

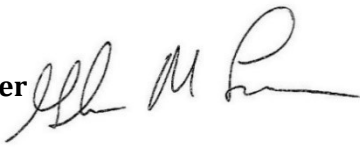
Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Glen Lee
Chief Financial Officer 

DATE: October 16, 2024

SUBJECT: Fiscal Impact Statement - Uniform Commercial Property Disposition at Death Act of 2024

REFERENCE: Bill 25-486, Draft Committee Print as provided to the Office of Revenue Analysis on September 26, 2024

Conclusion

Funds are sufficient in the fiscal year 2025 through fiscal year 2028 budget and financial plan to implement the bill.

Background

The Uniform Law Commission (ULC) is an organization that studies and reviews the laws of the states and the District, identifies areas of inconsistency that impede interstate activity, and develops uniform laws with the goal of adoption by the states (with minimal changes). The District of Columbia Uniform Law Commission, established in 2010 as an independent government entity¹ consists of the District's commissioners to the ULC. In addition to their responsibilities to the ULC, the DC ULC may provide technical input to the Council and the Mayor on the effect adoption of these uniform laws would have on District law. Appointees to the DC ULC must be attorneys in good standing and meet several other criteria.

Nine states currently have community property laws (including California and Texas). These community-property states treat assets acquired by a married couple to be counted as community property, with 50 percent belonging to each party, regardless of which party purchased the property or produced the income. The District of Columbia is not a community property state, instead following English common law that permits each married individual to retain individual property (although it allows some common ownership).

The Honorable Phil Mendelson

FIS: Bill 25-486, "Uniform Commercial Property Disposition at Death Act of 2024", Draft Committee Print as provided to the Office of Revenue Analysis on September 26, 2024

This bill does not change DC's status as a non-community property state. Instead, it provides for a regime that applies when a couple moves from a community-property state to the District. Under current law, legal issues have arisen in determining how community property acquired in a community property state should be treated in states that do not recognize community property (such as the District). The bill will address those issues that may arise at death during probate, or upon a dispute among heirs.

The bill establishes a set of default rules to ensure the equitable distribution of community property in such a situation. It does not apply when a couple has established a pre- or post-marital agreement to their property and estates. It creates rules for determining whether property was acquired in a community-property state and creates a process for how property will be partitioned and reclassified. It also provides protection in the case of bad-faith transfers that are designed to unfairly disadvantage one spouse. The bill will also apply to any legal proceeding, including those that occur outside of probate. The prior version of this uniform law, finalized in 1972 and adopted by 16 states since that time, applied only to probate.

Financial Plan Impact

Funds are sufficient in the fiscal year 2025 through fiscal year 2028 budget and financial plan to implement the bill. The bill affects the ownership and distribution of property and trusts for private individuals and estates, and so does not have an impact on any District agencies.