

SENATE BILL 406

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1998 Regular Session
8r1489
CF 8r1427

By: **Senator Stone**

Introduced and read first time: February 6, 1998

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Estates and Trusts - Rule Against Perpetuities**

3 FOR the purpose of exempting certain trusts from the common-law rule against
4 perpetuities; providing for the application of this Act; and generally relating to
5 the application of the common-law rule against perpetuities.

6 BY repealing and reenacting, with amendments,
7 Article - Estates and Trusts
8 Section 11-102
9 Annotated Code of Maryland
10 (1991 Replacement Volume and 1997 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 11-102.

15 Subject to §§ 4-409 and 11-103, the common-law rule against perpetuities as
16 now recognized in the State is preserved, but the rule does not apply to the following:

17 (a) A legacy or inter vivos conveyance having a value of \$5,000 or less, or of
18 any burial lot of any value, in trust or otherwise, for the purpose of providing for the
19 perpetual care or keeping in good order and condition, or making repairs to, any lot,
20 vault, mausoleum, or other place of sepulture belonging to any individual or several
21 individuals in any cemetery or graveyard, the lots in which are intended for the burial
22 of members of the family, family connections, relatives, or friends of the owners, or
23 their successors in ownership.

24 (b) A legacy or inter vivos conveyance intended to transfer assets from any
25 corporation incorporated for charitable objects, to any other charitable corporation on
26 a contingency or future event.

27 (c) A trust created by an employer as part of a pension, stock bonus, disability,
28 death benefit, profit-sharing, retirement, welfare, or other plan for the exclusive

1 benefit of some or all of the employees of the employer or their beneficiaries, to which
2 contributions are made by the employer or employees, or both the employer and
3 employees, for the purpose of making distributions to or for the benefit of employees
4 or their beneficiaries out of the income or principal or both the income and principal
5 of the trust, or for any other purposes set out in the plan.

6 (d) A trust for charitable purposes, which shall include all purposes as are
7 within the spirit or letter of the statute of 43 Elizabeth Ch. 4 (1601), commonly known
8 as the statute of charitable uses.

9 (E) A TRUST IN WHICH THE GOVERNING INSTRUMENT STATES THAT THE
10 RULE AGAINST PERPETUITIES DOES NOT APPLY TO THE TRUST AND UNDER WHICH
11 THE TRUSTEE, OR OTHER PERSON TO WHOM THE POWER IS PROPERLY GRANTED OR
12 DELEGATED, HAS THE POWER UNDER THE GOVERNING INSTRUMENT, APPLICABLE
13 STATUTE, OR COMMON LAW TO SELL, LEASE, OR MORTGAGE PROPERTY FOR ANY
14 PERIOD OF TIME BEYOND THE PERIOD OF THE RULE AGAINST PERPETUITIES.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
16 trusts created by will or inter vivos agreement executed or amended on or after
17 October 1, 1998, and to all trusts created by exercise of a power of appointment
18 granted under instruments executed or amended on or after October 1, 1998.

19 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 October 1, 1998.