

**SB11 INTRODUCED**



1 KH89A5-2  
2 By Senator Barfoot  
3 RFD: Judiciary  
4 First Read: 07-Mar-23  
5 PFD: 13-Feb-23



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SYNOPSIS:

Under existing law, the trustee of trust property may terminate a trust having a value of less than \$50,000 if the trustee concludes that the value of the trust property is insufficient to justify the cost of administration.

This bill would increase the minimum threshold dollar amount to \$100,000 and would allow that amount to be increased or decreased in subsequent years based on changes to the Consumer Price Index.

A BILL  
TO BE ENTITLED  
AN ACT

Relating to the Alabama Uniform Trust Code; to amend Section 19-3B-414, Code of Alabama 1975, to further provide for the modification or termination of an uneconomic trust.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 19-3B-414, Code of Alabama 1975, is amended to read as follows:

"§19-3B-414

(a) ~~After~~ Subject to subsection (e), after notice to the qualified beneficiaries, the trustee of a trust consisting



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29 of trust property having a total value less than ~~\$50,000~~ one  
30 hundred thousand dollars (\$100,000) may terminate the trust if  
31 the trustee concludes that the value of the trust property is  
32 insufficient to justify the cost of administration.

33 (b) The court may modify or terminate a trust or remove  
34 the trustee and appoint a different trustee if ~~it~~ the court  
35 determines that the value of the trust property is  
36 insufficient to justify the cost of administration.

37 (c) Upon termination of a trust under this section, the  
38 trustee shall distribute the trust property in a manner  
39 consistent with the purposes of the trust.

40 (d) This section does not apply to an easement for  
41 conservation or preservation.

42 (e) (1) The dollar amount provided in subsection (a)  
43 shall apply to any trust consisting of trust property during  
44 the 2023 calendar year.

45 (2)a. Beginning January 1, 2024, the dollar amount  
46 described in subsection (a) shall be increased or decreased if  
47 the Consumer Price Index (C.P.I.) for the calendar year  
48 immediately preceding the year of value determination exceeds  
49 or is less than the reference base index.

50 b. The amount of any increase or decrease shall be  
51 computed by multiplying each dollar amount by the percentage  
52 by which the C.P.I. for the calendar year immediately  
53 preceding the value determination exceeds or is less than the  
54 reference base index.

55 c. If any increase or decrease produced by the  
56 computation is not a multiple of one hundred dollars (\$100),



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57 the increase or decrease shall either be rounded down if there  
58 is an increase, or rounded up if there is a decrease, to the  
59 next multiple of one hundred dollars (\$100).

60 d. If the C.P.I. for the 2022 calendar year is changed  
61 by the Bureau of Labor Statistics, the reference base index  
62 shall be revised using the rebasing factor reported by the  
63 Bureau of Labor Statistics, or other comparable data if a  
64 rebasings factor is not reported.

65 e. On or before February 1, 2024, and on or before  
66 February 1 of each succeeding calendar year thereafter, the  
67 State Treasurer shall publish a cumulative list, beginning  
68 with the dollar amounts effective for value determination of a  
69 trust consisting of trust property for the 2023 calendar year,  
70 of the dollar amount as increased or decreased under this  
71 section.

72 f. As used in this section, the following terms have  
73 the following meanings:

74 1. CONSUMER PRICE INDEX or C.P.I. The Consumer Price  
75 Index for All Urban Consumers (CPI-U) reported by the Bureau  
76 of Labor Statistics of the United States Department of Labor  
77 or, if the index is discontinued, an equivalent index reported  
78 by a federal authority. If no such index is reported, the term  
79 means the substitute index chosen by the State Treasurer.

80 2. REFERENCE BASE INDEX. The C.P.I. for the 2022  
81 calendar year."

82 Section 2. This act shall become effective immediately  
83 following its passage and approval by the Governor, or its  
84 otherwise becoming law.