
By: Senator Stone

Introduced and read first time: January 31, 1997

Assigned to: Judicial Proceedings

Committee Report: Favorable

Senate action: Adopted

Read second time: March 11, 1997

CHAPTER ____

1 AN ACT concerning

2 **Estates and Trusts - Stock Distributions**

3 FOR the purpose of establishing that, for purposes of determining income and principal

4 of a trust, certain stock distributions or spin-offs of shares of stock of a corporation

5 are principal.

6 BY repealing and reenacting, with amendments,

7 Article - Estates and Trusts

8 Section 14-205(a)

9 Annotated Code of Maryland

10 (1991 Replacement Volume and 1996 Supplement)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

12 MARYLAND, That the Laws of Maryland read as follows:

13 **Article - Estates and Trusts**

14 14-205.

15 (a) THE FOLLOWING ARE PRINCIPAL:

16 (1) [Corporate distributions] A CORPORATE DISTRIBUTION of shares of

17 the distributing corporation (whether or not of the same class), including distributions in

18 the form of a stock split or stock dividend, [are principal] but the provisions of this

19 subsection shall not apply to successive estates or interests in existence prior to June 1,

20 1965, in which the life tenant is entitled to stock dividends representing earnings during

21 the life tenancy[.];

2

1 (2) A right to subscribe to shares or other securities issued by the
2 distributing corporation accruing to stockholders on account of their stock ownership and
3 the proceeds of any sale of the right [are principal]; AND

4 (3) A STOCK DISTRIBUTION OR SPIN-OFF OF SHARES OF STOCK OF A
5 CORPORATION THAT HAD BEEN OWNED OR ACQUIRED BY THE DISTRIBUTING
6 CORPORATION.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 1997.