

SENATE BILL NO. 81

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY SENATOR THERRIAULT

Introduced: 2/9/01

Referred: Judiciary

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the nonademption of property transfers; and providing for an**
2 **effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** AS 13.12.712(a) is amended to read:

5 (a) **Unless the trust provides otherwise, a** [A] beneficiary of a trust has a
6 right to [THE SPECIFIC] property **that, by the terms of** [TRANSFERRED BY] the
7 trust, **is to be specifically distributed to the beneficiary and to**

8 (1) any amount of a condemnation award **that is** for the taking of the
9 property **and that is** unpaid **when** [AT THE TIME OF] the **distribution becomes**
10 **effective** [TRANSFER];

11 (2) any proceeds **from** [UNPAID AT THE TIME OF THE
12 TRANSFER ON] fire or casualty insurance on, or other recovery for injury to, the
13 property **that are unpaid when the distribution becomes effective**; and

14 (3) property owned by the settlor **when** [AT THE TIME OF] the

1 **distribution becomes effective if the property is** [TRANSFER AND] acquired as a
 2 result of foreclosure, or obtained in lieu of foreclosure, of the security interest for the
 3 specifically **distributed** [TRANSFERRED] obligation.

4 * **Sec. 2.** AS 13.12.712(b) is repealed and reenacted to read:

5 (b) Unless the covered trust provides otherwise, if property that is to be
 6 specifically distributed to a beneficiary of a covered trust is instead sold or mortgaged
 7 by a trustee of the covered trust, or if a condemnation award, insurance proceeds, or a
 8 recovery for injury to the property is paid to a trustee of the covered trust, the
 9 beneficiary has the right to a general pecuniary property distribution that is equal to
 10 the net sale price, the amount of the unpaid loan, the condemnation award, the
 11 insurance proceeds, or the recovery. In this subsection, "covered trust," means a trust
 12 that was originally amendable or revocable by the settlor but that cannot be amended
 13 or revoked by the settlor because of the settlor's incapacity.

14 * **Sec. 3.** AS 13.12.712(d) and 13.12.712(e) are repealed.

15 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
 16 read:

17 APPLICATION. AS 13.12.712, as amended by secs. 1 - 3 of this Act, applies to a
 18 trust instrument, including a conveyance, that is executed on or after August 9, 2000, and to
 19 that extent is retroactive under AS 01.10.090.

20 * **Sec. 5.** This Act takes effect immediately under AS 01.10.070(c).