

Fifty-fifth Legislative Assembly, State of North Dakota, begun in the Capitol in the City of Bismarck, on Monday, the sixth day of January, one thousand nine hundred and ninety-seven

HOUSE BILL NO. 1276
(Representatives Berg, Carlson)
(Senators Mutch, Krebsbach)

AN ACT to create and enact a new section to chapter 59-04.1 of the North Dakota Century Code, relating to allocation of receipts and expenditures of charitable trusts to principal or income.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

Certain charitable remainder unitrusts.

1. Notwithstanding any other provision of this chapter, unless the trust instrument directs otherwise, an increase in the value of the obligations described in this subsection owned by a charitable remainder unitrust of the type authorized in section 664(d)(3) of the Internal Revenue Code [26 U.S.C. 664(d)(3)] or its successor provisions is distributable as income when it becomes available for distribution:
 - a. A zero coupon bond;
 - b. An annuity contract before annuitization;
 - c. A life insurance contract before the death of the insured;
 - d. An interest in a common trust fund as defined in section 584 of the Internal Revenue Code [26 U.S.C. 584] or its successor provisions;
 - e. An interest in a partnership as defined in section 7701 of the Internal Revenue Code [26 U.S.C. 7701] or its successor provisions; and
 - f. Any other obligation for the payment of money that is payable at a future time in accordance with a fixed, variable, or discretionary schedule of appreciation in excess of the price at which it was issued.
2. The increase in value of the obligations described in subsection 1 is distributable to the beneficiary who was the income beneficiary at the time of the increase.
3. For purposes of this section, the increase in value of an obligation described in subsection 1 is available for distribution only when the trustee receives cash on account of the obligation. If the obligation is surrendered or liquidated partially, the cash available must be attributed first to the increase.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Fifty-fifth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1276.

House Vote: Yeas 92 Nays 1 Absent 5

Senate Vote: Yeas 48 Nays 0 Absent 1

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 1997.

Approved at _____ M. on _____, 1997.

Governor

Filed in this office this _____ day of _____, 1997,
at _____ o'clock _____ M.

Secretary of State