

UPDATE UNIFORM RULE AGAINST PERPETUITIES TO REFLECT LIMITATIONS OF PERSONAL PROPERTY TRUST PERPETUITIES ACT

Phone: (517) 373-8080
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Analysis available at
<http://www.legislature.mi.gov>

House Bill 4034 (H-1) as adopted
Sponsor: Rep. Douglas C. Wozniak
Committee: Judiciary
Complete to 4-15-25

SUMMARY:

House Bill 4034 would amend the Uniform Statutory Rule Against Perpetuities to reflect the limitation of the Personal Property Trust Perpetuities Act to certain property.

For purposes of the act, a nonvested property interest or a power of appointment arising from a transfer of property to a previously funded trust or other existing property arrangement is created when the nonvested property interest or power of appointment in the original contribution was created.

The bill would amend section 5(2) to add that, despite the above provision, section 2 of the act¹ is applicable to an interest or power of appointment created, or to which property is subjected, by the exercise of a second power that is subject to section 2(1) of the Personal Property Trust Perpetuities Act,² but only to the extent of the exercise of the second power, and instead of using a period of 90 years to determine whether section 2(1)(b), (2)(b), or (3)(b) of the act is satisfied, or whether to reform a disposition under section 4 of the act,³ a period of 360 years must be used.⁴

MCL 554.73 and 554.75

BACKGROUND:

The bill is identical to House Bill 4864 (H-1) of the 2023-24 legislative session, which was passed by the House of Representatives.

¹ <http://legislature.mi.gov/doc.aspx?mcl-554-72>

² <http://legislature.mi.gov/doc.aspx?mcl-554-92>

³ <http://legislature.mi.gov/doc.aspx?mcl-554-74>

⁴ The bill revises this provision in current law (which is not now specified to be an exception to the provision regarding the creation of a nonvested property interest or power of appointment as described above): "Section 2 is applicable to an interest or power of appointment to which the Personal Property Trust Perpetuities Act... applies if the interest or power was created, or property was made subject to the interest or power, by the exercise of a second power. If section 2 is applicable to an interest or power under this subsection, it applies only to the extent of the exercise of the second power, and instead of using a period of 90 years to determine whether section 2(1)(b), (2)(b), or (3)(b) is satisfied, or whether to reform a disposition under section 4, a period of 360 years shall be used."

FISCAL IMPACT:

The bill would not have a fiscal impact on the state or on local units of government.

Legislative Analyst: Aaron A. Meek
Fiscal Analyst: Robin Risko

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