

NORTHERN

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March 30, 2017

Senator Mia Costello
State Senate
State Capital Room 504
Juneau, Alaska 99801

Dear Senator Costello,

On behalf of Northern Law Group LLP, we would like to emphasize the importance of Senate Bill 94 - *"An Act relating to trusts and powers of appointment; and providing for an effective date"*

Since 1997, Alaska has been a leader in adopting laws to improve estate and tax planning options for both Alaskans and non-Alaskans. Senate Bill 94 is a continuation of this leadership as it expands and adds clarification to our existing statutes. These distinctive statutes have provided Alaska with increased revenue, job creation and industry diversification.

Senate Bill 94 looks mainly to update two existing statutes, decanting and powers of appointment. The following is a description of each area.

Decanting. Decanting, of course, is the act of pouring liquid from one container to another as often occurs with wine. When one trust pays (or pours) its assets to another trust, this too is referred to as decanting. Decanting is used to correct drafting errors, reduce costs of trust administration, enhance tax effects and many other reasons. While Alaska has had decanting statutes for nearly 20 years, Senate Bill 94 would provide additional flexibility and clarification to this great statutory provision.

Powers of Appointment. One of the most powerful estate planning tools is to grant someone, such as a beneficiary, a "power of appointment," which allows that person the right to specify where property will pass at certain times, such as when the beneficiary dies. The proposal would clarify certain aspects of Alaska law relating to these powers so they can be used more efficiently for tax and other reasons.

These and many other Alaska laws the Legislature has enacted have benefitted Alaskans, has resulted in millions of dollars being deposited in financial institutions in the state which, in turn, have provided funding for Alaska businesses, and provided significant work for many Alaskans. We hope to see this success continue for years to come and thank you for your support in helping us to achieve this goal.

With this, we would like to voice our strong support for the ratification of Senate Bill 94.

Sincerely,
NORTHERN LAW GROUP LLP

A handwritten signature in black ink, appearing to read 'MJC', with a long, sweeping horizontal line extending to the right.

Michael J. Cavaliere