

FINAL BILL REPORT

SSB 6597

C 360 L 06

Synopsis as Enacted

Brief Description: Modifying trusts and estates, generally.

Sponsors: Senate Committee on Judiciary (originally sponsored by Senators Johnson, Kline, Weinstein and Esser).

Senate Committee on Judiciary
House Committee on Judiciary

Background: Title 11 of the Revised Code of Washington (RCW) contains most of the provisions dealing with probates and trusts. Other titles of the RCW that are often used in conjunction with title 11 are title 6, dealing with the enforcement of judgments, and title 19, dealing with miscellaneous business regulations.

The Washington State Bar Association, through a committee specific to this area of law, proposes changes to these titles where either problems with the interpretation of the law have surfaced or in areas where specific outcomes not anticipated or desired from the original language have resulted.

Summary: Trusts can be initially created as unitrusts. The payout percentage of unitrusts is changed to a range consistent with the federal internal revenue rate.

Changes to the marital deduction allowance provision of the trust gift distribution portion of title 11 are made to preserve the marital deduction in cases of mistakes by will drafters. The changes take into account an interpretation of the provision by the federal Internal Revenue Service. The changes also anticipate changes by the federal law that go into effect in 2009. Technical changes are made to this provision for consistency with the federal law.

The provisions dealing with spendthrift trusts are amended. Specific changes pertain to the ability of the trust creator to affect the gift tax provisions of that trust without turning the trust into another trust form that is not otherwise allowed in Washington law.

A change is made to the laws regarding small estates to clarify the circumstances under which heirs can receive a deceased person's property without the need for a full probate of the estate.

The dollar amount definition of a small estate is changed from \$60,000 to \$100,000.

Votes on Final Passage:

Senate	47	0	
House	90	0	(House amended)
Senate	45	0	(Senate concurred)

Effective: June 7, 2006