

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

Senate Bill 685

(Senators Gladden and Giannetti)

Judicial Proceedings

Judiciary

Maryland Uniform Transfers to Minors Act - Qualified Minor's Trust

This bill provides that a custodian of a minor's property under the Maryland Uniform Transfers to Minors Act may transfer all or part of the custodial property to a qualified minor's trust without a court order and that to the extent of the transfer, custodianship of that property is terminated. A "qualified minor's trust" is defined as a trust in which a minor is the sole beneficiary during the minor's lifetime and that meets the requirements of § 2503(c) of the Internal Revenue Code including regulations implementing that section. The definition includes a trust created by a custodian for the use and benefit of the minor.

Fiscal Summary

State Effect: None.

Local Effect: The bill's provisions could result in a minimal decrease in the workload of local orphan courts.

Small Business Effect: None.

Analysis

Current Law: If the will of a testator provides for a bequest or devise to a minor under the Maryland Uniform Transfers to Minors Act, the personal representative must distribute the property to the named custodian or, if no eligible custodian is named, to a qualified custodian designated by the personal representative.

A custodian may deliver or pay to the minor or expend for the minor's benefit so much of the custodial property as the custodian considers advisable for the use and benefit of the minor, without court order and without regard to:

- the duty or ability of the custodian personally or of any other person to support the minor; or
- any other income or property of the minor which may be applicable or available for that purpose.

Section 2503(c) of the Internal Revenue Code exempts from the federal gift tax gifts in trust for the benefit of a minor if the trust's assets can be distributed to or for the benefit of a minor and the assets pass to the donee upon attaining the age of 21 years or to the donee's estate in the case of the donee's death before reaching age 21.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts), Register of Wills, Department of Legislative Services

Fiscal Note History: First Reader - March 8, 2004
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