amended to read as follows:

8 (4-b) "State judge" means:

9 (A) the judge of an appellate court, a district
10 court, the business court, or a county court at law of this state;

11 (B) an associate judge appointed under Chapter
12 201, Family Code; or

13 (C) a justice of the peace.

14 SECTION 69. Section 659.012, Government Code, is amended by
15 adding Subsections (a-1) and (d-1) to read as follows:

16 (a-1) In addition to the annual base salary from the state
17 prescribed by Subsection (a), a judge of a division of the business
18 court is entitled to an additional annual salary from the state in
19 an amount equal to the difference between the judge's annual base
20 salary from the state and the maximum combined base salary from all
21 state and county sources paid to a district judge under Subsection
22 (a).

23 (d-1) Notwithstanding any other provision of this section
24 or other law, a judge of a division of the business court who serves
25 as administrative presiding judge under Section 25A.009 is entitled
26 to an annual base salary from the state in the amount provided under
27 Subsection (a) or (b) and an additional annual amount equal to the

1 amount provided under Subsection (d) to a local administrative
2 district judge for a number of district courts equal to the total
3 number of business court judges.

4 SECTION 70. The following provisions of the Government Code
5 are repealed:

- 6 (1) Section 25A.003(n);
7 (2) Section 25A.007(b); and
8 (3) Section 25A.014(b).

9 SECTION 71. Section 6(b), Chapter 380 (H.B. 19), Acts of the
10 88th Legislature, Regular Session, 2023, is repealed.

11 SECTION 72. Except as provided by Section 25A.021,
12 Government Code, as added by this Act, the changes in law made by
13 this Act apply only to civil actions commenced on or after September
14 1, 2024.

15 SECTION 73. This Act takes effect immediately if it
16 receives a vote of two-thirds of all the members elected to each
17 house, as provided by Section 39, Article III, Texas Constitution.
18 If this Act does not receive the vote necessary for immediate
19 effect, this Act takes effect September 1, 2025.

House Bill 40
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

SECTIONS 1-43.

SECTIONS 1-43. Same as House version.

SECTIONS 1-43. Same as House version.

SECTION 44. Sections 25A.003(d), (g), (h), (i), (k), (l), and (m), Government Code, are amended.

SECTION 44. Substantially the same as House version. [FA1]

SECTION 44. Same as House version.

SECTION 45. Section 25A.004, Government Code, is amended by amending Subsections (a), (b), (d), (f), (g), and (h) and adding Subsections (d-1) and (i) to read as follows:

SECTION 45. Section 25A.004, Government Code, is amended by amending Subsections (a), (b), (d), (f), (g), and (h) and adding Subsections (d-1) and (i) to read as follows:

SECTION 45. Section 25A.004, Government Code, is amended by amending Subsections (a), (b), (d), (f), (g), and (h) and adding Subsections (d-1) and (i) to read as follows:

(a)-(d-1).

(a)-(d-1). Same as House version.

(a)-(d-1). Same as House version.

(f) Except as provided by Subsection (h), in an action in which the business court has jurisdiction under Subsection (b), (c), (d), or (e), the court has supplemental jurisdiction over any other claim so related to the action ~~[a case or controversy within the court's jurisdiction]~~ that the claim forms part of the same case or controversy. **The court's supplemental jurisdiction includes a claim that requires the joinder or intervention of an additional party. [A claim within the business court's supplemental jurisdiction may proceed in the business court only on the agreement of all parties to the claim and a judge of the division of the court before which the action is pending.]** If ~~[the parties involved in]~~ a claim within the business court's supplemental jurisdiction **does not proceed [do not agree on the claim proceeding]** in the business court, the claim may proceed in a court of original jurisdiction concurrently with any related claims proceeding in the business court.

(f) Except as provided by Subsection (h), in an action in which the business court has jurisdiction under Subsection (b), (c), (d), or (e), the court has supplemental jurisdiction over any other claim so related to the action ~~[a case or controversy within the court's jurisdiction]~~ that the claim forms part of the same case or controversy. **A claim within the business court's supplemental jurisdiction may proceed in the claim and a judge of the division of the court before which the action is pending.** If *the parties involved in* a claim within the business court's supplemental jurisdiction **do not agree on the claim proceeding** in the business court, the claim may proceed in a court of original jurisdiction concurrently with any related claims proceeding in the business court.

(f) Same as Senate version.

House Bill 40
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

(g)-(i).

(g)-(i). Same as House version.

(g)-(i). Same as House version.

SECTIONS 46-48.

SECTIONS 46-48. Same as House version.

SECTIONS 46-48. Same as House version.

