

**CHAPTER 478**

**(Senate Bill 641)**

AN ACT concerning

**Uniform Principal and Income Act - Unitrust Conversion - Adjustments  
Between Principal and Income**

FOR the purpose of authorizing a trustee to convert a trust to a unitrust or make adjustments between principal and income under certain circumstances; requiring a trustee to give notice to certain ~~beneficiaries~~ persons of certain proposed decisions regarding the power to convert a trust to a unitrust or to adjust between principal and income; providing for judicial review of a proposed decision; clarifying the right of a trustee to adjust between income and principal because of taxes with respect to certain liquidating distributions from certain entities; making certain conforming changes; defining a certain term; providing for the application of this Act; and generally relating to allocations between principal and income of estates and trusts.

BY adding to

Article - Estates and Trusts

Section 15-501(o), 15-502.1, 15-502.2, and 15-502.3

Annotated Code of Maryland

(2001 Replacement Volume and 2001 Supplement)

BY repealing and reenacting, with amendments,

Article - Estates and Trusts

Section 15-515, 15-520, and 15-528

Annotated Code of Maryland

(2001 Replacement Volume and 2001 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

**Article - Estates and Trusts**

15-501.

(Q) "UNITRUST" MEANS A TRUST FROM WHICH THE INCOME BENEFICIARY IS ENTITLED TO RECEIVE ANNUALLY A FIXED PERCENTAGE OF THE FAIR MARKET VALUE OF THE TRUST'S ASSETS.

15-502.1.

(A) A TRUSTEE MAY CONVERT A TRUST INTO A UNITRUST AS DESCRIBED IN THIS SECTION IF: