

SESSION OF 2012

SUPPLEMENTAL NOTE ON SENATE BILL NO. 403

As Recommended by Senate Committee on
Judiciary

Brief*

SB 403 would amend the unitrust provision of the Kansas Uniform Principal and Income Act (KUPIA). It would allow the trustee to modify the percentage utilized in determining the unitrust distribution, provided the trustee gives proper notice to the qualified beneficiaries of the trust, no qualified beneficiary objects to the modification, and the modification is approved by the district court.

Additionally, the bill would allow a trustee to reconvert from a unitrust without judicial procedure if the trustee determines the intent of the settlor or testator, and the purposes of the trust, are no longer served by the conversion to a unitrust. The trustee would be required to give each qualified beneficiary notice of the intent to reconvert. If a qualified beneficiary objected to the reconversion, the trustee would have to petition the district court for reconversion.

Background

SB 403 was introduced by the Senate Judiciary Committee at the request of the Kansas Bar Association (KBA). In the Senate Judiciary Committee, a representative of the KBA spoke in support of the bill, explaining the bill would clarify ambiguities in the unitrust provision. The Committee recommended the bill be passed.

The fiscal note on the bill states it has the potential to

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

increase litigation in the district courts and the number of appeals related to adjustment of percentages for a unitrust distribution, which would have a fiscal effect on the court system. However, such effect cannot be predicated, and any fiscal effect would most likely be accommodated within the existing schedule of court cases, without additional resources. Any fiscal effect is not reflected in *The FY 2013 Governor's Budget Report*.