

BILL ANALYSIS

Senate Research Center

H.B. 2238
By: Paxton (Hinojosa)
Jurisprudence
5/6/2003
Engrossed

DIGEST AND PURPOSE

Some individuals wish to allow others to manage a portion of their financial affairs, but do not wish to grant a formal power of attorney. In response to this concern, the 73rd Legislature in 1993 established convenience accounts. A convenience signer is a co-signer on such an account, but does not have an ownership interest in the account.

There is confusion in the banking community regarding situations where there are multiple parties to an account or multiple convenience signers. Many believe that current law limits convenience accounts to one-party accounts only. Thus, two parents who have a joint account would be unable to designate a child as a convenience signer for that account. Similarly, many believe that current law prohibits having two convenience signers. In such a situation, a parent would not be able to designate both of her children as convenience signers.

H.B. 2238 amends language to clarify the law regarding convenience accounts and convenience signers to make it clear that it applies to multiple-party accounts and allows multiple convenience signers.

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 Sections 438A(a), (c), (d), (e), (f), and (g), Texas Probate Code, as follows:

- (a) Replaces “a party” with “one or more parties” and “cosigner” with “one or more convenience signers,” in relation to a convenience account. Makes conforming changes.
- (c) Provides that a party to a convenience account is not considered to have made a gift of the deposit or of any additions or accruals to the deposit to a convenience signer. Deletes “of one half” in relation to a gift. Makes conforming changes.
- (d) Requires that on the death of the last surviving party, a convenience signer have no right of survivorship in the account and ownership of the account remains in the estate of the last surviving party. Makes a conforming change.
- (e) Makes nonsubstantive changes.
- (f) Makes conforming and nonsubstantive changes.
- (g) Includes text “last surviving” in reference to a party of a convenience account. Makes conforming changes.

SECTION 2. Amends Section 439A(b), Texas Probate Code, to make conforming changes.

SECTION 3. Effective date: September 1, 2003.