

February 13, 2012

The Honorable Tim Owens, Chairperson
Senate Committee on Judiciary
Statehouse, Room 559-S
Topeka, Kansas 66612

Dear Senator Owens:

SUBJECT: Fiscal Note for SB 403 by Senate Committee on Judiciary

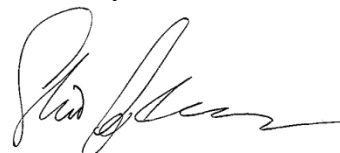
In accordance with KSA 75-3715a, the following fiscal note concerning SB 403 is respectfully submitted to your committee.

SB 403 would amend the Uniform Principal and Income Act with regard to converting a trust into a unitrust. Under current law, a trustee can convert a trust into a unitrust, which would allow the beneficiaries responsibility for some aspects of the trust, if certain specified conditions apply. To those conditions, SB 403 would add that the notification would need to include the initial payout percentage to be used in determining a unitrust distribution.

The bill would add additional requirements for allowing the trustee, at the trustee's discretion, from time to time to determine whether the payout percentage utilized in determining the unitrust distribution should be modified to a percentage the trustee could have originally chosen. The bill also would allow the trustee to avoid judicial process for reconverting from a unitrust to restore the power to adjust the trust under certain conditions.

SB 403 has the potential for increasing litigation in the district courts and the number of appeals relating to adjusting percentages for a unitrust distribution. If it does, the Office of Judicial Administration indicates that there would be a fiscal effect on the operations of the court system. However, it is not possible to predict the number of additional court cases that would arise or how complex and time-consuming they would be. Therefore, a precise fiscal effect cannot be determined. In any case, the fiscal effect would most likely be accommodated within the existing schedule of court cases and would not require additional resources. Any fiscal effect associated with SB 403 is not reflected in *The FY 2013 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Anderson", written over a white background.

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Mary Rinehart, Judiciary