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House Bill 4602 (Substitute H-2 as reported without amendment)
House Bill 5909 (as reported without amendment)
Sponsor: Representative Tonya Schuitmaker (H.B. 4602)
Representative Andy Meisner (H.B. 5909)
House Committee: Judiciary
Senate Committee: Judiciary

CONTENT

House Bill 4602 (H-2) would amend the Uniform Statutory Rule Against Perpetuities to do the following:

- Specify that provisions governing the validity of a nonvested property interest or a power of appointment would not apply to an interest in, or a power of appointment over, personal property held in a trust that was revocable or created after the effective date of the Personal Property Trust Perpetuities Act (proposed by House Bill 5909).
- Apply the existing provisions if the interest in, or power of appointment over, personal property held in trust were created by the exercise of a nonfiduciary second power, but require the use of a 360-year, rather than the current 90-year, period in a determination of whether criteria for validity were satisfied.
- In the existing provisions, provide that language in a document governing the effect of an exercise of a power of appointment over property exempt from Federal generation-skipping transfer tax would be inoperative to a certain extent, under particular circumstances.

House Bill 5909 would create the "Personal Property Trust Perpetuities Act" to:

- Provide that an interest in, or a power of appointment over, personal property held in trust would not be invalidated by a rule against perpetuities or other specified rules, except as provided regarding a second power.
- Allow the indefinite suspension or postponement of the vesting of a future interest, the satisfaction of a condition precedent to the exercise of a general power of appointment, or the exercise of a nongeneral or testamentary power of appointment, with respect to personal property held in trust, subject to provisions involving a second power.

The bills are tie-barred to each other.

MCL 554.72 & 554.75 (H.B. 4602)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bills would have an indeterminate fiscal impact on State government. It is unclear whether the bills would have an impact on Michigan tax revenue. Currently, Michigan does not have an estate tax, so there would be no immediate revenue implications relating to it. However, given the scheduled changes to the estate tax at the Federal level, there could be other consequences in the future.

Date Completed: 5-6-08

Fiscal Analyst: Stephanie Yu