



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 6365 (Substitute S-1 as reported)
House Bill 6366 (Substitute S-1 as reported)
Sponsor: Representative Tonya Schuitmaker
House Committee: Judiciary
Senate Committee: Judiciary

CONTENT

House Bill 6365 (S-1) would amend Public Act 38 of 1949, which codifies the common law rule against perpetuities, to abolish the rule beginning January 1, 2007, and to repeal the Uniform Statutory Rule Against Perpetuities Act.

(Under the common law rule, a nonvested interest in property is not valid unless it must vest, if at all, not later than 21 years, plus the period of gestation, after some life or lives in being at the time the interest is created. Under the Uniform Statutory Rule Against Perpetuities Act, a nonvested property interest is invalid unless one or both of the following apply:

- When the interest is created, it is certain to vest or terminate not later than 21 years after the death of an individual alive at the time of the interest's creation.
- The interest either vests or terminates within 90 years after its creation.

A nonvested interest is an interest to which the transferee is not presently entitled and might never become entitled. The statute also contains similar provisions for a power of appointment, i.e., the authority to select the recipient of an interest in property.)

House Bill 6366 (S-1) would amend the Estates and Protected Individuals Code to delete a provision under which a 120-hour survival requirement does not apply if it would invalidate a nonvested property interest or a power of appointment under the Uniform Statutory Rule Against Perpetuities Act. (Under this requirement, an individual who is not established by clear and convincing evidence to have survived an event, including the death of another person, by 120 hours is considered to have predeceased the event.)

The bills are tie-barred and would take effect one year after the date they were enacted.

MCL 554.53 (H.B. 6355)
700.2702 & 700.2722 (H.B. 6366)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bills would have an indeterminate fiscal impact on State and local government. The tax implications of the bills are uncertain.

Date Completed: 12-8-06

Fiscal Analyst: Stephanie Yu

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[Analysis available @ http://www.michiganlegislature.org](http://www.michiganlegislature.org)

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