



# ALASKA STATE LEGISLATURE

## Senate Judiciary Committee

SEN. MATT CLAMAN

Chairman

State Capitol, Room 429

Juneau, AK 99801

907.465.4919

Senator Jesse Kiehl, Vice Chair

Senator Gary Stevens

Senator Löki Tobin

Senator Cathy Tilton

---

### **SENATE BILL 234: UNIFORM FIDUCIARY INCOME & PRINCIPAL ACT**

*"An Act adopting the Uniform Fiduciary Income and Principal Act; repealing the Alaska Principal and Income Act; relating to fiduciary income and principal; relating to the probate jurisdiction of court; relating to trust administration; and relating to transfers of trust interests."*

#### **Sponsor Statement**

#### **Version N**

Senate Bill 234 will enact the Alaska Fiduciary Income and Principal Act (AFIPA), replacing the Alaska Income and Principal Act that has governed trusts in Alaska since 2003.

The AFIPA modernizes a vitally important aspect of Alaska's trust and estate laws, specifically, how investment returns and growth are treated in fiduciary relationships. The Act will enhance trust and estate administration in Alaska by allowing modern options and solutions to react to today's complex financial landscape. While based on the Uniform Fiduciary Income and Principal Act (UFIPA), it includes key adjustments tailored to Alaska's unique trust laws, ensuring compatibility with the state's competitive trust reputation.

The updates align state laws with current industry practices to keep Alaska competitive in the national and global trust markets. These changes ensure the state maintains its status as a leading jurisdiction for trust administration by adopting standards that reflect modern financial management. The new framework also allows fiduciaries to use Modern Portfolio Theory. This shifts the focus toward total-return investing and overall growth rather than relying on older models centered on interest and fixed income. This change enables more diverse and contemporary investment strategies within trusts.

New rules for unitrust conversions simplify administration and help maximize investment returns. These adjustments are designed to provide more flexibility for trustees while remaining in full compliance with federal tax laws.

Alaska's position as a leading trust jurisdiction helps drive economic growth by attracting new clients and fiduciary assets. By maintaining this reputation, the state continues to draw significant financial activity and investment from outside its borders. The updates provide Alaska fiduciaries with flexible, modern tools to manage assets. These tools allow for more effective and equitable management for beneficiaries, many of whom are Alaska residents.