

# HOUSE BILL No. 4226

February 9, 1999, Introduced by Reps. Martinez, Baird and Scott and referred to the Committee on Tax Policy.

A bill to amend 1961 PA 101, entitled  
"Supervision of trustees for charitable purposes act,"  
by amending section 3 (MCL 14.253).

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 3. (1) ~~(a)~~ This act does not apply to the United  
2 States, any state, territory, or possession of the United States,  
3 the ~~district~~ DISTRICT of Columbia, the ~~commonwealth~~  
4 COMMONWEALTH of Puerto Rico, or to any of their agencies or gov-  
5 ernmental subdivisions; ~~—~~ to an officer of a religious organi-  
6 zation who holds property for religious purposes; ~~—~~ or to a  
7 charitable corporation organized and operated primarily as an  
8 educational institution, including amateur theater, band, and  
9 orchestra corporations, OR AS a religious organization. ~~or~~  
10 ~~hospital.~~ This exemption does not apply to a governmental  
11 subdivision of this state, except state supported colleges or

1 universities, as to property held for charitable purposes other  
2 than or more limited or specific than its general public or cor-  
3 porate purposes. This act ~~shall~~ DOES not apply to any non-  
4 profit charitable corporation, EXCEPT FOR A HOSPITAL, organized  
5 under the laws of this state whose operating funds are derived,  
6 in whole or in part, from community funds or united foundation  
7 sources. ~~but~~ HOWEVER, this act ~~shall~~ DOES apply to ~~such~~ a  
8 charitable corporation DESCRIBED IN THIS SUBSECTION as to funds  
9 or properties received by it as trustee of an inter vivos trust  
10 of a continuing nature.

11 (2) ~~(b)~~ The registration and periodic reporting require-  
12 ments of this act ~~shall~~ DO not apply to any trust in which the  
13 interests of the charitable remainder beneficiaries are remote.  
14 For the purpose of this act, the interests of charitable remain-  
15 der beneficiaries of a trust ~~shall be~~ ARE considered remote if  
16 under the maximum exercise of discretion by the trustee in favor  
17 of the charitable remainder beneficiaries of ~~such~~ THOSE trusts,  
18 the value of their interests in the aggregate assets ~~,~~ IS com-  
19 puted actuarially at 5% or less of the value of the property  
20 subject to the trust, ~~such~~ AND THAT determination ~~shall be~~ IS  
21 made at the time of the creation of an irrevocable trust, ~~or~~ at  
22 the time a revocable trust becomes irrevocable, or at the death  
23 of the testator in case of a testamentary trust. ~~When~~ IF a  
24 remote charitable interest vests in present possession or enjoy-  
25 ment, registration and periodic reports ~~shall be~~ ARE required  
26 for the first time under this act.

1           (3) ~~(c)~~ Unless the governing instrument provides  
2 otherwise, a trust, whether testamentary or inter vivos, ~~shall~~  
3 ~~not be deemed~~ IS NOT a charitable trust only for the purposes of  
4 registration, accounting, and notice, ~~in the case where~~ IF the  
5 individual or individuals are the sole income beneficiaries of  
6 the trust and a charitable organization or organizations, ~~(~~  
7 none of which or the selection of which are under the dominion or  
8 control of the grantor, testator, executor, or trustee, or any  
9 members of his OR HER family, ~~)~~ are remaindermen, until the  
10 remainder interest of at least ~~one~~ 1 charitable organization  
11 vests in ~~enjoyment~~ THE CHARITABLE ORGANIZATION. This  
12 ~~provision shall~~ SUBSECTION DOES not apply in the case of a dis-  
13 puted last will and testament.