

By: Carona

S.B. No. 261

A BILL TO BE ENTITLED

AN ACT

relating to the rule against perpetuities.

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

SECTION 1. Section 112.036, Property Code, is amended to read as follows:

Sec. 112.036. RULE AGAINST PERPETUITIES. (a) The rule against perpetuities applies to an interest in a trust ~~[trusts]~~ other than a charitable trust ~~[trusts]~~.

(b) For purposes of this section, the effective date of a trust is the date the trust becomes irrevocable.

(c) An interest in a trust must vest, if at all:

(1) not later than 200 years after the effective date of the trust, if the effective date of the trust is on or after September 1, 2011; or

(2) except as provided by Subsection (d),
~~[Accordingly, an interest is not good unless it must vest, if at all,~~ not later than 21 years after some life in being at the time of the creation of the interest, plus a period of gestation, if the effective date of the trust is before September 1, 2011.

(d) An interest in a trust that has an effective date before September 1, 2011, may vest as described by Subsection (c)(1) if the trust instrument provides that an interest in the trust vests under the provisions of this section applicable to trusts on the date that the interest vests.

1 (e) Any interest in a trust may~~[, however,]~~ be reformed or
2 construed to the extent and as provided by Section 5.043.

3 SECTION 2. This Act takes effect September 1, 2011.