

SENATE BILL REPORT

SB 6181

As Reported By Senate Committee On:
Law & Justice, January 27, 1998

Title: An act relating to probate, trust, and estate law.

Brief Description: Regulating probate, trusts, and estates.

Sponsors: Senators Johnson and Roach.

Brief History:

Committee Activity: Law & Justice: 1/19/98, 1/27/98 [DPS].

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: That Substitute Senate Bill No. 6181 be substituted therefor, and the substitute bill do pass.

Signed by Senators Roach, Chair; Johnson, Vice Chair; Fairley, Goings, Hargrove, Kline, Long, McCaslin, Stevens, Thibaudeau and Zarelli.

Staff: Harry Steinmetz (786-7421)

Background: Under current Washington law, it is impossible for a person through a new will to modify non-probate asset arrangements and to effect an equal division of all assets amongst his or her heirs, without modifying«presumably closing«these accounts. Non-probate assets are defined in the bill and include such things as joint bank accounts with a "payable on death" clause. Although the intent in setting up the account may have been to provide for a source of funds for all heirs, the heir on the account may take all the money regardless of the intent of the will.

Summary of Substitute Bill: Persons are allowed to designate by will the beneficiaries at death of certain assets that are not otherwise subject to probate proceedings. By writing his or her will, a person can supersede pre-existing beneficiary designations on joint bank accounts with rights of survivorship, transfer on death securities and certain other limited assets in order to enable the terms of his or her will to govern the disposition of all those assets.

A minor technical correction is made to SSB 5510 passed by the Legislature in 1997. The primary correction replaces provisions that were prematurely repealed as of July 27, 1997, though their replacement provisions did not take effect until January 1, 1998.

Minor changes to the Uniform Transfers to Minors Act are made to allow an individual to appoint a custodian to hold an asset for the child when a future event actually occurs.

References made in Washington's probate code and estate tax statutes are updated to the current provisions of the Internal Revenue Code to reflect current law.

Substitute Bill Compared to Original Bill: Credit union accounts are excluded from the definition of non-probate assets.

Appropriation: None.

Fiscal Note: Requested on January 16, 1998.

Effective Date: The bill contains several effective dates. Please refer to the bill.

Testimony For: This bill makes it easier for a person to control the disposition of certain non-probate assets. People often open joint bank accounts, with a right of survivorship with a child, but not intending that all the assets of that account go to that child. Under current law, that will happen. This bill allows the will to control the distribution of specified non-probate assets in accordance with the decedent's intent. Further, it provides for notice provisions to banks and other holders of non-probate assets.

Additionally, the bill makes a minor change in the Uniform Transfer to Minors Act to allow a current practice that is not clearly authorized. Lastly, it makes technical changes to update and correct mistakes in the current probate code.

Testimony Against: None.

Testified: Mike Carrico, Washington State Bar Association (pro).