



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 1231

PRINTER'S NO. 1666

PRIME SPONSOR: Baker

COST / (SAVINGS)

FUND	FY 2023/24	FY 2024/25
General Fund	\$0	\$0

SUMMARY:

This legislation amends Title 20 (Decedents, Estates, and Fiduciaries) to provide for the establishment of directed trusts and for nonjudicial settlements of trust accounts.

ANALYSIS:

Senate Bill 1231 amends Title 20 of the Consolidated Statutes by adding Chapter 77 to make technical changes and to provide for directed trusts and nonjudicial account settlements.

Directed Trusts

The legislation provides that the terms of a trust may grant a power of direction to one or more trust directors. A power of direction may extend to any one or more of a trustee's powers. The power of direction includes a power over the investment, management, or distribution of trust property or other matters of trust administration. It may include the powers to modify the terms of the trust. It also includes incidental powers that are appropriate and necessary to the exercise of nonexercised of the power of direction subject to rules stipulated in the legislation. The legislation further stipulates who may serve as a trust director, what powers are granted to investment trust directors, and to whom the subchapter does not apply.

Settlement of Nonjudicial Accounts

Section 7785.1 (nonjudicial account settlement) provides for a method of nonjudicial account settlement. The legislation defines when this method of settling accounts may be used, to whom notice must be provided, what the contents of the notice should include. Distributions from a terminating trust, as well as any fees and expenses, may be held by or on behalf of the trustee until the settlement of account is approved or deemed approved. Assuming there are no objections, the settlement of account shall be deemed approved and any assets held in trust shall, within a reasonable time, be distributed subject to payment of expenses or may continue to be administered in trust subject to payment of expenses.

This legislation would take effect in 90 days upon enactment.

FISCAL IMPACT:

Enactment of this legislation will have no impact on Commonwealth funds.

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House Appropriations Committee (D)

DATE: July 3, 2024

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.