

CHAPTER 724

H.B. No. 1442

An Act relating to the sale or transfer of stock, memberships, and other rights of participation in certain water supply corporations.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Chapter 76, Acts of the 43rd Legislature, 1st Called Session, 1933 (Article 1434a, Vernon's Texas Civil Statutes), is amended by adding Section 9A to read as follows:

Sec. 9A. (a) A person who owns any stock of, is a member of, or has some other right of participation in a corporation may not sell or transfer that stock, membership, or other right of participation to another person except:

- (1) by will to a person related to the testator within the second degree by consanguinity;*
- (2) by transfer without compensation to a person related to the owner of the stock or other interest within the second degree by consanguinity; or*
- (3) by transfer without compensation or by sale to the corporation.*

(b) Subsection (a) of this section does not apply to a person who transfers his membership or other right of participation to another person as part of the conveyance of real estate from which his membership or other right of participation arose.

SECTION 2. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on May 8, 1985, by a non-record vote; passed by the Senate on May 24, 1985, by the following vote: Yeas 29, Nays 0.

Approved: June 14, 1985

Effective: August 26, 1985