SECTION 49. Section 25A.009, Government Code, is amended by amending Subsections ***(a) and*** (d) and adding Subsections (a-1) and (d-1) to read as follows:

SECTION 49. Section 25A.009, Government Code, is amended by adding Subsections (a-1) and (d-1) and amending Subsection (d) to read as follows:

SECTION 49. Section 25A.009, Government Code, is amended by adding Subsections (a-1) and (d-1) and amending Subsection (d) to read as follows:

(a) The governor, with the advice and consent of the senate, shall appoint:

No equivalent provision.

Same as Senate version.

(1) two judges to each of the First, Third, Fourth, Eighth, and Eleventh Divisions of the business court; ~~[and]~~

(2) one judge to each of the Second, Fifth, Sixth, Seventh, Ninth, and Tenth Divisions of the business court; and

(3) one additional judge to each of the First and Eleventh Divisions of the business court, if the legislature makes a specific appropriation of money for that purpose.

(a-1)-(d-1).

(a-1)-(d-1). Same as House version.

(a-1)-(d-1). Same as House version.

SECTIONS 50-55.

SECTIONS 50-55. Same as House version.

SECTIONS 50-55. Same as House version.

No equivalent provision.

Same as House version.

SECTION 56. Chapter 25A, Government Code, is amended by adding Section 25A.021 to read as follows:

Sec. 25A.021. ACTIONS COMMENCED BEFORE SEPTEMBER 1, 2024. (a) Notwithstanding Section 8, Chapter 380 (H.B. 19), Acts of the 88th Legislature, Regular Session, 2023, a civil action commenced before September 1,

House Bill 40
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

2024, that is within the jurisdiction of the business court may be transferred to and heard by the business court on an agreed motion of a party and permission of the business court under rules adopted by the supreme court for the purpose. When adopting rules under this section, the supreme court shall:

(1) prioritize complex civil actions of longer duration that have proven difficult for a district court to resolve because of the other demands on the district court's caseload;

(2) consider the capacity of the business court to accept the transfer of the action without impairing the business court's efficiency and effectiveness in resolving actions commenced on or after September 1, 2024; and

(3) ensure the facilitation of the fair and efficient administration of justice.

(b) This section expires September 1, 2035.

SECTIONS 56-67.

SECTIONS 56-67. Same as House version.

SECTIONS 57-68. Same as House version.

SECTION 68. Section 659.012, Government Code, is amended by adding Subsections (a-1) and (d-1) to read as follows:

(a-1) In addition to the annual base salary from the state prescribed by Subsection (a), a judge of a division of the business court is entitled to an annual salary **supplement** from the state in an amount equal to the difference between the judge's annual base salary from the state and the maximum combined base salary from all state and county sources paid to

SECTION 68. Section 659.012, Government Code, is amended by adding Subsections (a-1) and (d-1) to read as follows:

(a-1) In addition to the annual base salary from the state prescribed by Subsection (a), a judge of a division of the business court is entitled to an **additional** annual salary from the state in an amount equal to the difference between the judge's annual base salary from the state and the maximum combined base salary from all state and county sources paid to

SECTION 69. Section 659.012, Government Code, is amended by adding Subsections (a-1) and (d-1) to read as follows:

(a-1) Same as Senate version.

House Bill 40
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

a district judge under Subsection (a).

a district judge under Subsection (a). [FA1(3)]

(d-1).

(d-1). Same as House version.

(d-1). Same as House version.

SECTION 69. The following provisions of the Government Code are repealed:

- (1) Section 25A.003(n);
- (2) Section 25A.007(b); and
- (3) Section 25A.014(b).

SECTION 69. Same as House version.

SECTION 70. Same as House version.

SECTION 70. Section 6(b), Chapter 380 (H.B. 19), Acts of the 88th Legislature, Regular Session, 2023, is repealed.

SECTION 70. Same as House version.

SECTION 71. Same as House version.

SECTION 71. The governor shall appoint one additional judge to each of the First and Eleventh Business Court Divisions, as required by Section 25A.009, Government Code, as amended by this Act.

No equivalent provision.

Same as Senate version.

SECTION 72. The changes in law made by this Act apply only to civil actions commenced on or after September 1, 2024.

SECTION 71. Same as House version.

SECTION 72. *Except as provided by Section 25A.021, Government Code, as added by this Act,* the changes in law made by this Act apply only to civil actions commenced on or after September 1, 2024.

SECTION 73. Effective date.

SECTION 72. Same as House version.

