

SUPERVISION OF TRUSTEES FOR CHARITABLE PURPOSES ACT (EXCERPT)
Act 101 of 1961

14.253 Governmental and corporate exclusions; exceptions; registration and reporting requirements for irrevocable trusts; testamentary or inter vivos trusts not deemed as charitable.

Sec. 3. (a) This act does not apply to the United States, any state, territory or possession of the United States, the district of Columbia, the commonwealth of Puerto Rico, or to any of their agencies or governmental subdivisions, to an officer of a religious organization who holds property for religious purposes, or to a charitable corporation organized and operated primarily as an educational institution, including amateur theater, band and orchestra corporations, a religious organization or hospital. This exemption does not apply to a governmental subdivision of this state, except state supported colleges or universities, as to property held for charitable purposes other than or more limited or specific than its general public or corporate purposes. This act shall not apply to any nonprofit charitable corporation organized under the laws of this state whose operating funds are derived, in whole or in part, from community funds or united foundation sources but this act shall apply to such a charitable corporation as to funds or properties received by it as trustee of an inter vivos trust of a continuing nature.

(b) The registration and periodic reporting requirements of this act shall not apply to any trust in which the interests of the charitable remainder beneficiaries are remote. For the purpose of this act the interests of charitable remainder beneficiaries of a trust shall be considered remote if under the maximum exercise of discretion by the trustee in favor of the charitable remainder beneficiaries of such trusts, the value of their interests in the aggregate assets, computed actuarially at 5% or less of the value of the property subject to the trust, such determination shall be made at the time of the creation of an irrevocable trust, or at the time a revocable trust becomes irrevocable, or at the death of the testator in case of a testamentary trust. When a remote charitable interest vests in present possession or enjoyment, registration and periodic reports shall be required for the first time under this act.

(c) Unless the governing instrument provides otherwise, a trust, whether testamentary or inter vivos, shall not be deemed a charitable trust only for the purposes of registration, accounting and notice, in the case where the individual or individuals are the sole income beneficiaries of the trust and a charitable organization or organizations (none of which or the selection of which are under the dominion or control of the grantor, testator, executor or trustee, or any members of his family) are remaindermen, until the remainder interest of at least one charitable organization vests in enjoyment. This provision shall not apply in the case of a disputed last will and testament.

History: 1961, Act 101, Eff. Sept. 8, 1961;—Am. 1965, Act 353, Eff. Mar. 31, 1966;—Am. 1967, Act 295, Eff. Nov. 2, 1967.