

SB

162

FISCAL NOTE

**STATE OF ALASKA
1999 LEGISLATIVE SESSION**

BILL NO. SB 162

Revision Date/Time (Note if correction)		Dept. Affected	Law
Title	"... relating to the rule against perpetuities, non-vested property interests, and powers of appointment ..."	BRU	Civil Division
Sponsor	Senate Judiciary Committee by Request	Component	Commercial
Requester	Senate Judiciary Committee	Component Serial No.	2211

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SB 162 permits certain situations where the Rule Against Perpetuities will be superceded, thereby permitting nonvested property interests and certain powers of appointment to be perpetual and never terminating unless otherwise provided for in the governing instrument creating the interest or power of appointment. Under current law, these interests are generally invalid unless, when created, they are to vest or become exercisable within 21 years after the death of an individual then alive or within 90 years of creation.

Passage of SB 162 would have no fiscal impact on the Department of Law.

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Division	Attorney General's Office	
Approved by Commissioner	<i>Bruce M. Botelho</i> Bruce M. Botelho, Attorney General	
Agency	Department of Law	

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Date 4/27/99

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SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 4/22/99

FURTHER:

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 5/13

Judiciary Committee considered

SENATE BILL NO. 162

"An Act relating to the rule against perpetuities, nonvested property interests, and powers of appointment; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 162 (H) (240)
- adopt previous _____ CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:
- same title
 - new title
- House Bill:
- same title
 - technical title
 - new: SCR# _____

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>[Handwritten signatures]</i>			
CHAIR <i>[Signature]</i>	✓	CHAIR:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
<u>LAW</u>	<u>4/27</u>	✓	

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

Alaska State Legislature

Chairman,
Judiciary Committee

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Senator Robin L. Taylor

SPONSOR STATEMENT

SB 162

An Act relating to the rule against perpetuities, nonvested property interests, and powers of appointment; and providing for an effective date.

This legislation corrects a technical problem created by the Alaska Trust Act. The Alaska Trust Act effectively repealed the rule against perpetuities. As a practical matter, this old common rule prevented the continuation of trusts for longer than 90 to 110 years. The Alaska Trust Act changed the common law rule to allow a trust to continue in perpetuity if the income of principle of the trust could be distributed in the discretion of the trustee to a person who was living when the trust was created.

The problem with the Alaska Trust Act is that it does not allow a person to create a perpetual charitable lead trust. A typical perpetual charitable lead would pay all income to a charity for a term of 20 years (not to a person who was living when the trust was created) and then would continue in perpetuity for the benefit of the descendants of the person creating the trust. Since the passage of the Alaska Trust Act, many persons have contacted trust companies and attorneys in Alaska and have expressed a desire to create perpetual charitable lead trusts. This new legislation would completely repeal the rule against perpetuities and would permit the creation of perpetual charitable lead trusts.

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