SECTION 73. Same as House version.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 31, 2025

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Dustin Burrows, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB40 by Landgraf (Relating to the business court.), Conference Committee Report

Estimated Two-year Net Impact to General Revenue Related Funds for HB40, Conference Committee Report: a negative impact of (\$19,438,265) through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	(\$12,007,671)
2027	(\$7,430,594)
2028	(\$7,430,594)
2029	(\$7,430,594)
2030	(\$7,430,594)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from General Revenue Fund 1</i>	<i>Probable (Cost) from Judicial Fund 573</i>	<i>Probable (Cost) from Other Special State Funds 998</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$12,007,671)	(\$37,029)	(\$8,408)	32.0
2027	(\$7,430,594)	(\$37,029)	(\$8,408)	32.0
2028	(\$7,430,594)	(\$37,029)	(\$8,408)	32.0
2029	(\$7,430,594)	(\$37,029)	(\$8,408)	32.0
2030	(\$7,430,594)	(\$37,029)	(\$8,408)	32.0

Fiscal Analysis

The bill would authorize six new business courts. The Second, Fifth, Sixth, Seventh, Ninth, and Tenth, subject to funding through legislative appropriations.

The bill would reduce the threshold of certain disputes eligible for business court consideration from \$10.0 million to \$5.0 million and would expand the list of actions over which the business courts have civil jurisdiction concurrent with district courts.

The bill would entitle business court judges to reimbursement from the state for travel and certain other expenses.

The bill would require the compensation for the administrative presiding judge of the business court be equal to the additional compensation provided to a district judge who serves as local administrative judge in a county with more than five district courts, which is \$5,000.

The bill would entitle a county to seek reimbursement from the state for business court accommodations, including for security costs, in county facilities.

The bill would require the state to provide additional compensation to business court judges equal to the maximum amount a district court judge may be paid by a county, or \$18,000 per fiscal year.

Methodology

Costs assumed by this analysis that are reflected in the table above are based on information provided by the Office of Court Administration (OCA) and the Comptroller of Public Accounts.

The authorization of six new business courts includes six judges.

Each of the six new judges (6.0 FTEs) would be entitled to an additional annual salary of \$18,000 in addition to their \$140,000 base salary. The administrative presiding judge of the business court would be entitled to \$5,000 in additional compensation on par with the amount provided to a local administrative judge in a county with more than five district courts. The total amount required for six new judges, including the additional annual salary, is \$953,000 each fiscal year.

Based on information provided by OCA, court staff, operating expenses, and capital expenses are based on costs associated with establishing the first five business courts in the 2024-25 biennium.

OCA would require \$9,886,747 in General Revenue in fiscal year 2026 and \$5,309,670 in fiscal year 2027 and 26.0 FTEs to implement the provisions of the bill. This includes a biennial total of \$1,680,000 in capital costs for courtroom and office buildouts, \$7,849,171 for other operating expenses, and \$5,667,246 for salaries for 6.0 court reporters, 6.0 court law clerks, 1.0 deputy clerk, 6.0 executive assistants, 6.0 staff attorneys, and 1.0 project manager.

Benefits include the 19.25 percent state contribution to the Judicial Retirement System Plan 2 of \$161,700 each fiscal year in All Funds as well as state contributions for the ERS retirement plan, social security, and agency payroll contributions for retirement and health insurance of \$1,051,661 each fiscal year in All Funds.

Technology

These costs include technology impacts of \$582,885 in fiscal year 2026 and \$34,592 in fiscal year 2027 for OCA to purchase computer equipment, video conferencing equipment, switches, routers, cabling, WiFi, and internet for the new locations.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

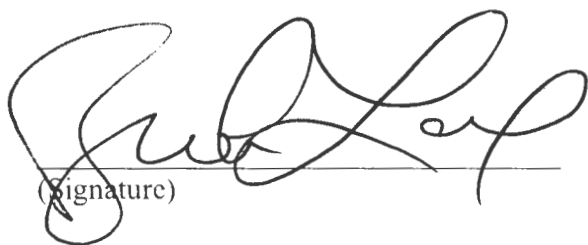
Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 300 Trusteed Programs Within the Office of the Governor, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 327 Employees Retirement System, 405 Department of Public Safety

LBB Staff: JMc, CMA, DA, NTh, KDw, NV

**Certification of Compliance with
Rule 13, Section 6(b), House Rules of Procedure**

Rule 13, Section 6(b), House Rules of Procedure, requires that a copy of a conference committee report signed by a majority of each committee of the conference be furnished to each member of the committee in person or, if unable to deliver in person, by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Rule 13, Section 10(a). The paper copies of the report submitted to the chief clerk under Rule 13, Section 10(b), must contain a certificate that the requirement of Rule 13, Section 6(b), has been satisfied, and that certificate must be attached to the copy of the report furnished to each member under Rule 13, Section 10(d). Failure to comply with this requirement is not a sustainable point of order.

I certify that a copy of the conference committee report on H.B. 40 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before paper copies of the report were submitted to the chief clerk under Rule 13, Section 10(b), House Rules of Procedure.


(Signature)

5/31/2025
(Date)