

HOUSE BILL 932

N2

9lr2702
CF SB 382

By: **Delegates Johnson, Arikan, Cassilly, Chisholm, Crosby, Kerr, Krebs, Lisanti, Reilly, ~~and Turner~~ Turner, Bagnall, Barron, Carr, Charles, Kelly, Kipke, R. Lewis, Metzgar, Morgan, Pena-Melnyk, Rosenberg, and Saab**

Introduced and read first time: February 8, 2019
Assigned to: Health and Government Operations

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 12, 2019

CHAPTER _____

1 AN ACT concerning

2 **Maryland Trust Act – Division or Consolidation of Trust**

3 FOR the purpose of authorizing a trustee to divide a trust into two or more separate trusts
4 or consolidate two or more trusts into a single trust if a beneficiary does not object
5 in writing within a certain time frame; requiring a trustee to divide a trust into two
6 or more separate trusts or consolidate two or more trusts into a single trust in a
7 certain manner; and generally relating to the division or consolidation of trusts.

8 BY repealing and reenacting, with amendments,
9 Article – Estates and Trusts
10 Section 14.5–415
11 Annotated Code of Maryland
12 (2017 Replacement Volume and 2018 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
14 That the Laws of Maryland read as follows:

15 **Article – Estates and Trusts**

16 14.5–415.

17 (a) (1) Subject to the provisions of paragraph (2) of this subsection, on petition
18 by a trustee, personal representative, beneficiary, or party in interest, after notice as the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 court may direct to the trustees, personal representatives, beneficiaries, and parties in
2 interest, and for good cause shown, a court may:

3 (i) Divide a trust into two or more separate trusts; or

4 (ii) Consolidate two or more trusts into a single trust.

5 (2) A court may divide a trust or consolidate trusts:

6 (i) On terms and conditions as the court considers appropriate; and

7 (ii) If the court is satisfied that a division of a trust or consolidation
8 of trusts will not defeat or materially impair:

9 1. The accomplishment of trust purposes; or

10 2. The interests of the beneficiaries.

11 (3) A court may pass orders that the court considers proper or necessary to
12 protect the interests of:

13 (i) A trustee;

14 (ii) A personal representative;

15 (iii) A beneficiary; or

16 (iv) A party in interest.

17 (b) [This] **SUBSECTION (A) OF THIS** section may not be construed to limit the
18 right of a trustee or personal representative to divide a trust or consolidate trusts, without
19 an order of a court, in accordance with the applicable provisions of the governing
20 instrument.

21 **(C) (1) SUBJECT TO THE PROVISIONS OF PARAGRAPHS (2) AND (3) OF**
22 **THIS SUBSECTION, IF A TRUST INSTRUMENT DOES NOT PROVIDE FOR THE**
23 **CONSOLIDATION OR DIVISION OF A TRUST, A TRUSTEE MAY, WITHOUT AN ORDER OF**
24 **A COURT:**

25 **(I) DIVIDE A TRUST INTO TWO OR MORE SEPARATE TRUSTS; OR**

26 **(II) CONSOLIDATE TWO OR MORE TRUSTS INTO A SINGLE**
27 **TRUST.**

28 **(2) A TRUSTEE MAY NOT DIVIDE A TRUST INTO TWO OR MORE**
29 **SEPARATE TRUSTS OR CONSOLIDATE TWO OR MORE TRUSTS INTO A SINGLE TRUST**

1 IF A BENEFICIARY OBJECTS IN WRITING WITHIN 30 DAYS AFTER THE TRUSTEE
2 PROVIDED NOTICE UNDER § 14.5-109 OF THIS TITLE.

3 (3) A TRUSTEE MAY DIVIDE A TRUST OR CONSOLIDATE TRUSTS:

4 (I) ON TERMS AND CONDITIONS AS THE TRUSTEE CONSIDERS
5 APPROPRIATE;

6 (II) IF THE DIVISION OF A TRUST OR CONSOLIDATION OF A
7 TRUST GRANTS BENEFICIAL INTERESTS TO THE BENEFICIARIES THAT, IN THE
8 AGGREGATE, ARE SUBSTANTIALLY SIMILAR TO THE INTERESTS THE BENEFICIARIES
9 HAD BEFORE THE DIVISION OF THE TRUST OR CONSOLIDATION OF THE TRUST; AND

10 (III) IF THE TRUSTEE IS SATISFIED THAT A DIVISION OF A TRUST
11 OR CONSOLIDATION OF TRUSTS WILL NOT DEFEAT OR MATERIALLY IMPAIR:

12 1. THE ACCOMPLISHMENT OF TRUST PURPOSES; OR

13 2. THE INTERESTS OF THE BENEFICIARIES.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 October 1, 2019.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.