

BILL ANALYSIS

S.B. 1791
By: Ellis
Judiciary & Civil Jurisprudence
Committee Report (Unamended)

BACKGROUND AND PURPOSE

A payable on death (POD) account is a type of bank account that allows ownership of the account to pass to designated beneficiaries on the account holder's death without the need for probate administration. Interested parties observe that such accounts are beneficial for low-income Texans because the cost of obtaining account funds through probate can sometimes exceed the amount in the account. The parties contend that there is a need to improve disclosures associated with account selection by a customer of certain financial institutions to increase awareness of the different types of accounts available, including POD accounts. S.B. 1791 seeks to make such improvements.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 1791 amends the Estates Code to require a financial institution, except for a credit union, to disclose the information provided in the uniform account form to a customer at the time the customer selects or modifies a depository account with the financial institution for the purposes of statutory provisions governing multiple-party accounts in relation to the passage of title and distribution of decedents' property. The bill adds the customer placing the customer's initials to the right of each paragraph of the uniform account form as a condition for a financial institution to be considered to have disclosed the information provided in the form. The bill requires a disclosure provided in the account agreement or other form by a financial institution that varies the format of the uniform account form to be given separately from other account information, to be provided before account selection or modification, to be printed in 14-point boldfaced type, and, if the discussions that precede the account opening or modification are conducted primarily in a language other than English, to be in that language. The bill requires a financial institution to notify the customer of the type of account the customer selected. The bill removes a provision authorizing a financial institution to combine any of the provisions and vary the format of the uniform account form and applicable notices if the customer receives adequate disclosure of the ownership rights to an account and the names of the parties are appropriately indicated.

S.B. 1791 establishes that a credit union is considered to have disclosed the information provided in the uniform account form if the credit union uses the form. The bill authorizes a credit union, if the credit union varies the format of the form, to make disclosures in the account agreement or in any other form that discloses the information. The bill authorizes a credit union, if a customer receives disclosure of the ownership rights to an account and the names of the parties are

indicated, to combine any of the provisions in, and vary the format of, the applicable form and notices in a universal account form with options listed for selection and additional disclosures provided in the account agreement or in any other manner that adequately discloses the information.

EFFECTIVE DATE

September 1, 2015.