

Doug Gibbs February 06, 2012 402-471-0051

LB 1102

FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

 ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

 FY 2012-13
 FY 2013-14

 EXPENDITURES
 REVENUE
 EXPENDITURES
 REVENUE

 GENERAL FUNDS
 CASH FUNDS
 CASH
 CASH

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 1102 amends Nebraska Revised Statutes dealing with inheritance tax rates and exemption amounts.

The bill phases in changes to the inheritance tax rate and exemption amounts for immediate relatives, remote relatives, and nonrelatives.

The following table details the changes proposed by LB 1102:

Relationship:	Date Effective:	Property Value in Excess of:	Rate of Tax:
Immediate	Before Jan. 1, 2013:	\$ 40,000 (current)	1%
Relative:	After Jan. 1, 2013 &		
	before Jan. 1, 2014:	\$ 60,000	1%
	After Jan. 1, 2014 &		
	before Jan. 1, 2015:	\$ 80,000	1%
	After Jan. 1, 2015:	\$100,000	1%
Remote	Before Jan. 1, 2013:	\$ 15,000 (current)	13%
Relative:	After Jan. 1, 2013 &		
	before Jan. 1, 2015:	\$ 25,000	10%
	After Jan. 1, 2015:	\$ 30,000	9%
	Before Jan. 1, 2013:	\$ 10,000 (current)	18%
Nonrelatives:	After Jan. 1, 2013 &		
	before Jan. 1, 2015:	\$ 15,000	15%
	After Jan. 1, 2015:	\$ 20,000	13%

Immediate relatives are a father, mother, grandfather, grandmother, brother, sister, son, daughter, child legally adopted, any lineal descendant, spouse or surviving spouse of any such persons.

Remote relatives are an uncle, aunt, niece, or nephew related to the deceased by blood or legal adoption, or other lineal descendant of same, spouse or surviving spouse of any such person.

There is no fiscal impact to the state as a result of LB 1102.

IMPACT TO POLITICAL SUBDIVISIONS:

The Nebraska Association of County Officials estimates that LB 1102 will decrease the amount of inheritance taxes collected by counties; however, that amount is undetermined.

We agree with the analysis from the Association. Because the amount of inheritance tax collected by a county fluctuates from year to year determining specific impact is very difficult. Based on recent inheritance tax collections, the tax collected averages \$42 million per year; with the changes proposed by LB 1102 this number will certainly decrease.

DEPARTMENT OF ADMINISTRATIVE SERVICES							
REVIEWED BY	Lyn Heaton	2/7/12	PHONE 471-2526				
COMMENTS							
DEPT. OF REVENUE – Concur. No fiscal impact.							
NACO – Concur. Inheritance tax revenues are an uncertain source of revenue for counties.							

•

i

				RECEIVED		
LB 1102			FEBOO		Fiscal Note	2012
		State Agency	Estimates G	210-012		
State Agency Name: Department of	of Revenue			MTIVE	Date Due LFA:	1/26/2012
Approved by: Douglas Ewald		Date Prepared:	2/2/2012	"SCA,	Phone: 471-5700	
	<u>FY 2012</u>	2-2013	<u>FY_2</u>	013-2014	<u>FY 201</u>	4-2015
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds						
Cash Funds						
Federal Funds						
Other Funds						
Total Funds						

LB 1102 changes rates and exemption amounts for property subject to the inheritance tax according to the table below:

Relative relation	Date threshold	Property in excess of	Tax rate
Immediate	before 1/1/2013	\$40,000	1%
	after 1/1/2013, before 1/1/2014	\$60,000	1%
	after 1/1/2014, before 1/1/2015	\$80,000	1%
	after 1/1/2015	\$100,000	1%
Remote	before 1/1/2013	\$15,000	13%
	after 1/1/2013, before 1/1/2015	\$25,000	10%
	after 1/1/2015	\$30,000	9%
Nonrelatives	before 1/1/2013	\$10,000	18%
	after 1/1/2013, before 1/1/2015	\$15,000	15%
	after 1/1/2015	\$20,000	13%

There is no General Fund impact associated with LB 1102. There is no Departmental cost to implement the bill.

Major Objects of Expenditure							
<u>Class Code</u>	Classification Title	12-13 <u>FTE</u>	13-14 <u>FTE</u>	14-15 <u>FTE</u>	12-13 Expenditures	13-14 Expenditures	14-15 Expenditures
Benefits.			L				
Operating Costs			· · · · · · · · · · · · · · · · · · ·	••••••			
Travel		••••••	• • • • • • • • • • • • • • • • • • • •	•••••			
Total			•••••				

RECEIVED

Please complete ALL (5) blanks in the first three lines.

LB⁽¹⁾ 1102 **FISCAL NOTE**

TROUGLATING FISAL

JAN 2 4 2012

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Association of County Officials (NACO)

Name: (2)						
Prepared by: (3)	Elaine Menzel	Date Prepared: (4)	1/23/2012	Phone: (5)	402.434.566 ext. 225	60,
	ESTIMAT	E PROVIDED BY ST	<u>ATE AGENCY</u>	OR POLITIC	CAL SUBDIVIS	<u>SION</u>
		FY 2012-2013			FY 2013-	<u>2014</u>
	EXPEND	ITURES RE	VENUE	<u>EXPENDI</u>	<u>TURES</u>	<u>REVENUE</u>
CENEDAL EL	INIDS					

GENERAL FUNDS	······			
CASH FUNDS		<u> </u>		
FEDERAL FUNDS		<u> </u>		
OTHER FUNDS				
TOTAL FUNDS			fs	

<u>Return by date specified or 72 hours prior to public hearing, whichever is earlier.</u> Explanation of Estimate:

LB 1102 is expected to decrease the amount of inheritance taxes collected by counties; however, that figure is undetermined at this time. To better analyze how much the inheritance taxes would be decreased in the counties by this bill, individual inheritance tax worksheets would need to be examined in the various counties. County treasurers have a record of the amounts received during the year for inheritance taxes. The county courts have the inheritance tax worksheets within the records that are filed in their offices. Regardless of the analysis that is done, the figures vary from year to year due to the uncertainty of the estates that are settled during the year.

N	MAJOR OBJEC	TS OF EXPENI	DITURE	
Personal Services:				
POSITION TITLE	NUMBER OF <u>12-13</u>	7 POSITIONS <u>13-14</u>	2012-2013 EXPENDITURES	2013-2014 <u>EXPENDITURES</u>
Benefits				
Operating	••			
Travel				
Capital outlay				
Aid				
Capital improvements			• • • • • • • • • • • • • • • • • • • 	
TOTAL				

201