

BILL ANALYSIS

C.S.H.B. 1552
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Committee Report (Substituted)

BACKGROUND AND PURPOSE

Trust accounting can be a source of disagreement and frustration for family members, surviving spouses, and those responsible for handling trust accounts. C.S.H.B. 1552 seeks to address the issue of frivolous lawsuits resulting from disagreements with the distributions of a trustee's account to beneficiaries by limiting the amount that a trust beneficiary may sue a financial institution responsible for the trustee's accounting to the lesser amount of \$10 million or the aggregate value of all distributions of trust property made by any predecessor trustee.

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

C.S.H.B. 1552 amends the Property Code to limit the aggregate liability of an acquiring financial institution that accepts the trusts for which a financial institution merged with or acquired by the financial institution serves as trustee to the lesser of the following:

- \$10 million; or
- the aggregate value of all distributions of trust property made by any predecessor trustee, including the financial institution merged into or acquired by the acquiring financial institution, in all trusts before the acquiring financial institution's acceptance of the trusts.

This provision applies only to liability for conduct of a predecessor trustee.

C.S.H.B. 1552 applies only to an action filed against a financial institution on or after the bill's effective date.

EFFECTIVE DATE

September 1, 2023.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 1552 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

While the introduced, in a provision applicable to an accounting delivered on or after the bill's effective date, established that a trust beneficiary is considered to have approved a trustee's accounting, and, absent fraud, intentional misrepresentation, or material omission, the trustee is released from liability relating to all matters in the accounting if the beneficiary or the beneficiary's guardian, as applicable, does not object in writing to the trustee or a court within a certain time period, the substitute does not contain that provision or its applicability provision. Instead, in a provision applicable to an action filed on or after the bill's effective date, the substitute limits the aggregate liability of an acquiring financial institution that accepts the trusts for which a financial institution merged with or acquired by the financial institution serves as trustee to the lesser of \$10 million or the aggregate value of all distributions of trust property made by any predecessor trustee, including the financial institution merged into or acquired by the acquiring financial institution, in all trusts before the acquiring financial institution's acceptance of the trusts, applicable only to liability for conduct of a predecessor trustee.