

Introduced by

Representatives Berg, Carlson

Senators Mutch, Krebsbach

1 A BILL for an Act to create and enact a new section to chapter 59-04.1 of the North Dakota  
2 Century Code, relating to allocation of receipts and expenditures of charitable trusts to principal  
3 or income.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1.** A new section to chapter 59-04.1 of the North Dakota Century Code is  
6 created and enacted as follows:

7 **Certain charitable remainder unitrusts.**

- 8 1. Notwithstanding any other provision of this chapter, unless the trust instrument  
9 directs otherwise, an increase in the value of the obligations described in this  
10 subsection owned by a charitable remainder unitrust of the type authorized in  
11 section 664(d)(3) of the Internal Revenue Code [26 U.S.C. 664(d)(3)] or its  
12 successor provisions is distributable as income when it becomes available for  
13 distribution:
- 14 a. A zero coupon bond;
  - 15 b. An annuity contract before annuitization;
  - 16 c. A life insurance contract before the death of the insured;
  - 17 d. An interest in a common trust fund as defined in section 584 of the Internal  
18 Revenue Code [26 U.S.C. 584] or its successor provisions;
  - 19 e. An interest in a partnership as defined in section 7701 of the Internal Revenue  
20 Code [26 U.S.C. 7701] or its successor provisions; and
  - 21 f. Any other obligation for the payment of money that is payable at a future time  
22 in accordance with a fixed, variable, or discretionary schedule of appreciation  
23 in excess of the price at which it was issued.

- 1           2.    The increase in value of the obligations described in subsection 1 is distributable to
- 2                   the beneficiary who was the income beneficiary at the time of the increase.
- 3           3.    For purposes of this section, the increase in value of an obligation described in
- 4                   subsection 1 is available for distribution only when the trustee receives cash on
- 5                   account of the obligation. If the obligation is surrendered or liquidated partially, the
- 6                   cash available must be attributed first to the increase.