

By Mr. O'Flaherty of Chelsea, petition of Eugene L. O'Flaherty relative to the payment of interest on pecuniary legacies and pecuniary distributions under trust instruments. The Judiciary.

The Commonwealth of Massachusetts

In the Year Two Thousand and Seven.

AN ACT RELATING TO THE PAYMENT OF INTEREST ON PECUNIARY LEGACIES AND PECUNIARY DISTRIBUTIONS UNDER A TRUST INSTRUMENT.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 197 of the General Laws is hereby amended
2 by striking out Section 20 and inserting in place thereof the
3 following section:—
4 Section 20. The rate of interest upon pecuniary legacies under a
5 will or trust shall be the Federal short term rate (for Annual Period
6 for Compounding purposes) determined by the Secretary of the
7 Treasury in accordance with Section 1274(d) of the Internal Rev-
8 enue Code, as amended and then in effect, for the month during
9 which interest first becomes payable, rounded to the nearest full per-
10 cent (or, if a multiple of $\frac{1}{2}$ of 1 percent, such rate shall be increased
11 to the next highest full percent). Such rate of interest, once estab-
12 lished, shall apply per annum (without compounding) until a pecu-
13 niary legacy or pecuniary distribution is paid in full, regardless of
14 any subsequent change in the Federal short-term rate. Unless other-
15 wise provided in the will or trust, interest shall be payable from the
16 date of the expiration of the period within which creditors may bring
17 actions against an executor or administrator as provided in Section 9,
18 or six months from the date upon which the distribution is required
19 by the trust, except in the case of a trust subject to the claims of
20 creditors as provided in Section 9, in which event interest shall be
21 payable from the expiration of the longer of the two periods of time
22 specified in this sentence.

1 SECTION 2. The provisions of this act shall apply to estates of
2 persons dying on or after the effective date of this act.