

CHAPTER 376

H.B. No. 736

AN ACT

relating to exempting certain personal property from seizure for the satisfaction of debts.

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Chapter 42, Property Code, is amended by adding Section 42.0021 to read as follows:

*Sec. 42.0021. ADDITIONAL EXEMPTION FOR RETIREMENT PLAN. (a) In addition to the exemption prescribed by Section 42.001, a person's right to the assets held in or to receive payments, whether vested or not, under a stock bonus, pension, profit-sharing, annuity, or similar plan or contract, including a retirement plan for self-employed individuals, or under an individual retirement account or an individual retirement annuity, including a simplified employee pension plan, is exempt from attachment, execution, and seizure for the satisfaction of debts unless the plan, contract, or account does not qualify under the applicable provisions of the Internal Revenue Code of 1986. A person's right to the assets held in or to receive payments, whether vested or not, under a government or church plan or contract is also exempt unless the plan or contract does not qualify under the definition of a government or church plan under the applicable provisions of the federal Employee Retirement Income Security Act of 1974.*

*(b) Contributions to an individual retirement account that exceed the amounts deductible under the applicable provisions of the Internal Revenue Code of 1986 and any accrued earnings on such contributions are not exempt under this section unless otherwise exempt by law.*

SECTION 2. The exemption prescribed by this Act does not apply to property that is, as of the effective date of this Act, subject to a voluntary bankruptcy proceeding or to valid claims of a holder of a final judgment who has, by levy, garnishment, or other legal

process, obtained rights superior to those that otherwise would be held by a trustee in bankruptcy if a bankruptcy petition were then pending against the debtor.

SECTION 3. This Act takes effect September 1, 1987.

SECTION 4. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed by the House on May 5, 1987, by a non-record vote. Passed by the Senate on May 19, 1987, by the following vote: Yeas 30, Nays 0.

Approved June 16, 1987.

Effective Sept. 1, 1987.