

BILL ANALYSIS

H.B. 3744
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Judiciary & Civil Jurisprudence
Committee Report (Unamended)

BACKGROUND AND PURPOSE

It has been suggested that the rule against perpetuities in Texas is outdated, hard to interpret by fiduciaries and estate planners, and contrary to the modern estate planning desires of Texans. Concerns have been raised that this has led Texans to take advantage of estate planning services in other states where the rule against perpetuities contains more modern provisions. H.B. 3744 seeks to make estate planning more accessible to Texans and encourage them to keep property in trusts within the state by updating the rule against perpetuities.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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. 3744 amends the Property Code to establish for purposes of the rule against perpetuities that the effective date of a trust is the date the trust becomes irrevocable. The bill requires an interest in a trust to vest, if at all, not later than 300 years after the trust's effective date if such date is on or after September 1, 2019, and specifies that the requirement that an interest in a trust 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, applies to a trust whose effective date is before September 1, 2019. The bill authorizes an interest in such a trust to vest not later than 300 years after the trust's effective date if the trust instrument provides that an interest in the trust vests under the rule against perpetuities applicable to trusts on the date that the interest vests.

EFFECTIVE DATE

September 1, 2019.