



South Dakota	California
State Income Tax on Trust Income	
None (constitutional prohibition since 1942)	Up to 13.3% + 1% surcharge; CA may retain jurisdiction via trustee, beneficiary, or administration nexus
Rule Against Perpetuities	
Abolished 1983 – first in the nation. [SDCL § 43-5-8]	Modified RAP; 90-year maximum; no perpetual dynasty trusts
DAPT Asset Protection	
Robust DAPT statute. 2-year lookback. Clear & convincing burden. [SDCL § 55-16-10]	No DAPT statute; Prob. Code § 15304 invalidates self-settled APTs
Directed Trustees	
Statute since 1997; 68% of SD trust business is directed.	Limited statutory directed trust framework; traditional unified trustee model
Decanting	
Ranked #1 nationally (Oshin). Fully discretionary. [SDCL § 55-2-15]	More restrictive; broader court involvement and notice requirements
Quiet Trusts	
Most comprehensive in the nation. [SDCL § 55-2-13]	Mandatory beneficiary notification rights; hard to waive; Prob. Code § 16060
Privacy	
Permanent, automatic seal. No petition required. [SDCL § 21-22-28]	Presumptively public; must move to seal under CRC Rule 2.550; rarely granted
Special Purpose Entities	
Only state with statute permitting trust advisory LLCs. [SDCL § 51A-6A-66]	No codified SPE framework; advisors act in individual capacity
Community Property Trust	
Full double step-up at first death. [SDCL § 55-17]	CP step-up already applies to CA community property; limited for separate/trust-held property
PPLI Premium Tax	
0.8 bps (0.008%) – among the lowest in country. [SDCL § 10-44-2]	2.35% – ~$113,500 excess on $5M policy/yr
Legislative Modernization	
Annual updates via Governor's Task Force	Standard biennial/annual legislative process; consumer-protection orientation
Trust Modification	
Comprehensive nonjudicial modification; courts experienced in trust matters.	Court petition often required; mandatory beneficiary notice; overburdened courts

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