

**SENATE BILL REPORT**

**ESHB 1088**

**AS REPORTED BY COMMITTEE ON LAW & JUSTICE, APRIL 5, 1991**

**Brief Description:** Adopting the uniform transfers to minors act.

**SPONSORS:** House Committee on Judiciary (originally sponsored by Representatives Appelwick and Paris).

**HOUSE JUDICIARY COMMITTEE**

**SENATE COMMITTEE ON LAW & JUSTICE**

**Majority Report:** Do pass.

Signed by Senators Nelson, Chairman; Thorsness, Vice Chairman; Erwin, Hayner, L. Kreidler, Madsen, Newhouse, Rasmussen, and A. Smith.

**Staff:** Susan Carlson (786-7418)

**Hearing Dates:** April 3, 1991; April 5, 1991

**BACKGROUND:**

In 1959 Washington adopted the Uniform Gifts to Minors Act upon recommendation of the National Conference of Commissioners on Uniform State Laws. The national conference promotes uniform state laws to expedite regulation of activities and interests that extend beyond state boundaries. The conference is comprised of representatives from each state.

The Uniform Gifts to Minors Act essentially provides for transfer of any real or personal property to a custodian who controls and manages it until the minor is 21 years old. The transfer of property to a custodianship may be made during the life of the donor or by will or trust. The custodian may expend custodial property for the support, maintenance, education, and benefit of the minor.

In 1983, the conference approved a revised act and renamed it the Uniform Transfers to Minors Act. The revision is intended to improve the clarity of the act while expanding its coverage in some areas. The original or an amended version of the act has been adopted in 37 states.

**SUMMARY:**

The statutes relating to gifts given to minors are revised to conform to the Uniform Transfers to Minors Act.

Washington law governs a custodianship if at the time of the transfer, the transferor, minor, or custodian is a resident of the state, or the custodial property is located in the state.

In addition to transfers by gift, will, or trust, a custodianship may be created by a court upon request of a member of a minor's family. Also, an obligor of a minor who has no guardian may make an irrevocable transfer to a custodian for the benefit of the minor.

Custodians are held to the same standard of care applicable to fiduciaries holding trust funds. A custodian may invest in life insurance on the life of the minor or the life of another person in whom the minor has an insurable interest. The custodian has all the rights, powers, and authority over custodial property that unmarried adult owners have over their own property, subject to requirements to keep the property separate from other property and to maintain proper records. A custodian may expend custodial property for the minor's benefit without court order and without regard to any person's duty or ability to support the minor.

Claims of third parties related to custodial property are generally limited to recourse against the custodial property. Neither the minor nor the custodian are personally liable for an obligation arising from custodial property unless they are personally at fault.

Custodial property must be transferred to the minor at the age of 21 except that if the custodianship was created by an obligor of a minor, the property must be transferred at 18 years of age.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**Effective Date:** July 1, 1991

**TESTIMONY FOR:** None

**TESTIMONY AGAINST:** None

**TESTIFIED:** No one