

**ALASKA STATE LEGISLATURE
HOUSE JUDICIARY STANDING COMMITTEE**

April 11, 2025

1:00 p.m.

MEMBERS PRESENT

Representative Andrew Gray, Chair
Representative Ted Eischeid
Representative Mia Costello
Representative Jubilee Underwood

MEMBERS ABSENT

Representative Chuck Kopp, Vice Chair
Representative Genevieve Mina
Representative Sarah Vance

COMMITTEE CALENDAR

PRESENTATION(S): TRUST & ESTATE LAW IN ALASKA

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

MATTHEW BLATTMACHR, President & CEO
Peak Trust Company
Anchorage, Alaska

POSITION STATEMENT: Provided the Trust and Estate Law in Alaska presentation.

ACTION NARRATIVE

[1:00:09 PM](#)

CHAIR ANDREW GRAY called the House Judiciary Standing Committee meeting to order at 1:00 p.m. Representatives Eischeid and Gray were present at the call to order. Representatives Underwood and Costello arrived as the meeting was in progress.

PRESENTATION(S): Trust & Estate Law in Alaska

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CHAIR GRAY announced that the first order of business would be the Trust and Estate Law in Alaska presentation.

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MATTHEW BLATTMACHR, President & CEO, Peak Trust Company, gave the PowerPoint presentation, titled "Alaska's Trust & Estate Industry" [included in the committee packet]. He began on slide 2, "What to Take Away from Today," which read as follows [original punctuation provided]:

- Why the industry was started in Alaska
- How it was built (efforts of the legislature)
- How Alaska competes

MR. BLATTMACHER continued to slide 3, "What Makes a 'Top' Trust Jurisdiction," which read as follows [original punctuation provided]:

Baseline requirements:

- Has abolished Rule Against Perpetuities "RAP" (to allow for perpetual trusts)
- Allows self-settled trusts and modern planning (directed trusts, asset preservation, etc.)
- No state income tax on trusts
- Sufficient local professionals to serve the industry (attorneys, trustees, CPAs)
- Legislative environment that keeps laws current and competitive

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MR. BLATTMACHER turned to slide 4, "1st and 2nd Tier Trust States," which read as follows [original punctuation provided]:

1st Tier States

- Alaska
- Delaware
- Nevada
- South Dakota
- Wyoming

2nd Tier States

- New Hampshire
- Ohio

- Tennessee

MR. BLATTMACHER advanced to slide 5, which showed a table displaying the features of the top five trust states. He continued to slide 6, "Genesis of Alaska Trust and Estate Industry," which read as follows [original punctuation provided]:

- Modern era of the industry started in 1997 with AK Trust Act
- Desire by industry practitioners and professionals to make Alaska a great place for estate planning
- Prior to 1997, Alaska had limited trust and estate statutes
 - Most importantly, nothing special
 - Pre-1997, no reason to do trust business in Alaska

MR. BLATTMACHER advanced to slide 7, "Why Alaska?" Slide 7 read as follows [original punctuation provided]:

- Great laws provide no reason to perform T&E planning anywhere else
- Preferential laws work in two ways
 - Drive business in (non-residents)
 - Keep business in (residents)
- All the requirements of a preferred state
 - Permits long-term trusts and self-settled trusts
 - Does not impose an income or similar tax on trusts located in the state
 - Has a significant number of sophisticated professionals that service the industry
 - Engaged legislature willing to explore new ideas
- Since 1997, has continued to enhance and refine T&E laws

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MR. BLATTMACHR continued to slide 8, "Alaska Trust Act (1997)," which read as follows [original punctuation provided]:

- The Alaska Trust Act was the first legislation of its kind, set Alaska at the forefront of trust and estate planning
- Authorized the creation of self-settled trusts

- Grantor is potential beneficiary
- Assets are removed from grantors estate
- Necessary for federal tax planning (estate/transfer tax)
- Encourage and enhance use of lifetime gift and estate tax exemptions, not creditor protection
 - Common planning hurdle
 - Great planning today, but what if?
 - Safety valve
 - Necessary in order to gain protection
 - Cannot be relegated to creditors
 - Has appropriate safeguards in place to prevent misuse
 - Alaska has history of case law where bad cases failed, safeguards worked

MR. BLATTMACHR turned to slide 9, "Alaska Trust Act (1997)," which read as follows [original punctuation provided]:

