

BILL ANALYSIS

Senate Research Center
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S.B. 1202
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

As part of its ongoing review of Texas probate, guardianship, and trust law, the Real Estate, Probate, and Trust Law Section of the State Bar of Texas has proposed updating the dollar amounts specified in various laws to reflect inflation since the dates of original enactment.

S.B. 1202 amends current law relating to custodial accounts.

The bill amends Section 141.007(c), Property Code, to increase the amount that may be transferred to a custodian for the benefit of a minor under the Texas Uniform Transfers to Minors Act in specified circumstances. Under current law, a guardian, legal representative, or trustee may make a transfer to a custodian for a minor under the Texas Uniform Transfers to Minors Act, even in the absence of a will or under a will or trust that does not authorize the transfer. Generally, however, this provision applies only if the amount at issue does not exceed \$10,000. S.B. 1202 increases this amount to \$25,000, to coordinate this amount with the amount that may be transferred to a custodian by a person who holds property of a minor, or who owes a debt to a minor, as described below.

The bill also amends Section 141.008(c), Property Code, to increase the amount that may be transferred to a custodian for the benefit of a minor under the Texas Uniform Transfers to Minors Act in specified circumstances. Under current law, a person who holds property of a minor, or owes a debt to a minor, may satisfy the obligation by making a transfer to a custodian for the benefit of the minor under the Texas Uniform Transfers to Minors Act. Generally, however, this provision applies only if the amount at issue does not exceed \$15,000. This amount was set in 1995. S.B. 1202 increases this amount to \$25,000, to reflect the approximate increase in the consumer price index over the past 20 years.

Changes in law made by S.B. 1202 apply only to a transfer made on or after the effective date of the bill.

As proposed, S.B. 1202 amends current law relating to the value of property that may be transferred to a custodian or other person for the benefit of a minor under certain circumstances.

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 Section 141.007(c), Property Code, as follows:

(c) Provides that a transfer under Subsection (a) (authorizing a guardian, legal representative, or trustee to make an irrevocable transfer to another adult or trust company as custodian for a minor's benefit) or (b) (authorizing a guardian, with the approval of the court supervising the guardianship, to make an irrevocable transfer to another adult or trust company as custodian for the minor's benefit) may be made only if:

(1) and (2) Makes no change to these subdivisions; and

(3) the transfer is authorized by the court if it exceeds \$25,000 in value, rather than \$10,000 in value.

SECTION 2. Amends Section 141.008(c), Property Code, to authorize a transfer under this section, if a custodian has not been nominated under Section 141.004 (Nomination of Custodian), or all persons nominated as custodian die before the transfer or are unable, decline, or are ineligible to serve, to be made to an adult member of the minor's family or to a trust company unless the property exceeds \$25,000 in value, rather than \$15,000 in value.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2015.