

Legislative Analysis



REVISIONS TO RULE AGAINST PERPETUITIES

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House Bills 4602-4604

Sponsor: Rep. Tonya Schuitmaker

Committee: Judiciary

Complete to 3-18-08

A SUMMARY OF HOUSE BILLS 4602-4604 AS INTRODUCED 4-17-07

The bills would amend various acts pertaining to the rule against perpetuities. In general, a rule against perpetuities seeks to prevent assets from being tied-up in long-term or even perpetual family trusts.

House Bill 4602 would amend the Uniform Statutory Rule Against Perpetuities (MCL 554.71, 554.72, and 554.75) to specify that the act would not apply to an interest in, or a power of appointment relating to, personal property. The act would therefore apply only to interests in real property. The bill would also delete the word "uniform" in the title and the name of the act since it would no longer be identical to the uniform rule drafted by the National Conference of Commissions on Uniform State Laws. The bill is tie-barred to House Bills 4603 and 4604.

House Bill 4604 would amend the Estates and Protected Individuals Code (MCL 700.2702 and 700.2722) to strike the word "uniform" from several references to the Uniform Statutory Rule Against Perpetuities. The bill is tie-barred to House Bill 4602.

House Bill 4603 would amend Public Act 38 of 1949 (MCL 554.53) to make a technical complementary amendment. The act, which incorporates the common law rule against perpetuities, specifies that unless otherwise provided by statute, it does not apply to nonvested property interests created on or after the effective date of the Uniform Statutory Rule Against Perpetuities. The bill would delete the reference to the Uniform Statutory Rule Against Perpetuities and instead reference the date that act took effect—December 27, 1988.

FISCAL IMPACT:

The bills would have an indeterminate fiscal impact on the state and local units of government. It is uncertain what impact, if any, the bill's provisions would have concerning relevant tax revenues. (This information is derived from the analysis of similar legislation in the 2005-06 legislative session, House Bill 6693.)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.