

BILL ANALYSIS

Senate Research Center
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S.B. 1554
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Jurisprudence
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As Filed

DIGEST

Currently, interest on estate taxes is charged to the principal rather than to interest income. This does not follow general accounting principles and often results in an unfair allocation between beneficiaries. S.B. 1554 would authorize the administrator of an estate to allocate the interest due on the estate between income and principal.

PURPOSE

As proposed, S.B. 1554 establishes provisions regarding fees and expenses incurred in the administration or settlement of a decedent's estate.

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 Section 378B(a), Texas Probate Code, to require all expenses incurred, except as provided by Subsection (b), in connection with the settlement of a decedent's estate, other than interest due on estate taxes, to be charged against the principal of the estate, including certain debts, expenses, taxes, penalties, and allowances. Requires interest due on estate taxes and fees and certain expenses and costs to be allocated between the income and principal of the estate as the executor determines to be just and equitable. Deletes text requiring interest to be charged against the principal of the estate. Makes conforming changes.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 1999.

SECTION 4. Emergency clause.