- Eliminated Rule Against Perpetuities - allowed "Dynasty trusts"
- Added Spendthrift provisions
- Beneficiary interest cannot be transferred
- Updated LP & LLC Statutes

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MR. BLATTMACHR advanced to slide 10, "1997 to Now," which read as follows [original punctuation provided]:

- AK Legislature has passed over ten T&E specific bills
 - 1997 - Alaska Trust Act
 - 1998 - Opt-In Community Property, life insurance premium tax
 - 2000 - Decanting
 - 2003 - Enhanced beneficiary protection (spendthrift)
 - 2006 - Divorce protection, decanting (if done properly)
 - 2010 - Pre-mortem probate - Nonresidents
 - 2013 - Directed trusts, lifetime IRA transfers, INGs
 - 2015 - Adjust. life insurance premium tax
 - 2023 - Community property clarification

- 2019 - Creation of ATEP - the industry formally united to advance the interests of Alaska as a national player

MR. BLATTMACHR, in response to a series of questions from Chair Gray, explained that in Alaska, spouses must be notified within 30 days of a self-settled trust creation to prevent individuals from taking marital assets without their partner knowing. The spouse must give consent for money to be transferred into the trust. He defined "decanting" as the transfer of assets from one trust to another.

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MR. BLATTMACHR continued to slide 11, "1997 to Now," which read as follows [original punctuation provided]:

- T&E bills not passed
 - 2018 - Decanting fix, tracing of trust assets
 - 2019 - Transfer on death of vehicle titles
 - 2020 - Anti-Powell fix, Gift trusts
 - 2021 - E-wills
 - 2024 - Single member LLC powers for executor issue fix
- 2025 Priorities
 - Transfer on death of vehicle titles
 - Update of Fiduciary Income and Principal act

MR. BLATTMACHR turned to slide 12, "Alaska Trust and Estate Professionals (ATEP)," which read as follows [original punctuation provided]:

- Formed in 2019
- Comprised of estate planning attorneys, professional trustees, CPAs, financial advisors, insurance professionals
- Any Alaskan professional working in the estate planning industry is eligible to participate
- Group governed by bylaws designed for industry collaboration and alignment, broad membership determines what issues are prioritized and supported

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MR. BLATTMACHR proceeded to slide 13, "McDowell Group Report," which read as follows [original punctuation provided]:

- 2021 study performed by McKinley Research Group (formerly McDowell Group) documenting the size and economic impact of the trust industry in the state of Alaska.

MR. BLATTMACHR continued to slide 14, "Trust Industry in Alaska," which read as follows [original punctuation provided]:

Alaska's place as a premier jurisdiction for trusts and estates contributes to:

- A sophisticated professional community that benefits residents in their estate planning
- Brings millions to Alaska banks and wealth management firms
- Employs hundreds of Alaskans
- Contributes millions in labor income to the state economy

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MR. BLATTMACHR proceeded to slide 15, "Trust Industry in Alaska Economic Impacts," which read as follows [original punctuation provided]:

Assets Held in Alaska Banks: \$100 million
Number of Direct Workers: 300
Direct Annual Average Jobs: 140
Direct Labor Income: \$14.6 million
Total Jobs: 260
Total Labor Income: \$21.6 million

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MR. BLATTMACHR concluded on slide 19, "Trust Industry and Alaska's Financial Sector," which read as follows [original punctuation provided]:

- Alaska's financial services sector accounts for less than 2% of all wage and salary employment in the state.
- This is the lowest rate of financial services sector employment of any state and half the rate of the national average of 4%.
- Without a robust trust industry in Alaska serving non-resident clients, Alaska's already underdeveloped finance sector would be even smaller.

- Most Alaska trust assets are managed outside the state. Managing a larger portion of those assets in Alaska is a potential opportunity to grow the financial services sector in Alaska.

CHAIR GRAY asked whether Alaska is at 2 percent compared to the national average of 4 percent because not enough Alaskans are wealthy enough to establish a trust.

MR. BLATTMACHR said it has less to do with the population's wealth and more to do with the number of jobs in the financial services sector. He argued that in many ways, Alaska is a wealth state because it has the largest sovereign wealth fund in the nation, the Alaska Permanent Fund.

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ADJOURNMENT

There being no further business before the committee, the House Judiciary Standing Committee meeting was adjourned at 1:20 p.m.