

1 A bill to be entitled
 2 An act relating to trusts; creating s. 736.08145,
 3 F.S.; authorizing trustees of certain trusts to
 4 reimburse persons being treated as the owner of the
 5 trust for specified amounts and in a specified manner;
 6 prohibiting certain policies, values, and proceeds
 7 from being used for such reimbursement; providing
 8 applicability; prohibiting certain trustees from
 9 taking specified actions relating to trusts; requiring
 10 that specified powers be granted to certain persons if
 11 the terms of the trust require a trustee to act at the
 12 direction or with the consent of such persons or that
 13 specified decisions be made directly by such persons;
 14 providing construction; providing an effective date.

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 16 Be It Enacted by the Legislature of the State of Florida:

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 18 Section 1. Section 736.08145, Florida Statutes, is created
 19 to read:

20 736.08145 Grantor trust reimbursement.-

21 (1) (a) Except as otherwise provided under the terms of a
 22 trust, if all or any portion of the trust is treated as being
 23 owned by a person under s. 671 of the Internal Revenue Code or
 24 any similar federal, state, or other tax law, the trustee may,
 25 in the trustee's sole discretion, reimburse the person being

26 | treated as the owner for any amount of the person's personal
27 | federal, state, or other income tax liability which is
28 | attributable to the inclusion of the trust's income, capital
29 | gains, deductions, or credits in the calculation of the person's
30 | taxable income. In the trustee's sole discretion, the trustee
31 | may pay such tax reimbursement amount, determined without regard
32 | to any other distribution or payment made from trust assets, to
33 | the person directly or to the appropriate taxing authority.

34 | (b) A life insurance policy held in the trust, the cash
35 | value of any such policy, or the proceeds of any loan secured by
36 | an interest in the policy may not be used for such reimbursement
37 | or such payment if the person is an insured.

38 | (2) This section applies to all trusts, whether created
39 | on, before, or after July 1, 2020, unless:

40 | (a) The trustee provides written notification that the
41 | trustee intends to irrevocably elect out of the application of
42 | this section, at least 60 days before the effective date of such
43 | election, to the person treated as the owner of all or a portion
44 | of the trust under s. 671 of the Internal Revenue Code or any
45 | similar federal, state, or other tax law and to all persons who
46 | have the ability to remove and replace the trustee.

47 | (b) Applying this section would prevent a contribution to
48 | the trust from qualifying for, or would reduce, a federal tax
49 | benefit, including a federal tax exclusion or deduction, which
50 | was originally claimed or could have been claimed for the

51 contribution, including:

52 1. An exclusion under s. 2503(b) or s. 2503(c) of the
53 Internal Revenue Code;

54 2. A marital deduction under s. 2056, s. 2056A, or s. 2523
55 of the Internal Revenue Code;

56 3. A charitable deduction under s. 170(a), s. 642(c), s.
57 2055(a), or s. 2522(a) of the Internal Revenue Code; or

58 4. Direct skip treatment under s. 2642(c) of the Internal
59 Revenue Code.

60 (3) A trustee may not exercise, or participate in the
61 exercise of, the powers granted by this section with respect to
62 any trust if any of the following applies:

63 (a) The trustee is treated as the owner of all or part of
64 such trust under s. 671 of the Internal Revenue Code or any
65 similar federal, state, or other tax law.

66 (b) The trustee is a beneficiary of such trust.

67 (c) The trustee is a related or subordinate party, as
68 defined in s. 672(c) of the Internal Revenue Code, with respect
69 to a person treated as the owner of all or part of such trust
70 under s. 671 of the Internal Revenue Code or any similar
71 federal, state, or other tax law or with respect to a
72 beneficiary of such trust.

73 (4) If the terms of a trust require the trustee to act at
74 the direction or with the consent of a trust advisor, a
75 protector, or any other person, or that the decisions addressed

76 in this section be made directly by a trust advisor, a
77 protector, or any other person, the powers granted by this
78 section to the trustee must instead or also be granted, as
79 applicable under the terms of the trust, to the advisor,
80 protector, or other person subject to the limitations set forth
81 in subsection (3), which must be applied as if the advisor,
82 protector, or other person were a trustee.

83 (5) A person may not be considered a beneficiary of a
84 trust solely by reason of the application of this section,
85 including for purposes of determining the elective estate.

86 Section 2. This act shall take effect July 1, 2020.