



# LAWS OF ALASKA

1971

Source

SB 192

Chapter No.

96

## AN ACT

Relating to the administration of trusts with respect to the federal Tax Reform Act of 1969.

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

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

#### CHAPTER 22. TRUSTS.

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

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

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

(3) making an investment which would jeopardize the carrying out of any of the exempt purposes of the trust, within the meaning of sec. 4944 of the Internal Revenue Code of 1954, so as to give rise to liability for the tax imposed by sec. 4944(a) of the Internal Revenue

Code of 1954; and

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

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

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

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

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