

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB533**                      **Amendment Number: S1**  
**Bill Subtitle: TO CREATE THE DYNASTY TRUST ACT.**

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### Basic Change :

**Sponsor: Senator J. Hutchinson**

**Amendment No. 1 to SB533** provides for the creation of perpetual trusts which are known as dynasty trusts. § 18-3-102 is amended to add subsection (d) that provides if a non-general power of appointment or a general testamentary power of appointment is used to create another non-general power of appointment or a general testamentary power of appointment that it would be considered to have been created at the same time as the first one was created. § 18-3-104 is amended to add subdivision (8) to provide requirements as to the non-vested property interest or power of appointment. This exception applies to trusts created on or after the effective date of this act.

### Revenue Impact :

None.

### Taxpayer Impact :

Allows for the creation of perpetual trusts in Arkansas.

### Resources Required :

None.

### Time Required :

Adequate time is provided to implement this bill.

### Procedural Changes :

None.

### Other Comments :

None.

### Legal Analysis :

This bill amends SB533 by deleting everything after the enacting clause on the bill as originally introduced and instead provides for the creation of perpetual trusts which are known as dynasty trusts. The bill could delay taxable events indefinitely as an exception to the Rule against Perpetuities noted below.

This bill amends § 18-3-102, when non-vested interest or power of attorney is created. The bill adds an additional subsection, declaring if a non-general power of appointment or a general testamentary power of appointment is used to create another non-general power of appointment or a general testamentary power of appointment that it would be considered to have been created at the same time

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The bill amends § 18-3-104, concerning exceptions against the rule of perpetuities, to add subdivision (8) to provide requirements as to the non-vested property interest or power of appointment. The requirements as listed are that the trust: (i) has at least one trustee that is able to convey an absolute fee in real property or absolute ownership of personal property; (ii) has at least one trustee with express or implied power to sell trust assets; or (iii) has at least one person vested with the unlimited power to terminate the trust. If the power of alienation is suspended during the life of the trust, the rule against perpetuities under § 18-3-101 will run from the date of suspension. This exception applies to trusts created on or after the effective date of this act.