

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2014-15</b>		<b>FY 2015-16</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 960 amends Nebraska Revised Statutes Sections 77-2005, 77-2006, and 77-2040 dealing with the inheritance tax.

Section 77-2005 is amended to reduce the percentage of tax paid by near relatives of the decedent from the current thirteen percent to a proposed rate of seven percent. The first \$15,000 of property is currently exempt from taxation and that remains unchanged.

Section 77-2006 is amended to reduce the percentage of tax paid in all other cases from the current eighteen percent to nine percent. The first \$10,000 of property is currently exempt from taxation and that remains unchanged.

The changes proposed by LB 960 apply to decedents dying on or after January 1, 2015.

There is no fiscal impact to the state as a result of LB 960.

**IMPACT TO POLITICAL SUBDIVISIONS:**

The Nebraska Association of County Officials indicates that the fiscal impact to counties would be a decrease in revenue collected from the inheritance tax.

We estimate the statewide fiscal impact of LB 960 to counties will certainly be a reduction in revenue; however, given the variability of the tax estimating a precise number is extremely difficult. We believe the reduction in revenue will be approximately \$17 million to \$19 million each of the fiscal years statewide.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 960	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Lyn Heaton		DATE: 2/18/2014	PHONE: 402.471.4181
COMMENTS: Concur. No fiscal impact on the Department of Revenue.			

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 960	AM:	AGENCY/POLT. SUB: NE Assoc. of County Officials (NACO)	
REVIEWED BY: Lyn Heaton		DATE: 2/13/2014	PHONE: 402.471.4181
COMMENTS: NACO does not provide an estimated dollar impact. However, figures cited by NACO indicates calendar year 2013 inheritance tax revenues for counties were about \$59 million. For purposes of this analysis, estimates from NACO indicate Class 2 beneficiaries represent 36% of this amount and Class 3 beneficiaries represent 20%. The bill provides a Class 2 rate reduction of about 46% and a Class 3 rate reduction of 50%. Using the figures provided in the NACO fiscal note allows for a rough estimate of the reduction of county inheritance tax revenues of about \$15 million when fully annualized (not accounting for inflation).			



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**2014**

**LB<sup>(1)</sup> 960**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Nebraska Association of County Officials (NACO)

Prepared by: <sup>(3)</sup> Elaine Menzel

Date Prepared: <sup>(4)</sup> 1/17/2014

Phone: <sup>(5)</sup> 402.434.5660,  
ext 225

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

**Explanation of Estimate:**

LB 960 reduces the rate of tax from the inheritance from thirteen percent to seven percent in the case of an uncle, aunt, niece or nephew or other lineal descendant of the same or the spouse or surviving spouse of any such persons – Class 2 beneficiaries. Additionally, the rate of tax for Class 3 beneficiaries would be reduced from eighteen percent to nine percent. The overall amount of inheritance taxes collected by the 93 counties was approximately \$58.6 million in calendar year 2013.

The fiscal impact to counties would be a decrease in the amount collected for the tax rates of such estates. A random survey of 12 counties for calendar year 2012 was conducted. The counties selected varied in population throughout the State. The percentage of taxes collected for Class 2 beneficiaries was 36 % and Class 3 beneficiaries was 20 %.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____