

BILL ANALYSIS

Senate Research Center

S.B. 887
By: Harris
Jurisprudence
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As Filed

DIGEST

In 1995, the Uniform Transfers to Minors Act was amended to raise the age at which custodianships terminate from 18 to 21. Custodianships created prior to the amendment of the Act are still required to terminate at age 18. Some financial institutions have refused to accept new transfers to old accounts because they believe the Act prohibits them from doing so. S.B. 887 would amend the Uniform Transfers to Minors Act to allow donors to make new contributions into a custodial account prior to 1995, the termination date of which would remain age 18.

PURPOSE

As proposed, S.B. 887 amends the Uniform Transfers to Minors Act to allow donors to make new contributions into a pre-1995 custodial account, the termination date of which would remain age 18.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 141.022, Property Code, to make a conforming change.

SECTION 2. Amends Chapter 141, Property Code, by adding Section 25, as follows:

Sec. 25. ADDITIONAL TRANSFERS TO CUSTODIANSHIPS IN EXISTENCE BEFORE EFFECTIVE DAY OF ACT. Provides that this section applies only to transfers within the scope of Section 3 made after September 1, 1997, to a custodian of a custodianship established before September 1, 1995, under the Texas Uniform Gifts to Minors Act (TUGMA). Provides that this chapter does not prevent a person from making additional transfers to a custodianship described in Subsection (a) of this section. Requires certain custodial property to be commingled with custodial property of a custodianship established under TUGMA. Requires the additional transfers to be administered and distributed on termination of the custodianship, except that the custodian shall transfer the custodial property to certain beneficiaries.

SECTION 3. Effective date: September 1, 1997.
Makes application of this Act prospective.

SECTION 4. Emergency clause.