

Senate Bill 276

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SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Allows trustee to sever trusts. Allows trustee to segregate by allocation to separate account specific portion of trust property, specific amounts held as trust property or specific assets of trust.

A BILL FOR AN ACT

1
2 Relating to trusts.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Section 2 of this 2005 Act is added to and made a part of ORS 128.003 to**
5 **128.045.**

6 **SECTION 2. (1) Subject to ORS 128.009 (1) and (2), unless expressly prohibited in the trust**
7 **instrument a trustee may for any reason:**

8 (a) Sever a trust on a fractional basis into two or more separate and identical trusts; or

9 (b) Sever a trust by allocating to a separate and identical trust a specific portion of the
10 trust property, specific amounts held as trust property or specific assets of the trust.

11 (2) If a trustee severs a trust under subsection (1) of this section, the trust created by
12 the trustee must be held and administered under the terms of the original trust except that
13 a trustee may take into consideration differences in tax treatment in administering the trust
14 and in making tax elections and distributions. The trust created by the trustee must be
15 treated by the trustee as a separate trust for all purposes from the date of severance. A
16 severance of a trust may be made retroactively to a specified date.

17 (3) Subject to ORS 128.009 (1) and (2), unless expressly prohibited in the trust instrument
18 a trustee may for any reason segregate by allocation to a separate account a specific portion
19 of the trust property, specific amounts held as trust property or specific assets of the trust.
20 If a trustee segregates a portion, amount or asset of a trust under this subsection, income
21 attributable to the portion, amount or asset that is earned after the segregation is effective
22 passes with the segregated portion, amount or asset. A trustee may take into consideration
23 differences in tax treatment in administering the separate account.

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NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.