

**HB 2598 A STAFF MEASURE SUMMARY**

**Carrier:** Sen. Prozanski

**Senate Committee On Judiciary**

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**Action Date:** 05/09/19

**Action:** Do pass the A-Eng bill.

**Vote:** 4-0-1-2

**Yeas:** 4 - Fagan, Gelser, Manning Jr, Prozanski

**Exc:** 1 - Thatcher

**Abs:** 2 - Bentz, Linthicum

**Fiscal:** Has minimal fiscal impact

**Revenue:** No revenue impact

**Prepared By:** Channa Newell, Counsel

**Meeting Dates:** 5/1, 5/9

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**WHAT THE MEASURE DOES:**

Establishes process for creation of stewardship trust. Allows creation of stewardship trust for business purposes without a definite beneficiary. Specifies trust may seek economic or noneconomic benefits. Allows trust to hold an ownership interest in any corporate entity. Creates process for trust enforcers to enforce the purpose and terms of trust and to exercise authority as a fiduciary. Requires each stewardship trust to have a committee of at least three members, with each member acting as a fiduciary. Specifies powers of committee. Requires committee to report to trustees and enforcers at least once per year. Makes technical adjustments.

**ISSUES DISCUSSED:**

- Stewardship trust for use in succession planning
- Importance of maintaining purpose and goals of mission-driven businesses
- Role of trust enforcers and trust committee

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

In Oregon, trusts can take several different forms, from a revocable living trust used as a mechanism to avoid probate proceedings, to special needs trusts established to cover certain expenses of a person while maintaining eligibility for benefits. One type of trust currently allowed in Oregon is a noncharitable purpose trust. Such trusts may be created without a definite beneficiary, and may not continue to exist for more than 90 years.

House Bill 2598 A allows the establishment of a stewardship trust. The stewardship trust allows an entity to continue on after the retirement or death of members of the entity, such as shareholders in a corporation, while preserving the values and goals of the original members.