

HOUSE RESEARCH

Bill Summary

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Authors: Hilstrom and others

Subject: Statutory Short Form Power of Attorney

Analyst: Mary Mullen

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Overview

This bill amends the statutory short form power of attorney. The bill expands the notice section to the principal and adds a notice to the attorney-in-fact. It amends and changes what constitutes a gift to the attorney-in-fact. It expands judicial relief to request for an accounting.

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- 1** **Party refusing authority.** Includes the acknowledgement of the notice for the attorney-in-fact, as added by section 4 of this bill, is needed to properly executed a power of attorney and a party refusing to accept it is liable if this and other requirements are met.
- 2** **Short form.** The short form is amended in the following ways:
 - *Notice.* Incorporates a notice to the principal and a notice to the attorney-in-fact and both must be included with the form. The old notice that appeared at the top of the form is removed. The form indicates that the principal must initial the new notice and the attorney-in-fact acknowledges the notice by signing the power of attorney form.
 - *Financial Matters.* Adds that the catch-all intended to allow an attorney-in-fact to act regarding multiple matters is specific to “all other financial matters.”
 - *Gifts.* Requires the power of attorney to directly indicate whether or not the attorney-in-fact is authorized to make gifts to themselves and adds that this includes gifts to individuals the attorney-in-fact is legally obligated to support. It requires them to write in the name of the attorney-in-fact and initial that they may make gifts

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to themselves and persons they are legally obligated to support.

- *Acknowledgement.* Requires the attorney-in-fact to sign an acknowledgement indicating they have read the document and understand the attached notice.

- 3 **Notice to principal.** Provides a notice to the principal that must be incorporated into the document and provides information about what an attorney-in-fact can do with a power of attorney and how to terminate a power of attorney. It requires the principal to initial that they have read the notice.
- 4 **Notice to attorney-in-fact.** Provides a notice to the attorney-in-fact to outline their fiduciary duties to the principal, including the standards they would be held to in acting as the attorney-in-fact. It provides notice to the attorney-in-fact that they are liable if they act in bad faith or fail to account as required.
- 5 **Gifts.** Changes the cap for gifts to an attorney in fact in a calendar year from \$10,000 to the federal annual gift exclusion amount, which is \$14,000 for 2013.
- 6 **Financial matters.** Changes the catch-all that previously included “all other matters” to apply to “all other financial matters.” The bill clarifies that this section is intended to allow the attorney-in-fact to act on any matters that are “affecting the financial affairs of the principal.”
- 7 **Judicial relief.** Provides for a process to seek judicial relief, including a protective order, and to request an accounting as allowed by the law and as indicated in the power of attorney short form. The principal or another person to whom the attorney-in-fact was supposed to account to is entitled to recover reasonable attorney’s fees and costs.
- 8 **Effective date.** Sections 1 through 4 are effective after August 1, 2013, and apply to power of attorney forms signed on or after August 1, 2013. Section 5, the judicial relief for a power of attorney, applies to any effective power of attorney form regardless of when it was signed.