

BILL ANALYSIS

Senate Research Center
77R11587 CLG-F

H.B. 539
By: Thompson (West, Royce)
Jurisprudence
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Engrossed

DIGEST AND PURPOSE

Under current Texas law, a parent or guardian is required to seek court approval when a minor is entering into certain contracts. There are no specific laws, however, relating to the establishment of a contract for the services of a child performer or to issues of liability accompanying that contract. H.B. 539 establishes provisions to specifically address arts, entertainment, advertisement, and sports contracts entered into by minors.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter XIII5, Texas Probate Code, by adding Subpart H, as follows:

SUBPART H. CONTRACTS IN ARTS, ENTERTAINMENT, ADVERTISEMENT, AND SPORTS

Sec. 901. DEFINITIONS. Defines “advertise,” “advertisement contract,” “artist,” “arts and entertainment contract,” “consumer goods,” and “sports contract.”

Sec. 902. CONSTRUCTION. Prohibits this subpart from being construed to authorize the making of a contract that binds a minor beyond the seventh anniversary of the date of the contract.

Sec. 903. APPROVAL OF CERTAIN CONTRACTS OF MINORS; NOT VOIDABLE.

(a) Authorizes a court, on petition of the guardian of the estate of the minor, to enter an order approving for purposes of this subpart an arts and entertainment contract, advertisement contract, or sports contract that is entered into by a minor. Authorizes the court to approve the contract only after the guardian of the minor's estate provides to the other party to the contract notice of the petition and an opportunity to request a hearing in the manner provided by the court.

(b) Provides that the approval of a contract under this section extends to the contract as a whole and any of the terms and provisions of the contract, including any optional or conditional provision in the contract relating to the extension or termination of its term.

(c) Authorizes a court to withhold approval of a contract under which part of the minor's net earnings under the contract will be set aside as provided by Section 904 of this code until the guardian of the minor's estate executes and files with the court written consent to the making of the order.

(d) Prohibits an otherwise valid contract approved under this section from being

voidable solely on the ground that it was entered into by a person during the age of minority.

(e) Provides that each parent of the minor is a necessary party to a proceeding brought under this section.

Sec. 904. NET EARNINGS OF MINOR; SET ASIDE AND PRESERVATION. (a)
Defines “net earnings.”

(b) Authorizes the court, notwithstanding any other law, to require in an order approving a contract under Section 903 of this code that a portion of the net earnings of the minor under the contract be set aside and preserved for the benefit of the minor in a trust created under Section 867 of this code or a similar trust created under the laws of another state. Requires the amount to be set aside under this subsection to be a reasonable amount as determined by the court.

Sec. 905. GUARDIAN AD LITEM. Authorizes the court to appoint a guardian ad litem for a minor who has entered into an arts and entertainment contract, advertisement contract, or sports contract if the court finds that appointment of the ad litem would be in the best interest of the minor.

SECTION 2. Effective date: September 1, 2001.