



Trust Division

A DIVISION of KBA

March 23, 2023

To: Senate Committee on Judiciary
Senator Kellie Warren, Chair

From: Joe Karnes, Central National Bank, Trust Division
The Trust Division of Kansas Bankers Association

Re: Written Proponent Testimony – HB 2144

Madam Chair and committee members, I am Joe Karnes providing this testimony on behalf of the Trust Division of Kansas Bankers Association. The Trust Division of KBA has been working to support Kansas banks for more than 100 years. We thank you for the opportunity to provide testimony in support of HB 2144 which will modernize Kansas trust and probate law. We believe the proposed changes will make Kansas Banks and Trust Companies more competitive and better able to serve our state's residents with their estate planning.

Let me begin with the proposed changes to create an opt-out provision for the rule against perpetuities. With this change the grantor/settlor of the trust can decide if the rule against perpetuities will apply to the trust. The original intent of the rule against perpetuities was to prevent property interests from being tied up for generations after a grantor/settlor's death. However, a majority of states have revoked or modified the common law rule against perpetuities, including our surrounding states of Missouri, Nebraska, Colorado, and Oklahoma. With all of these changes to the rule against perpetuities, the rule is no longer the protection it once was. Now, if a Kansan would like to have their trust interest last longer, they will just go over the border to do their trust business. Adopting HB 2144 will keep that business in Kansas.

The second proposed change is a tweak to the definition of the resident trust. Specifically with older trusts, sometimes the original trust documents do not clearly state which state the grantor was a resident of. By adding the beneficiary residency component, you make it easier for us as trust administrators to verify that this trust is a resident trust and can be administered under Kansas law.

Thank you for the opportunity to provide written proponent testimony on HB 2144. When the Committee considers acting on this legislation, we respectfully ask for favorable consideration.

Madam Chair, if you or any committee member have questions or require additional information, please contact me at joeka@centralnational.com or 785-838-1962.