

HOUSE BILL REPORT

HB 1815

As Reported by House Committee On:
Financial Institutions & Insurance

Title: An act relating to defining security account under the uniform transfer on death security registration act.

Brief Description: Defining security account under the uniform transfer on death security registration act.

Sponsors: Representatives Schual-Berke and Benson.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/25/03, 2/28/03 [DP].

Brief Summary of Bill

- Amends the Uniform Transfer on Death Registration Act to allow "investment management or trust accounts" or "cash equivalents" to be transferred to a beneficiary without going through the probate process following the death of the owner of the account.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 11 members: Representatives Schual-Berke, Chair; Simpson, Vice Chair; Benson, Ranking Minority Member; Newhouse, Assistant Ranking Minority Member; Cairnes, Carrell, Cooper, Hatfield, Hunter, Roach and Santos.

Staff: Thamas Osborn (786-7129).

Background:

The Uniform Transfer on Death Registration Act (Act) is a uniform act that has been adopted by the State of Washington, as well as a majority of the other states. The Act allows the owner of a security account to register the account and designate a beneficiary to take possession of the account upon the owner's death without going through the probate process. The primary purpose of the Act is to provide for the non-probate

transfer of specially registered securities.

"Investment management or custody accounts" held by banks or trust companies are not included in the Act's definition of "security account" and are therefore subject to the probate process following the death of the owner.

Summary of Bill:

The definition of security account– is expanded to include cash equivalents,– as well as an investment management or custody account– with a trust company or a trust division of a bank with trust powers. Accordingly, such accounts are subject to the provisions of the Act that allow an owner to register a designated beneficiary and thus avoid the probate process.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: This bill is necessary in order to update current law so that it is consistent with current practices in the banking industry. Banks and trusts often administer investment management and trust accounts that, under current law, are not covered by the Act and, therefore, must go through the probate process. This bill would allow such accounts to be covered by the Act and thus avoid probate. Four other states have adopted similar legislation.

Testimony Against: None.

Testified: Steve Gano, Wells Fargo Bank.