



February 4, 2021

Senator Tom Begich
State Senate
State Capital Room 11
Juneau, Alaska 99801

Dear Senator Begich,

On behalf of Peak Trust Company, I would like to emphasize the importance of and encourage the passage of Senate Bill 11 – *“An Act relating to community property and to community property trusts; 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. One such law passed in 1998 allowed couples to elect into the community property regime of property ownership. This choice of property ownership allows couples to enjoy the benefits offered by community property, specifically the so-called “step-up” in basis. This step-up allows a surviving spouse to minimize his or her tax consequences on jointly owned property.

As stated, the primary purpose of Alaska’s optional community property system is to allow for income tax benefit on property when the first spouse dies. To accomplish this purpose, appreciation, and income both must be characterized as community property. The present language of subsection (h) of AS 34.77.030 needs to be clarified to expressly provide for the original intention of the 1998 legislation.

Since the passage of the 1998 community property law, tens of thousands of Alaskans have chosen to conduct marital finances, or at least a portion of them, in the community property system allowed under Alaska law. Without clarification of the existing statutes, these plans may not function as intended which could have a significant impact on the financial plans of Alaskan couples. The passage of SB 11 would clarify planning outcomes for all Alaskans who own community property.

With this, we would like to voice our strong support for the ratification of Senate Bill 11.

Sincerely,

A handwritten signature in blue ink that reads "Matthew D. Blattmachr". The signature is fluid and cursive, with the first name "Matthew" and last name "Blattmachr" clearly legible.

Matthew D. Blattmachr
President & CEO
Peak Trust Company