

SUBJECT: Investment options for money recovered for a minor, incapacitated person

COMMITTEE: Judiciary and Civil Jurisprudence — favorable, without amendment

VOTE: 8 ayes — Smithee, Farrar, Clardy, Laubenberg, Raymond, Schofield,  
Sheets, S. Thompson

0 nays

1 absent — Hernandez

WITNESSES: For — (*Registered, but did not testify*: Craig Hopper)

Against — None

On — Mark Davidson

BACKGROUND: Property Code, sec. 142.004(a) allows for money recovered in a lawsuit on behalf of a minor or incapacitated person to be invested by that person's next friend or appointed guardian ad litem in the Texas Tomorrow Fund.

DIGEST: HB 1560 would allow either the next friend or the appointed guardian of a minor or incapacitated person to invest any money recovered in a lawsuit on the person's behalf in a higher education savings plan or a prepaid tuition program under Education Code, ch. 54.

The bill would take effect September 1, 2015.

SUPPORTERS SAY: HB 1560 would provide judges, family members, and appointed guardians with options to prudently invest money received by a minor in a lawsuit. The bill would clean up outdated language that refers to the Texas Tomorrow Fund, which was closed to new enrollment in 2003. Instead, money recovered by a minor in a lawsuit could be invested in the successor programs to the Texas Tomorrow Fund: the Texas College Savings Plan and the Texas Tuition Promise Fund.

These successor programs were established because of problems with the Texas Tomorrow Fund. For example, the Texas College Savings Plan was created in response to criticisms that the Texas Tomorrow Fund lacked some of the flexibility and potential for higher returns offered by other state-sponsored prepaid trust fund programs. This bill simply would ensure that the Legislature's original intent to provide pre-paid tuition credits as an investment option in cases where minors were represented by next friends or appointed guardians was preserved.

OPPONENTS  
SAY:

No apparent opposition.