

BILL ANALYSIS

H.B. 372
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Judiciary & Civil Jurisprudence
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, state law providing for the rule against perpetuities is adapted from English feudal law. It is antiquated, hard to interpret by fiduciaries and estate planners, and is contrary to modern estate planning desires of Texas citizens. Life expectancies have increased dramatically and Texas citizens who wish to provide for future generations are forced to take advantage of estate planning services. Nearly half of the other states have already updated the rule. H.B. 372 makes this modern option more readily available to Texas citizens.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 372 amends the Property Code to make the rule against perpetuities applicable to an interest in a trust other than a charitable trust, rather than to trusts other than charitable trusts. The bill specifies that, for the purposes of the rule, the effective date of a trust is the date the trust becomes irrevocable. The bill sets out provisions relating to when an interest in a trust must vest, if at all, based on whether the effective date of the trust is before September 1, 2011, or on or after September 1, 2011.

H.B. 372 makes conforming changes.

EFFECTIVE DATE

September 1, 2011.