

SENATE AMENDMENTS

2nd Printing

By: Lucio III, Burrows, Allison, Leach

H.B. No. 654

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 300 years after the effective date of the trust, if the effective date of the trust is on or after September 1, 2021; 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, 2021.

(d) An interest in a trust that has an effective date before September 1, 2021, 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, 2021.

ADOPTED

MAY 10 2021

FLOOR AMENDMENT NO. 1

Lately Spaw
Secretary of the Senate

BY: 

1 Amend H.B. No. 654 (senate committee report) in SECTION 1 of
2 the bill, after amended Section 112.036, Property Code (page 1,
3 between lines 39 and 40) by inserting the following:

4 (f) Under this section, a settlor of a trust may not direct
5 that a real property asset be retained or refuse that a real
6 property asset may be sold for a period longer than 100 years.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 11, 2021

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB654 by Lucio III (Relating to the rule against perpetuities.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

It is assumed that the costs associated with the bill's provisions relating to the rule against perpetuities could be absorbed using existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 212 Office of Court Admin

LBB Staff: JMc, LBO, SLE, BH, MW

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 20, 2021

TO: Honorable Joan Huffman, Chair, House Committee on Jurisprudence

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB654 by Lucio III (Relating to the rule against perpetuities.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend the Property Code to create a new vesting deadline for the rule against perpetuities for an interest in a trust, other than a charitable trust. For a trust that becomes effective, or irrevocable, on or after September 1, 2021, an interest in the trust must vest, if at all, no later than 300 years after the effective date of the trust. The current rule against perpetuities would continue to apply if the effective date of the trust is before September 1, 2021, unless the trust instrument specifies that the new 300-year period applies.

Based on information provided by the Office of Court Administration, no significant fiscal impact to the state court system is anticipated.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 212 Office of Court Admin

LBB Staff: JMc, SLE, BH, MW

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 7, 2021

TO: Honorable Jeff Leach, Chair, House Committee on Judiciary & Civil Jurisprudence

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB654** by Lucio III (Relating to the rule against perpetuities.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Property Code to create a new vesting deadline for the rule against perpetuities for an interest in a trust, other than a charitable trust. For a trust that becomes effective, or irrevocable, on or after September 1, 2021, an interest in the trust must vest, if at all, no later than 300 years after the effective date of the trust. The current rule against perpetuities would continue to apply if the effective date of the trust is before September 1, 2021, unless the trust instrument specifies that the new 300-year period applies.

Based on information provided by the Office of Court Administration, no significant fiscal impact to the state court system is anticipated.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 212 Office of Court Admin

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