

Legislative Analysis



ABOLISH RULE AGAINST PERPETUITIES

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House Bills 6365 and 6366

Sponsor: Rep. Tonya Schuitmaker

Committee: Judiciary

Complete to 9-19-06

A SUMMARY OF HOUSE BILLS 6365 AND 6366 AS INTRODUCED 8-30-06

House Bill 6365 would amend Public Act 38 of 1949 (MCL 554.53), which concerns perpetuities and real and personal property. The bill would do the following:

- Beginning on the bill's effective date, abolish the common law rule known as the Rule Against Perpetuities.
- Apply the provisions of Public Act 38 only to nonvested property interests created after September 23, 1949 but before December 27, 1988 (the effective date of the Uniform Statutory Rule Against Perpetuities, Public Act 418 of 1988).
- Repeal the Uniform Statutory Rule Against Perpetuities, MCL 554.71-554.78.
- Amend the title to conform to the bill's proposed revisions.

House Bill 6366 would amend the Estates and Protected Individuals Code (MCL 700.2702 and 700.2722) to delete a provision specifying that the imposition of a 120-hour requirement of survival would cause a nonvested property interest or a power of appointment to fail to qualify for validity or to become invalid under provisions of the Uniform Statutory Rule Against Perpetuities. The bill is tie-barred to House Bill 6365.

(Note: Black's Law Dictionary defines the rule against perpetuities as follows: *Principle that no interest in property is good unless it must vest, if at all, not later than 21 years, plus period of gestation, after some life or lives in being at time of creation of interest.* The purpose of the rule is said to be to prevent assets from being tied-up in long-term or even perpetual family trusts.)

FISCAL IMPACT:

The bills would have no fiscal impact on state or local governments.

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