

Alaska State Legislature



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Senate Passes McGuire's Perpetuities Bill **HB 34 Changes Trust Law to Keep Alaska Attractive to Investors**

(JUNEAU) – Alaska's trust laws will remain among the nation's most forward-thinking under House Bill 34, which passed the Senate today.

Sponsored by Rep. Lesil McGuire (R-Anchorage), House Bill 34 is aimed at remedying an unanticipated problem arising from a law passed last year. That law, Senate Bill 162, had inadvertently created immediate tax liabilities for beneficiaries of generation-skipping trusts who tried to exercise non-general powers of appointment to pass those trust assets along to others, she said.

"This tax trap has become known in estate planning circles as the Delaware Tax Trap," McGuire said. "It is a technicality, but one that carries significant financial consequences for the increasing number of people who chose to establish trust accounts in Alaska."

HB 34 would clarify the wording and application of SB 162 in making the same distinction that the common law has made between a "presently exercisable general power of appointment" and "testamentary general power of appointment."

Alaska's trust laws have been a model for other states, and the state will benefit by keeping them up to date, McGuire said.

"If we can keep our state an attractive place to set up trusts, we will all benefit from the millions of dollars in bank deposits, investments, endowments or other assets that otherwise might have gone to states whose trust laws are more attractive," she said. "These trusts must be administered by Alaskans and by Alaska trust companies. The net effect is more jobs for Alaskans."

HB 34 moves next to the governor.

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