

Introduced: 4/6/71
Referred: Judiciary

1 IN THE HOUSE

BY MORAN

2 HOUSE BILL NO. 397

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the administration of trusts with
7 respect to the federal Tax Reform Act of 1969."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 34 is amended by adding a new chapter to read:

10 CHAPTER 22. TRUSTS.

11 Sec. 34.22.010. ADMINISTRATION OF TRUSTS WITH RESPECT TO FEDERAL
12 LAW. (a) Except as specified in (b) of this section, in the adminis-
13 tration of a trust which is a private foundation, as defined in sec. 509
14 of the Internal Revenue Code of 1954, charitable trust, as described
15 in sec. 4947(a)(1) of the Internal Revenue Code of 1954, or split-
16 interest trust, as described in sec. 4947(a)(2) of the Internal
17 Revenue Code of 1954, the trust instrument of the trust is considered
18 to contain provisions prohibiting the trustee from

19 (1) engaging in an act of self-dealing, as defined in sec.
20 4941(d) of the Internal Revenue Code of 1954, which would give rise to
21 liability for the tax imposed by sec. 4941(a) of the Internal Revenue
22 Code of 1954;

23 (2) retaining excess business holdings, as defined in sec.
24 4943(c) of the Internal Revenue Code of 1954, which would give rise
25 to liability for the tax imposed by sec. 4943(a) of the Internal Revenue
26 Code of 1954;

27 (3) making an investment which would jeopardize the carrying
28 out of any of the exempt purposes of the trust, within the meaning of
29 sec. 4944 of the Internal Revenue Code of 1954, so as to give rise to

1 liability for the tax imposed by sec. 4944(a) of the Internal
2 Revenue Code of 1954; and

3 (4) making taxable expenditures, as defined in sec. 4945(d)
4 of the Internal Revenue Code of 1954, which would give rise to liability
5 for the tax imposed by sec. 4945(a) of the Internal Revenue Code of
6 1954.

7 (b) The provisions of (a) of this section do not apply either to
8 those split-interest trusts or to amounts of them which are not subject
9 to the prohibitions applicable to private foundations by reason of the
10 provisions of sec. 4947 of the Internal Revenue Code of 1954.

11 (c) The trust instrument of each trust specified in (a) of this
12 section, except a split-interest trust, is considered to contain a
13 provision requiring the trustee to distribute, for the purposes
14 specified in the trust instrument, for each taxable year of the trust,
15 amounts at least sufficient to avoid liability for the tax imposed by
16 sec. 4942(a) of the Internal Revenue Code of 1954.

17 (d) Nothing in this section limits the power of a person who
18 creates a trust after the effective date of this Act, or the power of a
19 person who has retained or has been granted the right to amend a trust
20 created before the effective date of this Act, to include a specific
21 provision in the trust instrument or an amendment to it which provides
22 that some or all of the provisions of (a) and (b) of this section do
23 not apply to the trust.

24 (e) In this section, references to provisions of the Internal
25 Revenue Code of 1954 include future amendments to those provisions.
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