



Client Alerts

Texas Business Court 2.0: HB 40 Expands Access to the Texas Business Court

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In the waning hours of the 89th Legislative Session, the Texas Legislature passed House Bill 40 (HB 40), aimed at improving the fledgling Texas Business Court (“Business Court”) based on lessons learned during the court’s first year of operation. Signed into law by Governor Abbott, HB 40 takes effect on September 1, 2025, and brings with it substantial changes to the Business Court’s jurisdiction and procedures, expanding access and strengthening the court’s role as a streamlined forum for complex commercial disputes.

Background

The Business Court was established in September 2024 to provide a specialized forum devoted to resolving complex business disputes efficiently and consistently. Initially limited in both geographic scope and jurisdiction, the Business Court began operations in five of Texas’ eleven judicial regions and required high monetary thresholds for most claims. Currently, the Business Court generally exercises jurisdiction over two categories of cases: (1) corporate governance disputes with an amount-in-controversy of at least \$5 million, except in cases involving public companies, for which no monetary threshold applies; and (2) disputes arising from qualified transactions with an amount-in-controversy exceeding \$10 million. As the court’s first year unfolded, however, stakeholders identified challenges with the Business Court’s high amount-in-controversy requirements and undeveloped procedural rules, setting the stage for HB 40’s corrective reforms.

The Texas Legislature Doubles Down on the Business Court with HB 40

Recognizing both the court’s potential and its early limitations, the Texas Legislature passed HB 40 on June 1, 2025, to refine procedural rules and expand the Business Court’s jurisdiction. HB 40 builds on the state’s ongoing efforts to position Texas as a premier forum for complex commercial litigation, aiming to make the court more accessible, more efficient, and better equipped to serve the needs of a growing business community.

Key Highlights of HB 40 Include:

Expanding the Court’s Jurisdiction to Include IP and Arbitration Matters

When HB 40 goes into effect in September 2025, the Business Court will be authorized to hear disputes concerning the ownership, use, licensing, or performance of intellectual property, including trade secrets as defined by the Texas Uniform Trade Secrets Act. HB 40 also grants the court authority to enforce arbitration agreements, appoint arbitrators, and confirm or vacate arbitration awards, provided the underlying dispute would otherwise qualify for Business Court jurisdiction. These additions expand the range of disputes eligible for resolution by the Business Court and open the door for more businesses to resolve high-value IP and arbitration-related matters in the specialized forum.

Lowering the Court’s Amount-in-Controversy Requirements

In addition to expanding the types of disputes the Business Court may hear, HB 40 also lowers the Business Court’s amount-in-controversy requirement from \$10 million to \$5 million for certain cases and permits this threshold to be met by aggregating “the total amount of all joined parties’ claims.” This reduced amount-in-controversy requirement applies to cases arising out of a “qualified transaction” (redefined by HB 40 to include a single transaction or *a series of related transactions* valued at \$5 million or more), commercial or investment contracts where the parties have agreed to Business Court jurisdiction, claims involving violations of the Texas Finance Code or Business & Commerce Code by organizations



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or their officers, and certain IP disputes. By lowering the amount-in-controversy requirement and allowing multiple related transactions to meet this threshold, these changes are expected to significantly expand access to the Business Court.

Implementing Gateway Jurisdictional Procedures

To address concerns about forum uncertainty, HB 40 also directs the Texas Supreme Court to adopt rules establishing procedures for early and efficient resolution of jurisdictional issues in the Business Court. These rules may authorize jurisdictional determinations based on pleadings, impose early deadlines for asserting jurisdictional challenges, and establish mechanisms for interlocutory or accelerated appeals. These procedural changes are expected to reduce costly jurisdictional disputes.

What This Means for Litigants

The Business Court is here to stay. HB 40 reflects the Legislature's commitment to the success of the Business Court by making the court more accessible, efficient, and aligned with the needs of commercial litigants.

As the new provisions take effect and the Texas Supreme Court issues jurisdictional rules, litigants should revisit their forum-selection strategies and stay alert to shifting procedural expectations in this evolving court.

Related People

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