

## **BILL ANALYSIS**

Senate Research Center  
76R7970 CAS-F

H.B. 115  
By: Smith (Harris)  
Jurisprudence  
4/15/1999  
Engrossed

### **DIGEST**

Currently, a person who establishes a trust identifies the recipients of the trust. However, if those recipients die, or in the case of a charitable entity, cease to exist, then another beneficiary may be subsequently named by the trustee. However, the subsequent beneficiary can also be named without the agreement of, and without consulting the initial trustee who established the charitable trust. H.B. 115 establishes procedures for the designation of a replacement charitable beneficiary.

### **PURPOSE**

As proposed, H.B. 115 sets forth provisions for the designation of a replacement charitable beneficiary.

### **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 Chapter 113A, Property Code, by adding Section 113.026, as follows:

Sec. 113.026. **AUTHORITY TO DESIGNATE NEW CHARITABLE BENEFICIARY.** Defines “charitable entity” and “failed charitable beneficiary.” Limits the application of this section to include only an express written trust created by an individual with a charitable entity as a beneficiary (charity). Sets forth provisions regarding the authority of the trust instrument. Authorizes the trustee of a trust to select a replacement charity. Sets forth requirements for replacement charities. Requires the trustee to consult with the settlor of the trust regarding a replacement charity, if the settlor meets certain qualifications. Sets forth provisions for sending notice of the selection of a replacement charity to the attorney general. Sets forth requirements for the condition of a trustee and settlor who disagree on the replacement charity selection.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Emergency clause.  
Effective date: upon passage