

# ALASKA STATE LEGISLATURE

## Session

State Capitol Building, Room 125  
Juneau, Alaska 99801-1182  
Phone (907) 465-2995  
Fax (907) 465-6592

## Interim

716 West Fourth Avenue, Suite 430  
Anchorage, Alaska 99501  
Phone (907) 269-0250  
Fax (907) 269-0249



## Chair

Senate Special Committee on Energy  
Senate Committee on World Trade,  
Technology and Innovations

## Co-Chair

Senate Resources Committee

## Member

Senate Judiciary Committee

## SENATOR LESIL MCGUIRE

### SPONSOR STATEMENT CS for SENATE BILL NO. 63(JUD)

#### IN THE LEGISLATURE OF THE STATE OF ALASKA TWENTY-SIXTH LEGISLATURE—SECOND SESSION

This bill amends and improves Alaska's trust provisions which permit a settlor to form an irrevocable trust, be a discretionary beneficiary of the trust and, if the trust has a spendthrift clause, protect the trust assets from the settlor's creditors. Alaska was the first state to enact this type of trust law. Since enactment in 1997, numerous other states have enacted similar statutes. At present, twelve states allow this type of trust.

This bill improves Alaska's trust provisions so that Alaska's statute remains competitive with those of other states. As a result, both residents, and nonresidents of Alaska who choose to form this type of trust in Alaska, will benefit from these improved provisions.

The bill upgrades Alaska's statute by adopting the following provisions which have been adopted in other states:

- A creditor must establish by clear and convincing evidence that a transfer was made with an intent to defraud a creditor. (This standard has been adopted by nine of the other twelve states);
- Distributions can be made under the discretion of a trustee pursuant to a standard, as well as with absolute discretion;
- The settlor may be reimbursed for income taxes attributable to the trust;
- The settlor can retain the power to replace a trustee/advisor with a non-related, non-subordinate party.