



ALASKA STATE LEGISLATURE

Senate Judiciary Committee

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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."

Sectional Analysis

Version N

Section 1

AS 13.06.120. Pleadings; when parties bound by orders; notice.

Conforming change. Amends subsection (a) to update reference from AS 13.38 to AS 13.39. Corrects "section" to "subsection" throughout.

Section 2

AS 13.36.335. Application of special distribution provisions.

Conforming change. Amends to update reference from AS 13.38 to AS 13.39.

Section 3

Chapter 39: Alaska Uniform Fiduciary Income and Principal Act.

New Act replacing AS 13.38, the Alaska Principal and Income Act. Updates made in the following sections:

- Enhanced fiduciary discretion
 - Sec. 13.39.201 grants fiduciaries a broad power to adjust between income and principal if they determine that such an adjustment is necessary to administer the trust impartially and fairly.
 - Sec. 13.39.201(a)(1) requires that fiduciaries must act in good faith when exercising these discretionary powers.
- Modernized unitrust framework
 - Sec. 13.39.303 allows a fiduciary to convert a traditional income-only trust into a unitrust without needing a court order. This allows flexibility to change the unitrust payout percentage or the method of valuation as economic conditions change, provided the fiduciary acts in the best interest of the beneficiaries.
- Expanded scope and jurisdiction
 - Sec. 13.39.103 explicitly extends the Act's rules to legal life estates and other term interests where one person's right to property is succeeded by another, not just format trusts.
 - Sec. 13.39.104 defines when Alaska law applies, specifically targeting trusts where the principal place of administration is Alaska or where the fiduciary has submitted to the jurisdiction of Alaska courts.
- Judicial oversight and safeguards
 - Sec. 13.39.202 maintains that a court may only intervene if fiduciary has abused their discretion.
 - Sec. 13.39.201(a) reinforces that the specific terms of a trust instrument override the default rules of the Act, preserving the original intent of the person who created the trust.

Section 4

AS 34.40.110. Restricting transfers of trust interests.

Conforming change. Amends subparagraph (b)(3)(B) to update reference from AS 13.38 to AS 13.39.

Section 5

Repeals all sections of AS 13.38: the Alaska Principal and Income Act.

Section 6

Uncodified law

(a) Applies this Act to a trust or estate existing or created on or after the effective date (all trusts and estates). Adds receipt conditions for fiduciaries that (b) own or hold an interest in minerals, water, or other natural resources before the effective date of this Act and (c) own or hold an interest in land used for growing and cutting timber before the effective date of this Act.